

# BEREKET EMEKLİLİK



# 2021

ANNUAL REPORT

BEREKET EMEKLİLİK VE HAYAT A.Ş.





# **2021 ANNUAL REPORT**







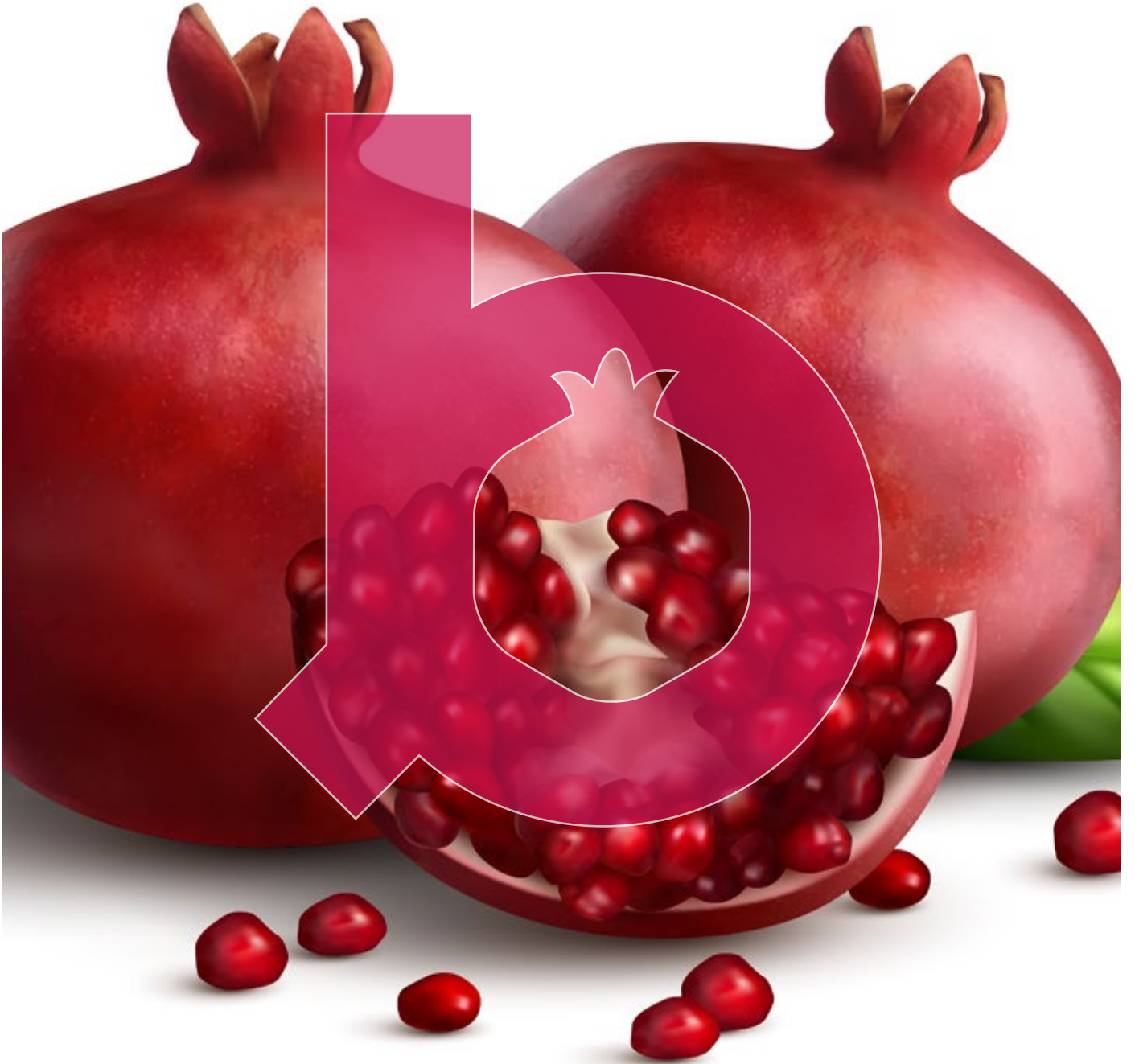


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# 1 CORPORATE PROFILE

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## 1.1 ABOUT BEREKET EMEKLİLİK

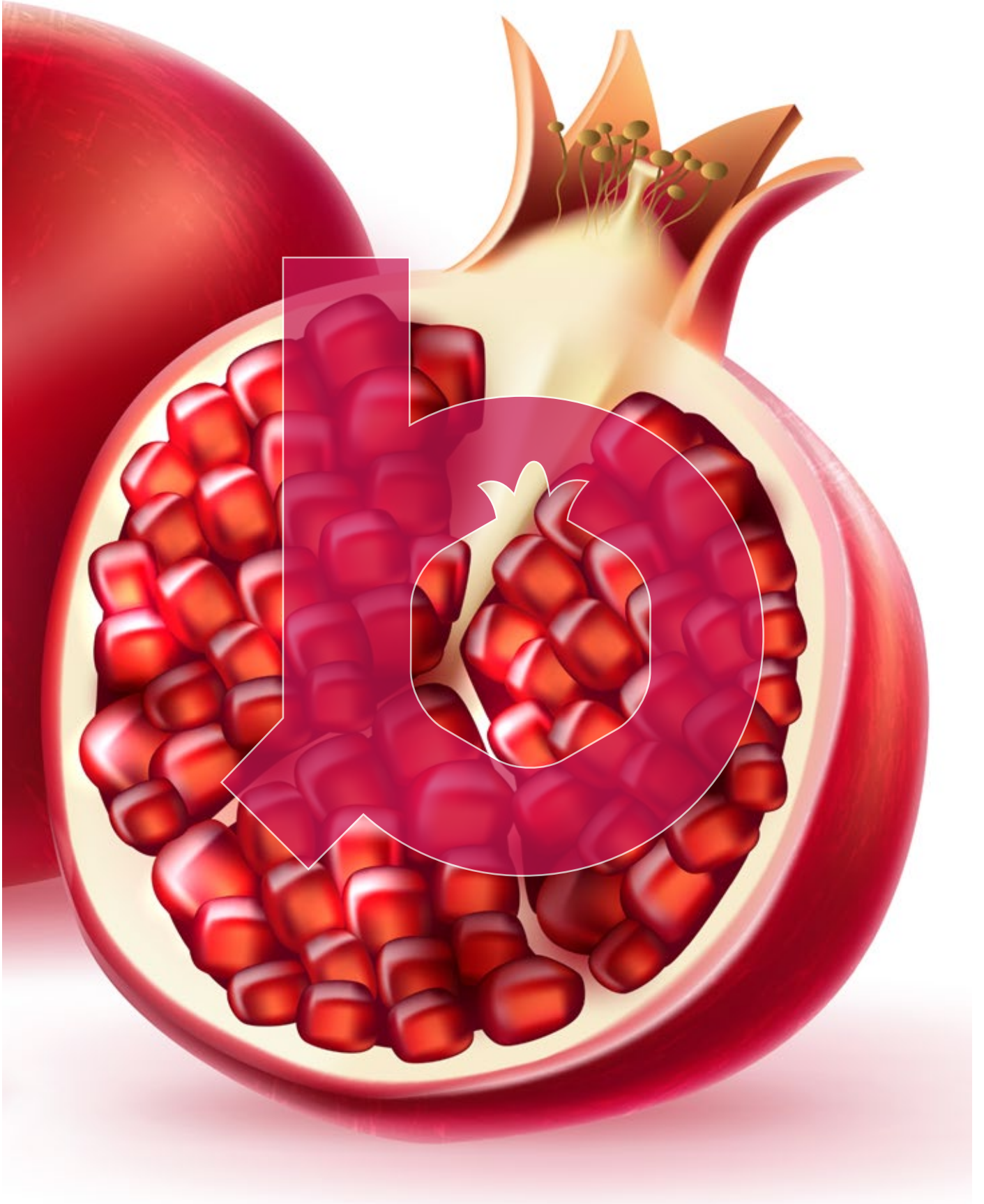
Bereket Emeklilik ve Hayat A.Ş. was founded on 01 July 2011. In May 2012, it started as the first interest-free pension company of Turkey in order to serve to the clients who are sensitive to interest income. It was taken transfer by the Agricultural Credits Cooperatives of Turkey, a cooperative founded 159 years ago, operating with 17 regional offices and 1615 cooperatives, serving to nearly 800 thousand member farmers, from TMSF (Saving Deposits Insurance Fund) under a share transfer agreement signed on 26 November 2016 as a result of a public tender.

Operating in the Private Pension and Life & Personal Accident lines of business, Bereket Emeklilik services to individual and corporate clients.

Aiming to continue its operations with the 10 regional representation offices and near 850 agents across the country through its competent human resources and state of the art technologies with the idea of client-focused service, Bereket Emeklilik ve Hayat A.Ş. has achieved a distinctive place in the industry by starting to provide the best quality service to a wider client base including the farmers who are the partners of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (Central Union of Agricultural Credit Cooperatives of Turkey), the major shareholder of it.

Bereket Emeklilik continues to work in a customer-oriented manner with the 1615 Agricultural Credit Cooperatives and agencies across the country as well as with Türkiye Finans Katılım Bankası and Call Center.





## 1.2 OUR VISION OUR MISSION

### Our Vision

Together with our employees and business partners, to become a lasting brand delivering a service beyond the expectations of our customers, being open to the changes brought by the age, and renewing ourselves.

### Our Mission

To become a trusted leading company in the sector, giving importance to ethical values, shaping the participation insurance with its innovative approach and widespread service network.

### Ethical Principles and Code of Conduct

Bereket Emeklilik ve Hayat A.Ş. expects from its employees to do their job carefully and professionally in compliance with the high ethical standards and the laws.

Compliance with such ethical standards and legal rules is of prime concern for Bereket Emeklilik ve Hayat A.Ş. Breaking of any of the ethical and legal rules is punishable in accordance with the disciplinary rules in place.

**Purpose:** These principles set forth the occupational ethical rules that Bereket Emeklilik ve Hayat A.Ş. and their employees must comply with when doing their job in compliance with the applicable laws and regulations.

**Scope:** All employees, officers and directors of the company must comply with these principles.

**General Principles:** With a view to maintaining the trust and the stability in the insurance industry and preventing any transactions and practices that may cause harm to the economy of the country, all employees of the company must perform their job in compliance with the basic principles set forth below:

- Full compliance with the legal regulations governing the insurance business.
- Honesty in the relationships with our customers, agents and their employees, stockholders, group companies, and other entities and organizations.
- Giving care to meeting the requirements of the economic development besides making a profit for us in all our business transactions.
- Avoiding any unjust competition in pursuance of the principles of maintaining the trust in the insurance industry and protecting the common interests of the actors in the insurance industry.
- Seeking the social benefit and giving care to the protection of the environment in all our business transactions and ensuring compliance with all measures taken in this regard in full in a timely manner.
- Ensuring strict compliance with the rules and requirements of prevention of money laundering in a timely manner and cooperating with national and international authorities in this regard in accordance with the national and international laws.

**Harmony at Work:** No employee shall make an express or implied statement orally or in writing by any means of communication, including social media, about any other company or its managers that may arise a negative image in the public about them. All employees shall behave in their relationships with each other and the customers in a manner that fits to the reputation of the company.

**Obligation of Confidentiality:** All employees shall respect the confidentiality of the

information given by the customers and kept in the records of the company and shall not use any information about the customers for the purpose of gaining an advantage for themselves.

**Forbidden Acts:** All employees shall comply with the following code of conduct:

- Avoid any behavior and act which breaks the rules established by the governing bodies of the company as binding on all employees and executives.
- Refrain from giving any advantages allowed to the insurance industry in the laws to any customer in a manner to contravene the points set out in the reasons of the legal regulations applicable to the insurance, even if it is in compliance with the form of the law.
- Refrain from any act that may be against the interest and benefit of the insurance industry.
- Refrain from any act that may be considered an unjust competition in the insurance industry.





### 1.3 OUR SHAREHOLDERS

The data on the shareholding structure of Bereket Emeklilik ve Hayat A.Ş. is given below.

SHAREHOLDERS OF THE COMPANY			
Row No	Name-Surname/Title	Rate of Share (%)	Address
1	CENTRAL UNION OF AGRICULTURAL LOAN COOPERATIVES OF TURKEY	89,09%	Yukarı Bahçelievler Mahallesi Wilhelm Thomsen Caddesi No:7 Çankaya/Ankara
2	SOCIAL AID FOUNDATION FOR THE PERSONNEL OF AGRICULTURAL LOAN COOPERATIVES AND UNIONS	9,90%	Emek Mahallesi Kazakistan Caddesi (4.Cadde) No :136-15 4.Kat Emek - Çankaya Ankara
3	OTHER	1,01%	-

### 1.4 CAPITAL INCREASES THROUGHOUT THE YEAR

No capital increase was performed in 2021.



**Mahmut GÜNGÖR**  
Member of the Board of Directors  
and General Manager



**Ali Rıza AKPINAR**  
Chairman of the Board  
of Directors

## 1.5 MANAGEMENT'S ANALYSIS

### IN THE WORLD

2021 was a year in which we learned to live with the pandemic at the global level and business processes were reorganized according to the pandemic conditions. With its impacts on economic activities, these conditions kept the risk appetite in the markets alive throughout the year.

Towards the end of the year, while expectations for a strong recovery in world economies increased, some momentum loss in energy price rises, decrease in worries about debt problem of Evergrande, the Chinese real estate company, which caused market stress, stagflation issue in the background, and the relatively calm picture in the bond market have cooled down the markets that move with the effect of the uncertainty factor for a long time.

While the strong year-end financial data announced in the USA stood out as another factor supporting the risk appetite, we have observed that some developed countries central banks gave mixed messages due to persistently high levels of inflation, and central banks have continued to emphasize that the rise in inflation was temporary in general. In the statement made at the meeting in November, the FED also predicted a 4% interest rate hike for 2022 and removed the term "temporary" for inflation from the text of the decision.

The European Central Bank (ECB), more market-friendly than the FED, stated that the Pandemic Emergency Purchase Programme (PEPP) will conti-

nue at a lower rate than the previous quarter and that net asset purchases will be terminated in March in accordance with the program. The Bank of England (BoE) has increased it by 15 basis points to 0.25% due to the increasing inflationary pressures, despite the expectation of keeping the policy rate constant in December. On the other hand, while central banks of developing countries took a tight stance, the Central Bank of China has provided liquidity support to the markets due to the risks of slowdown in the economy on the Asian side. At the end of the year, concerns about the new Omicron variant remained at a limited level. This was because the variant was transmitted more rapidly, but the hospitalization rate was lower. In addition, Pfizer's drug Paxlovid's emergency use approval in the USA was received as a positive news flow. In an environment where the US Dollar Index (DXY) increased by 7% throughout the year, the MSCI Developing Country index decreased by -2.22%. On the other hand, Ounce Gold, which had difficulties in finding direction, lost its value by 3.74% on an annual basis with the rise of the dollar.

The emergence of new and more dangerous variants during the pandemic in 2022, causing re-closures in economies is considered as the most important risk in the short term.

Along with the questions caused by liquidity concerns

in global markets, the pandemic process, high inflation and central bank policies, as well as the Russia-Ukraine issue will continue to be the main agenda items.

#### IN TURKEY

The most important developments followed in the country were inflation, the CBRT's interest rate decisions and the financial measures announced against the exchange rate fluctuations in December. In the meetings held in the last quarter of the year, the CBRT reduced the policy rate by 400 basis points to 14%. Among the financial measures announced to prevent the increase in the rising exchange rate, the "Exchange-Rate-Protected Turkish Lira Deposit" solution has come into prominence. Accordingly, it has been stated that the interest to be accrued on Turkish lira time deposit accounts of real persons will be compared with the exchange rate change on the account opening and maturity dates, and the account will be profited over the higher rate. Apart from this important decision, many regulations have been made, from VAT rates to the private pension system. On the pricing side, a high volatility has been observed in TL assets while entering the year-end. The high volatility, which also continued in December, has been replaced by stability with announced financial measures. Our 5-year CDS, which reached 622 during the year, has closed the year at the level of 534. While the yield curve became quite steep, BIST100, which rose to the levels of 2,400, completed the year at the level of 1.858 and the annual gain was realized as 25.8%. The improvement in the current account balance continued, and the 12-month current account deficit was realized as 14.2 billion dollars. In 2020, this amount was 36.7 billion dollars. With the impacts of the high volatility in the exchange rate and the global increase in commodities, raw materials and energy prices, the domestic consumer inflation was 36.08%.

#### IN THE INSURANCE SECTOR

The pandemic period once again demonstrated the importance of savings in securing future living conditions. Private Pension System (PPS) being implemented in Turkey for 18 years has been one of the most effective tools for increasing household savings. With the regulations made by the government, there was an increase in both the trust in the system and the number of participants. PPS, which is also one of the best investment alternatives, has become even more attractive for investors with the increase of governmental support by 5 points to 30% as of 22 January 2022. With such regulations, 2021 has been a year in which both the number of participants and the trust in the system have increased in PPS.

Based on the data of the Pension Monitoring Center by the end of 2021, the total number of PPS participants increased by 2.8% in the last year to 7 million people, while the fund size increased by 50% to 205 billion TRY. The share of interest-free funds in total funds increased from 16% to 22% with an increase of 39%, generally in PPS funds.

The complementary pension system (CPS) and the

regulations on the inclusion of under 18 into the PPS are expected to contribute significantly to the growth performance of the industry in the upcoming periods.

On the life insurances side, the weight of loan-related products continued and in line with the increasing credit volume, the sector-wide life premium written reached TRY 17.7 billion with a growth of 23% in 2021.

Bereket Emeklilik ve Hayat A.Ş. 2021 Annual Report 15





## OUR COMPANY

As in the last few years, participation-based interest-free funds, including our Company's funds, differed positively from the sector average in 2021. Considering the sector in general, the number of participants and the size of the funds increased significantly, and such a critical year was completed by gaining strength and confidence by offering investors a fund return above inflation.

It is of great importance for the individual pension system that youth and children under the age of 18 will be able to access PPS in 2021 and that the state contribution will be increased to 30% as of 22 January 2022. In addition, new opportunities and options were offered to PPS customers through the BEFAS (Private Pension Fund Trading Platform) system.

Together with our business partners, it continues to be our main goal to keep the quality of the service we offer to our policyholders at the highest level. Besides targeting to become a lasting brand whose employees and business partners deliver a service quality beyond the expectations of the customers and are open to the changes brought by the age, we are striving to become an industry-leading company that gives great importance to ethical values, is based on the principles of participation finance and employs a widespread service network which is trusted by all.

Our company is becoming an important and well-known brand of our country as we move up the industry with our business partners expanded all over Turkey. While we move ahead on the path of growth which is sustainable as regards to efficiency and profitability, we keep the goal to deliver maximum benefit to our members, customers, employees and other stakeholders.

We would like to thank our main shareholders and policyholders for strengthening Bereket Emeklilik ve Hayat with their uninterrupted support and trust, our distribution channels spread all over the country with strong cooperation, our employees and all our other stakeholders.

### **Mahmut GÜNGÖR**

Member of the Board of Directors  
and General Manager

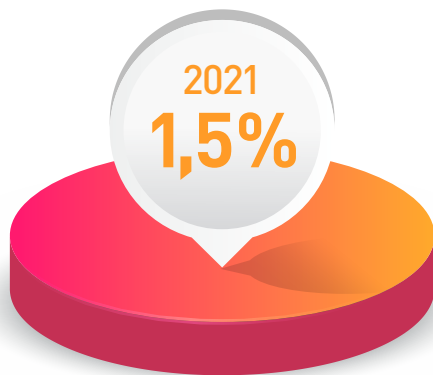
### **Ali Rıza AKPINAR**

Chairman of the Board  
of Directors

## 1.6 FINANCIAL INDICATORS

ITEMS (TL)	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Fund Volume of Private Pension*	1.004.029.158	735.564.535	538.447.687	425.743.184	399.246.851
Rate of Growth of Fund Volume	36,50%	36,61%	26,47%	6,64%	-4,42%
Life - Personal Accident Premiums Written (Net)	276.787.196	166.702.243	131.206.001	28.257.454	191.529
Life - Personal Accident Rate of Growth of Premiums Written	66,04%	27,05%	364,32%	14653,62%	-186,43%
Paid-up Capital	30.000.000	30.000.000	30.000.000	30.000.000	30.000.000
Shareholder's Equity	131.529.250	67.762.579	56.300.495	30.599.426	30.230.145
Total Assets	1.381.723.187	938.968.308	723.917.974	499.759.738	439.988.674
Private Pension Technical Profit/Loss	1.056.086	-3.022.654	-6.334.693	-3.168.150	-3.092.766
Life Technical Profit / Loss	65.787.974	909.450	32.971.108	-730.147	-778.396
Non-Life Technical Profit / Loss	13.318.132	1.410.974	3.962.523	542.192	-646.684
Non-Technical Income and Expense Balance	-16.197.185	-428.128	-4.827.835	3.963.706	1.523.999
Net Profit/Loss	63.965.007	-1.130.358	25.771.104	607.603	-2.993.847
* Figures Including State Contribution					

### Life Market Share



- Turkish Union of Insurance

### PPS Market Share

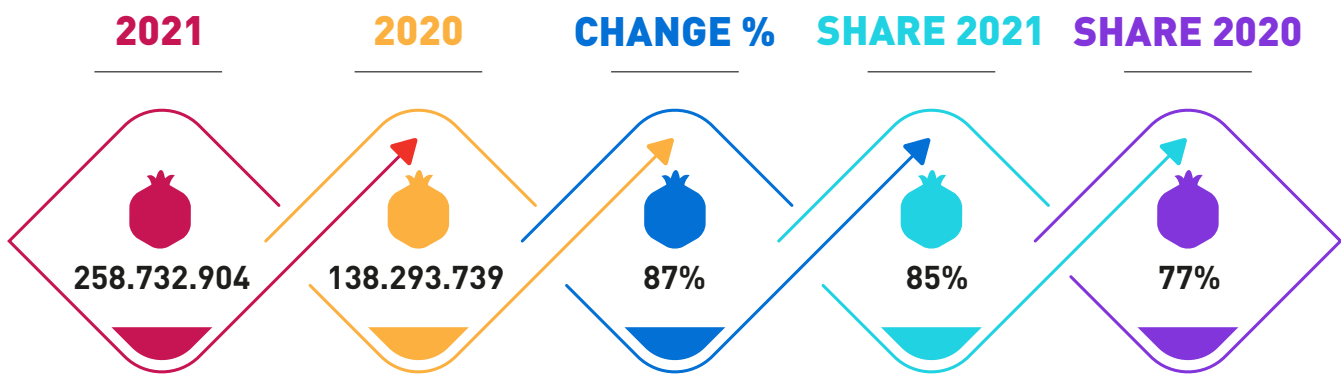


- Pension Monitoring Center  
31 December 2021 data (Excluding OKS)

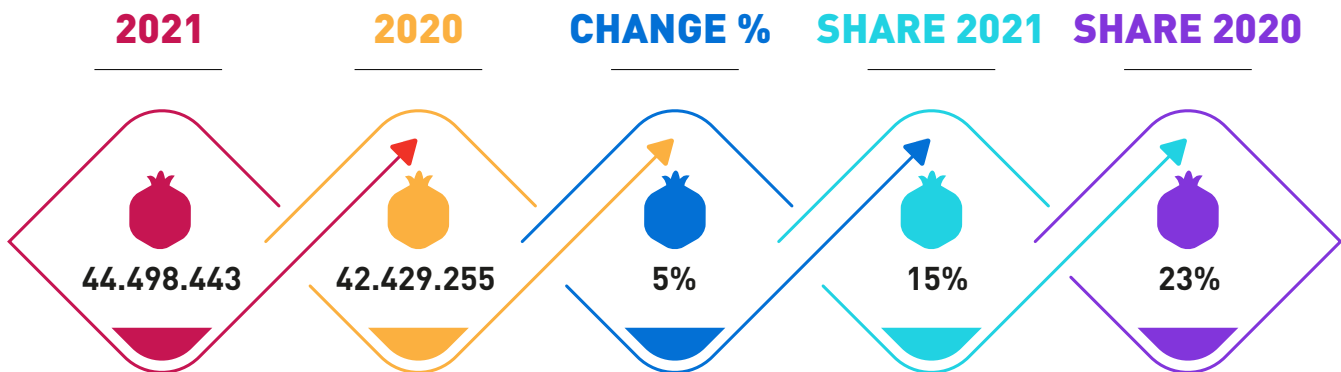


## Premiums Written in Life and Personal Accident Lines of Business (TRY)

### LIFE



### PERSONAL ACCIDENT





## 1.7 BEREKET PENSION FUNDS AND FUND VOLUMES

All funds of the company are managed in accordance with the principles of participation finance and participation insurance. The pension funds founded by the company and their dates of foundation and volumes as of 31.12.2021 are as follows:

BEREKET EMEKLILIK VE HAYAT A.Ş.	DATE OF FOUNDATION	FUND VOLUME (TL)	SHARE (%)
NAME OF MUTUAL FUND			
GOLD PARTICIPATION PENSION MUTUAL FUND	05/04/2013	223.696.593	22,3
CONSERVATIVE PARTICIPATION PENSION MUTUAL FUND	19/03/2012	165.832.602	16,5
PARTICIPATION STOCKS PENSION MUTUAL FUND	19/03/2012	155.920.362	15,5
PARTICIPATION CONTRIBUTION PENSION MUTUAL FUND	05/04/2013	125.641.031	12,5
PARTICIPATION VARIABLE PENSION MUTUAL FUND	19/04/2013	97.319.002	9,7
OKS PARTICIPATION STANDARD PENSION MUTUAL FUND	30/11/2017	82.251.907	8,2
GROUP PARTICIPATION VARIABLE PENSION MUTUAL FUND	19/03/2012	73.009.280	7,3
GROWTH PARTICIPATION VARIABLE PENSION MUTUAL FUND	19/03/2012	66.600.989	6,6
OKS AGGRESSIVE PARTICIPATION VARIABLE PENSION MUTUAL FUND	15/06/2017	5.944.847	0,6
OKS DYNAMIC PARTICIPATION VARIABLE PENSION MUTUAL FUND	15/06/2017	4.308.226	0,4
INITIAL PARTICIPATION PENSION MUTUAL FUND	29/12/2016	3.504.319	0,3
<b>TOTAL</b>		<b>1.004.029.158</b>	<b>100</b>

## 1.8 REINSURANCE COMPANIES

Reinsurer	Ratings Given by Rating Agencies to our Reinsurers	Principal Lender	Country
General Reinsurance Company	S&P/AA+	Berkshire Hathaway Company	Germany
HCC International Ins Co Plc	S&P/A+	Tokio Marine	United Kingdom
Arch Re Accident & Health	S&P/A+	Arch Capital Group Ltd. (ACGL)	Denmark



## 1.9 OUR HUMAN RESOURCES PRACTICES

### İŞE ALIM

The need for new employees for the next year is determined by taking into account the growth and development potential and the current conditions of the company, whether the current staff of the company will be able to meet the newly emerging needs, any changes brought by the economic and social developments to the need for technical, occupational and administrative personnel, and the vacancies to occur in the next year because of retirements, terminations and military service obligations of the existing personnel. If it is not possible to meet the need for new employees from within the company, the company receives job applications from external persons, interviews with the candidates and concludes the applications as soon as possible. After the recruitment, we conduct the other HR activities in order to ensure that our employees become more productive and work happily.

### TRAINING

The objective of the training activities at Bereket Hayat ve Emeklilik A.Ş. is to use every training opportunity in order to enable the executives to improve their managerial and occupational knowledge and skills needed by them to perform their duties more consciously, effectively and

productively so that they can do their best to contribute to the attainment of the goals and targets of the company; in order to identify those who have the talent required for the upper positions and enable them to improve their managerial and technical knowledge and skills so that they can efficiently perform their job at such positions;

and in order to help our agents to be informed about the new developments in the industry and increase their knowledge and improve their skills to use their potential in full.

### PERFORMANCE

The first part of the performance assessment starts with the setting of the yearly personal performance targets for the employees together with their line managers in a manner that such personal targets support the targets of the respective department and the entire organization. Since all personal targets must be relevant with the responsibilities of the employee, the job description of the employee is the foundation of the target-setting work. Such targets are the SMART targets that contribute to both the personal performance improvement and the organization-wide performance improvement.

The second part of the performance assessment relates to the assessment of the competencies. The identified competencies are the indicators of the knowledge, skills and attitude that an employee must have in order to deliver the performance expected from him or her. In order that the competencies can be perceived and evaluated more clearly, certain behavioral indicators are set for each competence. While the third part of the performance evaluation aims to measure employee productivity, the last part is participation in annual training activities.

## CAREER

Transfer and Rotation required by the Business The employees can be assigned to different departments and to different workplaces of the company in order to meet the employee needs of them and to enable the employees to increase their occupational knowledge and experience.

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## TRANSFER AND ROTATION AT THE REQUEST OF THE EMPLOYEE

If an employee is needed for a vacant position, priority is given to the employees who are willing to be transferred to that position if they meet the qualifications required for it. Priority is given to requests for transfer to another place if it is made for reason of health concerns or school attendance of the children or unification with spouse who is living there.

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## PROMOTION

During the promotion and appointment to a vacant position, selection is made among the existing candidates.

### It is required that

- they must be successful in their current job based on the result of the performance assessment;
- they must have the technical and basic competency required for the upper position;
- they must not have any disciplinary penalty record in their personal file;
- there must be a vacancy in the upper position or that a new upper position has been established;
- they must have completed the waiting period specified;
- if a test is required, they must have passed the test;
- they must have been approved by the Head of Department, the Human

## SOCIAL RIGHTS

Our colleagues' salaries are paid on the last working day of each month. The grading structures determined according to the current job evaluation and salary system are taken into consideration for the remuneration.

Group Health Insurance is applied to all Bereket Sigorta employees, the limits of which are renewed every year.

In addition to Health Insurance, Annual Life Insurance, whose limits are reviewed every year, is provided.

Each of our colleagues participates in the Private Pension with a company contribution within the scope of the company's Group Retirement Plan.

Our Head Office building has common kitchen areas on the floors, recreation areas for free time and a winter garden.

## 1.10.1

# OUR HUMAN RESOURCES STRUCTURE

The number of employees carried forward to 2021 is 65, in the evening of 31.12.2020. We interviewed with nearly 20 candidates in 2021. 8 persons were recruited and 10 employees were terminated in 2021. The number of employees carried forward to 2022 is 95,

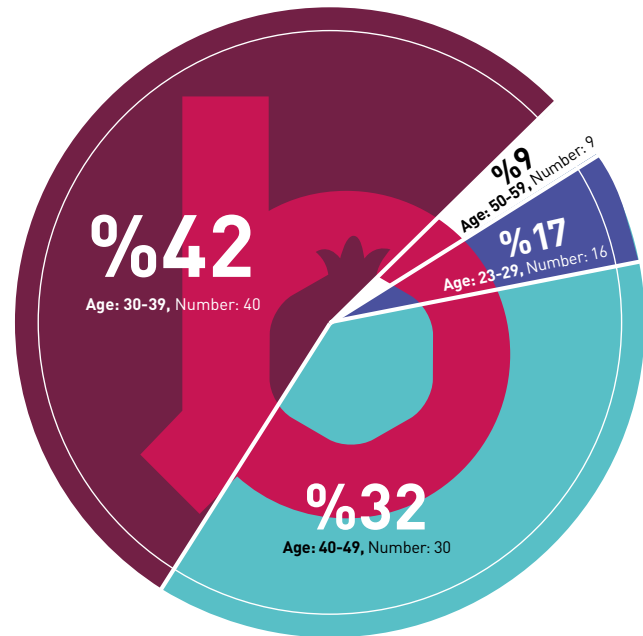


DISTRIBUTION BY GENDER	NUMBER	RATE
Female	63	66%
Male	32	34%
<b>Total</b>	<b>95</b>	<b>100%</b>

EDUCATION	NUMBER	RATE
Intermediate School	5	5%
Undergraduate	5	5%
Bachelor's Degree	71	75%
Post-graduation	14	15%
<b>Total</b>	<b>95</b>	<b>100%</b>

EMPLOYEES BY REGION	NUMBER	RATE
Head Office	80	84%
Adana Regional Office	1	1%
Ankara Regional Office	6	6%
Antalya Regional Office	1	1%
Bursa Regional Office	1	1%
İstanbul Asian Side Regional Office	1	1%
İstanbul European Side Regional Office	1	1%
İzmir Regional Office	1	1%
Samsun Regional Office	1	1%
Diyarbakır Regional Office	2	2%
İstanbul European Side Regional Office	2	2%
<b>Total</b>	<b>95</b>	<b>100%</b>

## Distribution



TITLE-BASED EMPLOYEES	NUMBER	RATE
Deputy General Manager	2	2%
Group Manager	2	2%
Legal Advisor	1	1%
Manager	9	9%
Supervisor	21	27%
Authorized Officer	18	22%
Specialist	9	19%
Assistant Specialist	9	9%
Service Staff	7	7%
<b>Total</b>	<b>95</b>	<b>100%</b>

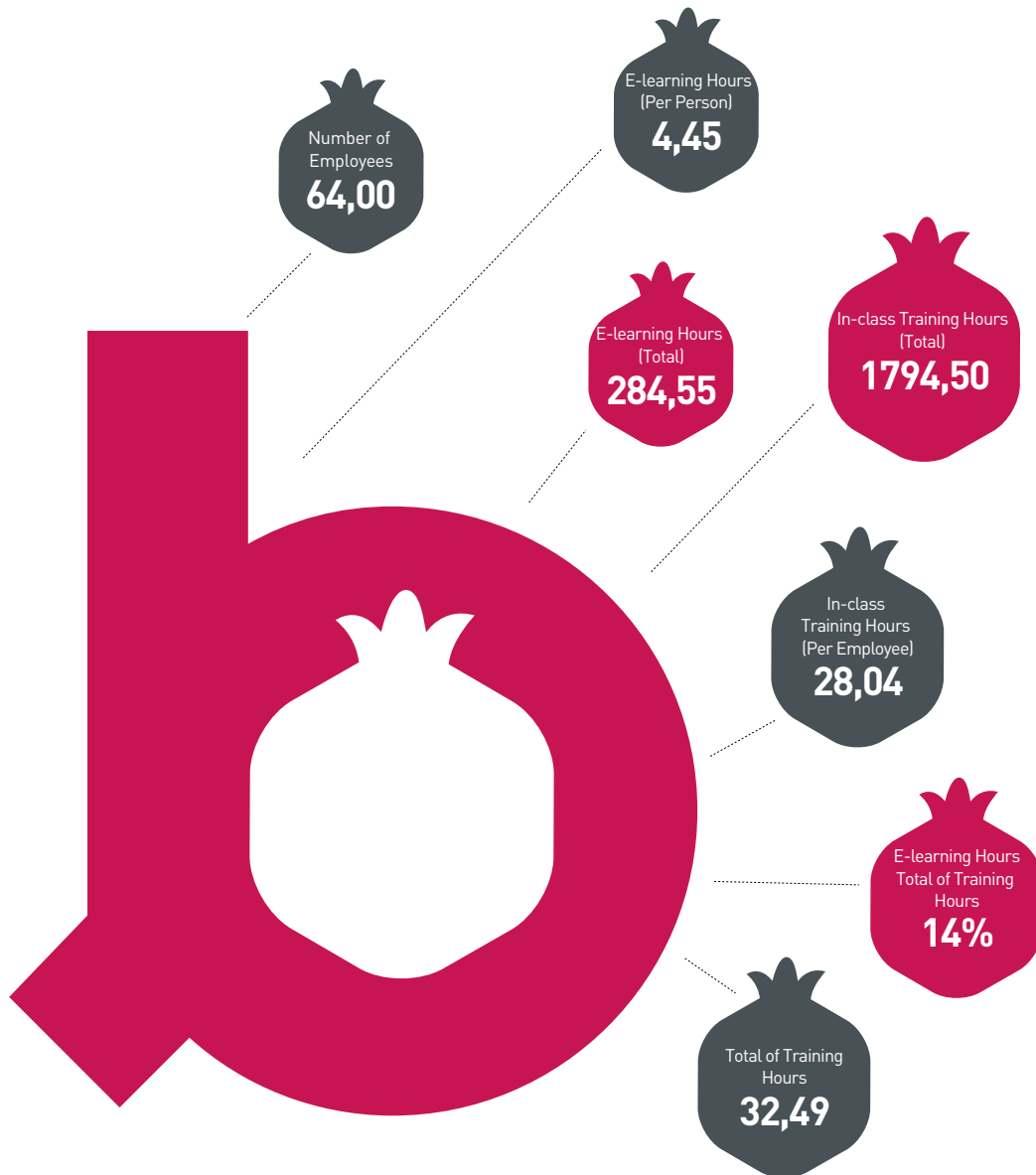
\* The number of outsourced personnel is included in the tables.

## 1.10.2

## EDUCATIONAL ACTIVITIES

Bereket Emeklilik ve Hayat A.Ş. The Human Resources and Training Department of conducts training programs for occupational and personal development of the employees. In the designing of the training programs, care is given to ensure that they are in line with the vision and strategy of the company and that they match the needs of the employees. Takaful insurance business, legally compulsory training courses, training on products and selling methods, preparation training for occupational certificate tests, and training courses on leadership and competency improvement are provided to the employees.

In 2021, training courses of 32.49 hours per employee in average were provided to the employees and e-learning technologies were used in 14% of the training courses.





## 1.11 SALES CHANNELS STRUCTURE

Bereket Emeklilik A.Ş. serves individual and corporate customers in Private Pension, Life and Personal Accident lines of business.

Bereket Emeklilik A.Ş. reaches its customers through 121 agents, as well as through Türkiye Finans Katılım Bankası branches and Call Center.

Bereket Emeklilik A.Ş. has 10 regional management offices based in the provinces of Adana, Ankara, Antalya, Bursa, İstanbul (Asian Side), İstanbul (European Side), İzmir, Şanlıurfa and Diyarbakır, Samsun with powerful technological and financial infrastructure.

The numbers of the regional management offices, the representation offices and the bank office branches in 2021 are given in the following table.

REGION	NUMBER OF AGENTS
ADANA REGIONAL OFFICE	19
ANKARA REGIONAL OFFICE	11
ANTALYA REGIONAL OFFICE	15
BURSA REGIONAL OFFICE	11
DIYARBAKIR REGIONAL OFFICE	9
İSTANBUL ASIAN SIDE REGIONAL OFFICE	15
İSTANBUL EUROPEAN SIDE REGIONAL OFFICE	13
İZMİR REGIONAL OFFICE	6
SAMSUN REGIONAL OFFICE	10
ŞANLIURFA REGIONAL OFFICE	8
AGRICULTURAL PORTFOLIO	2
CORPORATE SALES	2
<b>TOTAL</b>	<b>121</b>

BANKA	NUMBER OF BRANCHES
TÜRKİYE FİNANS KATILIM BANKASI	319



# COMPLETED AND IN PROGRESS PROJECTS

## ONLINE PPS PROJECTS

The Online PPS project is the first PPS online sales platform in the interest-free field, and it carries out not only the offer stage, but also the online 3D credit card collection, the first maturity withdrawal, the offer signature process and the collection process.

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## BEFAS PHASE 1

Under the project, the relevant IT Integration infrastructure for the platform was provided, and the Private Pension companies and companies with a completely interest-free fund structure started using the BEFAS platform in July 2021. The target for the transition of completely Interest Free companies to the BEFAS platform is April 2022.

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## E-ARCHIVE PROJECT

The E-Archive project is a project planned with the aim of identifying physically stored documents in digital environment and keeping them in digital environment and organizing the document archive of the institution. Most of the project has been completed and the process continues.

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## CREATING THE PORTFOLIO GROUP STRUCTURE

The Portfolio Group Structure has been developed for the organizations with which we have established business partnerships in the tariffs of the main line of business. In this way, it is aimed to design discounts, services and policies without creating new tariffs on our existing tariffs. Customer checks can be performed through the services we have received from business partnerships on these services.

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## BERQUN PRODUCTIVITY

With the introduction of the remote working model into our business life due to the pandemic, it was needed to monitor the performance of the employees. For this reason, Berqun, an application widely used in the sector, has been licensed.

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## GENT PORTAL

On the agent portal Narline, more interactive additional features and transactions that agents can view and manage their own transactions are evaluated, and the project process continues.

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## S.A.T. (Agent Representative in the Field)

It is planned as a project where agent representatives, regional offices the Head Office Directorate can monitor the field more closely and on mobile.

## **ISO 9001 - 27001 QUALITY MANAGEMENT**

It is a project planned for the improvement and certification of Quality Management processes. Trainings on standards, approaches and documentation templates created within the scope of ISO have been completed. The process continues.

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## **KANKA- ROBOTIC PROCESS AUTOMATION**

Kanka robot work are progressing on a job-based basis, so they are evaluated in the ongoing project category. In order to increase the use of robots and to take actions faster, it is carried out with joint working methods of internal and external resources.

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## **COBIT COMPATIBILITY WORKS**

It is aimed that our company's Information Technologies, Governance and Security standards are compatible with international norms. Projects to be realized under Cobit are planned. The processes regarding the investments to be made and the products to be purchased continue.

# 2

## CORPORATE GOVERNANCE

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## 2.1 MEMBERS OF THE BOARD OF



**Ali Rıza AKPINAR**

■ Chairman of the Board of Directors

Ali Rıza AKPINAR was born in İzmir in 1984. He started to work as a Bank Examiner at the Banking Regulation and Supervision Agency in 2006. In addition to the audits of many banks, he also audited factoring, leasing and consumer financing companies. Taking part in the establishment of the Financial Consumer Relations Department, he played an active role in legislation arrangements and served as head of a delegation in the Arbitration Committee for Private Customer, established under the Banks Association of Turkey. He was appointed as the Head of Loans and Financing Department on 21 May 2019, and was entrusted with Deputy General Manager upon the Decision dated 23 February 2021 of the Board of Directors of Kredi Kooperatifleri Merkez Birliği.

## **Veysel Tolga ATİK**

■ Acting Chairman of the Board of Directors

After completing his primary and secondary education in Tekirdağ, he graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics. He completed his master's degree in Namık Kemal University, Institute of Science and Technology, Department of Agricultural Economics. He started his career at Ziraat Bankası in 2009. He worked as a Controller in the Tekirdağ Regional Union of Agricultural Credit Cooperatives between 2010-2016, and as Loan Tracking Manager in the Central Union between 2016-2018. As of April 2018, he was appointed as the Credit Policies Manager. With the decision dated 12.03.2021 of the Central Union Board of Directors, he was appointed as the Head of the Loans and Financing Department.

## **Yavuz POLAT**

■ Member of the Board of Directors

Born in Ankara in 1980, Mr. Polat graduated from Selçuk University, Faculty of Law in 2002. Mr. Polat, who started his career as a trainee lawyer in Ankara Courthouse in 2002, continued to work as a self-employed lawyer between 2004-2021 and is also working as an official expert mediator as of 2021.

## **Mahmut GÜNGÖR**

■ Member of the Board of Directors - General Manager

He was born in Ankara in 1972. He graduated from the Labor Economy and Industrial Relations Department of the Faculty of Political Sciences of Ankara University in 1995. He completed his post-graduation study in the Banking and Insurance Institute of Marmara University in 2006. He worked as specialist, assistant manager and assistant general manager in Ziraat Finansal Kiralama A.Ş. during 1996-2011 and as assistant general manager in Vakıf Finansal Kiralama A.Ş. during 2011-2015. In Bereket Sigorta A.Ş. and Bereket Emeklilik ve Hayat A.Ş., group companies of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği where he has been serving as Assistant General Manager since October 2015, he has been working as the General Manager since 04.01.2018.

### Independence Claim

Under Article 4.3.6 in the Annex of Communiqué No II-17.1 on Corporate Governance of the Capital Markets Board, I hereby declare that I am a candidate to serve as an "independent member" in the Board of Directors of Bereket Sigorta A.Ş. in accordance with the legislation, articles of association and the criteria set in the Communiqué on Corporate Governance of the Capital Markets Board Corporate Governance and in this context, I hereby declare that:

- In the last five years, there was no employment relationship in managerial positions that will take on important duties and responsibilities between the company, the partnerships under the management control of the company or in which it had a significant influence, the legal entities over which these partners had management control and myself, my spouse and my relatives up to the second degree by blood and marriage; they did not own more than 5% of their capital or voting rights or privileged shares together or individually and they did not establish a significant commercial relationship;
- In the last five years, I was not a shareholder (5% or more) or did not work in a managerial position to assume important duties and responsibilities, or was not a member of the board of directors in companies where the company purchases or sells a significant amount of services or products within the framework of agreements made, during the periods when services or products are purchased or sold, including auditing (including tax audit, legal audit, internal audit), rating and consultancy of the company;
- I have the vocational education and training, knowledge and experience to properly fulfill the duties that I will assume due my independent board membership;
- I will not work full-time in public institutions and organizations after being elected as a member, except as a university lecturer in accordance with the legislation;
- According to the Income Tax Act No. 193 of 31/12/1960, I am considered as a resident in Turkey;
- I have strong ethical standards, professional reputation and experience that can make positive contributions to the activities of the company, maintain my impartiality in conflicts of interest between the company and the shareholders, and make decisions freely by taking into account the rights of the stakeholders;
- I will be able to devote enough time to company affairs to be able to follow the operation of the company activities and to completely fulfill the requirements of the duties I have undertaken;
- I have not been on the company's board of directors for more than six years in the last ten years;
- I am not currently working as an independent board member in more than three of the companies controlled by the company or its shareholders who have management control, and in more than five companies traded on Borsa Istanbul in total;
- I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors.

FULL NAME:

Mustafa Hamarat

SIGNATURE:





### Independence Claim

Under Article 4.3.6 in the Annex of Communiqué No II-17.1 on Corporate Governance of the Capital Markets Board, I hereby declare that I am a candidate to serve as an "independent member" in the Board of Directors of Bereket Sigorta A.Ş. in accordance with the legislation, articles of association and the criteria set in the Communiqué on Corporate Governance of the Capital Markets Board Corporate Governance and in this context, I hereby declare that:

- a) In the last five years, there was no employment relationship in managerial positions that will take on important duties and responsibilities between the company, the partnerships under the management control of the company or in which it had a significant influence, the legal entities over which these partners had management control and myself, my spouse and my relatives up to the second degree by blood and marriage; they did not own more than 5% of their capital or voting rights or privileged shares together or individually and they did not establish a significant commercial relationship;
- b) In the last five years, I was not a shareholder (5% or more) or did not work in a managerial position to assume important duties and responsibilities, or was not a member of the board of directors in companies where the company purchases or sells a significant amount of services or products within the framework of agreements made, during the periods when services or products are purchased or sold, including auditing (including tax audit, legal audit, internal audit), rating and consultancy of the company;
- c) I have the vocational education and training, knowledge and experience to properly fulfill the duties that I will assume due my independent board membership;
- d) I will not work full-time in public institutions and organizations after being elected as a member, except as a university lecturer in accordance with the legislation;
- e) According to the Income Tax Act No. 193 of 31/12/1960, I am considered as a resident in Turkey;
- f) I have strong ethical standards, professional reputation and experience that can make positive contributions to the activities of the company, maintain my impartiality in conflicts of interest between the company and the shareholders, and make decisions freely by taking into account the rights of the stakeholders;
- g) I will be able to devote enough time to company affairs to be able to follow the operation of the company activities and to completely fulfill the requirements of the duties I have undertaken;
- h) I have not been on the company's board of directors for more than six years in the last ten years;
- i) I am not currently working as an independent board member in more than three of the companies controlled by the company or its shareholders who have management control, and in more than five companies traded on Borsa Istanbul in total;
- j) I have not been registered and announced on behalf of a legal entity elected as a member of the board of directors.

FULL NAME: : MEHMET BARCA

SIGNATURE:



## TOP MANAGEMENT

				EXPERIENCE	
NAME-SURNAME	TITLE	TRAININGS	DATE OF APPOINTMENT	PERIOD (YEARS)	PROFESSIONAL EXPERIENCE
Mahmut Güngör	General Manager	Post-graduation	05/01/2017	5,18	25
Davut Menteş	Deputy General Manager - Financial Affairs and IT	Bachelor's Degree	16/01/2018	4,15	26
Abdullah Adıyaman	Deputy General Manager - Claims	Post-graduation	01/06/2018	4,15	19
Ozan Şahin	Deputy General Manager - Actuary and Reinsurance	Post-graduation	04/02/2019	3,1	16
Faruk Gökçen	Deputy General Manager - Sales and Marketing	Bachelor's Degree	16/12/2020	1,23	18
Cenk Özçelik	Deputy General Manager- Technical	Bachelor's Degree	09/12/2020	1,25	28
Uğur Yıldız	Legal Advisor	Bachelor's Degree	16/01/2018	4,15	25

## 2.2 REPLACEMENTS OF THE BOARD OF DIRECTORS

As of 24.12.2021, Dr. Fahrettin POYRAZ as resigned from his post.

Ali Rıza AKPINAR, who served as the Vice Chairman, was appointed as the Chairman of the Board of Directors as of 24.12.2021.



## 2.3 QUALIFICATIONS OF THE DIRECTORS AND THE AUDITORS

Qualifications of the executives of the Company are given in the following table as of 31 December 2021, which was prepared pursuant to article 8 of the "Regulation on the Incorporation and Working Principles of Insurance and Reinsurance Companies", which was published in the Official Gazette no. 26623 of 24 August 2007 and came into effect at that date:

NAME-SURNAME	TITLE	TRAININGS	DATE OF APPOINTMENT	EXPERIENCE PERIOD (YEARS)	AREA	OTHER DUTIES OUTSIDE THE COMPANY
Ali Rıza AKPINAR	Chairman of the Board of Directors	Post-graduation	27.05.2019	15	Banking	1. Deputy General Manager of Tarım Kredi Kooperatifleri Merkez Birliği
Veysel Tolga ATİK	Acting Chairman of the Board of Directors	Post-graduation	18.06.2021	13	Banking	1. Head of Loans and Financing Department of Tarım Kredi Kooperatifleri Merkez Birliği
Yavuz POLAT	Member of the Board of Directors	Bachelor's Degree	18.06.2021	18	Law	1. Expert Mediator 2. Freelance Lawyer
Prof.Dr. Mehmet BARÇA	Independent Member	Professor	19.03.2020	20	Strategic Management	1. Rector of Social Sciences University of Ankara
Mustafa HAMARAT	Independent Member	Post-graduation	19.03.2020	26	Law	1. Lawyer
Mahmut Güngör	Member of the Board of Directors/General Manager	Post-graduation	04.01.2018	25	Other	1. Member of the Board of Directors of Pension Monitoring Center 2. Tarım Sigortaları Havuz Undertaking A.Ş. Member of the Board of Directors

\* In our company, Veysel Tolga ATİK is in charge of the compliance with the requirements of MASAK (Financial Crimes Investigation Authority) and Ali Rıza AKPINAR is in charge of the internal systems

### Auditor

**Term:** 01.01.2021-31.12.2021

**Title:** KPMG BAĞIMSIZ DENETİM VE SMMM A.Ş.

**Address:** Levent, İş Kuleleri, Kule 3, Kat:2-9, 34330 Beşiktaş/İstanbul



## 2.4 EXECUTIVES IN CHARGE OF THE INTERNAL SYSTEMS

### Mustafa DEMİR

Executive

#### Internal Audit

He graduated from the Department of Mathematics of Faculty of Science and Letters of Eskişehir Osmangazi University in 2006. He completed his Master's degree of Science and Mathematics in 2007 and graduated from the Faculty of Business Administration of Anadolu University in 2015.

He started his career at Vakıf Emeklilik ve Hayat A.Ş. in 2008 and worked as an assistant auditor and auditor in the Internal Audit Department until the end of 2012 and in Authorized Officer positions in the Department of Surveillance and Reporting until the end of 2013. After working as Authorized Officer and Supervisor in the Department of Surveillance and Reporting of Bereket Emeklilik ve Hayat A.Ş. between 2014-2018, he has been serving in Bereket Sigorta A.Ş. ve Bereket Emeklilik ve Hayat A.Ş. Companies as Internal Audit Executive in the Internal Audit Department since March 2018.

### Levent ÖZİNCE

Manager

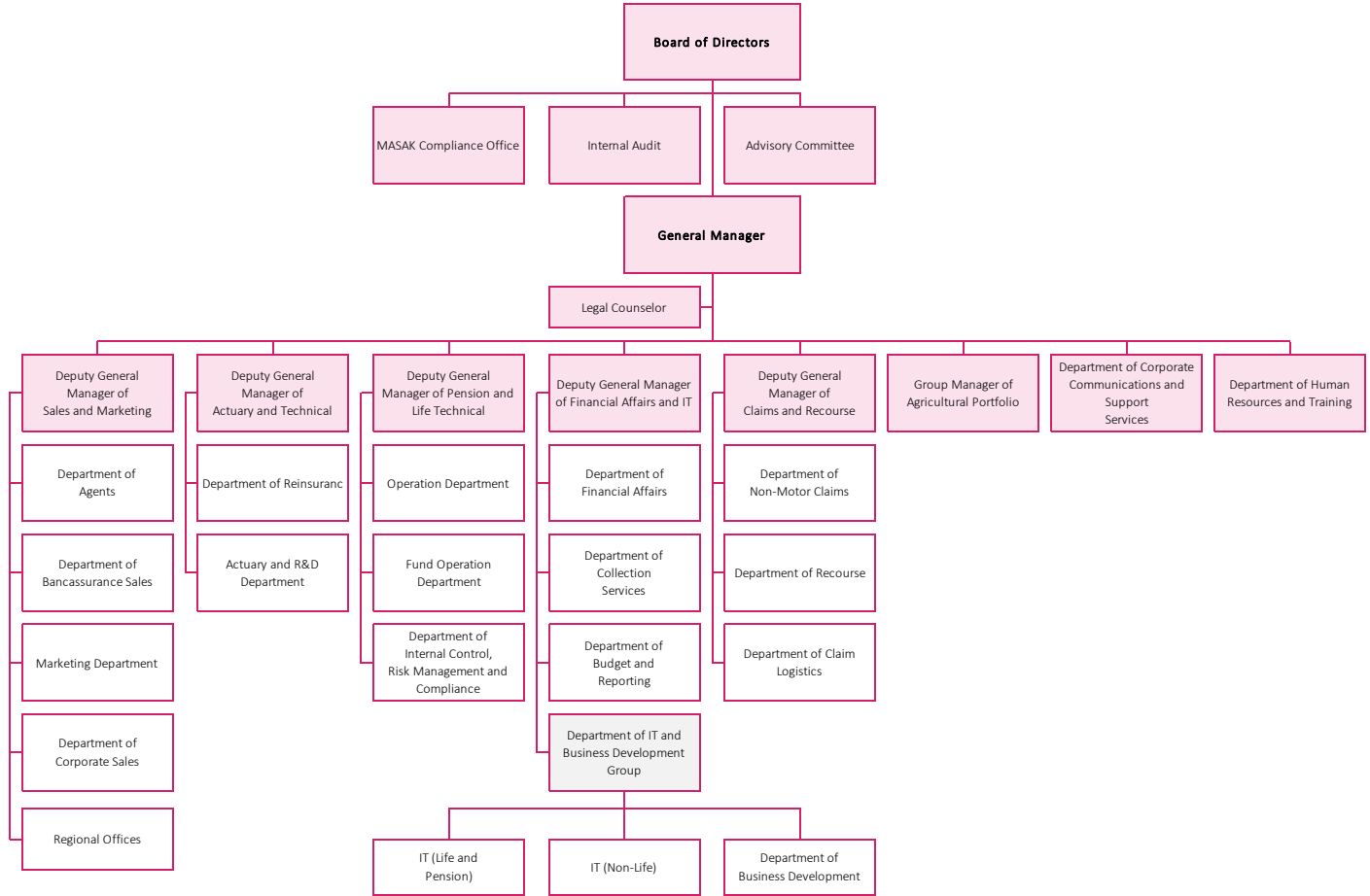
#### Internal Control, Risk Management and Compliance

After graduating from the Econometrics Department of Faculty of Economics of Istanbul University in 1997, he started his career as an assistant inspector at Güven Sigorta T.A.Ş. and later continued his duty as an inspector in the same company. He started his career in the Internal Audit Department of Halk Sigorta A.Ş. as Deputy Manager of Internal Audit in 2010 and continued as Manager of Internal Audit in 2013. He started to work as Internal Control, Risk Management and Compliance Manager within Bereket Group in September 2020.

## 2.5 ATTENDANCE OF THE DIRECTORS TO THE MEETINGS DURING THE ACCOUNT PERIOD

Date of Meetings	Ali Rıza AKPINAR	Veysel Tolga ATİK	Yavuz POLAT	Mustafa HAMARAT	Mehmet BARCA	Mahmut GÜNGÖR
	Chairman of the Board of Directors	Acting Chairman of the Board of Directors	Member of the Board of Directors	(Independent Member)	(Independent Member)	Member of the Board of Directors and General
25.01.2021	✓			✓	✓	✓
26.01.2021	✓			✓	✓	✓
28.01.2021	✓			✓	✓	✓
4.02.2021	✓			✓	✓	✓
22.02.2021	✓			✓	✓	✓
1.03.2021	✓			✓	✓	✓
10.03.2021	✓			✓	✓	✓
22.03.2021	✓			✓	✓	✓
12.04.2021	✓			✓	✓	✓
19.04.2021	✓			✓	✓	✓
29.04.2021	✓			✓	✓	✓
4.05.2021	✓			✓	✓	✓
28.05.2021	✓			✓	✓	✓
18.06.2021	✓	✓	✓	✓	✓	✓
28.06.2021	✓	✓	✓	✓	✓	✓
30.06.2021	✓	✓	✓	✓	✓	✓
26.07.2021	✓	✓	✓	✓	✓	✓
12.08.2021	✓	✓	✓	✓	✓	✓
13.08.2021	✓	✓	✓	✓	✓	✓
24.08.2021	✓	✓	✓	✓	✓	✓
26.08.2021	✓	✓	✓	✓	✓	✓
29.09.2021	✓	✓	✓	✓	✓	✓
30.09.2021	✓	✓	✓	✓	✓	✓
14.10.2021	✓	✓	✓	✓	✓	✓
25.10.2021	✓	✓	✓	✓	✓	✓
11.11.2021	✓	✓	✓	✓	✓	✓
15.11.2021	✓	✓	✓	✓	✓	✓
29.11.2021	✓	✓	✓	✓	✓	✓
9.12.2021	✓	✓	✓	✓	✓	✓
24.12.2021	✓	✓	✓	✓	✓	✓
28.12.2021	✓	✓	✓	✓	✓	✓
29.12.2021	✓	✓	✓	✓	✓	✓
29.12.2021	✓	✓	✓	✓	✓	✓

## 2.6 ORGANIZATION CHART



## 2.7 STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Bereket Emeklilik ve Hayat A.Ş. adheres to the principles included in the Circular on Corporate Governance Principles and pays maximum attention and care to the implementation of these principles.

Bereket Sigorta's corporate governance principles have been established according to the principles of equality, transparency, accountability and responsibility. Accordingly, it is essential to treat shareholders and stakeholders equally and to prevent possible conflicts of interest during the execution of all activities of the company management.

Without prejudice to business secrets and information that has not yet been disclosed to the public, financial and non-financial information about the company is announced to the public in a timely, accurate, complete, understandable, open to interpretation, low cost and easily accessible manner in accordance with the principle of transparency.

## 2.8 CORPORATE GOVERNANCE COMPLIANCE REPORT

### PART I - SHAREHOLDERS

#### 1. Investor Relations Department

The name-surname, role and license information of the persons involved in conducting the investor relations operations of Bereket Emeklilik are given below:

Pınar MUTLU, Investor Relations Manager (Capital Market Activities Level 1)

Çağla ÖZBEY, CMB Coordination Manager

The activities carried out by the investor relations team are as follows:

- Coordinating the investor information on the corporate official web site;
- Coordinating the statement of annual report and quarterly activity reports;
- Coordinating the annual General Assembly Meeting;
- Stating the compliance report for CMB Corporate Governance Principles.

There are no applications made to the team during the term.

#### 2. Exercising of Information Acquisition Rights of the Shareholders

In principle, all shareholders are treated equally and no discrimination is made between shareholders in exercising their right to obtain information and to examine. All kinds of information that may affect the exercise of shareholders' rights are made available to the shareholders in an up-to-date manner. Publicly disclosed information concerning shareholders is published on the corporate website

of our Company. Contact information of the Investor Relations Unit is available on the corporate website so that shareholders can exercise their right to obtain information.

In the Corporation's Articles of Association, the request for the appointment of a special auditor has not been arranged. In 2021, no request was received from the shareholders in this regard.

#### 3. General Assembly Meetings

In 2021, a total of two general assembly meetings, one ordinary and one extraordinary, were held. Information on the general assembly meetings are given below.

The Ordinary General Assembly Meeting was held on June 15, 2021, at 14:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 100% of the shares attended the General Assembly by proxy. Other than shareholders, stakeholders and media did not participate. During the General Meeting, shareholders did not use their right to ask questions and no proposal was made apart from the agenda items.

The Ordinary General Assembly Meeting was held on Tuesday, December 28, 2021, at 14:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 90.10% of the shares attended the General Assembly by proxy. Except for the shareholders, there was no participation of the stakeholders and the media. During the General Meeting, shareholders did not use their right to ask questions and no proposal was made apart from the agenda items.

The corporation takes all kinds of precautions to ensure the participation of shareholders to the general assembly before the general assembly meetings in a timely manner and provides information about the agenda of the general assembly in a way that does not cause confusing and gives the shareholders the opportunity to make the necessary preparation.

In this context, an invitation notice regarding the day, time, venue and agenda of the General Assembly meetings, except for the announcement and meeting days, is announced in the Turkish Trade Registry Gazette, at least one nationwide newspaper, on the company website, and in other places specified in the relevant legislation at least three weeks prior to the day of the general assembly meeting. In addition, the meeting date and the agenda are notified to the shareholders by registered and reply paid mail.

Invitation to the ordinary and extraordinary meeting of the General Assembly is a duty of the Board of Directors as a rule.

However, upon the written requests of the shareholders who own at least one tenth of the capital of the Company, stating the necessary reasons, it is obligatory for the Board of Directors to invite the General Assembly to an extraordinary meeting or to put the items they want to discuss on the agenda if it has already been decided to convene the General Assembly.

If these requests of the shareholders are not taken into consideration by the Board of Directors, the court in the location of the company head office may authorize themselves to invite the General Assembly to the meeting and put the matter they want on the agenda upon the request of the said shareholders.

#### **4. Right to Vote and Minority Rights**

In the general assembly meetings, the topics on the agenda are conveyed in an impartial and detailed manner, with a clear and understandable method; shareholders are given the opportunity to express their opinions and ask questions under equal conditions and a proper discussion environment is provided. Practices that make the use of voting rights difficult are avoided and each shareholder is given the opportunity to exercise their voting rights in the easiest and most convenient manner.

#### **5. Dividend Rights**

There is no privilege regarding participation in the dividend of the company. Our company has a dividend distribution policy. In 2021, it was discussed on the agenda of the General Assembly Meeting and accepted by the General Assembly. The approved dividend distribution policy can be accessed on the corporate website of the Company.

#### **6. Transfer of Shares**

Although the transfer of registered shares of the entire company and the establishment of usufruct rights on these shares are subject to the relevant provisions of the Turkish Commercial Code, it is subject to the approval of the Company in the following cases. In the event that shareholders transfer their shares, If there is one of the following refusal reasons, each of which is deemed important in accordance with Article 493 and the following articles of the Turkish Commercial Code, the Board of Directors may refuse on the basis of this reason or



may reject the approval request by proposing to the transferor to take the shares to their own account or to the account of other shareholders or third parties with their real value at the time of application:

- a) Understanding that the financial and social status of the real or legal entity who will take over the shares is not acceptable for the continuation of the partnership for other partners;
- b) Willingness to acquire shares by another company or business that is in competition with the company or by any company which is owned by the persons who are in the position of owner, operator, partner, manager or employee of them or any company whose dominance is directly or indirectly held by spouses of these persons and their descendants or descendants;
- c) the case where the acquisition threatens, damages or eliminates the company's ability to realize its business subject or its independence. Within the context of this article, the body that will decide the rejection of the approval request and the right to make a purchase proposal accordingly is the Board of Directors of the Company. It takes effect by means of the delivery of the shares whose share transfer has been endorsed from transferor to transferee and recording this transfer in the share register. The company keeps a stock register showing the names and addresses of the shareholders and the shares they hold. The company accepts the person whose names and addresses are registered in the stock register as a legal shareholder. The transfer of the company's share certificates and interim certificates is free provided that the Turkish Commercial Code, Capital Markets Law, Insurance and Pension legislation and the provisions of this contract are complied with.

## CHAPTER II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 7. Public Disclosure Policy

Within our company, there is a Public Disclosure Policy, in which the issues regarding the disclosure of corporate information to be made to the public with the decision 500 of dated 28/08/2012 of the Board of Directors are resolved. This policy is available on our corporate website ([www.bereket.com.tr](http://www.bereket.com.tr)).

### 8. Company Website and its Content

Our company's corporate website ([www.bereket.com.tr](http://www.bereket.com.tr)) is actively used for public disclosure.

Our website includes the corporate information, especially the company's shareholding structure, administrative structure and capital, the document of the articles of association, the financial statements of the current year and the last five years including trade registry, members of board of directors, annual reports, independent audit reports and footnotes, and information required by legal legislation such as company's mission and vision etc. A significant part of the information on our website is also presented in English for the benefit of international investors.

### 9. Annual Report

The 'Annual Reports' issued by our company as of the end of the fiscal year are prepared in detail to ensure access to all necessary information about the company's activities, except for business secrets, within the framework of the provisions of the relevant legal legislation and corporate governance principles, and are presented to the shareholders and published at our corporate website ([www.bereket.com.tr](http://www.bereket.com.tr))

## CHAPTER III - STAKEHOLDERS

### 10. Informing the Stakeholders

Persons or institutions that affect the activities of our company or are affected by the activities of the company are considered as the stakeholders of the company. Care is taken to inform the stakeholders of

the company, including our shareholders, employees, customers and suppliers, in writing as much as possible, and to regulate their relations with written contracts to the extent possible. Our company takes measures to ensure customer satisfaction in the provision of products and services, and utmost care and attention is paid to the confidentiality of information about customers and suppliers within the scope of business secret. Stakeholders can fill in the form under the heading "Contact" on the corporate website or contact the Investor Relations Manager directly. case the Company has transactions that are against the legislation and unethical.

### **11. Participation of Stakeholders in the Management**

Stakeholders' participation in management is facilitated and their views are taken for decisions that have consequences for stakeholders.

### **12. Human Resources Policy**

In the company, there is a "Regulation on Human Resources" that was arranged to improve the rights and obligations, working conditions, qualifications, technical and managerial skills of the employees with the company and to regulate their appointment, promotion, responsibilities and other personal affairs.

In defining and implementing the human resources policy of the company,"providing fair and equal opportunities to the personnel in terms of working, training and development based on their competence; protecting the material and moral rights of the personnel; encouraging successful employees to the extent possible and trying to increase their knowledge; providing employees with the opportunity to work in accordance with the nature of the work done" principles are taken into consideration.

Job descriptions of our company employees are clear and each of our employees can access job descriptions on the intranet at any time.

There is a safe working environment and conditions for the employees, and improvements and necessary controls are carried out by our relevant units. All decisions taken regarding employees or matters considered to be of concern to employees are notified to them. An employee representative has been appointed to handle relations with employees. The Employee Representative shall be in contact with All Personnel and their managers and be aware of non-conformities regarding occupational health and safety. The Employee Representative shall inform the Occupational Safety Specialist on important issues that may affect the occupational health and safety and ensure that the necessary precautions are taken. The Employee Representative shall offer suggestions to to the OHS Board (if there is no committee, to the OHS Team) in order to minimize risks, reduce hazards or eliminate hazards at their source, and take part in risk assessment studies.

Complaints from employees are evaluated through the Ethics Hotline. No complaints about discrimination have reached our unit.

The performance and rewarding criteria of the employees of the company are included in the "Human Resources Regulation" and are announced to the employees through the document management system.

### **13. Ethical Rules and Social Responsibility**

The ethical rules of our Company have been written and were published on our website. In addition, our company complies with the regulations on the environment, consumers and public health while performing its activities and pays utmost attention and care in fulfilling its responsibilities for such matters. Our company has not faced any sanctions on environmental protection until today.

#### 14. Structure and Formation of Board of Directors

The members of the Board of Directors of our company are elected to serve for a maximum of 3 years upon the election held in the General Assembly every year. It is possible for members whose term has expired to be re-elected. As of the end of 2021, information about our company's Chairman and members of the Board of Directors is provided below.

##### Chairman of the Board of Directors

###### Ali Rıza AKPINAR

Ali Rıza AKPINAR was born in İzmir in 1984. He graduated from the Department of Finance of Faculty of Political Sciences of Ankara University in 2006 and Faculty of Law in 2017. He completed his MSc of Banking and Finance from the University of London in 2018. He started to work as a Bank Examiner at the Banking Regulation and Supervision Agency in 2006. In addition to the audits of many banks, he also audited factoring, leasing and consumer financing companies. Taking part in the establishment of the Financial Consumer Relations Department, he played an active role in legislation arrangements. He served as head of a delegation in the Arbitration Committee for Private Customer, established under the Banks Association of Turkey. He was appointed as the Head of Loans and Financing Department upon the Decision dated 21 May 2019 of the Board of Directors of Kredi Kooperatifleri

##### Vice Chairman of the Board of Directors

###### Veysel Tolga ATİK

Veysel Tolga Atik was born in Bingöl/Kığı in 1985. After completing his primary and secondary education in Tekirdağ, he graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics. He completed his master's degree in Namık Kemal University,

Institute of Science and Technology, Department of Agricultural Economics. He started his career at Ziraat Bankası in 2009. He worked as a Controller in the Tekirdağ Regional Union of Agricultural Credit Cooperatives between 2010-2016, and as Loan Tracking Manager in the Central Union between 2016-2018. As of April 2018, he was appointed as the Credit Policies Manager. With the Decision dated 12.03.2021 of the Central Union Board of Directors, he was appointed as the Head of the Loans and Financing Department.

Mr. Atik, who speaks English, is married with five children.

##### Member of the Board of Directors

###### Yavuz POLAT

Yavuz Polat was born in Ankara in 1980. He graduated from the Faculty of Law of Selçuk University in 2002, the Department of Theology at Anadolu University in 2011 and from the Department of Arabic Language and Literature at Ankara University. He worked as a trainee lawyer between 2002-2003 and has been working as a freelance lawyer since 2004. Since 2020, he has been mediating in business, commercial and consumer law.

He speaks English and Arabic at intermediate level.

##### Independent Member of the Board of Directors

###### Prof. Dr. Mehmet BARCA

He was born on 01 February 1966 in Bingöl. He graduated from the Ankara University, Faculty of Political Sciences, Department of Business Administration in 1990.

After receiving his Bachelor's Degree, he was sent to the United Kingdom on a state scholarship. He completed his master and doctorate education at the University of Leicester. He received the titles of Assistant Professor in 2001, Associate Professor

in 2003 and Professor in 2008. He gave lectures at Sakarya, Başkent, Afyon Kocatepe, TOBB and Ankara Universities. He served at academic and administrative positions as the founding Dean of the Faculty of Business Administration and the Vice Rector at Yıldırım Beyazıt University.

Prof. Dr. Barca, a strategic management expert, still advises public institutions (GNAT General Secretariat, Privatization Administration, Supreme Board of Radio and Television, Competition Authority, Court of Accounts, etc.), private sector enterprises and non-governmental organizations to develop strategic plans. He has many works published in Turkey and abroad on information management, management philosophy, sectoral research, and especially strategic management.

#### **Independent Member of the Board of Directors Mustafa Hamarat**

He was born on 21 July 1972 in Ordu, Akkuş. He graduated from the Ankara University, Faculty of Law. He completed his master's degree in the Department of Public Administration of Institute of Social Sciences of Kırıkkale University.

He started to work as a specialist lawyer in the academic staff at Kırıkkale University. He was appointed as an in-house counsel to the Istanbul Metropolitan Municipality. He worked as a freelance lawyer. He became a founding member of the Rule of Law Platform and served as its General Secretary. He published Aktif Hukuk Dergisi (an active law periodical) and became the editor-in-chief of the magazine.

He acted the as the deputy of the province of Ordu during 23rd period, and served as a secretary member of the GNAT Assembly Bureau during 24th period. Mr. Hamarat, who speaks English, German and Arabic at intermediate level, is married with 5 children.

#### **Member of the Board of Directors - General Manager Mahmut GÜNGÖR**

He was born in Ankara in 1972. He graduated from the Labor Economy and Industrial Relations Department of the Faculty of Political Sciences of Ankara University in 1995. He completed his post-graduation study in the Banking and Insurance Institute of Marmara University in 2006. He worked as specialist. manager and assistant general manager in Ziraat Finansal Kiralama A.Ş. during 1996-2011 and as assistant general manager in Vakıf Finansal Kiralama A.Ş. during 2011-2015. On 4.1.2018, he was appointed as general manager of Bereket Emeklilik ve Hayat, Bereket Sigorta, which are group companies of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği where he has been serving as assistant general manager since October 2015. As of 05.08.2019. he has been appointed as the General Manager of Bereket Katılım Hayat of Bereket Katılım Sigorta.

#### **15. Principles of Activity of the Board of Directors**

The Board of Directors convenes not less than once once every two months upon the invitation of the Chairman or, in cases where he/she is available, the call of the vice chairman, depending on the necessity of the company's operations. The meetings can be held at the company's head office, branches or any other place with the consent of the majority of the total number of members. The Board of Directors convenes with the presence of the absolute majority of the total number of members. The Board of Directors decisions are made by the majority of the current members.

If none of the members requests a meeting, the decisions of the Board of Directors can also be made by obtaining the written approval of at least the majority of the total number of members, to a

proposal made by one of the board members on a specific issue, written in the form of a resolution. The validity condition of the decision to be made in this way is that the same proposal has been made to all members of the Board of Directors.

Meetings are held by the chairman or the vice chairman within the framework of the agenda previously distributed to the members. The meeting agenda of the Board of Directors is determined by the Chairman of the Board of Directors. Members may ask the chairman to put the matters they want to be discussed on the agenda.

#### **16. Number of Committees Formed in the Board of Directors with Their Structures and Independency**

In 2021, the Audit Committee, the Early Detection of Risk Committee and the Corporate Governance Committee were established within the Board of Directors. The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. The committees fulfill their duties in accordance with the Working Principles on the Committees to be Established within the Board of Directors. The Working Principles on Committees are published on the corporate website of the company.

##### **Audit Committee:**

**It held 2 meetings in 2021.**

##### **Committee Members**

Mustafa Hamarat, Chairman  
(Independent Member of the Board of Directors);

Prof. Dr. Mehmet Barca, Member  
(Independent Member of the Board of Directors)

##### **Early Detection of Risk Committee:**

**It held 3 meetings in 2021.**

##### **Committee Members**

Prof. Dr. Mehmet Barca, Chairman  
(Independent Member of the Board of Directors)

Veysel Tolga ATİK, Member  
(Vice Chairman)

##### **Corporate Governance Committee:**

**It held 1 meeting in 2021.**

##### **Members**

Prof. Dr. Mehmet Barca, Chairman  
(Independent Member of the Board of Directors)

Ali Rıza Akpınar, Member  
(Chairman of the Board of Directors)

Pınar Mutlu, Member  
(Investor Relations Manager)

Care is taken that our members of the Board of Directors do not take part in more than one committee. However, since there are two Independent Members of the Board of Directors, Prof. Dr. Mehmet Barca takes part in three committees.

#### **17. Risk Management ve Internal Control**

##### **Mechanism Internal Control and Risk Management Activities**

The Internal Control and Risk Management Activities of Bereket Emeklilik ve Hayat A.Ş. are carried out in line with the principles defined in the Internal Systems Regulation, which regulates the procedures and principles regarding the operation of the internal control and risk management systems of insurance and pension companies.

Internal control and risk management has been established in order to protect our company's assets, to carry out activities effectively and efficiently in accordance with the Law and other relevant legislation, internal policies and insurance practices, and to define, measure, monitor and keep

all risks exposed. Risk management coordinates the management of the risks of each unit with the relevant units.

Possible risks faced by Bereket Emeklilik ve Hayat A.Ş. are classified under “Company Risk Categories”. The Risk Management Policy is the basic document that includes the types of risks that may be encountered, their definition, classification, measurement, monitoring, control and the measures taken against risks, and is updated based on changing conditions, economic circumstances and actual events. There is also an Internal Control Regulation and Risk Management Regulation prepared within the framework of the aforementioned risks.”

### **Internal Audit Operations**

Internal Audit activities are carried out by the Internal Audit Department in line with the principles defined in the Internal Systems Regulation, which regulates the procedures and principles regarding the functioning of the insurance and pension companies’ internal audit system.

Working principles, duties, powers and responsibilities regarding the Internal Audit Directorate are specified in the Internal Audit Regulation, which was approved and accepted by the Board of Directors. Based on this regulation, the annual audit plan prepared by the Internal Audit Department is submitted to the Board of Directors for approval and the results of the audits carried out in accordance with the approved annual plan are also reported to the Board of Directors. Apart from the audits under the annual plan, the inspection activities regarding the irregular and illegitimate acts of the employees or third parties within the framework of the above-mentioned Regulation are also carried out by the Internal Audit Department.

The “Internal Audit Reports” prepared by the Internal

Audit Department are included on the agenda of the Board of Directors and the actions to be taken based on the report results are decided. The audits conducted are aimed at providing assurance that the company operations are carried out in line with the Insurance Law and other relevant legislation, as well as in-house strategies, policies, principles and targets.

### **18. Strategic Objectives of the Company**

The senior management of our company holds meetings to follow the strategies determined on a weekly basis.

The realization of the targets, which are included in the budget on a monthly basis, is reviewed by the Board of Directors of our Company at the meetings held.

### **19. Financial Rights**

The Remuneration Policy of Bereket Emeklilik was presented to the General Assembly at the meeting of 15 June 2021, and is published on the corporate website of the company. Any board member or senior manager of the Company is not indebted to the company on his behalf or on behalf of a third party, has not borrowed from the Company, has not received any surety or guarantee from the Company.

## 2.9 CORPORATE INFORMATION SHEET

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1.1. Facilitating the Exercise of Shareholders Rights	1.1.1.	As well as the corporation's organs, "Investor Relations Department" has also an active role in facilitating the protection and exercise of the shareholders rights, mainly the rights to obtain information and to examine.	Yes	
1.1. Facilitating the Exercise of Shareholders Rights	1.1.2.	Information and disclosures which may affect the exercise of the shareholders rights are made available and up-to-date on the corporate website for utilization of the investors.	Yes	
1.2. Right to Obtain Information and to Examine	1.2.1.	Management of the corporation refrains from transactions that would complicate the conduct of special audit.	Not Applicable	In 2021, no request was received from the shareholders in this regard.
1.3. General Assembly	1.3.2.	The corporation ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	Yes	The company ensured that the items to be discussed at the Ordinary General Assembly meeting held in 2021 are clearly expressed in the agenda. In this direction, only one topic was put to vote in each agenda item.
1.3. General Assembly	1.3.3.	In order to promote the attendance of the shareholders, the general assembly meeting is conducted in a manner not to cause an inequality among the shareholders and to provide the attendance of the shareholders with minimum cost. For this purpose, the meeting is conducted at the place where the shareholders exist in nominal majority, provided that this matter is set forth in the articles of association.	No	The General Assembly is held in a place where the company's head office or management center is located.
1.3. General Assembly	1.3.4.	The chairman of the meeting prepares and obtains the required information in advance regarding the conduct of the general assembly meeting in accordance with the Turkish Commercial Code, the Law and relevant legislation.	Yes	



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1.3. General Assembly	1.3.7.	Insiders with privileged information inform the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	Not Applicable	No such transaction has taken place in 2021.
1.3. General Assembly	1.3.8.	It is ensured that the members of board of directors, other related persons, officers who are responsible in preparation of the financial statements and the auditors be present at the general assembly meeting in order to provide required information and respond the questions in relation to the specific items of the agenda.	Yes	
1.3. General Assembly	1.3.10.	Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy is provided to the shareholders through a separate item at the general assembly meeting.	No	The Donation and Contribution Policy was approved at the Ordinary General Assembly held on 16.06.2021. In the next General Assembly meetings, the partners will be informed through the agenda item.
1.3. General Assembly	1.3.11.	General assembly meetings may be conducted open to public including stakeholders and media, provided that those will not have right to speak and a provision may be included in the articles of association in this respect.	No	There is no regulation in the Corporation's Articles of Association.
1.4. Voting Right	1.4. 1.	Any actions that may complicate the use of voting rights is avoided. Each shareholder is given the opportunity to exercise his/her voting right, including cross border voting, in the most appropriate and convenient manner.	Yes	The Corporation's Articles of Association does not contain any restrictions on voting rights. Necessary opportunities have been provided for the physical representation of the shareholders in person and by proxy
1.4. Voting Right	1.4.2.	The corporation does not have shares that carry privileged voting rights.	Yes	There are no different share groups in the company that have any privileged voting rights.

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1.4. Voting Right	1.4.3.	The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	Not Applicable	The company does not have a cross-ownership.
1.5. Minority Rights	1.5. 1.	Maximum diligence is paid for the exercise of minority rights.	Not Applicable	
1.5. Minority Rights	1.5.2.	Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation.. The scope of minority rights may be enlarged in the articles of association.	Not Applicable	
1.6. Dividend Right	1.6. 1.	The corporation has a clearly defined and consistent dividend distribution policy. This policy is submitted for the approval of the shareholders at the meeting of general assembly and is disclosed to public via the corporate website of the corporation.	Yes	The Policy of Dividend Distribution was approved at the Ordinary General Assembly held on 15.06.2021. It is accessible to users on the Investor Relations Section of Corporate Website.
1.6. Dividend Right	1.6.2.	Policy of dividend distribution comprises the minimum information to ensure that the shareholders can foresee the procedure and principles of distribution of the dividend that the corporation will obtain in the future.	Partial	The Policy of Dividend Distribution includes the principle that the growth and financing needs of the Corporation will be taken into account in the use of distributable dividend every year. However, it is not clearly stated how the dividend will be distributed.
1.6. Dividend Right	1.6.3.	The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	No	Since the Company has no profit, it was not included in the agenda of the General Assembly.
1.6. Dividend Right	1.6.4.	The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the corporation.	Yes	In the Policy of Dividend Distribution submitted by the Board of Directors to the approval of the shareholders, it is specifically stated that the growth and financing needs of the corporation should be taken into consideration in the decisions to be taken by the shareholders regarding the distribution of dividends, and that a balanced and consistent policy is followed between the interests of the shareholders and the Company as per the Corporate Governance Principles while distributing the dividend.

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1.7. Transfer of Shares	1.7. 1.	There are no restrictions preventing shares from being transferred.	Yes	
2.1. Corporate Website	2.1.1.	The corporation website includes all elements listed in Corporate Governance Principle 2.1.1.	Yes	The corporation website has been updated in order to comply with the principles and a significant part of it is also prepared in English.
2.1. Corporate Website	2.1.2.	Shareholding structure of the corporation, names, number and ratio of shares, and the privilege of the real person shareholders who own more than 5% shareholding cleared from indirect relations and cross ownership relations should be disclosed by being updated at least in every 6 months.	Not Applicable	There is no real person shareholder with a share higher than 5% of the corporation.
2.1. Corporate Website	2.1.3.	Notifications of financial statements except for material event and notes, which are mandatory to be disclosed to public in accordance with capital markets legislation is disclosed at PDP in English as well as in Turkish. Disclosures made in English is prepared as a summary to be consistent with the Turkish version.	Partial	The corporation's annual report is also published in English.
2.1. Corporate Website	2.1.4.	Information in the website is prepared also in foreign languages to be selected in line with the requirements, in completely same content with the Turkish version, for the utilization by the international investors.	Yes	A significant part of the corporate website of the corporation is also prepared in English.
2.2. Annual Report	2.2. 1.	The board of directors issues the annual report in a detailed way to ensure that the public can reach the complete and true information with respect to the activities of the corporation.	Yes	
2.2. Annual Report	2.2.2.	The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	Yes	

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3.1. Corporation's Policy on Stakeholders	3.1. 1.	The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	Yes	
3.1. Corporation's Policy on Stakeholders	3.1.2.	Effective and rapid compensation is offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated.	Yes	
3.1. Corporation's Policy on Stakeholders	3.1.3.	Stakeholders is informed adequately with regard to the corporation's policy and procedures on protection of their rights by using the corporate website as well.	Partial	The company has a portal where employees can access company policies.
3.1. Corporation's Policy on Stakeholders	3.1.4.	The Corporation establishes the required mechanisms for informing the corporate governance committee or audit committee by the stakeholders on transactions breaching the relevant legislation of the corporation and which are not ethically acceptable.	Partial	Stakeholders can access our Corporation from the Contact section on the corporate website. Contact information of the Investor Relations department is available on the corporate website. On the other hand, there is no mechanism by which these complaints can be forwarded to the audit committee or the corporate governance committee.
3.1. Corporation's Policy on Stakeholders	3.1.5.	The corporation addresses conflicts of interest among stakeholders in a balanced manner.	Yes	
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	3.2. 1.	The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	No	There is no regulation in the Corporation's Articles of Association.

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3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	3.2.2.	Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	Partial	
3.3. Human Resources Policy of the Corporation	3.3. 1.	The corporation has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.2.	Criteria as to employment is determined in written form and be respected.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.3.	The corporation has a policy on human resources development, and organizes trainings for employees.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.4.	Meetings have been organized to inform employees on the financial status of the corporation, remuneration, career planning, education and health.	Yes	Policies and procedures are published in media accessible to employees.
3.3. Human Resources Policy of the Corporation	3.3.5.	Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	Not Applicable	There are no unionized employee in the corporation.
3.3. Human Resources Policy of the Corporation	3.3.6.	Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	Yes	
3.3. Human Resources Policy of the Corporation	3.3.7.	Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	Yes	

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3.3. Human Resources Policy of the Corporation	3.3.8.	Corporation supports the recognition of the freedom to establish association and the right of collective bargaining efficiently.	Not Applicable	There is no specific corporation policy regarding the exercise of the right to association or collective bargaining.
3.3. Human Resources Policy of the Corporation	3.3.9.	Safe working environment and conditions are ensured for the employees.	Yes	
3.4. Relations with Customers and Suppliers	3.4. 1.	The corporation measured its customer satisfaction, and operated to ensure full customer satisfaction.	Partial	The customer satisfaction measurement studies are carried out at regular intervals.
3.4. Relations with Customers and Suppliers	3.4.2.	Customers are notified of any delays in handling their requests concerning their purchases to the goods and services.	Yes	The corporation maintains effective communication with its customers through the communication channels they have notified.
3.4. Relations with Customers and Suppliers	3.4.3.	The corporation complied with the quality standards with respect to its products and services.	Partial	The jobs and transactions in our company are determined by procedures and job cards.
3.4. Relations with Customers and Suppliers	3.4.4.	The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	Yes	
3.5. Ethical Rules and Social Responsibility	3.5.1.	The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	Yes	
3.5. Ethical Rules and Social Responsibility	3.5.2.	The corporation has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	Yes	
4.1. Function of The Board of Directors	4.1. 1.	The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	Yes	

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4.1. Function of The Board of Directors	4.1.2.	The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored corporation and management performance.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2. 1.	The board of directors documented its meetings and reported its activities to the shareholders.	Yes	The activities of the board of directors are included in the annual report.
4.2. Principles of Activity of the Board of Directors	4.2.2.	Duties and authorities of the members of the board of directors are disclosed in the annual report.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.3.	The board has ensured the corporation has an internal control framework adequate for its activities, size and complexity.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.4.	Information on the functioning and effectiveness of the internal control system is provided in the annual report.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.5.	The roles of the Chairman and Chief Executive Officer (General Manager) are separated and defined.	Yes	
4.2. Principles of Activity of the Board of Directors	4.2.7.	The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	Yes	The Manager of Investor Relations Unit works as a member of the Corporate Governance Committee and conducts the activities investor relations under the supervision of the committee.
4.2. Principles of Activity of the Board of Directors	4.2.8.	Corporation's damage that may be caused due to the faults of the board of directors during the charge of their duties is insured under an Officers liability insurance for an amount exceeding 25% of the corporation's capital.	Yes	



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4.3. Structure of the Board of Directors	4.3. 1.	The number of members of the board of directors, provided that the number is not less than five in any case, is determined in order to ensure that the board members conduct productive and constructive activities, make rapid and rational decisions and efficiently organize the formation and activities of the committees.	Yes	
4.3. Structure of the Board of Directors	4.3.3.	There are independent members from among the non-executive board members who have the ability to fulfill their duties impartially.	Yes	
4.3. Structure of the Board of Directors	4.3.4.	The number of independent board members cannot be less than one third of the total number of board of directors. In calculation of the number of independent board members, fractions is considered as the following whole number. In any case, the number of independent board member cannot be less than two.	Yes	
4.3. Structure of the Board of Directors	4.3.5.	The term of office of the independent members of the board of directors is up to three years and it is possible to nominated as a candidate and elected again.	Yes	
4.3. Structure of the Board of Directors	4.3.9.	The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	No	There is no policy or target for the election of female members for the Board of Directors. There are no female members in the Board of Directors, and the minimum rate of female members stipulated in the principle has not been achieved.
4.3. Structure of the Board of Directors	4.3.10.	At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	Yes	It is evaluated that the members have the experience and competence required to fulfill their duties.

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4.4. Procedure of Board of Directors Meetings	4.4. 1.	Each board member attended the majority of the board meetings in person.	Yes	
4.4. Procedure of Board of Directors Meetings	4.4.2.	The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	Yes	It is essential that it is shared with all the members of the Board of Directors simultaneously with the meeting agenda to the extent possible.
4.4. Procedure of Board of Directors Meetings	4.4.3.	The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	Not Applicable	In 2021, there are no written questions by the Members of the Board of Directors regarding the meeting agenda and the Corporation's activities.
4.4. Procedure of Board of Directors Meetings	4.4.4.	Each member of the board has one vote.	Yes	
4.4. Procedure of Board of Directors Meetings	4.4.5.	Procedure of the board of directors meeting is in written form in the internal regulations of the corporation.	Yes	
4.4. Procedure of Board of Directors Meetings	4.4.6.	Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	Partial	The decision of the Board of Directors is signed for the items on the meeting agenda.

## 2.9 CORPORATE INFORMATION SHEET

SECTIONS OF CORPORATE GOVERNANCE PRINCIPLES	PRINCIPLE OF CORPORATE GOVERNANCE	COMPLIANCE ISSUE TO BE NOTIFIED ACCORDING TO "APPLY OR EXPLAIN" PRINCIPLE FOR NON-OBLIGATORY PRINCIPLES	COMPANY COMPLIANCE STATUS (Yes, No, Partial, Not Applicable, Exempted)	EXPLANATION
4.4. Procedure of Board of Directors Meetings	4.4.7.	There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	No	There are no limits to external commitments of our board members.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.5.	Board members serve in only one of the Board's committees.	No	Due to the number of Board members and committee structuring requirements, two independent Board members serve on more than one committee.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.6.	Committees have invited persons to the meetings as deemed necessary to obtain their views and received their views.	No	All Board of Directors Committees may obtain information from corporation executives or other corporation employees when deemed necessary in line with their duties and working principles and invite relevant persons to Committee meetings. There was no such invitation in 2021.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.7.	If external consultancy services are used, the independence of the provider is stated in the annual report.	Not Applicable	The committees did not receive external consultancy services in 2021.
4.5. Committees Formed within the Structure of the Board of Directors	4.5.8.	Minutes of all committee meetings are kept and reported to board members.	Yes	

SECTIONS OF CORPORATE GOVERNANCE PRINCIPLES	PRINCIPLE OF CORPORATE GOVERNANCE	COMPLIANCE ISSUE TO BE NOTIFIED ACCORDING TO "APPLY OR EXPLAIN" PRINCIPLE FOR NON-OBLIGATORY PRINCIPLES	COMPANY COMPLIANCE STATUS (Yes, No, Partial, Not Applicable, Exempted)	EXPLANATION
4.6. Board of Directors Financial Rights Provided for Members of the Board of Directors and Executives	4.6.1.	The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	No	No performance evaluation has been conducted for the Board of Directors.
4.6. Board of Directors Financial Rights Provided for Members of the Board of Directors and Executives	4.6.4.	The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	Yes	Our corporation has not extended any loan, provided credit facility or given guarantee to the members of the Board of Directors or senior executives.
4.6. Board of Directors Financial Rights Provided for Members of the Board of Directors and Executives	4.6.5.	The individual remuneration of board members and executives is disclosed in the annual report.	No	The remuneration to the members of the Board of Directors and senior executives are disclosed collectively in the annual report, no disclosure is made on individual basis.

## 2.10 RESULTS OF THE AFFILIATION REPORT

Regarding the year 2021, the industry in which Bereket Emeklilik ve Hayat A.Ş. operates, its functions performed, its risks undertaken and the assets owned by it, its transactions carried out with the parent company, the methods used in these transactions have been analyzed and the following results have been reached.

Concerning its operations in 2021, in accordance with Article 195 of the Turkish Commercial Code, Türkiye Tarım Kredi Kooperatifleri Merkez Birliği, which is the main partner with a partnership share of 89.09% is the parent company of Bereket Emeklilik ve Hayat A.Ş. In this regard, Bereket Emeklilik ve Hayat A.Ş. is a company of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği group.

In accordance with Article 199 of the Turkish Commercial Code, the Board of Directors of the Company makes the following statement in the conclusion of the affiliation report issued by it about its relations with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği, parent company:

Among Bereket Emeklilik ve Hayat A.Ş., our company, and Türkiye Tarım Kredi Kooperatifleri Merkez Birliği, parent company, and other group companies, there is:

- a) no transfer of receivables, debts and assets;
- b) no legal transaction that creates responsibility such as giving surety, guarantee or security bond;
- c) no legal transaction that may arise as a result of profit transfer.

bulunmamaktadır. The commercial operations explained in the report, which Bereket Emeklilik ve Hayat A.Ş. carried out with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği, controlling shareholder, in 2021, are the transactions required by the main activity and were carried out over the precedent values prevailing in the market.

For all transactions carried out in 2021 with our company, the parent company and other affiliated companies, according to the situations and conditions known to us, the legal transactions carried out on behalf of the parent company or its subsidiary company under the direction of the parent company and all measures taken or avoided for the benefit of the parent company or its affiliated company in 2021 have been evaluated. We hereby declare that our company has not suffered such a loss due to the transactions for 2021.

## 2.11 DRAFT AGENDA OF ORDINARY GENERAL MEETING 2021

1. Opening, forming the Meeting Chair and authorizing the Meeting Chair to sign the minutes;
2. Reading and discussing the 2021 Annual Report prepared by the Board of Directors;
3. Reading the Independent Audit Report for the 2021 account period;
4. Reading and discussing the Financial Statements for the 2021 account period;
5. Releasing the Members of the Board of Directors;
6. Determining the wages and rights of the Members of the Board of Directors;
7. Electing the Members of the Board of Directors;
8. Allowing the members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code;
9. Electing the Independent Auditor;
10. Providing information about donations and contributions made in the 2021 accounting period;
11. Authorizing the General Directorate of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği, controlling shareholder, to audit the accounts and transactions of the company;
12. Wishes and Requests;
13. Closing.

## 2.12 STATEMENT OF COMPLIANCE ON THE ANNUAL REPORT

### STATEMENT OF COMPLIANCE ON THE ANNUAL REPORT

We declare that the Annual Report 2021 of Bereket Emeklilik ve Hayat A.Ş. has been prepared in accordance with the principles and procedures set out in the Regulation on the Financial Construction of Insurance, Reinsurance and Pension Companies, which came into effect upon its promulgation in the Official Gazette no. 26606, dated 07.08.2007.

10.03.2022

### BEREKET EMEKLİLİK VE HAYAT A.Ş.



**Ali Rıza AKPINAR**  
Chairman of the Board of Directors



**Mahmut GÜNGÖR**  
General Manager



**Davut MENTEŞ**  
Deputy General Manager



**Burçin DAYANIKLI**  
Manager



## 2.13 OPINION OF COMPLIANCE ON THE ANNUAL REPORT



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
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### CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Bereket Emeklilik ve Hayat Anonim Şirketi

#### Opinion

We have audited the annual report of Bereket Emeklilik ve Hayat Anonim Şirketi (the "Company") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA") and the insurance legislation. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2021 and 31 December 2021 on 7 March 2022.

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a Turkish corporation and a member firm of the KPMG network of independent  
member firms affiliated with the KPMG International Cooperative, a Swiss entity



#### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation On Financial Structures Of Insurance, Reinsurance And Pension Companies ("the Communiqué) published in the Official Journal dated 7 August 2007 and No. 26606, the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

#### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA and the insurance legislation. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

  
 KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
 Ali Tuğrul Uzun, SMMM  
 Partner  
 10 March 2022  
 İstanbul, Turkey



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

To the Shareholders of Bereket Emeklilik ve Hayat Anonim Şirketi

##### Opinion

We have audited the annual report of Bereket Emeklilik ve Hayat Anonim Şirketi (the "Company") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited consolidated financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA") and the insurance legislation. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set consolidated of financial statements of the Company for the period between 1 January 2021 and 31 December 2021 on 10 March 2022.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,  
a Turkish corporation and a member firm of the KPMG network of independent  
member firms affiliated with KPMG Global Member Corporation, a Swiss entity.



#### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Regulation On Financial Structures Of Insurance, Reinsurance And Pension Companies ("the Communiqué) published in the Official Journal dated 7 August 2007 and No. 26606, the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's consolidated financial statements. The annual report shall also clearly indicate the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

#### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA and the insurance legislation. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

  
 KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
 Ali Turgut Özün, SMMM  
 Partner  
 10 March 2022  
 İstanbul, Turkey

## 2.14 ISLAMIC JURISPRUDENCE ADVISOR'S OPINION REGARDING THE PARTICIPATION INSURANCE

**BEREKET**  
EMEKLİLİK **b**

**BEREKET EMEKLİLİK VE HAYAT A.Ş.**  
Islamic Jurisprudence Advisor's  
Opinion Regarding the Private Pension Scheme

In terms of the principles of Islamic Jurisprudence on the subject, it is appropriate for Bereket Emeklilik ve Hayat A.Ş., which was established to operate in the Private Pension sector, to operate within the framework of the principles set out below:

1. to establish Private Pension Mutual Funds;
2. to collect contributions to these funds from those who want to become a member of the Private Pension System;
3. to direct the contributions received from the participants and the state contribution amounts paid by the state on behalf of the participants as per the legislation, to investments based on the principles of interest-free finance;
4. to use the capital accumulated in the funds in investments with one of the following methods:
  - a. by depositing in participation accounts to be opened in participation banks;
  - b. by investing in stocks suitable for the participation index;
  - c. by investing in mutual funds based on gold and similar precious metals represented by physical metals; and
  - d. by investing in investment instruments such as Sukuk, Lease Certificates, Real Estate Investment Certificates, etc., provided that they are issued based on profit/loss sharing, which fully comply with the principles of interest-free finance;
5. to distribute the total amount consisting of participation shares, income from the operation of funds and public contribution to the right holders in accordance with the relevant regulations at the maturity date, collectively or in certain slices, in proportion to their shares;
6. to receive a certain fee and a predetermined and announced profit share/commission from the managed funds in return for the expenses incurred during the operation of the funds and the service provided;
7. to make deductions in retirement plans and additional benefits provided to participants;
8. to implement contribution and cash management in the execution of private pension activities.

Consequently, except for any transactions that it is obliged to execute pursuant to the legislation, is not prejudicial from the point of Islamic jurisprudence that Bereket Emeklilik ve Hayat A.Ş. offers pension plans to its customers under the above-mentioned principles

  
Prof. Dr. Servet Tavındı  
Chairman of Advisory Committee

1 Ağustos 2021  
  
Doç. Dr. Ali Hakan Çavuşoğlu  
Member of Advisory Committee

  
Dr. Ali Hakan Çavuşoğlu  
Member of Advisory Committee

## 2.15 PARTICIPATION INSURANCE ACTIVITIES AND THE ADVISORY COMMITTEE’S OPINION



**BEREKET EMEKLİLİK VE HAYAT A.Ş.**  
The Advisory Committee's Islamic Jurisprudence Opinion  
Regarding Participation Insurance Activities

Bereket Emeklilik ve Hayat A.Ş. is committed to conduct its business in accordance with the principles of participation insurance under the Regulation on the Working Principles and Procedures Applicable to the Participation Insurance. In this context, the company continues to adopt its products, services and processes to the principles of participation finance and participation insurance.

We have determined that the products and services of Bereket Emeklilik ve Hayat A.Ş., which were inspected and approved by our advisory committee in the activity year 2021, comply with the principles of participation insurance.

  
Prof. Dr. Servet Bayındır  
Chairman of Advisory Committee

31 Ocak 2022  
  
Doç. Dr. Abdurrahman Yazıcı  
Member of Advisory Committee

  
Dr. Ali Hakan Çavuşoğlu  
Member of Advisory Committee

# 3

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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## 3.1 RISK MANAGEMENT POLICIES AND INTERNAL CONTROL ACTIVITIES

### 3.1.1 Risk Management and Control Activities

The objective of internal control activities is to design internal control mechanisms that will ensure the establishment of an efficient and productive internal control system within the organization of the company and to manage them efficiently through continuous monitoring activities.

The foundation of the internal control activities is the monitoring of the examined issues regularly and continuously on daily, weekly or monthly basis. In this way, any deficiencies detected in the examined areas are monitored more efficiently. Apart from this, the controls executed regularly play an important role in the recognition of any potential risks by the employees.

The compliance functions at the company are handled under two headings as compliance with the Masak regulations and the other compliance activities. The Compliance Unit established in accordance with the Masak regulations reports to the Board of Directors. The other compliance activities are carried out by the Internal Control and Risk Management Department. The objective of these activities is to ensure that any new transactions and products are in compliance with the Law and the relevant regulations as well as with the policies and rules of the company and the insurance practices.

### 3.1.2 Risk Management Policies Implemented by Types of Risks

The objectives of risk management activities are to identify, measure, monitor and control all risks faced by the company, Risk Management coordinates the management of the risks of each unit with the relevant units.

Possible risks faced by Bereket Emeklilik ve Hayat A.Ş. are classified under “Company Risk Categories”.



### **Insurance Risks**

These are the risks arising from the insurance contracts accepted by Bereket Emeklilik ve Hayat A.Ş. by the very nature of the insurance business. At the time of business acceptance, Bereket Emeklilik ve Hayat A.Ş. takes the necessary measures to minimize the risks faced by it and monitors the practices. In order to ensure that the risks are understood and sufficiently assessed before the transaction of a business, the rules to be observed for business acceptance, the business acceptance limits, the level of risk to be undertaken in general and by line of business, and the implementation principles applicable to them are established with the "Risk Acceptance Regulation", which is introduced every year, and monitored. The identified risks and their brief description are as follows:

#### **Exchange Rate Risk**

The exchange rate risk is defined as the risk of loss that may result from the changes to the exchange rates depending on the difference between the foreign currency assets and the foreign currency liabilities of the company. Besides, the change of value of different foreign currencies against each other, too, is the other dimension of the exchange rate risk. The exchange rate risk is managed by maintaining a net exchange position without deficit.

#### **Credit Risk**

As regards to the accounts receivable arising from the insurance transactions, there is the risk of breach of contractual obligations by the other party. This risk is managed by the credit ratings or the limitation of the credit allowed to a particular agent. The credit risk is managed also by holding the guarantee received as the security of the receivables until the payment of them in full.

#### **Liquidity Risk**

The liquidity risk is the possibility of failure of the company to fulfill its net funding obligations. Occurrence of an event which leads to the lessening of funding resources, such as impairment of the

markets or downgrading of the credit rating, may lead to the liquidity risk. The company manages the liquidity risk by maintaining cash and cashlike assets in an amount sufficient to meet its existing and potential liabilities by distributing the fund resources.

### **Operational Risks**

The operational risks can be defined as other risks which cannot be classified under the credit or market risks. This term also refers to the risk of direct or indirect loss resulting from any inadequate and unsuccessful internal processes, any employees and systems or any external events. In other words, the operational risks include the possibility of any loss or damage from any error or irregular transaction overlooked due to a breach in the internal controls, from failure of any employees or managers to act in accordance with any timeframe or condition, from any faults in the management of the company, or from any error or disruption in the information technology systems of the company.

### **Catastrophic Risks**

It is a kind of risk arising from an event occurred outside the control of the company which has a substantial adverse effect on the business. Catastrophic risks include the possibility of any negative developments which are of non-technical nature beyond the control of the company. This category includes the risk of inability of the company to continue its business as a result of a natural disaster which had an adverse impact on the operational system of the company.

### **Strategic Risks**

Strategic risks, which can be characterized as structural risks that may prevent the company from attaining its short-, mid- and long-term goals, include such risks arising from areas such as planning, business model, business portfolio, corporate governance, market analysis and so on. In other words, strategic risks arise from threats that may prevent the company from realizing its strategic objectives and goals.

### 3.1.1 INTERNAL AUDIT ACTIVITIES

Pursuant to the "Regulation on Internal Systems in Insurance and Private Pension Sectors" which came into effect upon its promulgation in the Official Gazette no. 31670, dated 25.11.2021, the Internal Audit Department reports to the Board of Directors operates independently from an administrative point of view.

The audit activities are carried out in order to give reasonable assurance to the Board of Directors about performing the activities of the Company in accordance with the Insurance Law and the other relevant regulations as well as with the internal strategies, policies, principles and targets and about the efficiency and adequacy of internal control, risk management and actuarial systems.

One of the priority goals of the internal audit unit is to raise awareness and consciousness of the employees about the internal audit culture and the risks that may arise as a result of any shortcoming in it.

The working principles, duties, powers and responsibilities applicable to the Internal Audit are set out in the Internal Audit Regulation was introduced on 30.03.2018 and revised on 25.06.2020.

Based on this regulation, the annual audit plan prepared by the Internal Audit Department is submitted to the Board of Directors for approval and the results of the audits carried out in accordance with the approved annual plan are also reported to the Board of Directors. The internal audit plan is prepared by taking into account the goals and strategies of the company, the results of the internal control, the risk management assessments, and the risk perception of the management. Apart from the audits under the annual plan, the inspection activities regarding the irregular and illegitimate acts of the employees or third parties within the framework of the above-mentioned Regulation are also carried out by the Internal Audit Department.

The "Internal Audit Reports" prepared by the Internal Audit Department are included on the agenda of the Board of Directors and the actions to be taken based on the report results are decided. The audits conducted are aimed at providing assurance that the company operations are carried out in line with the Insurance Law and other relevant legislation, as well as in-house strategies, policies, principles and targets.

### **Circular - 12.02.2021**

#### **Circular on Implementation of Additional Article 6 of the Insurance Law No. 5684 (2021/1)**

This enacted the regulations regarding who can follow up the compensation claims to be claimed from the insurance institutions or organizations or from the Account, to whom the compensation claims can be paid and their transfer pursuant to the Insurance Law. The Circular regulates the procedures and principles regarding the follow-up, collection and transfer of insurance receivables.

### **Circular - 01.04.2021**

#### **Circular on Insurance and Private Pension Activities In Accordance With Participation Principles (2021/3)**

In this Circular, the procedures and principles regarding participation-based insurance and private pension activities are regulated; the education and experience requirements, independence, meetings and decisions of the advisory committee, its reporting, the trainings it will provide, and the contracts to be concluded with the advisory committee members are clarified; the working principles, structuring and establishment of the compliance unit were mentioned; and the matters related to the person or company that will prepare the participation internal audit report and the content of the participation internal audit report are explained. The circular also specifies the training, examination and certification program, the transformation of existing companies into participation-based companies, matters related to private pension activities, and the determination of institutions that will provide external advisory committee services.

### **Regulation - 06.05.2021**

#### **Regulation Amending the Regulation on Private Pension System**

With the regulation containing the amendments made within the scope of digitalization and BEFAS, necessary conditions have been determined for

trading of pension mutual funds on the Private Pension Fund Trading Platform (BEFAS), which is the central electronic platform.

In the Regulation, the Private Pension Fund Trading Platform (BEFAS) is defined as the central electronic platform where the shares of pension mutual funds operated by Istanbul Settlement and Custody Bank Inc. are traded and in Article 10 of the said Regulation, which regulates the fund change, the change that can be made in the distribution ratios or amounts of the savings in the private pension account and the paid contributions among the funds in one year has been increased from 6 to 12. By expanding the scope of the "information, proposal and arrangement of contract" article and the processes of leaving the system, the use of secure electronic communication tools and permanent data storage methods has been expanded and digital channels have been emphasized.

### **Law - 25.05.2021**

#### **Law on Amending the Laws on Insurance and Some Other Fields and one Decree-Law**

The following amendments have been made in the law: inclusion of those under the age of 18 within the scope of Private Pension System (PPS), transfer of the savings in organizations such as funds, foundations and associations, partially or completely, to PPS, and establishment of Private Risks Management Center with legal entity in order to generate faster solutions for the risks, for which insurance and reinsurance collateral cannot be found, and peculiar risks, and to benefit from economies of scale.

### **Regulation - 16.06.2021**

#### **Regulation on the Activities to be Considered under Insurance and the Distance Insurance Contracts**

With the regulation, the procedures and principles regarding the following have been determined: determination of the limits of insurance activities and businesses not included in this scope; insurance

contracts concluded in favor of the consumer; insurance contracts concluded by the parties without confrontation; and insurance provided in connection with the sale of goods and services.

#### **Circular - 23.06.2021**

##### **Circular (2021/9) Amending the “Circular No 2016/39 on Private Pension System”.**

With the aforementioned Circular, issues related to trading of pension mutual funds through the BEFAS Platform, digitalization, deduction refund processes and money not sought by the beneficiaries are regulated.

#### **Sector Announcement - 18.08.2021**

##### **Sector Announcement (2021/9) on Mortality Level Tables in Life Group Insurance**

The announcement states that in life group insurance contracts to be concluded after 01.01.2022, mortality level tables prepared before the year 2000 (incl.) will not be used in risk premium calculation, companies using the said tables should complete the tariff changes until 01.01.2022, and the effect of the change to be made on the mortality expectation should be reported to the Institution.

#### **Circular - 28.09.2021**

##### **Circular (2021/17) on Integrated Pension Plans**

The circular determines the procedures and principles regarding the preparation and sale of pension plans in which products in the life and health insurance can be offered as an integrated coverage package together with the private pension products offered by pension companies established as per the Law No. 4632 on Private Pension Savings and Investment System.

#### **Regulation - 25.11.2021**

##### **Regulation on Internal Systems in Insurance and Private Pension Sectors**

This Regulation sets out the principles and the procedures applicable to the enterprise and operation of the internal control, risk management, actuarial and internal audit systems by the insurance, reinsurance and pension companies, specialized organizations operating in the insurance and private pension sectors and insurance and reinsurance brokers with legal entity. Accordingly the enterprises are obliged to establish, operate and develop adequate and efficient internal systems across the entire organization including regional offices, departments, representative offices and subsidiaries subject to consolidation, if any, which are consistent with the scope and structure of their activities and compatible with the changing conditions in order to ensure that the risks they are exposed to are monitored and controlled. The specialized organizations and companies within the scope of the Regulation include a separate internal control unit, risk management unit and internal audit unit and the functions related to these units, within their organizational structures.

#### **Circular - 26.11.2021**

##### **Circular on The Projected Minimum Capital Amounts for Insurance Lines of Business (2021/24)**

As per the Circular, the paid-up capital of insurance companies, insurance cooperatives (excluding closed mutuals) and reinsurance companies, which have completed the establishment procedures and requested the first license, cannot be less than the determined base capital amount. In addition to the base capital, these companies must also pay the minimum capital amounts determined for each insurance line of business for which they request a license or for the coverage given under these lines of business.

#### **Regulation - 8.12.2021**

##### **Regulation on Transfer from Associations, Foundations, Funds and Other Organizations to the Private Pension System**

The regulation specifies the procedures and principles regarding the complete or partial transfer of retirement savings or commitments to the private pension system in the associations, foundations, funds, professional organizations with legal personality or other commercial companies that make retirement commitments to their members or employees. Accordingly, the amounts of savings and commitments under retirement commitment plans can be transferred partially or completely to the pension contract.

#### **Regulation - 28.12.2021**

##### **Regulation Amending the Regulation on Procedures and Principles Regarding the Automatic Enrollment of Employees in the Pension Plan through their Employers**

With the Regulation, the practice of re-enrollment of employees who have used their right of cancellation or withdrawal regulated in Article 8/C on “enrollment of employees in pension plan” of the Regulation on Procedures and Principles Regarding the Automatic Enrollment of Employees in the Pension Plan through their Employers has been abolished.

#### **Regulation - 29.12.2021**

##### **Regulation Amending the Life Group Insurance Regulation**

With the Regulation, the “Expense share, brokerage commission (or production cost) and operating cost ratio are determined by the company based on to the characteristics of tariffs.” article in the Deductions section of the Life Group Insurance Regulation has been replaced with “Expense share, brokerage commission (or production cost) and operating cost rate, and the rate of early withdrawal deduction, if any, are determined by the company under the procedures and principles to be determined by the Institution based on the characteristics of tariffs.” In addition, it has been stated that no early retirement deduction will be applied to the total savings premiums paid until the retirement date for contracts terminated following the completion of the insurance withdrawal period, and in case of early withdrawal, the early withdrawal deduction will be only applied in the form of a certain percentage of the remaining amount after performing the tax deductions to be calculated as per the relevant legislation from the total dividends related to the savings premiums.

## ASSESSMENTS FOR OPERATING EXPENSES

1) In the Distribution of Operating Expenses, personnel expenses have the highest share with 54%, while the outsourced benefits and service expenses have a share of 18%, and the marketing and management expenses have a share of 13% and 15%, respectively.

2) Purchases related to operating expenses are carried out pursuant to the authorities specified in the Authority Limits table approved by the Board of Directors.

3) Expenditures related to the outsourced benefits and services were TRY 5,936,181 in 2020 and TRY 5,800,729 in 2021.

IT expenses, one of the important items of the expense group, are provided from Vizyoneks Bilgi Teknolojileri A.Ş., AcerPro Bilişim Teknolojileri A.Ş., Data Market Bilgi Hizmetleri A.Ş., Yaz Bilgi Sistemleri, and Tarnet Bilişim as in the sector.

The total of IT expenses was TRY 3,218,325 in 2020 and TRY 2,751,449 in 2021.

The marketing and sales expenses were TRY 6,672,321 in 2020 and TRY 4,227,010 in 2021. Marketing expenses mainly consist of promotion, advertisement, publicity, signboard, visual materials and sponsorship expenditures, and have been procured from BYA İnş. San. ve Tic. Ltd. Şti., OND Medya Danışmanlık and Nüans Şapka Promosyon Ürünleri Tekstil, Ankara Promosyon.

5) An amount of 100.000 TL has been paid as donation to Kastamonu Social Assistance Foundation in order to support those who suffered from the flood disaster in Kastamonu in August.

The a parcels worth TRY 145,000 were donated in cooperation with Ümraniye Municipality in order to distribute them to those in need during Ramadan.

\*Excluding Production Commission Expenses, Reinsurance Commissions Received and Other Operating Expenses.

**3.2 31 DECEMBER 2021  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS’  
REPORT THEREON**

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KPMG Bağımsız Denetim ve  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Director of Bereket Emeklilik ve Hayat Anonim Şirketi

### A) Audit of the Unconsolidated Financial Statements

#### *Opinion*

We have audited the accompanying unconsolidated balance sheet of Bereket Emeklilik ve Hayat Anonim Şirketi ("the Company") as at 31 December 2021 and the income statement, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *Basis for Opinion*

We conducted our audit in accordance with the regulations on auditing principles in force as per the insurance legislation and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,  
a Turkish corporation and a member firm of the KPMG network of independent  
member firms affiliated with KPMG International Cooperative, a Swiss entity



#### Key Audit Matters

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

#### Estimations and assumptions used in the calculation of insurance technical reserves

Refer to Note 2.26 and 17 to the financial statements for details of accounting policies and significant accounting estimates and assumptions used in calculation of insurance technical reserve.

Key Audit Matter	How our audit addressed the key audit matter
As at 31 December 2021, the Company's total technical reserves amounting to TL 174.411.400 and constitute 13 percent of total liabilities. The Company recognises provisions for outstanding claims amounting to TL 12.578.564. There are also incurred but not reported provisions ("IBNR") amounting to TL 5.445.795, net in the provision for outstanding claims for possible future claims. Company management used actuarial assumptions and estimations for calculating the outstanding claims reserve Company. Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matters.	<p>Our audit procedures for the matter are included below:</p> <p>We evaluated the assumptions and estimations of the Company's outstanding claims provision calculations with the involvement of our actuarial specialists.</p> <p>In this context, we evaluated design, implementation and operating effectiveness of internal controls on recognition of the actual outstanding claims with the involvement of our IT specialists.</p> <p>We tested actual outstanding claims by comparing the transaction details with the supporting documents obtained on sample basis of from the files.</p> <p>We have obtained confirmation letter from Company's lawyer for the lawsuit files of the outstanding claims.</p> <p>We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by Company with the involvement of. We evaluated mathematical accuracy of technical reserves for each product</p> <p>We recalculated the technical reserves and controlled the analyzes made by the Company's registered actuary for accuracy of the past experience and legislation.</p> <p>Additionally, we evaluated the adequacy of financial statement disclosures, related to the technical reserves.</p>



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

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with regulations on auditing principles in force as per the insurance legislation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

#### B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tuğrul Uzun, SMMM  
Sorumlu Denetçi

7 March 2022  
Istanbul, Turkey

Bereket Emeklilik ve Hayat A.Ş. 2021 Annual Report 83

**BEREKET EMEKLİLİK ve HAYAT A.Ş.**  
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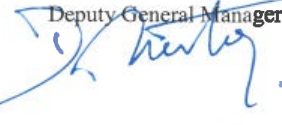
**BEREKET**  
**EMEKLİLİK** 

**BEREKET EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

We assure you that our financial report and the related disclosures and notes prepared in accordance with the requirements set out by Republic of Turkey Ministry of Treasury and Finance are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

İstanbul, 7 March 2022

  
**Mahmut Güngör**  
General Manager

**Davut Menteş**  
Deputy General Manager  


  
**Nevzat Şen**  
Financial Affairs Manager

  
**Orhan Emre Çelik**  
Actuary



**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

ASSETS			
	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>56.525.588</b>	<b>46.175.355</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	53.605.195	43.658.376
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	2.920.393	2.516.979
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>		<b>-</b>	<b>-</b>
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading		-	-
4- Loans		-	-
5- Provision for Loans		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>182.147.207</b>	<b>87.502.123</b>
1- Receivables from Insurance Operations	12	179.321.257	83.684.653
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	12	536.479	1.955.557
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations	12,18	2.289.471	1.861.913
9- Doubtful Receivables from Main Operations	4,2,12	352.185	345.213
10- Provision for Doubtful Receivables from Main Operations	4,2,12	(352.185)	(345.213)
<b>D- Due from Related Parties</b>		<b>-</b>	<b>409</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	392
5- Due from Personnel		-	17
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	<b>4,2,12</b>	<b>5.171</b>	<b>3.989</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4,2,12	5.171	3.989
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>92.440.689</b>	<b>39.214.295</b>
1- Deferred Acquisition Costs	17	68.538.299	37.428.657
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses and Income Accruals	17	23.902.390	1.785.638
<b>G- Other Current Assets</b>	<b>4,2</b>	<b>401.850</b>	<b>-</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4,2	401.850	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>331.520.505</b>	<b>172.896.171</b>

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

ASSETS			
II- Non-Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Receivables from Main Operations</b>	<b>12</b>	<b>1,004,029,158</b>	<b>735,564,535</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business	12	1,004,029,158	735,564,535
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		<b>-</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>	<b>4.2.12</b>	<b>5,760</b>	<b>5,760</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2.12	5,760	5,760
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>38,179,563</b>	<b>23,066,896</b>
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	9	37,625,243	22,625,243
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets	4.2.11	554,320	441,653
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	<b>6</b>	<b>3,143,692</b>	<b>5,102,628</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	6,467,419	6,161,196
6- Motor Vehicles	6	289,000	280,000
7- Other Tangible Assets (Including Leasehold Improvements)	6	340,797	340,797
8- Tangible Assets Acquired Through Finance Leases	6	4,247,321	3,888,145
9- Accumulated Depreciation	6	(8,200,845)	(5,567,510)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>2,647,315</b>	<b>1,262,769</b>
1- Rights	8	11,863,707	9,542,910
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortization	8	(9,216,392)	(8,280,141)
8- Advances Paid for Intangible Assets		-	-
<b>G-Prepaid Expenses and Income Accruals</b>		<b>-</b>	<b>-</b>
1- Prepaid Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
<b>H-Other Non-Current Assets</b>	<b>21</b>	<b>2,197,194</b>	<b>1,069,549</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	2,197,194	1,069,549
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>1,050,202,682</b>	<b>766,072,137</b>
<b>Total Assets</b>		<b>1,381,723,187</b>	<b>938,968,308</b>

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



**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

<b>LIABILITIES</b>			
	<b>Notes</b>	<b>Audited Current Period 31 December 2021</b>	<b>Audited Prior Period 31 December 2020</b>
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>716.338</b>	<b>1.411.843</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	716.338	1.679.851
3- Deferred Leasing Costs	20	-	(268.008)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>18,19</b>	<b>53.969.299</b>	<b>15.664.992</b>
1- Payables Arising from Insurance Operations	19	48.960.694	11.886.173
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	18,19	4.966.812	3.762.890
5- Payables Arising from Other Main Operations		41.793	15.929
6- Discount on Payables from Other Main Operations		-	-
<b>C- Due to Related Parties</b>	<b>19</b>	<b>29.746</b>	<b>2.401.986</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures	19	16.634	2.376.532
5- Due to Personnel	19	13.112	25.454
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19</b>	<b>1.205.454</b>	<b>1.360.756</b>
1- Deposits and Guarantees Received		-	-
2- Other Miscellaneous Payables	19	1.205.454	1.360.756
3- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>4,2, 17</b>	<b>153.208.062</b>	<b>101.972.999</b>
1- Reserve for Unearned Premiums - Net	2,24, 17	139.517.351	86.449.178
2- Reserve for Unexpired Risks- Net		-	-
3- Life Mathematical Provisions - Net	2,27, 17	1.112.147	106.227
4- Provision for Outstanding Claims - Net	2,26, 17	12.578.564	15.417.594
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk for Life Insurance Policyholders - Net		-	-
7- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>19</b>	<b>12.547.292</b>	<b>713.151</b>
1- Taxes and Funds Payable	19	1.462.572	1.069.788
2- Social Security Premiums Payable	19	482.676	265.983
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Liability Provision on Period Profit	35	22.629.972	346.966
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	35	(12.027.928)	(969.586)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>1.684.249</b>	<b>2.432.802</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	1.684.249	2.432.802
<b>H- Deferred Income and Expense Accruals</b>	<b>19</b>	<b>-</b>	<b>565.115</b>
1- Deferred Commission Income	19	-	565.115
2- Expense Accruals		-	-
3- Other Deferred Income and expense accruals		-	-
<b>I- Other Short-Term Liabilities</b>	<b>4,2</b>	<b>46.754</b>	<b>17.486</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities	4,2	46.754	17.486
<b>III - Total Short-Term Liabilities</b>		<b>223.407.194</b>	<b>126.541.131</b>

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

LIABILITIES			
	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>101.898</b>	<b>605.995</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	101.898	753.226
3- Deferred Leasing Costs	20	-	(147.231)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>18,19</b>	<b>1.004.029.158</b>	<b>735.564.535</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	18,19	1.004.029.158	735.564.535
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19</b>	<b>126.186</b>	<b>70.046</b>
1- Deposits and Guarantees Received	19	126.186	70.046
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>4,2,17</b>	<b>21.203.338</b>	<b>7.883.897</b>
1- Reserve for Unearned Premiums – Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	4,2,17	11.605.812	3.002.441
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk for Life Insurance Policyholders – Net		-	-
7- Other Technical Provisions – Net	2,28,17	9.597.526	4.881.456
<b>F-Other Liabilities and Provisions</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Provisions for Other Liabilities and Expenses		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>1.326.163</b>	<b>540.125</b>
1- Provisions for Employment Termination Benefits	23	1.326.163	540.125
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>1.026.786.743</b>	<b>744.664.598</b>

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

<b>EQUITY</b>			
		<b>Audited Current Period 31 December 2021</b>	<b>Audited Prior Period 31 December 2020</b>
<b>V- Equity</b>	<b>Notes</b>		
<b>A- Paid in Capital</b>	<b>2.13.15</b>	<b>30.000.000</b>	<b>30.000.000</b>
1- (Nominal) Capital	2.13.15	30.000.000	30.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>	<b>15</b>	<b>38.694.601</b>	<b>38.892.937</b>
1- Legal Reserves	15	1.353.899	1.353.899
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	25.724.062	25.724.062
4- Special Funds		-	-
5- Valuation of Financial Assets	15	12.625.243	12.625.243
6- Other Profit Reserves	15	(1.008.603)	(810.267)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Losses</b>		<b>(1.130.358)</b>	<b>-</b>
1- Accumulated Losses		(1.130.358)	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>63.965.007</b>	<b>(1.130.358)</b>
1- Net Profit for the Year		63.965.007	-
2- Net Loss for the Year		-	(1.130.358)
3- Nondistributed Profit of the Period		-	-
<b>V- Total Equity</b>		<b>131.529.250</b>	<b>67.762.579</b>
<b>Total Equity And Liabilities</b>		<b>1.381.723.187</b>	<b>938.968.308</b>

The accompanying notes are an integral part of these financial statements

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Unconsolidated Income**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

	Notes	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
<b>I- TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>41.980.851</b>	<b>7.708.823</b>
1- Earned Premiums (Net of Reinsurer Share)		41.980.851	7.708.823
1.1- Written Premiums (Net of Reinsurer Share)	17	44.498.443	34.552.348
1.1.1- Written Premiums, gross	17,24	44.498.443	42.429.255
1.1.2- Ceded Premiums to Reinsurers	17,24	-	(7.876.907)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(2.517.592)	(26.843.525)
1.2.1- Reserve for Unearned Premiums	17	(1.104.806)	(694.966)
1.2.2- Reserve for Reinsurance Share of Unearned Premiums	10,17	(1.412.786)	(26.148.559)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Reinsurance Share of Unexpired Risks		-	-
2- Investment Income Transferred from Non-Technical Section		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Reinsurance Share of Other Technical Income		-	-
<b>B- Non-Life Technical Expense</b>		<b>(28.662.719)</b>	<b>(6.297.849)</b>
1- Incurred Losses (Net of Reinsurer Share)		(12.155.984)	(3.346.076)
1.1- Claims Paid (Net of Reinsurer Share)	29	(8.739.399)	(1.337.550)
1.1.1- Claims Paid, gross		(13.390.049)	(9.196.990)
1.1.2- Reinsurance Share of Claims Paid		4.650.650	7.859.440
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(3.416.585)	(2.008.526)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	2.087.727	(4.930.207)
1.2.2- Reinsurance Share of Outstanding Claims Reserve	10,17	(5.504.312)	2.921.681
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(1.000.376)	(778.702)
4- Operating Expenses	32	(15.506.359)	(2.173.071)
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>13.318.132</b>	<b>1.410.974</b>
<b>D- Life Technical Income</b>		<b>181.738.172</b>	<b>121.700.089</b>
1- Earned Premiums (Net of Reinsurer Share)		181.738.172	121.290.115
1.1- Written Premiums (Net of Reinsurer Share)	17	232.288.753	132.149.895
1.1.1- Written Premiums, gross	17,24	258.732.904	138.293.739
1.1.2- Ceded Premiums to Reinsurers	17,24	(26.444.151)	(6.143.844)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(50.550.581)	(10.859.780)
1.2.1- Reserve for Unearned Premiums, gross	17	(57.288.469)	(11.289.316)
1.2.2- Reserve for Reinsurance Share of Unearned Premiums	10,17	6.737.888	429.536
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Reinsurance Share of Unexpired Risks		-	-
2- Life Branch Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	409.974

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Unconsolidated Income**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

		<b>Audited Current Period 1 January – 31 December 2021</b>	<b>Audited Prior Period 1 January – 31 December 2020</b>
<b>I-TECHNICAL SECTION</b>	<b>Notes</b>		
<b>E- Life Technical Expense</b>		<b>(115.950.198)</b>	<b>(120.790.639)</b>
1- Incurred Losses (Net of Reinsurer Share)		(76.146.995)	(83.963.481)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(83.543.713)	(77.754.991)
1.1.1- Claims Paid, gross	17	(85.782.896)	(80.514.575)
1.1.2- Ceded Premiums to Reinsurers	10, 17	2.239.183	2.759.584
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	7.396.718	(6.208.490)
1.2.1- Outstanding Claims Reserve	17	8.117.979	(6.193.943)
1.2.2- Reinsurance Share of Outstanding Claims Reserve	10,17	(721.261)	(14.547)
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(9.609.291)	2.044.472
3.1- Change in Life Mathematical Provisions, gross	17	(9.609.291)	3.183.011
3.2- Change in Life Mathematical Provisions, ceded	10,17	-	(1.138.539)
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
4.1- Provision for Investment Risk for Life Insurance Policyholders		-	-
4.2- Provision for Investment Risk for Life Insurance Policyholders, ceded		-	-
5- Changes in Other Technical Provisions, ceded	17,29	(2.937.114)	(1.762.389)
6- Operating Expenses	32	(27.256.798)	(37.109.241)
7- Investment Expenses		-	-
8- Unrealized Losses on Investments		-	-
9- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D – E)</b>		<b>65.787.974</b>	<b>909.450</b>
<b>G- Pension Business Technical Income</b>	<b>25</b>	<b>12.067.816</b>	<b>10.020.737</b>
1- Fund Management Income	25	11.864.036	9.671.139
2- Management Fee	25	84.154	56.663
3- Entrance Fee Income	25	107.456	144.699
4- Management Expense Charge in case of Suspension	25	12.170	148.236
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		<b>(11.011.730)</b>	<b>(13.043.391)</b>
1- Fund Management Expense		(1.149.207)	(811.578)
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses	32	(9.657.572)	(11.978.368)
4- Other Technical Expenses		(148)	(14.389)
5- Penalty Payment		(204.803)	(239.056)
<b>I- Net Technical Income - Pension Business (G – H)</b>		<b>1.056.086</b>	<b>(3.022.654)</b>

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Unconsolidated Income**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

	Notes	Audited Current Period 1 January – 31 December 2021	Audited Prior Period 1 January – 31 December 2020
<b>I-NON-TECHNICAL SECTION</b>			
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>13.318.132</b>	<b>1.410.974</b>
<b>F- Net Technical Income – Life (D-E)</b>		<b>65.787.974</b>	<b>909.450</b>
<b>I - Net Technical Income – Pension Business (G-H)</b>		<b>1.056.086</b>	<b>(3.022.654)</b>
<b>J- Total Net Technical Income (C+F+I)</b>		<b>80.162.192</b>	<b>(702.230)</b>
<b>K- Investment Income</b>		<b>8.522.888</b>	<b>4.274.454</b>
1- Income from Financial Investments	4.2	8.086.195	3.487.259
2- Income from Sale of Financial Investments		-	-
3- Valuation of Financial Investments	4.2	378.686	490.601
4- Foreign Exchange Gains	4.2	58.007	296.594
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(4.319.725)</b>	<b>(3.407.052)</b>
1- Investment Management Expenses (inc. interest)	4.2	(453.229)	(235.698)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		-	-
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(139.949)	(50.642)
7- Depreciation and Amortization Expenses	6,8	(3.726.547)	(3.120.712)
8- Other Investment Expenses		-	-
<b>M- Income and Expenses From Other and Extraordinary Operations</b>		<b>2.229.624</b>	<b>(948.564)</b>
1- Provisions	47	1.107.263	(942.554)
2- Rediscounts		(207.033)	(232.341)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	895.479	239.501
6- Deferred Taxation (Deferred Tax Liabilities)	35	-	-
7- Other Income		473.387	82.732
8- Other Expenses and Losses		(39.472)	(95.902)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit / (Loss) for the Year</b>		<b>63.965.007</b>	<b>(1.130.358)</b>
1- Profit / (Loss) for the Year		86.594.979	(783.392)
2- Corporate Tax Liability Provision on Period Profit	35	(22.629.972)	(346.966)
3- Net Profit / (Loss) for the Year		63.965.007	(1.130.358)
4- Inflation Adjustment Account		-	-

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Unconsolidated Cash Flow**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		328.187.078	193.673.580
2. Cash provided from reinsurance activities		1.419.078	-
3. Cash provided from individual pension business		281.736.361	207.260.999
4. Cash used in insurance activities		(243.653.666)	(167.396.606)
5. Cash used in reinsurance activities		-	(379.939)
6. Cash used in individual pension business		(279.903.911)	(210.562.882)
<b>7. Cash provided by operating activities</b>		<b>87.784.940</b>	<b>22.595.152</b>
8. Interest payments		-	-
9. Income taxes payments	19	(12.027.928)	(969.586)
10. Other cash inflows		26.273.303	6.426.025
11. Other cash outflows		(79.947.030)	(13.557.358)
<b>12. Net cash provided by operating activities</b>		<b>22.083.285</b>	<b>14.494.233</b>
<b>B. Cash flows from investing activities</b>			
1. Proceeds from disposal of tangible assets	6,8	212.346	127.592
2. Acquisition of tangible assets	6,8	(2.848.366)	(1.183.939)
3. Acquisition of financial assets	11	(15.112.667)	(12.625.243)
4. Proceeds from disposal of financial assets		-	-
5. Interests received		8.464.881	3.977.860
6. Dividends received		-	-
7. Other cash inflows		6.713.806	27.698.119
8. Other cash outflows		(11.401.342)	(31.284.127)
<b>9. Net cash provided by investing activities</b>		<b>(13.971.342)</b>	<b>(13.289.739)</b>
<b>C. Cash flows from financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(1.649.795)	(2.506.701)
4. Dividends payments		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Net cash provided by financing activities</b>		<b>(1.649.795)</b>	<b>(2.506.701)</b>
<b>D. Effect of currency differences on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>6.462.148</b>	<b>(1.302.207)</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>	<b>14</b>	<b>16.684.754</b>	<b>17.986.961</b>
<b>G. Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>23.146.902</b>	<b>16.684.754</b>

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Changes in Equity**  
**As at 31 December 2021**  
 (Currency: Turkish Lira (TL))

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

(Currency: Turkish Lira (TL))												
Audited Statement of Changes in Equity – 31 December 2020												
	Notes	Paid-in Capital	Own Shares of the Company	Value increase in Financial Assets	Inflation Adjustments on Shareholders' Equity	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Year	Previous Year's Profits and Losses	Total
I - Balance at the end of the previous year – 31 December 2019	15	30,000,000	-	-	-	-	184,656	3,508,445	(777,466)	25,771,104	(2,386,244)	56,300,495
II - Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III – New Balance (1 January 2020)	15	30,000,000	-	-	-	-	184,656	3,508,445	(777,466)	25,771,104	(2,386,244)	56,300,495
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	12,625,243	-	-	-	-	-	-	-	12,625,243
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	15	-	-	-	-	-	-	-	(32,801)	-	-	(32,801)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit or loss for the year		-	-	-	-	-	-	-	-	(1,130,358)	-	(1,130,358)
I – Other reserves and transfers from retained earnings		-	-	-	-	-	1,169,243	22,215,617	-	(25,771,104)	2,386,244	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020	15	30,000,000	-	12,625,243	-	-	1,353,899	25,724,062	(810,267)	(1,130,358)	-	67,762,579
Audited Statement of Changes in Equity – 31 December 2021												
	Notes	Paid-in Capital	Own Shares of the Company	Value increase in Financial Assets	Inflation Adjustments on Shareholders' Equity	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Year	Previous Year's Profits and Losses	Total
I - Balance at the end of the previous year – 31 December 2020	15	30,000,000	-	12,625,243	-	-	1,353,899	25,724,062	(810,267)	(1,130,358)	-	67,762,579
II - Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III – New Balance (1 January 2021)	15	30,000,000	-	12,625,243	-	-	1,353,899	25,724,062	(810,267)	(1,130,358)	-	67,762,579
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	15	-	-	-	-	-	-	-	(198,336)	-	-	(198,336)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit or loss for the year		-	-	-	-	-	-	-	-	63,965,007	-	63,965,007
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	1,130,358	(1,130,358)	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2021	15	30,000,000	-	12,625,243	-	-	1,353,899	25,724,062	(1,008,603)	63,965,007	(1,130,358)	131,529,250

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



**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Profit Distribution**  
**As at 31 December 2021**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
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	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>I. DISTRIBUTION OF THE PROFIT FOR THE YEAR</b>			
1.1. CURRENT PERIOD PROFIT/(LOSS) <sup>(*)</sup>		63.069.528	(1.369.859)
1.2. TAXES AND DUTIES PAYABLE	35	895.479	239.501
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	895.479	239.501
<b>A. CURRENT PERIOD PROFIT/(LOSS) (1.1 – 1.2)</b>		<b>63.965.007</b>	<b>(1.130.358)</b>
1.3. PREVIOUS YEARS' LOSSES (-)		(1.130.358)	-
1.4. FIRST LEGAL RESERVES		-	-
1.5. COMPULSORY LEGAL FUNDS TO BE RETAINED IN THE COMPANY (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [ (A - (1.3 + 1.4 + 1.5) ]</b>		<b>62.834.649</b>	<b>(1.130.358)</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To holders of participating redeemed shares		-	-
1.6.4. To holders' profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9.1. To owners of ordinary shares		-	-
1.9.2. To owners of privileged shares		-	-
1.9.3. To holders of participating redeemed shares		-	-
1.9.4. To holders' profit-sharing bonds		-	-
1.9.5. To holders of profit and loss sharing certificates		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.11. SECOND LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To holders of participating redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To owners of Profit and Loss Participation Certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE</b>		-	-
3.1. TO OWNERS OF ORDINARY SHARES	37	2,13217	(0,02611)
3.2. TO OWNERS OF ORDINARY SHARES (%)		213,217	(2,611)
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO THE PRIVILEGED SHAREHOLDERS		-	-
4.4. TO THE PRIVILEGED SHAREHOLDERS ( % )		-	-

<sup>(\*)</sup> Since the profit distribution proposal for 2021 has not been prepared by the Board of Directors yet, the profit distribution table for 2021 has not been filled.

The accompanying notes are an integral part of these financial statement

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
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## **1 General information**

### **1.1 Name of the Company and the ultimate parent of the group**

Bereket Emeklilik ve Hayat A.Ş. has been founded under the name of Asya Emeklilik ve Hayat A.Ş. on 1 July 2011. The main contract of the company was registered with the Istanbul Trade Registry Office on 1 July 2011, with the number 27229 and announced on 7 July 2011 and numbered 7853 of the Turkish Trade Registry Gazette.

On 17 January 2017, the title of the company was changed to Bereket Emeklilik ve Hayat A.Ş. with the decision of Board of Directors numbered 176. The company has applied to the Istanbul Trade Registry Directorate for the change registration, and the name change was approved by the Istanbul Trade Registry Office on 13 February 2017.

As of 31 December 2021, the capital group has the direct or indirect dominance is The Central Union of Turkish Agricultural Credit Cooperatives with 89.09% share.

### **1.2 Domicile and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)**

The Company operates in Saray Mah. Dr. Adnan Büyükdeniz Caddesi No:8 34768 Ümraniye, İstanbul is in the status of a Joint Stock Company established in accordance with the regulations of Turkish Commercial Code ("TCC"). The Company has been founded to operate in pension in Turkey, establishment and functioning of pension investment funds, and life and personal accident insurance, in accordance with the principles of the Insurance Law No. 5684, and the Private Pension Savings and Investment System Law No. 4632.

### **1.3 Business of the Company**

The Company has been founded for fulfillment of all kind of legal transactions, acts and works entered into the activity area of the Company, and to make all kind of private pension, life and personal accident insurance and reinsurance transactions within the limits prescribed and foreseen by other legislation related to private pensions, insurance and capital markets. The Company carries out its retirement activities in accordance with the principles set out in the Private Pension Savings and Investment System Law No. 4632 and life branch activities in accordance with the principles in the Insurance Law No. 5684.

The Company has applied to the Ministry of Treasury and Finance for a private pension system activity on 16 September 2011. The application was approved on 23 January 2012 and published in the Official Gazette dated 9 February 2012.

The Company has applied to the Ministry of Treasury and Finance on 30 December 2011 in order to be able to carry out insurance activities. As the necessary conditions stated in the letter dated 17 May 2012 and numbered 8368 of Ministry of Treasury and Finance has provided, it is deemed appropriate to give an operating license in life, marriage, birth, investment fund, capital redeeming and accident insurance branches.

As of 31 December 2021, there are 11 Private Pension Funds offered to participants by the Company (31 December 2020; 11).

### **1.4 Description of the main operations of the Company**

The Company maintains its business activities in accordance with accounting principles, statements and guidance as promulgated by the Turkish Treasury in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on 14 June 2007 in Official Gazette No.26552 and with the Law of Private Pension Saving and Investment System No.4632 (the "Private Pension Law") issued on 7 April 2001 in Official Gazette No.4366, be valid as of 1 January 2013 amended by law no 6327 and issues policies/contracts in life, personal accident, and pension branches. As of 31 December 2021, the company makes contracts in life, personal accident and pension branches.

**1 General information (continued)**

**1.5 Average number of employees by categories**

The average number of employee during the period in terms of categories is as follows:

	31 December 2021	31 December 2020
Executive management	2	1
Management	38	33
Specialist	53	31
<b>Total</b>	<b>93</b>	<b>65</b>

**1.6 Remuneration and fringe benefits provided to top management**

As of 31 December 2021, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 565.710 (31 December 2020: TL 787.452)

**1.7 Criteria used in the distribution of investment income and underwriting expenses (personnel, administration, research and development, marketing, selling, and other underwriting expenses) in the financial statements**

The procedures and principles related to the key used in the financial statements to be prepared by the companies have been determined by Republic of Turkey Ministry of Treasury and Finance within the scope of the "Circular on the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of Insurance Account Plan" dated 4 January 2008 and numbered 2008/1.

According to the circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Republic of Turkey Ministry of Treasury and Finance, or by a method which they can determine by the approval of Ministry of Treasury and Finance. In this framework, expenses which are strictly documented for non-life, life or private pension branches and which do not hesitate to belong to these branches, are directly transferred to related branch. The technical part other than these expenses is determined within the framework of the Circular on the Amendment of the General Regarding the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of Insurance Uniform Chart of Accounts dated 9 August 2010 and numbered 2010/9, and issued by the Republic of Turkey Ministry of Treasury and Finance effective from 1 January 2011.

**1.8 Stand-alone or consolidated financial statements**

The attached financial statements include only financial information about the company. As further detailed in *Note 2.2 - Consolidation*, the Company did not prepare consolidated financial statements as at and for the year ended 31 December 2021.

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

Trade name of the company	:Bereket Emeklilik ve Hayat Anonim Şirketi
Registered address of the head office	:Saray Mah. Dr. Adnan Büyükdeniz Cd. No:8 34768 Ümraniye, İstanbul
The web page of company	:www.bereketemeklilik.com.tr

The information presented above has not changed since the end of the reporting period.

**1.10 Events after the reporting period**

Explanations related to subsequent events are disclosed in Note 46 – *Events after the reporting period*.

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## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

#### **2.1.1 Information about the basis and special accounting policies used in the preparation of the financial statements**

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the insurance legislation, and within the framework of "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies", the Article 18 of Insurance Law, and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") as promulgated by the Republic of Turkey Ministry of Treasury and Finance in accordance with the current regulations.

In this context, the Company prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated 14 June 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRS") which established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of IPPRS and the initiation of regulatory activities regarding the insurance sector was published by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

As of 31 December 2021, the Company has calculated the technical provisions related to insurance within the framework of "Regulation on the Technical Provisions of Insurance, Reinsurance and Pension Companies and the Assets to be Invested by These Reserves" and other relevant legislation published in the Official Gazette dated 28 July 2010 and entered into force as of 30 September 2010, and published within the scope of the Insurance Law No. 5684, and presented in the financial statements.

Circular Related to the Presentation of Financial Statements", issued by the Turkish Treasury in the 18 April 2008 dated and 26851 numbered Official Gazette, regulates the content of the financial statements to make them comparable with the financial statements of previous periods and the other companies.

The Company's balance sheet as of 31 December 2021 and the income statement for the accounting period ending on the same date are approved by the Company Management on 7 March 2022. General Assembly and / or legal authorities of the company have authority to change financial statements in attachment.

#### **Additional paragraph for convenience translation to English**

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

#### **2.1.2 Other related accounting policies relevant for the financial statements**

##### **Accounting in hyperinflationary countries**

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 – Financial Reporting in Hyperinflationary Economies" as at 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms. In accordance with the declaration of the Republic of Turkey Ministry of Treasury and Finance with the article dated 4 April 2005 and numbered 19387, inflation accounting is no longer applied starting from 1 January 2005.

POA made a statement on the Application of Financial Reporting in Hyperinflationary Economies within the scope of TFRS on January 20, 2022, and it was stated that there is no need to make any adjustments in the financial statements of 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies. For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

## **2 Summary of significant accounting policies (continued)**

### **2.1 Basis of preparation (continued)**

#### **2.1.2 Other related accounting policies relevant for the financial statements (continued)**

##### **Other accounting policies**

Information regarding other accounting policies is disclosed above in Note 2.1.1 – *Information about the principles and the special accounting policies used in the preparation of the financial statements* and each under its own caption in the following sections of this report.

#### **2.1.3 Functional and reporting currency**

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

#### **2.1.4 Rounding level of the amounts presented in the financial statements**

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

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

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2004, except for available-for-sale financial assets.

#### **2.1.6 Changes in accounting policies**

There is no change or mistake in accounting policies in the current period. The clarification of accounting policies has been given in 3 - *Significant accounting estimates and decisions note*.

The COVID-19 pandemic that enounced by the World Health Organization at 11 March 2020 and preventive actions that have been taken into place to respond the pandemic, causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. However, any negative significant effect identified of this pandemic for the Company as of the reporting date, based on the evaluation made by the Company's management.

#### **2.1.7 Comparative information**

TL 441.653, which was classified in the "Available for Sale Financial Assets" in the financial statements of the Company for the accounting period ending as of 31 December 2020, was classified in the "Other Financial Assets" account in the comparative financial statements.

## **2.2 Consolidation**

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

The subsidiary of the company that should be subject to consolidation is Bereket Katılım Hayat A.Ş.

Founded on 19 July 2019 and dominated by Bereket Emeklilik ve Hayat A.Ş. as a founding partner in its capital, Bereket Katılım Hayat A.Ş. It started its insurance business by obtaining a license from the Ministry of Treasury and Finance on February 3, 2020.

## **2.3 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Since Turkey is the main geographical area that Company operates, segment reporting presented in Note 5 - *Segment Reporting* is related to the operations of Company not to the geographical areas.

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## **2 Summary of significant accounting policies (continued)**

### **2.4 Transactions in foreign currencies**

The results and financial position of the Company are expressed in TL, which is the functional currency of the Company. In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date. Gains and losses arising from exchange rate transactions are recognized in the foreign exchange gain/loss accounts according to their positive or negative position.

### **2.5 Property, Plant and Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are reflected in the records with their remaining values after deduction of costs such as foreign exchange differences and financing expenses.

The gain or loss arising on the disposal or retirement property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

There are no pledges, mortgages and other encumbrances on tangible fixed assets.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Rates used in depreciation of tangible items and duration of estimated useful lives are as follows :

<b>Property, plant and equipment</b>	<b>Useful life</b>
Furniture and fixture	3-15
Other tangible assets (including leasehold improvements)	5
Right of use assets	2-5

### **2.6 Investment properties**

As at balance sheet date, the Company does not have any investment property

### **2.7 Intangible assets**

The Company's intangible assets consist of acquired computer software.

Intangible assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives (3-5 years) after their acquisition date.

In case of impairment, book value of intangible assets is taken to its recoverable value.



## **2 Summary of significant accounting policies (continued)**

### **2.8 Financial assets**

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

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

*Financial assets held for trading purpose* are measured at their fair values and gain or loss arising due to changes in the fair values of related financial assets are recorded in profit or loss. Interest income earned on held for trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of 31 December 2021, The Company does not have financial assets held for trading purpose. (31 December 2020: None.)

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and receivables are initially recorded at cost plus transaction costs that reflect their fair value, and following the recording, provision is made for impairment, if any, from cost. Fees and other similar charges related to assets received as collateral for related receivables are not considered as transaction costs and presented in loss statement.

*Available-for-sale financial assets* are the financial assets other than assets held for trading purposes, held-to-maturity investments and loans and receivables.

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair values and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in profit or loss. Company's affiliated securities are classified as available-for-sale financial assets. All normal financial asset purchases and sales are reflected in the records at the transaction date which the Company undertakes to purchase or sell the asset. Such purchases and sales are trades that generally require the delivery of the financial asset within the time frame determined by the general customs and regulations in the market. As of 31 December 2021, total amount of available for sale financial assets amounts to TL 0.

*Financial Assets Held to Maturity*, consists of financial assets with acquired with the intent to hold until the end of maturity, where necessary conditions have been met for the retention of maturity until maturity, including funding capability and fixed or determinable payments with fixed maturity and with the exception of loans and receivables. Financial assets held to maturity are accounted with amortized costs calculated by effective interest method, deducting impairment for provision following the initial recognition. As of 31 December 2021, the company does not have financial assets held to maturity (31 December 2020: None).

*Loans* represent amounts borrowed by the life insurance policy in return for a certain percentage of the amounts in the table of associates of the company's certified life insurance policy for life insurers paying premiums for the period specified on the technical basis. As of 31 December 2021, the Company does not have any loans granted to the insured (31 December 2020: None).

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## **2 Summary of significant accounting policies (continued)**

### **2.8 Financial assets (continued)**

*Financial investments with risks on saving life policyholders* are the financial assets invested against the savings of the life policyholders. Financial investments with risks on saving life policyholders could be classified as financial assets held for trading purpose, available for sale financial assets or held to maturity investments by considering the benefits of the policyholders and measured in accordance with the principles as explained above. As of 31 December 2021 and 31 December 2020, the company does not have financial investments with risks on saving life policy holders.

*Receivables from individual pension* operations consist of ‘capital advances given to pension investment funds’, ‘receivable from pension investment funds for fund management fees’, ‘entrance fee receivable from participants’ and ‘receivables from clearing house on behalf of the participants’.

*Receivable from pension investment funds for fund management fee* are the fees charged to the pension investment funds against for the administration of related pension investment funds which consist of fees which are not collected in the same day.

Capital advances given to pension investments funds during their establishment are recorded under ‘capital advances given to pension investment funds’.

‘Receivables from the clearing house on behalf of the participants’ is the receivable from clearing house on fund basis against the collections of the participants. Same amount is also recorded as payables to participants for the funds sold against their collections under the ‘payables arising from individual pension business’.

#### **Derecognition**

The Company presents the financial assets or liabilities in the balance sheet if they are parties to the relevant financial instrument contracts. The Company removed the accounting records of all or some of financial assets only when it loses control over the rights arising from the contemplation of the existence of assets. The Company's financial liabilities are only derecognized if the liability defined in the contract is abolished, canceled, or overdue.

### **2.9 Impairment on assets**

#### **Impairment on financial assets**

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

Receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.



## **2 Summary of significant accounting policies (continued)**

### **2.9 Impairment on assets(continued)**

#### **Impairment on tangible and intangible assets**

On each reporting date, the Company evaluates whether there is an indication of impairment of tangible and intangible assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Rediscount and provision expenses of the period are disclosed in *Note 47 – Other*.

### **2.10 Derivative financial instruments**

The Company classifies derivative transactions as trading-purpose transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement standards.

Derivative transactions are presented in balance sheet at fair value. Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts.

Derivative transactions are measured at fair value in the periods subsequent to their acquisition, and they are presented in the balance sheet under "Trading financial assets" or "Other financial liabilities" accounts according to whether the fair value is positive or negative. The changes in the fair value of the related derivative financial instruments are presented in income statement as a result of measurement.

As of 31 December 2021, the Company has no derivative financial instruments (31 December 2020: None).

### **2.11 Offsetting of financial assets**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses, arising from a group of similar transactions included in the Company's trading activities.

### **2.12 Cash and cash equivalents**

*Cash and cash equivalents*, which is the basis for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than three months which are ready to be used by the Company or not blocked for any other purpose.

### **2.13 Share capital**

As of 31 December 2021, the shareholder having direct or indirect control over the shares of the Company is The Central Union of Turkish Agricultural Credit Cooperatives by 89,09% of the outstanding shares of the Company.

As of 31 December 2021 and 31 December 2020, the share capital and ownership structure of the Company are as follows:

Name	31 December 2021		31 December 2020	
	Nominal Value of the Shares (TL)	Percentage (%)	Nominal Value of the Shares (TL)	Percentage (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	26.727.000	89,090	26.727.000	89,090
Tarım Kredi Kooperatifleri ve Birlikleri Personeli Sosyal Yardım Vakfı	2.970.000	9,900	2.970.000	9,900
Other	303.000	1,010	303.000	1,010
<b>Paid in Capital</b>	<b>30.000.000</b>	<b>100,00</b>	<b>30.000.000</b>	<b>100,00</b>

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**2 Summary of significant accounting policies (continued)**

**2.13 Share capital (continued)**

The Company has offered the sale of 29.397.000 shares of the total of 30.000.000 shares on 14 November 2016. The sale of shares, which are 97,99% of the Company's capital stock as a result of the tender, to The Central Union of Turkish Agricultural Credit Cooperatives has been approved by SDIF (Savings Deposit Insurance Fund) board of the fund. With the letter of the Ministry of Treasury and Finance dated 28 December 2016, the transfer of the share, corresponding to 97.99% of the Company's shares, to The Central Union of Turkish Agricultural Credit Cooperatives has been approved.

In addition, on 12 January 2017, 300.000 units of whole shares owned by Mehmet Sinan Berksan has been transferred to the The Central Union of Turkish Agricultural Credit Cooperatives with the decision of Board of Directors numbered 174. As a result, 98.99% of the Company's shares belong to The Central Union of Turkish Agricultural Credit Cooperatives.

Within the scope of the Share Transfer Agreement between The Central Union of Turkish Agricultural Credit Cooperatives and Agricultural Credit Cooperatives and Unions Personnel Social Assistance Foundation dated 29 May 2017, the Company's 2.970.000 shares have been transferred to the Agricultural Credit Cooperatives and Associations Employee Social Assistance Foundation owned by The Central Union of Turkish Agricultural Credit Cooperatives. Therefore, The Central Union of Turkish Agricultural Credit Cooperatives becomes the capital group which has the direct or indirect dominance of the company on its capital with the 89.09% share.

**Sources of the capital increases during the period**

None.

**Privileges on common shares representing share capital**

None.

**Registered capital system in the Company**

None.

**Repurchased own shares by the Company**

None.

**2.14 Insurance and investment contracts - classification**

An insurance contract is a contract under which the Company accepts significant insurance risk from another party (the policyholder) by accepting to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account of written premiums.

Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

The Company mainly issues policies under personal accident, risk and saving cumulative life insurance branches and individual pension contracts.

**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 agreement signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid. The company signed a reinsurance agreement in 2021. As of 31 December 2021, the company works with General Reinsurance.

## 2 Summary of significant accounting policies (continued)

### 2.14 Insurance and investment contracts – classification (continued)

#### Reinsurance agreements (continued)

Reasürör şirket	Derecesi	Değerlendiren kuruluş	Tarih
General Reinsurance	A++ (Superior)	AM Best	25.09.2019
HCC International Ins Co PLC	A+ (Superior)	AM Best	30.09.2019
Arch Re	A+ (Superior)	AM Best	-

### 2.15 Insurance contracts and investment contracts with discretionary participation feature

Discretionary participation feature (“DPF”) within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits:

- (i) that are likely to comprise a significant portion of the total contractual benefits;
- (ii) whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) that are contractually based on:
  - (1) the performance of a specified pool of contracts or a specified type of contract;
  - (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
  - (3) the profit or loss of the Company, Fund or other entity that issues the contract,

As at the reporting date, the Company does not have any insurance or investment contracts.

### 2.16 Investment contracts without DPF

As of 31 December 2021 and 31 December 2020 the Company has no investment contracts without DPF.

### 2.17 Liabilities

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

*Payables from individual pension* business consist of payables to participants, participants’ temporary accounts and payables to individual pension agencies. Participant debts account is the account of the amounts of the contribution amounts that are directed to the investor in the name of the individual pension contract owners and the revenues obtained from these investments. As of reporting date, it refers debts to individual pension contract holders. The temporary account of participants includes the contributions of participants that have not yet been transferred to investment. This account also includes the entrance fee deducted portion of the participants’ fund amounts, resulting from fund share sales upon the participant’s leaving the system or transferring funds to other individual pension companies. Accounts payable to individual pension intermediaries refers to the obligation of the Company that the provision of services provided by the Company to agents and agencies that act as intermediaries in the production of individual pension contracts.

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## **2 Summary of significant accounting policies (continued)**

### **2.18 Taxes**

#### **Corporate tax**

The Company is subject to Turkish corporate taxes. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month. In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible by the tax laws to the commercial income of the corporations by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021. However, with the Law No. 7316 on the Collection Procedure of Public Claims and the Law on Amendments to Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, with the Provisional Article 13 added to the Corporate Tax Law No. 5520, the corporate tax rate has been disposed to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. The change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change came into effect as of April 22, 2021, the tax rate was used as 25% in the calculations of the period tax in the financial statements dated 31 December 2021. Within the scope of the new amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated at the rates of 23% and 20%, respectively, for the portions of temporary differences that will have tax effects in 2022 and the following periods.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised. As of 31 December 2021, the Company has no deductible financial loss (31 December 2020: None).

Dividend payments made to from resident incorporated companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non settled non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founder's shares, the usufruct shares, and the pre-emptive rights of the real estates (immovables) owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an reconciliation with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities can examine the tax returns and the accounting records underlying them for five years following the accounting period and make an additional reassessment as a result of their findings.

#### **Deferred tax**

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the goodwill that is not subject to tax deduction and the first recorded asset and liability differences.

## **2 Summary of significant accounting policies (continued)**

### **2.18 Taxes (continued)**

#### **Transfer pricing**

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution through transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

### **2.19 Employee termination benefits**

#### **Provision for termination cost**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2021 is TL 8.285 (31 December 2020: TL 7.117). The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*. The major actuarial assumptions used in the calculation of the total liability as at 31 December 2021 and 2020 are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Net Discount Rate	%4,24	%3,96
Expected Rate of Salary/Limit Increase	%18,00	%12,80
Estimated rate for termination	%23,00	%8,50

The above-mentioned expected salary / cap increase rate is based on the CBRT's annual inflation forecasts.

#### **Other employee benefits**

The Company has provided for undiscounted other employee benefits earned during the period as per services rendered in compliance with *TAS 19* in the accompanying financial statements.

### **2.20 Provisions, conditional assets and liabilities**

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

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

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**2 Summary of significant accounting policies (continued)**

**2.21 Revenue recognition**

**Written premiums**

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

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

**Received and paid commissions**

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

While no agency commission is accrued in non-life branches, the amount of commission that must be paid in the life branch if uncollected receivables are collected is calculated on a policy basis.

Reinsurance commissions are accounted for under contracts with reinsurers. In accordance with the Circular 2007/25 dated 28 December 2007 issued by the Ministry of Treasury and Finance, commissions received from reinsurers starting from 10 January 2008 are accounted for in the “future income” account in the balance sheet.

**Interest income and expense**

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

**Trading income/expense**

Trading income/expense includes gains and losses arising from disposals of financial assets held for trading purpose and available-for-sale financial assets. Trading income and trading expenses are recognized as “Income from disposal of financial assets” and “Loss from disposal of financial assets” in the accompanying financial statements.

**Dividend**

Dividend is recognized as income when the right of collection is obtained.



## **2 Summary of significant accounting policies (continued)**

### **2.21 Revenue recognition (continued)**

#### **Income from pension business**

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Company and the portfolio manager in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as “Fund management income” under technical income and portion of the portfolio manager is recognized as “Fund management expense” under technical expenses.

Management fee is levied on contributions of the participants not exceeding the maximum percentage of eight percent recognized as income under “Fund management income”.

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Company and the portfolio managers in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as “Fund management income” under technical income and portion of the portfolio manager is recognized as “Fund management expense” under technical expenses.

According to the "Regulation on the Amendment of the Regulation on the Private Pension System" which entered into force on 1 January 2016, amendments were made in the deduction amounts and collection processes. For contracts entered into force prior to 1 January 2016,

-No deductions will be made even if it is defined in contracts that have completed 5 years from the effective date.

- For contracts that have not completed 5 years from the effective date, no further deductions shall be made until the end of the year if there is a deduction on the annual upper limit, and no further deductions shall be made if there is a deduction over the 5-years period upper limit.

For contracts entered into force after 1 January 2016, there is no deduction available under the name of entrance fee from the participants' contributions or savings of their private pension accounts.

Participants' contributions or savings of their private pension accounts are subject to fund management expense fee. Management expense fee deduction is only made beginning from the effective date of related contract through 5 years and not exceed the eight percent of the monthly minimum gross wage which is valid for the first six month of each year. Company books deductions under the fund management expense fee account. If the contract is released from the system or transferred to another company before completed 5 years, the amount of uncollected management fees corresponding to the period until the end of the 5th year is deducted once from the accumulated contribution of the participant.

Portfolio value changes because of changes in portfolio value between establishment date of the fund portfolio and date of share sold, are recorded in the income statement as interest income on capital advances.

### **2.22 Leasing transactions**

The company accounts for its contracts longer than 12 months within the scope of TFRS 16.

Lease payments made for contracts with a duration of less than 12 months or with a low value that are not considered within the scope of TFRS 16 are recorded as expense in equal amounts throughout the lease term.

The company rents real estate and cars. The duration of financial leasing contracts is maximum 5 years. Tangible assets acquired by way of finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under “Finance Lease Payables” account in the financial statements. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

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**2 Summary of significant accounting policies (continued)**

**2.22 Leasing transactions (continued)**

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

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

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

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

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

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease.

Based on the evaluation made by the company's senior management, it has been evaluated that the economic effects of the Covid-19 outbreak do not have a negative impact on the Company's rental payment terms and payment schedule as of the reporting date.

**2.23 Dividend distribution**

In line with the decision taken at the Ordinary General Assembly Meeting of the Company held on 15 June 2021 profit was transferred to legal reserves and statutory reserves.

**2.24 Reserve for unearned premiums**

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies.

In the case of personal accident insurance, annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period. Insurance policies covering possibilities of life and death or both and personal accident, disability by illness and serious illness insurance policies are considered as life insurance policies and their premiums are classified as life insurance premiums.

Provision for unearned premiums; During the calculation of unearned premium reserves based on the "Sector Announcement Regarding the Implementation of Legislation Regarding Technical Provisions" dated 27 March 2009 and numbered 2009/9 published by the Ministry of Treasury and Finance, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies.



## **2 Summary of significant accounting policies (continued)**

### **2.24 Reserve for unearned premiums (continued)**

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

As of 31 December 2021, the Company provided TL 139.517.351 net unearned Premium reserve in its financial statements (31 December 2020: TL 86.449.178).

### **2.25 Reserve for unexpired risks**

In accordance with the Communiqué on Technical Reserves, while providing reserve for unearned premiums, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net – provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period – reserve for unearned premiums, net at the end of the period). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

In accordance with Treasury Communiqué numbered 2012/15, unexpired risk reserve started to be calculated over main branches as of 31 December 2012. The test is performed on branch basis and in case where the expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that specific branch is added to the reserves of that branch. As of 31 December 2021, the Company has not provided any reserve for unexpired risks (31 December 2020: None).

### **2.26 Provision for outstanding claims**

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

In this context, as of 31 December 2021, the Company allocated a net provision for outstanding claims amounting to TL 12.578.564 (31 December 2020: TL 15.417.594) in its financial statements regarding incurred but not reported compensation amounts.

Identity Sharing System (KPS) in order not to be insufficient against the fluctuations in the future periods as of November 2016, the calculation of the realized but not reported damage and compensation amounts due to the insufficiency of the premiums and average coverage amounts written in the previous years for the contracts of the Company for consistent calculation) based on the data obtained with the query, the coverage amounts of the insured customers in the Company portfolio, whose damage has been realized within the policy period and whose notification has not yet been officially delivered to the Company, has been set aside as a loss compensation provision that has been incurred but has not yet been reported. For contracts with a term of more than one-year, additional provision was made using the industry average and the premium generated, in line with the actuary's opinion, in addition to the data obtained through the KPS query.

As of 31 December 2021, the Company does not have any additional outstanding claims reserve required as a result of the calculation of outstanding claims reserve adequacy difference in accordance with the actuarial chain ladder method (31 December 2020: None).

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**2 Summary of significant accounting policies (continued)**

**2.27 Mathematical reserves**

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

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit-sharing tariffs, obtained from the financial assets backing liabilities of the Company against the policyholders and other beneficiaries for the contracts which the Company is liable to give profit sharing.

The valuation method used in calculation of the profit to be shared for saving life contracts is the same with the valuation basis of portfolio on which assets on which the Company invests the provisions allocated due to liabilities against the beneficiaries are included in the framework of basis defined in the Note 2.8 "Financial Assets". As of 31 December 2021, it has reserved mathematical reserves amounting to TL 12.717.959 (31 December 2020: TL 3.108.669).

**2.28 Equalization reserve**

The companies have to reserve equalization provision for loans and earthquake guarantees provided in all branches to equalize the possible fluctuations and to cover catastrophic risks including additional guarantees. In addition, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and loan net premiums of each year. Amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium. In the non-proportional reinsurance agreements including more than one branch, the amount of premium carried forward per each credit and earthquake branches is calculated with respect to its portion in the total premium amount unless another calculation method is determined by the Company. Allocation of provisions should be continued until it is reached the 150% of the highest amount of net premium written in the last five years. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount transferred to the equity can be taken as reserve, used for capital increase or payment of indemnities. In life insurance providing death benefit, the Company will be using its own statistical data in the calculation of balancing provision. The Companies which do not have data to make the necessary calculations will take the 11% of the death net premium as the earthquake premium and reserve the 12% of this amount. In the case of an earthquake or a loss in the loan branch and related financial year, provisions reserved for loan or earthquake guarantees can be used in the payment of indemnities. If claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves.

According to Circular No:2010/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account. On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR.

Equalization provisions are presented under "other technical reserves" within long-term liabilities in the accompanying financial statements. As of 31 December 2021, the Company reserved provision for equalization reserve amounting to TL 9.597.526 (31 December 2020: TL 4.881.456) (Note 17).

## **2 Summary of significant accounting policies (continued)**

### **2.29 Provision for bonus and rebates**

Provision for bonus and rebates is the provision required to be allocated in case a bonus or rebate is committed to the insured with respect to the policies in effect in the current period and without the condition of the renewal of policy in following periods. In case insurance companies implement bonus and rebates, the provision shall be comprised of the bonus and rebate amounts allocated for the insured and beneficiaries according to the technical results of the current year. The bonuses and rebates shall cover all amounts paid or to be paid to the beneficiary or the insured in the current accounting period. The payment shall be carried out through discounts from future premiums of the insured or increases in mathematical provisions. The companies are required to specify in the contract the bonus and discount amounts they undertake. As of 31 December 2021, there is no provision for bonus and rebates (31 December 2020: None).

### **2.30 Related parties**

For the purpose of the financial statements, the party is deemed to be related to the Company in the presence of one of the following criteria:

- (a) The party in question, either directly or indirectly through one or more intermediaries:
  - controlling the entity, controlling it by the entity or being under common control with the entity (including parent companies, subsidiaries and affiliates in the same business);
  - the proportion of the company that has significant impact on the company or
  - Have joint control over the company;
- (b) the party is a subsidiary of the Company;
- (c) the party has a business partnership in which the Company is a joint venture;
- (d) the party is a member of the key management personnel of the Company or its parent company;
- (e) the party is a close family member of any individual referred to in (a) or (d);
- (f) the Party; controlled, jointly controlled or under significant influence, or an entity in which any individual referred to in (d) or (e) has significant voting rights, directly or indirectly;
- (g) The entity has a benefit plan that is provided to an employee of an entity or an entity that is a related party of the entity after the employee has left the company.

Transactions with related parties are transfers between related parties regardless of whether the resources, services or obligations are a consideration.

Due to ordinary activities, some business relations can be entered into with related parties.

### **2.31 Earnings per share**

According to TAS 33 "Earnings per Share", equity shares are not obliged to disclose earnings per share for companies that are not traded in the stock market. Earnings / losses per share have not been calculated in the accompanying financial statements since the Company's shares are not traded in the stock exchange.

### **2.32 Events after the reporting period**

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

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**2 Summary of significant accounting policies (continued)**

**2.33 New standards and interpretations not yet adopted**

**Amendments published but not yet effective and not early adopted as of 31 December 2021**

***Standards issued but not yet effective and not early adopted***

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

**COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)**

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

**Reference to the Conceptual Framework (Amendments to TFRS 3)**

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, TFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

**Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

## **2 Summary of significant accounting policies (continued)**

### **2.33 New standards and interpretations not yet adopted (continued)**

**Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)**  
**Standards issued but not yet effective and not early adopted (continued)**

#### **Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)**

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments. IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

#### **TFRS 17 – Insurance Contracts**

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 17.

#### **Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendment to TFRS 17)**

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021. The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. TFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 17.

#### **Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts**

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 4.



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**2 Summary of significant accounting policies (continued)**

**2.33 New standards and interpretations not yet adopted (continued)**

**Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)**  
**Standards issued but not yet effective and not early adopted (continued)**

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)**

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1

**Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes**

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its financial statements.

## **2 Summary of significant accounting policies (continued)**

### **2.33 New standards and interpretations not yet adopted (continued)**

**Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)**  
**Standards issued but not yet effective and not early adopted (continued)**

#### **Definition of Accounting Estimates (Amendments to TAS 8)**

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to TAS 8) will have significant impact on its financial statements.

#### **Disclosure of Accounting Policies (Amendments to TAS 1)**

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier. The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 1).

#### **Annual Improvements to TFRS Standards 2018–2020**

##### **Improvements to TFRSs**

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

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**2 Summary of significant accounting policies (continued)**

**2.33 New standards and interpretations not yet adopted (continued)**

**Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)**

**Standards issued but not yet effective and not early adopted (continued)**

**Annual Improvements to TFRS Standards 2018–2020 (continued)**

**Improvements to TFRSs (continued)**

*TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

*TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

*TAS 41 Agriculture*

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

**Amendments are effective on 1 January 2021**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

- 1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases.



### **3 Critical Accounting estimates and judgements in applying accounting policies**

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

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses reported during the reporting period. Accounting assessments are based on estimates and assumptions, past experience and other factors and reasonable expectations regarding future events with respect to reasonable conditions. Although these assumptions and estimates are based on management's best knowledge of current events and transactions, actual results may differ from their assumptions.

One of the most important accounting estimates for the Company is to estimate the ultimate net liability for claim payments that will arise from policies in force. Estimating insurance liabilities includes the assessment of a large number of inherent uncertainties.

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

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

Note 2.26 – Provision for outstanding claims

Note 2.27 – Mathematical Provisions

Note 4.1 – Management of insurance risk

Note 4.2 – Management of financial risk

Note 10 – Reinsurance assets/liabilities

Note 11 – Financial assets

Note 12 – Loans and receivables

Note 17 – Insurance liabilities and reinsurance assets

Note 18 – Investment contract liabilities

Note 19 – Trade and other payables, deferred income

Note 21 – Deferred income taxes

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

##### **4.1 Management of insurance 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's strategy of policy is the most accurate distribution based on size and type of undertaken risk. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

The company manages associated risks with reinsurance agreements that are in all branches and production strategy which is shaped by the Company. The company shares large-scale risks that may arise in natural disasters such as earthquakes, terrorism, or large-scale accidents, with catastrophic damages agreements with the reinsurers.

The following factors are considered in the risk acceptance policy in the Life and Personal Accident branches:

###### *Medical-risk assessment*

Medical risk assessment is the first step of risk assessment process. In order to learn and evaluate the health positions of the customers, they are requested to do check-up test in accordance with the conditions determined based on the amount of insured risk. Within this context, first evaluation is performed by the Company's medical doctor through medical assessment. Applicants carrying medical risk factors are rejected in accordance with the terms of agreement with reinsurer.

###### *Moral-risk assessment*

In the second step of the risk assessment process, information about the customers' gender, living conditions, residence and the occupational information is obtained. During this process, sales force of the Company is expected to support related units of the Company for suspicious circumstances of the customers which are re-assessed.

###### *Financial risk assessment*

In the third step of the risk assessment process, requirement for customers' request for the amount of life insurance limits and their annual income or the amount of the loans requested from the banks being equal to each other is analyzed. A big amount of the Company's portfolio consists of bank products, total amount of insured risk is expected to match with the total amount of banks' credit risks. Evaluation of the credit risks of the customers by the banks as a part of their credit facilities is an important step for the Company's financial risk assessment process.

Insurance guarantees given in the life branch where the company operates are as follows:

	31 December 2021		31 December 2020	
	Coverage Amount (TL)	Number	Coverage Amount (TL)	Number
Life	25.217.448.830	3.461.758	17.282.869.153	2.727.619
Personal Accident	58.924.068.311	1.666.313	60.044.126.380	1.677.000
	<b>84.141.517.141</b>	<b>5.128.071</b>	<b>77.326.995.533</b>	<b>4.404.619</b>

#### 4 Management of insurance and financial risk (continued)

##### 4.1 Management of insurance risk (continued)

###### Insurance Risk (continued)

The portion of the Company that is transferred to total risk reinsurers on the basis of risk assurance is explained below:

	31 December 2021	31 December 2020
Death	16.970.096.746	13.229.659.176
Accidental death	26.471.101.700	28.831.895.000
Accidental disability	30.565.259.145	30.312.086.026
Illness disability	1.398.525.000	464.538.950
Critical illnesses	1.739.011.200	1.034.330.000
Accidental fracture	3.332.004.250	1.676.889.900
Accidental burn	3.332.316.500	1.676.982.000
Emergency healing	333.202.600	100.614.480

As of 31 December 2021 and 31 December 2020, “damage/ premium rate” of the Company are as follows:

	31 December 2021	31 December 2020
Net	%37	%58
Gross	%34	%51

The Company makes risk assessments by considering possibilities of cumulative insurance risk, the damage results and taking into consideration the gender, nature and geographical position of the existing risks and the greatest number of risk groups in order to obtain optimum damage results.

The company has insurance contracts in life insurance and personal accident branches. Accordingly, in the insurance contracts organized, the intensification of the insurance risk according to the nature of the insurance is grossly and clearly summarized in the following table:

Branches	31 December 2021			31 December 2020		
	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net
Life	25.217.448.830	1.739.011.200	23.478.437.630	17.282.869.153	464.538.950	16.818.330.203
Personal accident	58.924.068.311	-	58.924.068.311	60.044.126.380	11.007.128.530	49.036.997.850
<b>Total <sup>(1)</sup></b>	<b>84.141.517.141</b>	<b>1.739.011.200</b>	<b>82.402.505.941</b>	<b>77.326.995.533</b>	<b>11.471.667.480</b>	<b>65.855.328.053</b>

<sup>(1)</sup> Total risk obligation includes death and additional collateral amounts of all policies in force.

The liabilities of insurance contract are summarized in the table below as gross and net (after reinsurance) in terms of currency

	31 December 2021			31 December 2020		
	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net
TL	99.172.945	6.889.833	92.283.112	89.711.565	10.619.024	79.092.541
<b>Total <sup>(1)</sup></b>	<b>99.172.945</b>	<b>6.889.833</b>	<b>92.283.112</b>	<b>89.711.565</b>	<b>10.619.024</b>	<b>79.092.541</b>

<sup>(1)</sup> Total claims obligation includes actual estimated compensation costs.

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**4 Management of insurance and financial risk (continued)**

**4.2 Management of financial risk**

**Introduction and overview**

This note shows the Company's exposure to risks for each of the following, the policies, procedures and objectives that the Company applies to manage and measure the risks in this direction, and information on capital management. In summary, the basic financial risk is that the revenues from financial assets are insufficient to meet the obligations arising from insurance contracts. The most important components of the financial risk are market risk (currency risk, market interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the volatility of financial markets and the minimization of the potential adverse effects on the financial performance of the Company. The Company does not use any derivative financial instruments. Risk management is carried out in accordance with the procedures approved by the Board of Directors.

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

**Credit risk**

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The balance sheet items that the Company is exposed to credit risk are as follows:

- cash at banks
- available-for-sale financial assets
- financial assets for trade
- premium receivables from policyholders
- receivables from intermediaries (agencies)
- receivables from reinsurance companies related to claims paid and commissions accrued
- reinsurance shares of insurance liabilities
- due from related parties
- other receivables

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

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**4 Management of insurance and financial risk (continued)**

**4.2 Financial risk management (continued)**

**Credit risk (continued)**

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

	31 December 2021	31 December 2020
Cash and cash equivalents (Note 14)	56.525.588	46.175.355
Receivables from main operations (Note 12)	1.186.176.365	823.066.658
Other receivables (Note 12)	10.931	9.749
Job advances (*)	401.850	-
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	2.124.547	8.350.119
<b>Total</b>	<b>1.245.239.281</b>	<b>877.601.881</b>

(\*) It consists of the advance amount paid for the software development of the Company.

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

	31 December 2021		31 December 2020	
	Gross Amount	Provision	Gross Amount	Provision
Not past due <sup>(1)</sup>	1.185.416.606	-	823.070.883	-
Past due 0-30 days	759.759	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	352.185	(352.185)	340.988	(345.213)
Past due over a year	-	-	-	-
<b>Total</b>	<b>1.186.528.550</b>	<b>(352.185)</b>	<b>823.411.871</b>	<b>(345.213)</b>

<sup>(1)</sup> Receivables from pension activities amounting to TL 1.004.029.158 are classified under non-current receivables (31 December 2020: TL 735.564.535).

The movement of the provision for receivables from insurance operations is as follows:

	31 December 2021	31 December 2020
Provision for receivables from insurance operations at the beginning of the period	345.213	341.255
Provision for doubtful receivables during the period (Note 47)	6.972	3.958
Collections during the period (Note 47)	-	-
<b>Provision for receivables from insurance operations at the end of the period</b>	<b>352.185</b>	<b>345.213</b>

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#### 4 Management of insurance and financial risk (continued)

##### 4.2 Financial risk management (continued)

###### Liquidity risk

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

###### Management of the Liquidity Risk

The Company considers the maturity match between assets and liabilities for the purpose of avoiding liquidity risk and ensures that it will always have sufficient liquidity to meet its liabilities when due. The following table provides an analysis of monetary assets and monetary liabilities of the Company into relevant maturity groupings based on the remaining periods to maturity:

31 December 2021	Carrying Value	Up to 3 month	3 months to 1 year	1 year to 5 years	Over 5 years	Retained
Cash and cash equivalents	56.525.588	56.525.588	-	-	-	-
Financial investments	38.179.563	-	-	-	-	38.179.563
Receivables from main operations	1.186.176.365	105.161.349	76.985.858	-	-	1.004.029.158
Other receivables	10.931	5.171	-	5.760	-	-
Expenses and income accruals	92.440.689	-	92.440.689	-	-	-
Other assets	401.850	-	401.850	-	-	-
<b>Total monetary assets</b>	<b>1.373.734.986</b>	<b>161.692.108</b>	<b>169.828.397</b>	<b>5.760</b>	<b>-</b>	<b>1.042.208.721</b>
Payables arising from main operations	1.057.998.457	34.457.243	19.512.056	-	-	1.004.029.158
Due to related parties	29.746	29.746	-	-	-	-
Insurance technical provisions <sup>(1)</sup>	12.578.564	-	12.578.564	-	-	-
Life mathematical provisions	12.717.959	-	1.112.147	11.605.812	-	-
Provisions for taxes and other similar obligations	12.547.292	12.547.292	-	-	-	-
Provisions for other risks	3.010.412	-	1.684.249	1.326.163	-	-
Expenses and income accruals	-	-	-	-	-	-
Financial liabilities	818.236	436.365	279.973	101.898	-	-
Other short-term liabilities	46.754	46.754	-	-	-	-
<b>Total monetary liabilities</b>	<b>1.099.747.420</b>	<b>47.517.400</b>	<b>35.166.989</b>	<b>13.033.873</b>	<b>-</b>	<b>1.004.029.158</b>

31 December 2020	Carrying Value	Up to 3 month	3 months to 1 year	1 year to 5 years	Over 5 years	Retained
Cash and cash equivalents	46.175.355	17.175.355	29.000.000	-	-	-
Financial investments	23.066.896	-	-	-	-	23.066.896
Receivables from main operations	823.066.658	87.502.123	-	-	-	735.564.535
Other receivables	9.749	3.989	-	5.760	-	-
Expenses and income accruals	39.214.295	-	39.214.295	-	-	-
Other assets	409	409	-	-	-	-
<b>Total monetary assets</b>	<b>931.533.362</b>	<b>104.681.876</b>	<b>68.214.295</b>	<b>5.760</b>	<b>-</b>	<b>758.631.431</b>
Payables arising from main operations	751.229.527	15.664.992	-	-	-	735.564.535
Due to related parties	2.401.986	2.401.986	-	-	-	-
Insurance technical provisions <sup>(1)</sup>	15.417.594	-	15.417.594	-	-	-
Life mathematical provisions	3.108.669	-	106.228	3.002.441	-	-
Provisions for taxes and other similar obligations	713.151	713.151	-	-	-	-
Provisions for other risks	1.617.979	-	1.077.854	540.125	-	-
Expenses and income accruals	1.920.063	1.920.063	-	-	-	-
Financial liabilities	2.017.838	-	1.411.843	605.995	-	-
Other short-term liabilities	17.486	17.486	-	-	-	-
<b>Total monetary liabilities</b>	<b>778.444.293</b>	<b>20.717.678</b>	<b>18.013.519</b>	<b>4.148.561</b>	<b>-</b>	<b>735.564.535</b>

(1) All outstanding claims provision has been presented in short-term liabilities in the accompanying tables.

#### **4 Management of insurance and financial risk (continued)**

##### **4.2 Financial risk management (continued)**

###### **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, credit spreads, real estate fair values and general commodity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to identify potential risks and to measure, monitoring and reporting market risk exposures within acceptable parameters, while optimizing the risk appetite of the Company's return on risk.

###### *Currency risk*

Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the statement of income. Monetary assets and liabilities denominated in foreign currencies are measured at the exchange rates ("TL") ruling at the reporting date with the resulting exchange differences recognized in the statement of income as foreign exchange gains or losses.

The Company does not have foreign currency risk is.

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

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured as TL at the purchasing exchange rates announced by the Central Bank of Turkey ruling at 31 December 2021 and 31 December 2020. Only life mathematical provisions and loans to the policyholders are measured at effective selling rates announced by the Central Bank of Turkey as disclosed on the face of policies.

Foreign exchange rates used for the translation of foreign currency denominated monetary assets and liabilities as at balance sheet date are as follows:

<b>31 December 2021</b>	<b>US Dollar</b>	<b>Euro</b>
Foreign currency rate used in translation of balance sheet items	13.3290	15.0867
<b>31 December 2020</b>	<b>US Dollar</b>	<b>Euro</b>
Foreign currency rate used in translation of balance sheet items	7.3405	9.0079

###### *Exposure to interest rate risk*

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The principle risk to trading portfolios are exposed is the risk of fluctuations in the fair values of financial instruments because of a change in market interest rate. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands.

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**4 Management of insurance and financial risk (continued)**

**4.2 Financial risk management (continued)**

**Market risk (continued)**

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

	31 December 2021	31 December 2020
<b>Financial assets:</b>		
<i>Financial assets with fixed interest rates:</i>		
Cash at banks (Note 14)	52.878.686	43.240.601

*Interest rate sensitivity of the financial instruments*

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income for the trading financial assets and financial liabilities held at 31 December 2021. This analysis assumes that all other variables remain constant. The Company has no any financial instruments for the years ended 31 December 2021 and 31 December 2020. Therefore, financial sensitivity analysis of financial instruments has not been conducted.

*Fair value information*

The estimated fair values of financial instruments have been determined using available market information, and where they exist, appropriate valuation methodologies. The Company has classified its marketable securities as available-for-sale, and financial investments with risks on life insurance policyholders as available-for-sale. Available-for-sale financial assets are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying financial statements.

Company management estimates that the fair value and carrying value of the other financial asset and liabilities are not significantly different. The total value of the pension funds constituting the long-term receivables and payables of the Company is accounted with their fair values.

*Classification relevant to fair value information*

IFRS 7 – *Financial Instruments: Disclosures* requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification priorities observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Company. This sort of categorization generally results in the classifications below:

Held-to-maturity financial assets are not available as of 31 December 2021 (31 December 2020: None).

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



#### **4 Management of insurance and financial risk (continued)**

##### **4.2 Management of financial risk (continued)**

###### **Market risk (continued)**

###### *Classification relevant to fair value information (continued)*

Classification requires the use of observable market data if available. The fair value classification of financial assets and liabilities measured at fair value in this framework is as follows:

	31 December 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Subsidiaries (Note 9)	-	-	37.625.243	37.625.243
<b>Total financial assets</b>	-	-	37.625.243	37.625.243

<b>Financial liabilities</b>				
Payables from Individual Pension Operations – payables to participants	1.004.029.158	-	-	1.004.029.158
<b>Total financial liabilities</b>	1.004.029.158	-	-	1.004.029.158

	31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Subsidiaries (Note 9)	-	-	22.625.243	22.625.243
<b>Total financial assets</b>	-	-	22.625.243	22.625.243

<b>Financial liabilities</b>				
Payables from Individual Pension Operations – payables to participants	735.564.535	-	-	735.564.535
<b>Total financial liabilities</b>	735.564.535	-	-	735.564.535

###### **Capital management**

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Republic of Turkey Ministry of Treasury and Finance;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders,
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk assumed

In accordance with the "Circular Regarding the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Private Pension Companies" issued by the Republic of Turkey Ministry of Treasury and Finance on 19 January 2008 dated and 26761 numbered Official Gazette, the Company measured its minimum capital requirement as at 31 December 2021 as TL 80.648.713 (31 December 2020: TL 41.587.867). As at 31 December 2021, the Company's total equity in its statutory financial statements amounted to TL 116.126.776 (31 December 2020: TL 64.904.750) which is TL 35.478.061 above the minimum capital requirement amount.

###### **Gains and losses arising from financial assets**

<b>Gains and losses recognized in the statement of income:</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Dividend income from bank deposits	8.086.195	3.487.259
Valuation of financial investment	378.686	490.601
Foreign exchange gains	58.007	296.594
<b>Investment income</b>	<b>8.522.888</b>	<b>4.274.454</b>
Investment management expenses	(453.229)	(235.698)
Foreign exchange losses	(139.949)	(50.642)
<b>Investment expense</b>	<b>(593.178)</b>	<b>(286.340)</b>
<b>Financial gains and losses recognized in the statement of income, net</b>	<b>7.929.710</b>	<b>3.988.114</b>

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## 5 Segment reporting

Segment reporting is presented based on the Company's operations segments. The Company's main segment reporting is based on the Company's operations.

The related assets and liabilities by branches and operation results are prepared according to the accounting interpretations explained under "Summary of Significant Accounting Policies".

### Segment of activity areas:

The Company has not publicly held company status. Therefore, there is no reporting in terms of activity areas.

### Geographical segment reporting

The main geographical segment the Company operates in is Turkey, so the Company does not disclose geographical segment reporting.

## 6 Tangible assets

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

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
<b>Cost:</b>					
Furnitures and fixtures	6.161.196	423.569	(117.346)	-	6.467.419
Leasehold improvements	340.797	-	-	-	340.797
Vehicles	280.000	104.000	(95.000)	-	289.000
Right of use asset <sup>(*)</sup>	3.888.145	359.176	-	-	4.247.321
<b>Total</b>	<b>10.670.138</b>	<b>886.745</b>	<b>(212.346)</b>	<b>-</b>	<b>11.344.537</b>
<b>Accumulated depreciation:</b>					
Furnitures and fixtures	(3.161.931)	(1.194.994)	109.878	-	(4.247.047)
Leasehold improvements	(186.316)	(68.159)	-	-	(254.475)
Vehicles	(98.000)	(54.300)	47.083	-	(105.217)
Right of use asset <sup>(*)</sup>	(2.121.263)	(1.472.843)	-	-	(3.594.106)
<b>Total</b>	<b>(5.567.510)</b>	<b>(2.790.296)</b>	<b>156.961</b>	<b>-</b>	<b>(8.200.845)</b>
<b>Net book value</b>	<b>5.102.628</b>				<b>3.143.692</b>

<sup>(\*)</sup>As of 31 December 2021, right-of-use assets comprises from leased buildings and vehicles. See note 20 for detailed explanation.

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

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
<b>Cost:</b>					
Furnitures and fixtures	5.631.126	607.661	(77.592)	-	6.161.196
Leasehold improvements	340.797	-	-	-	340.797
Vehicles	330.000	-	(50.000)	-	280.000
Right of use asset <sup>(*)</sup>	3.496.125	392.020	-	-	3.888.145
<b>Total</b>	<b>9.798.049</b>	<b>999.681</b>	<b>(127.592)</b>	<b>-</b>	<b>10.670.138</b>
<b>Accumulated depreciation:</b>					
Furnitures and fixtures	(2.117.899)	(1.095.513)	51.481	-	(3.161.931)
Leasehold improvements	(118.156)	(68.160)	-	-	(186.316)
Vehicles	(49.500)	(62.667)	14.167	-	(98.000)
Right of use asset <sup>(*)</sup>	(1.127.382)	(993.881)	-	-	(2.121.263)
<b>Total</b>	<b>(3.412.937)</b>	<b>(2.220.221)</b>	<b>65.648</b>	<b>-</b>	<b>(5.567.510)</b>
<b>Net book value</b>	<b>6.385.112</b>				<b>5.102.628</b>

<sup>(\*)</sup>As of 31 December 2020, right-of-use assets comprises from leased buildings and vehicles. See note 20 for detailed explanation.

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

There are no mortgages over tangible assets as of 31 December 2021 (31 December 2020: None).

## 7 Investment properties

None.

## 8 Intangible assets

Movements in intangible assets in the period between 1 January - 31 December 2021 are presented below:

	1 January 2021	Addition	Disposal	Transfers	31 December 2021
<i>Cost:</i>					
Computer software	9.542.910	2.320.797	-	-	11.863.707
<b>Total</b>	<b>9.542.910</b>	<b>2.320.797</b>	<b>-</b>	<b>-</b>	<b>11.863.707</b>
<i>Accumulated amortization:</i>					
Computer software	(8.280.141)	(936.251)	-	-	(9.216.392)
<b>Total</b>	<b>(8.280.141)</b>	<b>(936.251)</b>	<b>-</b>	<b>-</b>	<b>(9.216.392)</b>
<b>Net book value</b>	<b>1.262.769</b>				<b>2.647.315</b>

Movements in intangible assets in the period between 1 January and 31 December 2020 are presented below:

	1 January 2020	Addition	Disposal	Transfers	31 December 2020
<i>Cost:</i>					
Computer software	8.966.632	576.278	-	-	9.542.910
<b>Total</b>	<b>8.966.632</b>	<b>576.278</b>	<b>-</b>	<b>-</b>	<b>9.542.910</b>
<i>Accumulated amortization:</i>					
Computer software	(7.379.650)	(900.491)	-	-	(8.280.141)
<b>Total</b>	<b>(7.379.650)</b>	<b>(900.491)</b>	<b>-</b>	<b>-</b>	<b>(8.280.141)</b>
<b>Net book value</b>	<b>1.586.982</b>				<b>1.262.769</b>

## 9 Investment in Subsidiaries

The company decided to establish Bereket Katılım Hayat A.Ş. with a capital of 10.000.000 TL on 30 May 2019, with the title of single shareholder. The company paid a total capital amount of 10.000.000 TL to Bereket Katılım Hayat Anonim Şirketi, which was 2.500.000 TL on 17 July 2019 and 7.500.000 TL on 27 August 2019.

The valuation was made by 25 Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. regarding the financial value of Bereket Katılım Hayat A.Ş., the subsidiary of the company, as of September 30, 2020. In the company valuation, the addition method, the discounted cash flow method and the guiding precedent method in the stock market are used. According to the valuation report dated 25 January 2021, the fair value of the company has been determined as TL 22.625.243.

Bereket Katılım Hayat A.Ş., at the General Assembly meeting held on 15 June 2021, decided to increase its current capital by TL 15.000.000 to TL 25.000.000. The increased capital was paid in cash on 17 June 2021 by the Company, which is the main shareholder of Bereket Katılım Hayat A.Ş. and the capital increase was registered on 9 July 2021. The amount of subsidiaries related to the capital increase was TL 37.625.243.

	31 December 2021	31 December 2020
Bereket Katılım Hayat Anonim Şirketi	37.625.243	22.625.243
<b>Subsidiaries, net</b>	<b>37.625.243</b>	<b>22.625.243</b>

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**10 Reinsurance assets and liabilities**

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

<b>Reinsurance assets</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for outstanding claims, ceded (Note 4.2), (Note 17)	2.124.547	8.350.119
Reserve for unearned premiums, ceded (Note 17)	11.059.327	5.734.226
<b>Total</b>	<b>13.183.874</b>	<b>14.084.345</b>

The Company has no impairment losses recognized for reinsurance assets.

<b>Reinsurance liabilities</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Payables to the reinsurers related to premium ceded (Note 19)	11.351.666	11.866.944
<b>Total</b>	<b>11.351.666</b>	<b>11.866.944</b>

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Premiums ceded during the period (Note 17)	(26.444.151)	(14.020.751)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(5.734.226)	(31.453.249)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	11.059.327	5.734.226
<b>Premiums earned, ceded (Note 17)</b>	<b>(21.119.050)</b>	<b>(39.739.774)</b>
Claims paid, ceded during the period (Note 17)	6.889.833	10.619.024
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(8.350.119)	(5.442.985)
Provision for outstanding claims, ceded at the end of the period (Note 17)	2.124.547	8.350.119
<b>Claims incurred, ceded (Note 17)</b>	<b>664.261</b>	<b>13.526.158</b>
Commission income accrued from reinsurers during the period	-	3.240.072
Deferred commission income at the beginning of the period (Note 19)	565.115	12.580.506
Deferred commission income at the end of the period (Note 19)	-	(565.115)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>565.115</b>	<b>15.255.463</b>
<b>Change in reinsurer share of life mathematics reserve</b>	<b>-</b>	<b>(1.138.539)</b>
<b>Total, net</b>	<b>(19.889.674)</b>	<b>(12.096.692)</b>

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**11 Financial assets**

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

Financial assets and financial investments with risk on policyholders	31 December 2021	31 December 2020
Available for sale financial assets <sup>(1)</sup>	554.320	441.653
Subsidiaries	37.625.243	22.625.243
<b>Total</b>	<b>38.179.563</b>	<b>23.066.896</b>

<sup>(1)</sup> Available-for-sale financial assets with no reliable market value measurement, consist of the Emeklilik Gözetim Merkezi (EGM) shares that are measured at cost.

As at 31 December 2021 the Company doesn't have financial assets held to maturity (31 December 2020: None).

The Company does not have any financial assets issued by related parties.

There are no securities that are issued by the Company during the period or which are previously issued and repayable during the period.

The Company's financial asset portfolios do not include financial assets that have been outstanding but have not yet been impaired.

Excluding bank deposits movements of the financial assets portfolios during the period are as follows:

	31 December 2021		
	Financial assets held to maturity	Financial assets available for sale	Total
<b>Balance at the beginning of the period (Not 4.2)</b>	<b>22.625.243</b>	<b>441.653</b>	<b>23.066.896</b>
Purchases during the period	15.000.000	112.667	15.112.667
Disposals (either sold or settled)	-	-	-
Change in the fair values of financial assets	-	-	-
Change in the amortized costs of the financial assets <sup>(1)</sup>	-	-	-
<b>Balance at the ending of the period</b>	<b>37.625.243</b>	<b>554.320</b>	<b>38.179.563</b>

	31 December 2020		
	Financial assets held to maturity	Financial assets available for sale	Total
<b>Balance at the beginning of the period (Note 4.2)</b>	<b>10.000.000</b>	<b>441.653</b>	<b>10.441.653</b>
Purchases during the period	12.625.243	-	12.625.243
Disposals (either sold or settled)	-	-	-
Change in the fair values of financial assets	-	-	-
Change in the amortized costs of the financial assets <sup>(2)</sup>	-	-	-
<b>Balance at the ending of the period</b>	<b>22.625.243</b>	<b>441.653</b>	<b>23.066.896</b>

<sup>(2)</sup> Consists of income accruals calculated by internal rate's return of rent certificates.

As of 31 December 2021, there are no restrictions on the Company's financial assets (31 December 2020: None).

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**12 Loans and receivables**

	31 December 2021	31 December 2020
Receivables from main operations (Note 4.2)	1.186.176.365	823.066.658
Other receivables (Note 4.2)	10.931	9.749
Receivables from related parties	-	409
<b>Total</b>	<b>1.186.187.296</b>	<b>823.076.816</b>
Short-term receivables	182.152.378	87.506.521
Middle and long-term receivables (Note 4.2)	1.004.034.918	735.570.295
<b>Total</b>	<b>1.186.187.296</b>	<b>823.076.816</b>

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

	31 December 2021	31 December 2020
Receivables from policyholders and agencies	179.321.257	83.684.653
Receivables from reinsurers	536.479	1.955.557
<b>Total receivables from main operations</b>	<b>179.857.736</b>	<b>85.640.210</b>
Receivables from private pension operations	1.006.318.629	737.426.448
<b>Total receivables from private pension operations</b>	<b>1.006.318.629</b>	<b>737.426.448</b>
Doubtful receivables from main operations (Note 4.2)	352.185	345.213
Provisions for receivables from main operations operations (Not 4.2)	(352.185)	(345.213)
<b>Receivables from main operations</b>	<b>1.186.176.365</b>	<b>823.066.658</b>

**Doubtful provisions for overdue receivables and receivables not due yet**

- a) Receivables under legal or administrative follow up (due): TL 352.185 (31 December 2020: TL 345.213).
- b) Provision for premium receivables (due): None (31 December 2020: None).
- c) Provision for impairment for receivables from entrance fees: None (31 December 2020: None).
- d) Provision for impairment for receivables from pension operations: None (31 December 2020: None).

The related party transactions of the Company are presented in *Note 45 – Related party transactions* in detail.

**13 Derivative financial instruments**

As of 31 December 2021, the company has no derivative financial instruments (31 December 2020: None).

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**14 Cash and cash equivalents**

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

	31 December 2021		31 December 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	53.605.195	43.658.376	43.658.376	26.898.443
Bank guaranteed credit card receivables with maturity less than three months	2.920.393	2.516.979	2.516.979	2.249.448
<b>Cash and cash equivalents in the balance sheet</b>	<b>56.525.588</b>	<b>46.175.355</b>	<b>46.175.355</b>	<b>29.147.891</b>
Rediscount on bank deposit (free portion)	(378.686)	(490.601)	(490.601)	(160.930)
Blocked amounts	(33.000.000)	(29.000.000)	(29.000.000)	(11.000.000)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>23.146.902</b>	<b>16.684.754</b>	<b>16.684.754</b>	<b>17.986.961</b>

As at 31 December 2021 and 31 December 2020, bank deposits are further analyzed as follows:

	31 December 2021	31 December 2020
Bank deposits in Turkish Lira		
- time deposits (Note 4.2)	52.878.686	43.240.601
- demand deposits	726.509	417.775
<b>Cash at banks</b>	<b>53.605.195</b>	<b>43.658.376</b>

As at 31 December 2021, the Company has a blocked bank deposit amount of TL 33.000.000 on behalf of Republic of Turkey Ministry of Treasury and Finance (31 December 2020: TL 29.000.000).

All time deposits of the company are TL. Interest rate for TL time deposits is between 15,02% - 17,63%.



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## 15 Equity

### Paid in capital

As at 31 December 2021 and 31 December 2020, the authorized nominal share capital of the Company is TL 30.000.000 (31 December 2020: TL 30.000.000) and the share capital of the Company consists of 30.000.000 issued shares with TL 1 nominal value each (31 December 2020: 30.000.000).

There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any equity shares issued which will be subject to sale in accordance with forward transactions and contracts.

There are no shares of the Company to be issued for the sale of shares to be sold for futures and contracts.

The shareholder having direct or indirect control over the shares of the Company is Türkiye Tarım Kredi Kooperatifleri Merkezi Birliği, having 89,09% of the outstanding shares.

### Legal and extraordinary reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

As at 31 December 2021, the Company has TL 1.353.899 related capital reserves and TL 25.724.062 extraordinary reserves (31 December 2020: TL 1.353.899 capital reserves and TL 25.724.062 extraordinary reserves).

### Other legal reserves

According to the revision made in TAS 19; actuarial gains and losses previously recognized in the income statement in the calculation of provision for retirement pay liability are recognized "other profit reserves" under shareholders equity in the current period financial statements. In the calculation of provision for employment termination benefits as of 31 December 2021, an additional TL 198.336 related to actuarial calculation has been presented under other profit reserves (31 December 2020: TL 32.801).

The movement schedule for other profit reserves is as follows:

	31 December 2021	31 December 2020
Other profit reserves at the beginning of the period	810.267	777.466
Actuarial difference of employment termination	198.336	32.801
<b>Other profit reserves at the end of the period</b>	<b>1.008.603</b>	<b>810.267</b>

### Valuation of financial assets

Unrealized gains or losses arising from changes in the fair value of available-for-sale financial assets and which represent the difference between the amortized cost of securities and their fair value are recognized in the "Valuation of Financial Assets" account in the shareholders' equity.

The valuation was made by Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. regarding the financial value of Bereket Katılım Hayat A.Ş., the subsidiary of the company, as of September 30, 2020. In the company valuation, the addition method, the discounted cash flow method and the guiding precedent method in the stock market are used. According to the valuation report dated 25 January 2021, the fair value of the company has been determined as TL 22.625.243. The Company has no an unrealized profit or loss of regarding the fair value changes of financial assets available for sale as of 31 December 2021 (31 December 2020: TL 12.625.243).

## 16 Other provisions and capital component of discretionary participation

As of 31 December 2021, the Company has no other reserves represented in equity and no other assets accounted for on the equity component of participation in associates (31 December 2020 None).

## 17 Insurance liabilities and reinsurance assets

As at 31 December 2021 and 31 December 2020, provisions for technical reserves of the Company are disclosed as follows:

	31 December 2021	31 December 2020
Unearned premiums reserve, gross	150.576.678	92.183.404
Unearned premiums reserve, ceded (Note 10)	(11.059.327)	(5.734.226)
<b>Reserves for unearned premiums, net</b>	<b>139.517.351</b>	<b>86.449.178</b>
Life mathematical reserve, gross	12.717.959	3.108.668
Life mathematical reserve, ceded	-	-
<b>Life mathematical provisions, net</b>	<b>12.717.959</b>	<b>3.108.668</b>
Outstanding claims reserve, gross	14.703.111	23.767.713
Outstanding claims reserve, ceded (Note 4.2) (Note 10)	(2.124.547)	(8.350.119)
<b>Outstanding claims reserve, net</b>	<b>12.578.564</b>	<b>15.417.594</b>
<b>Unexpired risks reserve, net</b>	<b>-</b>	<b>-</b>
Equalization reserve	9.597.526	4.881.456
<b>Other technical reserve</b>	<b>9.597.526</b>	<b>4.881.456</b>
<b>Total technical reserve, net</b>	<b>174.411.400</b>	<b>109.856.896</b>
Short term	153.208.062	101.973.000
Medium and long-term	21.203.338	7.883.896
<b>Total insurance technical reserve, net</b>	<b>174.411.400</b>	<b>109.856.896</b>

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

Unearned premiums reserve	31 December 2021		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	92.183.404	(5.734.226)	86.449.178
Premium written during the period	303.231.347	(26.444.151)	276.787.196
Premiums earned during the period	(244.838.073)	21.119.050	(223.719.023)
<b>Unearned premiums reserve at the end of the period (Note 10)</b>	<b>150.576.678</b>	<b>(11.059.327)</b>	<b>139.517.351</b>
Unearned premiums reserve	31 December 2020		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	80.199.122	(31.453.249)	48.745.873
Premium written during the period	180.722.994	(14.020.751)	166.702.243
Premiums earned during the period	(168.738.712)	39.739.774	(128.998.938)
<b>Unearned premiums reserve at the end of the period (Note 10)</b>	<b>92.183.404</b>	<b>(5.734.226)</b>	<b>86.449.178</b>

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**17 Insurance liabilities and reinsurance assets (continued)**

Outstanding claims reserve	31 December 2021		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period (Note 10)	23.767.713	(8.350.119)	15.417.594
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	90.108.343	(664.261)	89.444.082
Claims paid during the period (Note 10)	(99.172.945)	6.889.833	(92.283.112)
<b>Outstanding claims reserve at the end of the period</b>	<b>14.703.111</b>	<b>(2.124.547)</b>	<b>12.578.564</b>

Outstanding claims reserve	31 December 2020		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period (Note 10)	12.643.563	(5.442.985)	7.200.578
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	100.835.715	(13.526.158)	87.309.557
Claims paid during the period (Note 10)	(89.711.565)	10.619.024	(79.092.541)
<b>Outstanding claims reserve at the end of the period</b>	<b>23.767.713</b>	<b>(8.350.119)</b>	<b>15.417.594</b>

**Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets:**

	31 December 2021		31 December 2020	
	Should be placed <sup>(*)</sup>	Placed	Should be placed <sup>(*)</sup>	Placed
Life	44.605.628	45.000.000	16.666.319	25.000.000
Non-life	4.715.146	5.000.000	1.897.657	4.000.000
<b>Total</b>	<b>49.320.774</b>	<b>50.000.000</b>	<b>18.563.976</b>	<b>29.000.000</b>

<sup>(\*)</sup>According to 7<sup>th</sup> article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Republic of Turkey Ministry of Treasury and Finance within two months.

<sup>(\*\*)</sup>As of 31 December 2021, the Company's has a blocked time deposit of TL 33.000.000 in favor of the Ministry of Treasury and Finance. As of our reporting date, the amount of blockage established by the Company has been updated as TL 50.000.000.

**Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves:**

	31 December 2021		31 December 2020	
	Number of policy	Mathematical Reserve	Number of policy	Mathematical Reserve
Beginning the period	35.779	3.108.669	49.677	6.291.680
Additions during the year	57.701	10.636.092	15.053	1.993.515
Disposals during the year	14.367	(323.949)	28.951	(4.457.486)
Movements during the year	-	702.853	-	(719.039)
<b>Current</b>	<b>79.113</b>	<b>12.717.959</b>	<b>35.779</b>	<b>3.108.669</b>

**17 Insurance liabilities and reinsurance assets (continued)**

**Information that identifies and indicates amounts arising from insurance contracts**

**Insurance guarantee amounts given in respect of non-life insured branches:**

The factors resulting from the individual insurance contracts and the change in the mathematical reserves and the portfolio increase during 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

<b>Mathematical Reserves</b>		
	<b>31 December 2021</b>	<b>31 December 2020</b>
Newly written policies	10.636.092	1.993.515
<b>Total portfolio growth</b>	<b>10.636.092</b>	<b>1.993.515</b>

The elements resulting from the individual insurance contracts and the change in the mathematical reserves and the portfolio decrease caused by the periods between 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

<b>Mathematical Reserves</b>		
	<b>31 December 2021</b>	<b>31 December 2020</b>
Decreasing during the period	702.853	719.039
End of the maturity	72.290	3.761.580
Purchase	246.269	662.671
Ends with the occurrence of risk	5.391	33.235
<b>Total portfolio decrease</b>	<b>1.026.803</b>	<b>5.176.525</b>

	<b>31 December 2021</b>	<b>31 December 2020</b>
Accident death assurance	25.963.276.700	28.294.820.000
Accident disability assurance	25.963.268.261	28.294.820.000
Broken result of accident	3.332.004.250	1.676.889.900
Burned result of accident	3.332.316.500	1.676.982.000
Quick Recovery	333.202.600	100.614.480
<b>Total</b>	<b>58.924.068.311</b>	<b>60.044.126.380</b>

**Gains and losses recognized in profit or loss due to reinsurance purchased**

Gains and losses recognized in profit or loss due to reinsurance purchased are presented in Note 10 – *Reinsurance assets and liabilities*.

**Claim development tables**

Claim development tables over the last 5 years:

<b>Accident year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Within the year of damage	59.719	119.455	34.509.553	74.099.768	73.783.062	<b>182.571.557</b>
1 year later	10.000	730.435	6.740.072	11.499.615	-	<b>18.980.122</b>
2 year later	-	-	474.719	-	-	<b>474.719</b>
3 year later	-	25.500	-	-	-	<b>25.500</b>
4 year later	-	-	-	-	-	-
5 year later	-	-	-	-	-	-
<b>Total claims paid over the years, gross</b>	<b>69.719</b>	<b>875.390</b>	<b>41.724.344</b>	<b>85.599.383</b>	<b>73.783.062</b>	<b>202.051.898</b>

<b>Accident year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Within the year of damage	50.000	-	4.596.600	5.581.610	7.211.259	<b>17.439.469</b>
1 year later	25.000	54.960	3.615.380	5.915.340	-	<b>9.610.680</b>
2 year later	-	-	263.450	-	-	<b>263.450</b>
3 year later	-	-	-	-	-	-
4 year later	-	-	-	-	-	-
5 year later	-	-	-	-	-	-
<b>Total claims paid over the years, gross</b>	<b>75.000</b>	<b>54.960</b>	<b>8.475.430</b>	<b>11.496.950</b>	<b>7.211.259</b>	<b>27.313.599</b>

Within the scope of the damage payment, gross death-disability compensations were presented.

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**17 Insurance liabilities and reinsurance assets (continued)**

**The effects of the changes in the assumptions used to measure insurance assets and liabilities by separately showing the effect of each change that has significant effect on the financial statements**

Effects of changes in assumptions used in the measurement of insurance assets and liabilities presented in note 4 – *Management of insurance and financial risk*.

**Deferred commission expenses**

The Company defers commissions paid to the intermediaries for the production of the policies and other expenses for the one-year term life products and for annually renewed long term life products under prepaid expenses. As of 31 December 2021, prepaid expenses for next month's amounting to TL 92.440.689 (31 December 2020: TL 39.214.295) consist of deferred commission expenses amounting to TL 68.538.299 (31 December 2020: TL 37.428.657) and other expenses of the month amounting to TL 23.902.390 (31 December 2020: TL 1.785.638).

The movement of deferred production commissions for the years ended 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Deferred commission expenses at the beginning of the period	37.428.657	33.535.817
Commissions accrued during the period (Note 32)	51.661.997	36.923.230
Paid commissions during the period (Note 32)	(20.552.355)	(33.030.391)
<b>Deferred commission expenses at the end of the period</b>	<b>68.538.299</b>	<b>37.428.657</b>

**18 Investment contract liabilities**

**Individual pension business**

As of 31 December 2021, there are 11 pension funds (31 December 2020: 11 pension funds) that are the founders of the Company.

The details of receivables and payables from individual pension business as at 31 December 2021 and 31 December 2020 are presented below:

	31 December 2021	31 December 2020
Receivables from the clearing house (Note 4.2)	1.004.029.158	735.564.535
Receivables from pension investment funds for fund management fees	1.675.240	1.233.337
Receivables from participants	614.231	628.576
<b>Receivables from pension operations</b>	<b>1.006.318.629</b>	<b>737.426.448</b>

	31 December 2021	31 December 2020
Payables to participants	1.004.029.158	735.564.535
Participants temporary account	4.668.404	3.496.910
Payables to clearing house and Emeklilik Gözetim Merkezi	55.907	50.349
Payables to asset management company	195.439	204.688
Payables to agencies	19.159	(17.094)
Other payables	27.903	28.037
<b>Pension business liabilities (Note 19)</b>	<b>1.008.995.970</b>	<b>739.327.425</b>

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**18 Investment contract liabilities (continued)**

**Individual pension business (continued)**

As at 31 December 2021 and 31 December 2020, individual pension investment funds founded by the Company and their unit prices are as follow:

<b>Fund name</b>	<b>31 December 2021 Unit prices</b>	<b>31 December 2020 Unit prices</b>
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	0,019827	0,016788
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	0,083371	0,048524
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	0,038620	0,031504
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	0,034700	0,026797
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	0,088112	0,063971
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	0,026132	0,022128
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	0,027363	0,022988
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	0,033642	0,026729
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	0,021740	0,016436
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	0,026575	0,019071
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	0,023979	0,017797

As at 31 December 2021 and 31 December 2020, the number and amount of participation shares in the portfolio and in circulation are follow:

Fund name	31 December 2021		Participation certificates in portfolio
	Participation certificates in circulation		
	Number	Amount	Number
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	4.360.650.765	3.504.319	99.124.114.242
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	48.982.989.468	223.696.593	98.549.830.306
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	37.783.120.232	66.600.989	97.769.255.154
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	48.336.918.637	73.009.280	96.926.651.990
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	36.957.796.733	155.920.362	97.934.845.410
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	98.549.122.647	125.641.031	94.921.175.365
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	80.464.014.546	97.319.002	95.404.785.653
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	109.944.641.731	165.832.602	93.125.376.105
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	65.821.322.451	82.251.907	99.873.572.258
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	1.444.520.967	5.944.847	99.999.793.265
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	1.396.839.388	4.308.226	99.999.823.437
Total	534.041.937.565	1.004.029.158	1.073.629.223.185

	31 December 2020		Participation
	Participation certificates in		certificates in
	circulation		portfolio
Fund name	Number	Amount	Number
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	3.824.385.147	2.386.650	99.124.114.242
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	41.163.577.836	121.426.776	98.549.830.306
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	32.538.894.152	55.229.636	97.769.255.154
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	41.743.338.432	60.018.294	96.926.651.990
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	31.725.696.108	112.652.644	97.934.845.410
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	84.203.234.071	103.956.442	94.921.175.365
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	69.636.717.907	85.594.070	95.404.785.653
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	94.970.270.592	135.149.384	93.125.376.105
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	54.789.611.845	56.111.767	99.873.572.258
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	995.592.446	1.533.324	99.999.793.265
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	994.040.436	1.505.548	99.999.823.437
Total	456.585.358.972	735.564.535	1.073.629.223.185

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**18 Investment contract liabilities (continued)**

**Individual pension business (continued)**

**Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups:**

	31 December 2021			
	Addition during the period	Left/cancellations during the period	Current	Current Amount
Individual	2.600.979	24.738.776	371.991.002	349.853.205
Group	4.105.742	34.808.101	463.227.981	432.525.623
OKS	11.193.082	20.053.196	104.869.414	96.009.300
<b>Total</b>	<b>17.899.803</b>	<b>79.600.073</b>	<b>940.088.397</b>	<b>878.388.128</b>

	31 December 2020			
	Addition during the period	Left/cancellations during the period	Current	Current Amount
Individual	1.603.833	22.036.917	274.336.204	253.903.121
Group	2.632.699	29.306.457	342.558.100	315.884.342
OKS	6.107.130	10.971.873	66.685.374	61.820.631
<b>Total</b>	<b>10.343.662</b>	<b>62.315.247</b>	<b>683.579.678</b>	<b>631.608.094</b>

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups:**

	31 December 2021		
	Number of contracts	Gross contributions	Net contributions
Individual	1.813	2.097.122	2.050.887
Group	1.317	3.307.400	3.307.296
OKS	5.195	9.549.896	9.549.896
<b>Total</b>	<b>8.325</b>	<b>14.954.418</b>	<b>14.908.079</b>

	31 December 2020		
	Number of contracts	Gross contributions	Net contributions
Individual	250	1.347.998	1.315.851
Group	592	2.397.411	2.397.327
OKS	4.133	5.720.256	5.720.256
<b>Total</b>	<b>4.975</b>	<b>9.465.665</b>	<b>9.433.434</b>

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups during the period:**

	31 December 2021	
	Number of contracts	First Premium amount
Individual	91	34.360
Group	3.899.145	252.322.346
<b>Total</b>	<b>3.899.236</b>	<b>252.356.706</b>

	31 December 2020	
	Number of contracts	First Premium amount
Individual	93	26.743
Group	3.891.224	142.172.105
<b>Total</b>	<b>3.891.317</b>	<b>142.198.847</b>

**18 Investment contract liabilities (continued)**

**Individual pension business (continued)**

**Distribution of individual and life mathematical reserves of individual life insurers as individuals and groups during the period:**

	31 December 2021	
	Number of contracts	Mathematical provision
Individual	46	149
Group	14.321	323.800
<b>Total</b>	<b>14.367</b>	<b>323.949</b>

	31 December 2020	
	Number of contracts	Mathematical provision
Individual	48	2.519
Group	28.903	4.454.967
<b>Total</b>	<b>28.951</b>	<b>4.457.486</b>

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the period**

	31 December 2021		
	Number of contracts	Gross contributions	Net contributions
Individual	10	262.294	262.294
Group	613	7.228.535	7.228.517
<b>Total</b>	<b>623</b>	<b>7.490.829</b>	<b>7.490.811</b>

	31 December 2020		
	Number of contracts	Gross contributions	Net contributions
Individual	6	71.671	71.671
Group	762	4.908.490	4.908.486
<b>Total</b>	<b>768</b>	<b>4.980.160</b>	<b>4.980.156</b>

**Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio during the period: None (31 December 2020: None).**



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**18 Investment contract liabilities (continued)**

**Individual pension business (continued)**

**Distribution of individual and group participants and their gross and net contributions which were transferred to other insurance companies in terms of their numbers and gross and net contributions(exception the contracts which leave with account merging )**

	31 December 2021		
	Number of contracts	Gross contributions	Net contributions
Individual	1.436	1.492.987	1.429.950
Group	3.769	2.022.538	1.985.932
OKS	9.122	5.423.899	5.423.899
<b>Total</b>	<b>14.327</b>	<b>8.939.424</b>	<b>8.839.781</b>

	31 December 2020		
	Number of contracts	Gross contributions	Net contributions
Individual	1.955	1.297.928	1.234.984
Group	4.945	1.513.800	1.435.043
OKS	6.380	3.132.081	3.132.081
<b>Total</b>	<b>13.280</b>	<b>5.943.808</b>	<b>5.802.108</b>

**19 Trade and other payables, deferred income**

	31 December 2021	31 December 2020
Payables due to main operations	1.057.998.457	751.229.527
Taxes and other liabilities payable	12.547.292	713.151
Other various payables	1.331.640	1.430.803
Expense accruals	-	565.115
Due to related parties	29.746	2.401.986
<b>Total</b>	<b>1.071.907.135</b>	<b>756.340.582</b>
Short term liabilities	67.751.791	20.706.001
Medium- and long-term liabilities (Not 4.2)	1.004.155.344	735.634.581
<b>Total</b>	<b>1.071.907.135</b>	<b>756.340.582</b>

As of 31 December 2021 and 31 December 2020, taxes and other liabilities payables consist of personnel income taxes, expense tax and period profit tax and other legal liabilities.

As at 31 December 2021, income and expense accruals for the period / year are made from expense accruals amounting to TL 0 (31 December 2020: TL 565.115 expense accruals).

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

	31 December 2021	31 December 2020
Payables due to pension operations (Not 18)	1.008.995.970	739.327.425
Payables to policyholders and agencies	37.609.028	19.229
Payables to reinsurers (Note 10)	11.351.666	11.866.944
Other	41.793	15.929
<b>Payables due to main operations</b>	<b>1.057.998.457</b>	<b>751.229.527</b>

## 19 Trade and other payables, deferred income (*continued*)

Total amount of investment allowances to be utilized in current and future periods: None.

Calculated corporation tax and prepaid taxes are detailed in the following table:

	31 December 2021	31 December 2020
Prepaid taxes during the period	(12.027.928)	(969.586)
Corporate tax provision	22.629.972	346.966
<b>Corporate tax payable, net</b>	<b>10.602.044</b>	<b>(622.620)</b>

## 20 Financial liabilities

As a result of initial measurement of TFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised TL 4.247.321 of right of use assets and TL 818.236 lease liabilities as at 31 December 2021 (31 December 2020: TL 3.888.145 of right-of-use assets and TL 2.017.838 lease liabilities).

## 21 Deferred taxes

As at 31 December 2021 and 31 December 2020, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 December 2021	31 December 2020
	Deferred tax assets/ (liabilities)	Deferred tax assets/ (liabilities)
Provision for lawsuits	170.339	143.757
Provision for unused vacation pay liability	212.684	66.908
Provision for employment termination benefits	265.233	108.025
Equalization provision	1.919.505	976.291
Other	4.354	4.906
Rental expenses	37.955	50.191
Depreciation adjustment TMS difference	(412.876)	(280.529)
<b>Deferred tax assets, net</b>	<b>2.197.194</b>	<b>1.069.549</b>
Unrecorded deferred tax assets, net	-	-
<b>Deferred tax assets, net</b>	<b>2.197.194</b>	<b>1.069.549</b>

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

	2021	2020
Beginning of the period - 1 Ocak	<b>1.069.549</b>	<b>821.849</b>
Deferred tax income, net ( <i>Note 35</i> )	895.479	239.501
Deferred tax income / (expense) under equity	49.584	8.199
Transfer effect (*)	182.582	-
<b>End of period, 31 December</b>	<b>2.197.194</b>	<b>1.069.549</b>

(\*) Detailed explanation of the transfer effect is disclosed in Note 46 events occurring after the reporting period.

## 22 Retirement benefit obligations

As of 31 December 2021, the company has no retirement benefit obligation (31 December 2020: None).

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## 23 Provision for other liabilities and charges

As of 31 December 2021 and 31 December 2020, the detail of provisions for other risks is as follows:

	31 December 2021	31 December 2020
Performance premium provision <sup>(2)</sup>	-	1.354.948
Lawsuit provision <sup>(1)</sup>	740.603	718.783
Provision for unused vacation	924.712	334.540
Other	18.934	24.531
<b>Provisions for costs</b>	<b>1.684.249</b>	<b>2.432.802</b>
Provision for employment termination benefits	1.326.163	540.125
<b>Total provision for other risks</b>	<b>3.010.412</b>	<b>2.972.927</b>

(1) It consists of the provision amount allocated for return to work cases.

(2) It consists of the performance premium provision allocated to the personnel for the 2020 fiscal year, taking into account the working hours and performance.

The movement of the provision for employment termination benefits between 1 January - 31 December 2021 and 1 January - 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Provision for employment termination benefits at the beginning of the period	540.125	434.935
Interest cost (Note 47)	381.636	51.613
Service cost (Note 47)	160.177	141.147
Payment/diminishing benefits/ gain/ (loss) due to dismissal (Note 47)	45.477	122.410
Payment during the period (Note 47)	(49.172)	(250.981)
Actuarial difference	247.920	41.001
<b>Provision for employment termination benefits at the end of the period</b>	<b>1.326.163</b>	<b>540.125</b>

## 24 Net insurance premium revenue

The detail of net insurance premium revenue for life and non-life branches as of 31 December 2021 and 2020, is as follows :

	31 December 2021			31 December 2020		
	Gross	Share of reinsurer	Net	Gross	Share of reinsurer	Net
Life	258.732.904	(26.444.151)	232.288.753	138.293.739	(6.143.844)	132.149.895
Personal Accident	44.498.443	-	44.498.443	42.429.255	(7.876.907)	34.552.348
<b>Total</b>	<b>303.231.347</b>	<b>(26.444.151)</b>	<b>276.787.196</b>	<b>180.722.994</b>	<b>(14.020.751)</b>	<b>166.702.243</b>

## 25 Fee revenues

Fee revenues consist of fees received from pension investment funds, pension participants and expenses charged to the life policyholders. The details of fees from pension investment funds and pension participants are presented in the accompanying statement of income.

	1 January- 31 December 2021	1 January- 31 December 2020
Fund management fee	11.864.036	9.671.139
Management fee deduction	84.154	56.663
Entrance fee	107.456	144.699
Management fee deduction in case of interruption	12.170	148.236
<b>Total</b>	<b>12.067.816</b>	<b>10.020.737</b>

## 26 Investment income

Presented in Note 4.2- *Financial Risk Management*.

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**27 Net realized gains and financial assets**

Presented in Note 4.2 - *Financial Risk Management*.

**28 Net fair value gains on assets at fair value through profit or loss**

Presented in Note 4.2 – *Financial Risk Management*.

**29 Insurance rights and claims**

As of 31 December 2021 and 2020, the remaining amounts of the Company's insurance technical account are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Claims paid, net off ceded	(92.283.112)	(79.092.541)
Change in provision for outstanding claims, net off ceded	3.980.133	(8.217.016)
Change in reserve for unearned premium, net off ceded	(53.068.173)	(37.703.305)
Change in equalization reserve, ceded	(3.937.490)	(2.541.091)
Change in life mathematical provisions, ceded	(9.609.291)	2.044.471
<b>Total recognized in the statement of income</b>	<b>(154.917.933)</b>	<b>(125.509.482)</b>

**30 Investment contract benefits**

None.

**31 Other expenses**

The allocation of the expenses with respect to their nature or function is presented in Note 32- *Expenses by Nature* below.

**32 Expenses by nature**

For the year ended 31 December 2021 and 31 December 2020, the details of operating expenses are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Employee benefit expenses (Note 33)	(17.436.971)	(16.540.898)
Commission expenses (Note 17)	(20.552.355)	(33.030.391)
Commissions to intermediaries accrued during period (Note 17)	(51.661.997)	(36.923.230)
Change in deferred commission expenses (Note 17)	31.109.642	3.892.839
Commission income from reinsurers	565.115	15.255.463
Administrative expenses	(4.963.475)	(4.309.989)
Advertisement and sales expenses	(4.227.010)	(6.672.321)
Service expenses rendered from third parties	(5.800.729)	(5.936.181)
Other	(5.304)	(26.363)
<b>Total</b>	<b>(52.420.729)</b>	<b>(51.260.680)</b>

The fee details for independent audit services for the accounting periods ending on 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Expenses related to independent audit services	237.000	160.000
<b>Total</b>	<b>237.000</b>	<b>160.000</b>

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### 33 Employee benefit expenses

For the years ended 31 December 2021 and 2020, the details of employee benefit expenses are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Wages and salaries	13.028.184	11.156.412
Employer's share in social security premiums	2.182.949	1.737.039
Other benefits	2.225.838	3.647.447
<b>Total</b>	<b>17.436.971</b>	<b>16.540.898</b>

### 34 Financial costs

Finance costs are presented in Note 4.2 – *Financial Risk Management* above. There are no finance costs classified in production costs or capitalized on tangible assets. All financial costs are directly recognized as expense in the statement of income.

### 35 Income taxes

Income tax expense in the accompanying financial statements is as follows:

	31 December 2021	31 December 2020
<b>Provision for corporate tax:</b>		
Provision for corporate taxes	(22.629.972)	(346.966)
<b>Deferred taxes:</b>		
Arising from origination (+)/ reversal (-) of taxable temporary differences	895.479	239.501
total income tax expense recognized in profit	895.479	239.501
<b>Total tax income</b>	<b>(21.734.493)</b>	<b>(107.465)</b>

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021		31 December 2020	
		Tax rate		Tax rate
Profit/ (Loss) before tax	85.699.500	(%)	(1.022894)	(%)
Income tax provision by legal tax rate	(21.424.875)	(25,00)	225.037	22,00
Non-deductible expenses	(309.618)	(0,36)	(332.502)	32,51
<b>Total tax income recognized in income statement</b>	<b>(21.734.493)</b>	<b>(25,36)</b>	<b>(107.465)</b>	<b>54,51</b>

### 36 Net foreign exchange gains

Presented in Note 4.2 – *Financial Risk Management* above.

### 37 Earnings per share

Earnings per share are calculated by dividing net profit of the period to the weighted average number of shares:

	31 December 2021	31 December 2020
Net profit / (loss) for the period	63.965.007	(783.392)
Weighted average number of shares	30.000.000	30.000.000
Earnings/ (loss) per share (TL)	2,13217	(0,02611)

### 38 Dividends per share

The company has net profit for the year ended 31 December 2021 amounting to TL 63.965.007 in accordance with applicable accounting standards (31 December 2020: TL 1.130.358 (loss)). There is no profit distribution due to profit in previous period.

### 39 Cash generated from operations

The cash flows from operating activities are presented in the accompanying statement of cash flows.

### 40 Convertible bonds

None.

### 41 Redeemable preference shares

None.

### 42 Contingencies

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Company are provided either under provision for outstanding claims or provisions for other risks in the accompanying financial statements. As of 31 December 2021 and 31 December 2020, the details of the cases other than those filed against the Company are as follows:

	31 December 2021	31 December 2020
Personnel lawsuits against the Company (Note 23)	740.603	718.783
<b>Total</b>	<b>740.603</b>	<b>718.783</b>

### 43 Commitments

The details of the guarantees that are given by the Company for the operations in the life and non-life branches are presented in *Note 17 - Insurance liabilities and reinsurance assets*.

Details of guarantees and sureties given by the Company are as follows:

TL Commitments	31 December 2021	31 December 2020
Letters of guarantee	703.594	330.594
<b>Total</b>	<b>703.594</b>	<b>330.594</b>

### 44 Business combinations

None.

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**45 Related party transactions**

Türkiye Tarım Kredi Kooperatifleri Merkez Birliği and related group which have 89,09% in total of outstanding shares of the Company and the groups having direct control over those companies and the affiliates and associates of those groups are defined as related party to the Company.

As of 31 December 2021 and 31 December 2020 the related entity balances are as follows:

	31 December 2021	31 December 2020
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği A.Ş.	156.452.436	101.071.417
Tarım Kredi Birlik Tarım Ürün Hay. Amb. Petr. Nak. İth. İhr. San. Tic. A.Ş.	1.520	-
Bereket Sigorta A.Ş.	80	-
<b>Receivables from main operations</b>	<b>156.454.036</b>	<b>101.071.417</b>

	31 December 2021	31 December 2020
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği A.Ş.	25.098.214	18.507.295
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	380	380
Gübre Fabrikaları A.Ş.	12	3
Bereket Sigorta A.Ş. (Individual Accident Transfer)	-	7.790.945
Tarım Kredi Birlik Tarım Ürün Hay. Amb. Petr. Nak. İth. İhr. San. Tic. A.Ş.	-	4.225
Bereket Sigorta A.Ş.	-	653
<b>Payables from main operations</b>	<b>25.098.606</b>	<b>26.303.501</b>

	31 December 2021	31 December 2020
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	376.676	273.518
Tarım Kredi Holding A.Ş.	184.808	279.113
TK Taşımacılık ve Lojistik A.Ş.	17.795	12.935
Bereket Sigorta A.Ş.	16.634	2.376.532
Tarım Kredi Merkez Birliği	5.605	-
Tarım Kredi Gıda San. Ve Tic. A.Ş.	756	660
Bereket Katılım Hayat A.Ş.	-	392
<b>Other various payables</b>	<b>602.274</b>	<b>2.943.150</b>

There are no liabilities such as guarantees, commitments, sureties, advances and endorsements given in favor of shareholders, affiliates and subsidiaries.

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**45 Related party transactions (continued)**

The transactions with related parties for the years ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Türkiye Tarım Kredi Koop. Merkez Birliği	285.436.054	171.069.557
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.	11.258	1.747
Bereket Sigorta A.Ş.	80	-
Gübre Fabrikaları A.Ş.	-	64.125
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	-	45.709
İmece Plastik Tarım İnş. Taah. Pet. Ür. Ve Gıda San. Tic. A.Ş.	-	10.791
Tarım Kredi Gıda San. Ve Tic. A.Ş.	-	1.140
TK Taşımacılık Ve Lojistik A.Ş.	-	380
Tarım Kredi Holding A.Ş.	-	2.660
<b>Written premiums</b>	<b>285.447.392</b>	<b>171.196.109</b>
Bereket Katılım Hayat A.Ş.	18.190	-
Gübre Fabrikaları A.Ş.	15	-
Bereket Sigorta A.Ş.	-	385.112
<b>Paid premiums</b>	<b>18.205</b>	<b>385.112</b>
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	1.328.443	1.400.455
Bereket Katılım Sigorta A.Ş.	477.900	669.962
Türkiye Tarım Kredi Koop. Merkez Birliği	399.468	268.683
Tarım Kredi Holding A.Ş.	234.679	506.391
TK Taşımacılık ve Lojistik A.Ş.	202.174	154.387
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. ve Tic. A.Ş.	100.000	-
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	22.517	-
Bereket Sigorta A.Ş.	18.482	1.167.741
Tarım Kredi Gıda Sanayi ve T.A.Ş.	11.491	9.731
Bereket Katılım Hayat A.Ş.	-	35.778
Tarım Kredi Birlik A.Ş.	-	5.321
<b>Other expenses</b>	<b>2.795.156</b>	<b>4.218.449</b>
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	-	31.202.306
<b>Commission given</b>	<b>-</b>	<b>31.202.306</b>
Bereket Sigorta A.Ş.	-	7.876.907
<b>Transferred premiums</b>	<b>-</b>	<b>7.876.907</b>
Bereket Sigorta A.Ş.	-	3.150.763
<b>Commission received</b>	<b>-</b>	<b>3.150.763</b>
Bereket Sigorta A.Ş.	4.060.650	6.392.190
<b>Paid claims reinsurance share</b>	<b>4.060.650</b>	<b>6.392.190</b>
Bereket Katılım Hayat A.Ş.	425.100	108.216
Bereket Katılım Sigorta A.Ş.	389.943	392
Bereket Sigorta A.Ş.	8.999	4.542
<b>Other income</b>	<b>824.042</b>	<b>113.150</b>
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	46.628.143	-
<b>Other expense</b>	<b>46.628.143</b>	<b>-</b>



**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Notes to the Unconsolidated Financial Statements**  
**As at 31 December 2021**

(Currency: Turkish Lira (TL))

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

**46 Events after the reporting period**

At the Company's Board of Directors dated October 14, 2021, it was decided to transfer Bereket Katılım Hayat A.Ş., its subsidiary. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth Fund Financial Investments A.Ş. (TWF), for TL 23.500.000 after the transfer. The company transfer took place on November 15, 2021. As of the date of transfer, the entire portfolio of the Company, together with guarantees and provisions, has been transferred to Bereket Emeklilik ve Hayat A.Ş.. The sale of the Company to TWF Financial Investments A.Ş. was approved at the General Assembly meeting held on January 7, 2022, and took place as of the same date.

Bereket Emeklilik ve Hayat A.Ş.'s pre-transfer and post-transfer amounts regarding technical provisions are presented below.

	31 December 2021			1 January- 31 December 2021			1 January- 31 December 2021		
	Gross	Reinsurance share before transfer	Net	Gross	Transfer amount before transfer	Net	Gross	Reinsurance share before transfer	Net
<b>Reserve for equalization</b>	6.963.403	167.772	6.795.631	787.435	8.855	778.580	7.750.838	176.626	7.574.211
<i>Gross</i>	6.963.403	167.772	6.795.631	787.435	8.855	778.580	7.750.838	176.626	7.574.211
<i>Re</i>	-	-	-	-	-	-	-	-	-
<b>Reserve for unearned premium</b>	119.548.396	-	119.548.396	1.595.900	-	1.595.900	121.144.296	11.059.327	110.084.969
<i>Gross</i>	119.548.396	-	119.548.396	1.595.900	-	1.595.900	121.144.296	11.059.327	110.084.969
<i>Re</i>	-	-	-	-	-	-	-	-	-
<b>Reserve for outstanding claims</b>	8.265.026	-	8.265.026	1.141.104	-	1.141.104	9.406.130	647.581	8.758.548
<i>Gross</i>	8.265.026	-	8.265.026	1.141.104	-	1.141.104	9.406.130	647.581	8.758.548
<i>Re</i>	-	-	-	-	-	-	-	-	-
<b>Life mathematical provisions</b>	3.699.163	-	3.699.163	9.018.796	-	9.018.796	12.717.959	-	12.717.959
<i>Gross</i>	3.699.163	-	3.699.163	9.018.796	-	9.018.796	12.717.959	-	12.717.959
<i>Re</i>	-	-	-	-	-	-	-	-	-

(\*) Related transfer amounts have been transferred from Bereket Katılım Hayat A.Ş. to Bereket Emeklilik ve Hayat A.Ş.

**47 Other**

**Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements**

They are presented in the related notes above.

**“Payables to employees and receivables from employees presented under accounts, “other receivables” and “other short- or long-term payables”, and which have balance more than 1% of the total assets**

None.

**Subrogation recorded in “Off-Balance Sheet Accounts”**

None.

**Real rights on immovable and their values**

None.

**Explanatory Note for the amounts and nature of previous years’ income and losses**

None.

**For the period ended 31 December 2021 and 31 December 2020, details of the rediscount and provision expenses are as follows:**

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Provision for lawsuits expense ( <i>Note 23</i> )	(21.820)	598.789
Provision for doubtful receivables ( <i>Note 4.2</i> )	(6.972)	(3.958)
Other ( <i>Note 23</i> )	5.596	(6.857)
Provision for employee termination ( <i>Note 23</i> )	(214.926)	(64.189)
Provision for unused vacation ( <i>Note 23</i> )	(9.563)	(111.391)
Performance premium provision ( <i>Note 23</i> )	1.354.948	(1.354.948)
<b>Provisions account</b>	<b>1.107.263</b>	<b>(942.554)</b>

**3.3 31 DECEMBER 2021  
CONSOLIDATED  
FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS’  
REPORT THEREON**



KPMG Bağımsız Denetim ve  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Director of Bereket Emeklilik ve Hayat Anonim Şirketi

### A) Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated balance sheet of Bereket Emeklilik ve Hayat Anonim Şirketi ("the Group") as at 31 December 2021 and the income statement, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *Basis for Opinion*

We conducted our audit in accordance with the regulations on auditing principles in force as per the insurance legislation and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.,  
a Turkish corporation and a member firm of the KPMG network of independent  
member firms affiliated with KPMG International Cooperative, a Swiss entity



### Key Audit Matters

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

#### *Estimations and assumptions used in the calculation of insurance technical reserves*

Refer to Note 2.26 and 17 to the financial statements for details of accounting policies and significant accounting estimates and assumptions used in calculation of insurance technical reserve.

Key Audit Matter	How our audit addressed the key audit matter
<p>As at 31 December 2021, the Group's total technical reserves amounting to TL 174.411.400 and constitute 13 percent of total liabilities. The Group recognises provisions for outstanding claims amounting to TL 12.578.564. There are also incurred but not reported provisions ("IBNR") amounting to TL 5.445.795, net in the provision for outstanding claims for possible future claims. Group management used actuarial assumptions and estimations for calculating the outstanding claims reserve Group. Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matters.</p>	<p>Our audit procedures for the matter are included below:</p> <p>We evaluated the assumptions and estimations of the Group's outstanding claims provision calculations with the involvement of our actuarial specialists.</p> <p>In this context, we evaluated design, implementation and operating effectiveness of internal controls on recognition of the actual outstanding claims with the involvement of our IT specialists.</p> <p>We tested actual outstanding claims by comparing the transaction details with the supporting documents obtained on sample basis of from the files.</p> <p>We have obtained confirmation letter from Group's lawyer for the lawsuit files of the outstanding claims.</p> <p>We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by Group with the involvement of. We evaluated mathematical accuracy of technical reserves for each product</p> <p>We recalculated the technical reserves and controlled the analyzes made by the Group's registered actuary for accuracy of the past experience and legislation.</p> <p>Additionally, we evaluated the adequacy of financial statement disclosures, related to the technical reserves.</p>



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with regulations on auditing principles in force as per the insurance legislation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the 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.


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

#### **B) Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2021, the Group's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Group's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tuğrul Uzun, SMMM  
Sorumlu Denetçi

10 March 2022  
Istanbul, Turkey

**BEREKET EMEKLİLİK ve HAYAT A.Ş.**  
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**BEREKET**  
**EMEKLİLİK** 

**BEREKET EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ**  
**THE CONSOLIDATED FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

We assure you that our financial report and the related disclosures and notes prepared in accordance with the requirements set out by Republic of Turkey Ministry of Treasury and Finance are in compliance with the provisions of the Decree on “Financial Reporting of Insurance and Reinsurance Companies and Pension Funds” and our Company’s accounting records.

İstanbul, 10 March 2022

  
**Mahmut Güngör**  
General Manager

**Davut Menteş**  
Deputy General Manager  


  
**Nevzat Şen**  
Financial Affairs Manager

  
**Orhun Emre Çelik**  
Actuary





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**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

ASSETS			
	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>88.260.220</b>	<b>58.679.198</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	85.339.827	56.161.920
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	2.920.393	2.517.278
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>		<b>-</b>	<b>-</b>
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading		-	-
4- Loans		-	-
5- Provision for Loans		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>182.147.207</b>	<b>91.390.927</b>
1- Receivables from Insurance Operations	12	179.321.257	87.573.457
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	12	536.479	1.955.557
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations	12,18	2.289.471	1.861.913
9- Doubtful Receivables from Main Operations	4,2,12	352.185	345.213
10- Provision for Doubtful Receivables from Main Operations	4,2,12	(352.185)	(345.213)
<b>D- Due from Related Parties</b>		<b>-</b>	<b>17</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	17
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	<b>4,2,12</b>	<b>5.171</b>	<b>3.989</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4,2,12	5.171	3.989
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>92.440.689</b>	<b>39.384.878</b>
1- Deferred Acquisition Costs	17	68.538.299	37.457.758
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses and Income Accruals	17	23.902.390	1.927.120
<b>G- Other Current Assets</b>		<b>401.850</b>	<b>143.558</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	12	-	143.558
3- Deferred Tax Assets		-	-
4- Job Advances	4,2,12	401.850	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>363.255.137</b>	<b>189.602.567</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

ASSETS			
II- Non-Current Assets	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Receivables from Main Operations</b>	<b>12</b>	<b>1,004,029,158</b>	<b>735,564,535</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business	12	1,004,029,158	735,564,535
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>	<b>4.2</b>	<b>5,760</b>	<b>5,760</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2	5,760	5,760
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>	<b>4.11</b>	<b>554,320</b>	<b>441,653</b>
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets	4.11	554,320	441,653
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	<b>6</b>	<b>3,143,692</b>	<b>5,132,524</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	6,467,419	6,195,687
6- Motor Vehicles	6	289,000	280,000
7- Other Tangible Assets (Including Leasehold Improvements)	6	340,797	340,797
8- Tangible Assets Acquired Through Finance Leases	6	4,247,321	3,888,145
9- Accumulated Depreciation	6	(8,200,845)	(5,572,105)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>2,647,315</b>	<b>1,447,024</b>
1- Rights	8	11,863,707	9,766,637
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortization	8	(9,216,392)	(8,319,613)
8- Advances Paid for Intangible Assets		-	-
<b>G-Prepaid Expenses and Income Accruals</b>		-	-
1- Prepaid Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
<b>H-Other Non-Current Assets</b>	<b>21</b>	<b>2,197,194</b>	<b>1,146,750</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	2,197,194	1,146,750
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>1,012,577,439</b>	<b>743,738,246</b>
<b>Total Assets</b>		<b>1,375,832,576</b>	<b>933,340,813</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

<b>LIABILITIES</b>			
	<b>Notes</b>	<b>Audited Current Period 31 December 2021</b>	<b>Audited Prior Period 31 December 2020</b>
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>716.338</b>	<b>1.411.843</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	716.338	1.679.851
3- Deferred Leasing Costs	20	-	(268.008)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>18,19</b>	<b>53.969.299</b>	<b>15.664.992</b>
1- Payables Arising from Insurance Operations	19	48.960.694	11.886.173
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	18,19	4.966.812	3.762.890
5- Payables Arising from Other Main Operations	19	41.793	15.929
6- Discount on Payables from Other Main Operations		-	-
<b>C- Due to Related Parties</b>	<b>19</b>	<b>29.746</b>	<b>2.402.001</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures	19	16.634	2.376.547
5- Due to Personnel	19	13.112	25.454
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19</b>	<b>1.205.454</b>	<b>1.490.595</b>
1- Deposits and Guarantees Received		-	-
2- Other Miscellaneous Payables	19	1.205.454	1.490.595
3- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>4,2,17</b>	<b>153.208.062</b>	<b>102.533.111</b>
1- Reserve for Unearned Premiums - Net	2,24,17	139.517.351	86.494.681
2- Reserve for Unexpired Risks- Net		-	-
3- Life Mathematical Provisions - Net	4,17	1.112.147	110.873
4- Provision for Outstanding Claims - Net	2,26,17	12.578.564	15.927.557
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk for Life Insurance Policyholders - Net		-	-
7- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>19</b>	<b>13.345.466</b>	<b>828.501</b>
1- Taxes and Funds Payable	19	1.497.570	1.129.849
2- Social Security Premiums Payable	19	482.676	321.272
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Liability Provision on Period Profit	35	24.951.844	346.966
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	19	(13.586.624)	(969.586)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>1.684.249</b>	<b>2.785.657</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	1.684.249	2.785.657
<b>H- Deferred Income and Expense Accruals</b>	<b>19</b>	<b>-</b>	<b>565.115</b>
1- Deferred Commission Income	19	-	565.115
2- Expense Accruals		-	-
3- Other Deferred Income and expense accruals		-	-
<b>I- Other Short-Term Liabilities</b>	<b>19</b>	<b>46.754</b>	<b>17.486</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities	19	46.754	17.486
<b>III - Total Short-Term Liabilities</b>		<b>224.205.368</b>	<b>127.699.301</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

<b>LIABILITIES</b>			
	<b>Notes</b>	<b>Audited Current Period 31 December 2021</b>	<b>Audited Prior Period 31 December 2020</b>
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>101.898</b>	<b>605.995</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	101.898	753.226
3- Deferred Leasing Costs	20	-	(147.231)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>18,19</b>	<b>1.004.029.158</b>	<b>735.564.535</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	18,19	1.004.029.158	735.564.535
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>19</b>	<b>126.186</b>	<b>70.046</b>
1- Deposits and Guarantees Received	19	126.186	70.046
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>4,2, 17</b>	<b>21.203.338</b>	<b>13.747.624</b>
1- Reserve for Unearned Premiums – Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	4,2,17	11.605.812	8.618.080
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Investment Risk for Life Insurance Policyholders – Net		-	-
7- Other Technical Provisions – Net	2,28,17	9.597.526	5.129.544
<b>F-Other Liabilities and Provisions</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Provisions for Other Liabilities and Expenses		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>1.326.163</b>	<b>658.973</b>
1- Provisions for Employment Termination Benefits	23	1.326.163	658.973
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>1.026.786.743</b>	<b>750.647.173</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Balance Sheet**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

EQUITY			
V- Equity	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A- Paid in Capital</b>		<b>30.000.000</b>	<b>30.000.000</b>
1- (Nominal) Capital	2.13, 15	30.000.000	30.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>	<b>15</b>	<b>26.348.676</b>	<b>26.451.934</b>
1- Legal Reserves	15	1.367.865	1.367.865
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	25.989.414	25.989.414
4- Special Funds		-	-
5- Valuation of Financial Assets		-	-
6- Other Profit Reserves	15	(1.008.603)	(905.345)
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Losses</b>		<b>(1.457.595)</b>	<b>-</b>
1- Accumulated Losses		(1.457.595)	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>69.949.384</b>	<b>(1.457.595)</b>
1- Net Profit for the Year		69.949.384	-
2- Net Loss for the Year		-	(1.457.595)
3- Nondistributed Profit of the Period		-	-
<b>V- Total Equity</b>		<b>124.840.465</b>	<b>54.994.339</b>
<b>Total Equity And Liabilities</b>		<b>1.375.832.576</b>	<b>933.340.813</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Statement of Income**  
**As At 31 December 2021**  
*(Currency: Turkish Lira (TL))*

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

	Notes	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
<b>I- TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>41.981.358</b>	<b>7.708.823</b>
1- Earned Premiums (Net of Reinsurer Share)		41.981.358	7.708.823
1.1- Written Premiums (Net of Reinsurer Share)	17	44.498.950	34.552.348
1.1.1- Written Premiums, gross	17,24	44.498.950	42.429.255
1.1.2- Ceded Premiums to Reinsurers	17,24	-	(7.876.907)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(2.517.592)	(26.843.525)
1.2.1- Reserve for Unearned Premiums	17	(1.104.806)	(694.966)
1.2.2- Reserve for Reinsurance Share of Unearned Premiums	10,17	(1.412.786)	(26.148.559)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Reinsurance Share of Unexpired Risks		-	-
2- Investment Income Transferred from Non-Technical Section		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Reinsurance Share of Other Technical Income		-	-
<b>B- Non-Life Technical Expense</b>		<b>(28.662.718)</b>	<b>(6.297.849)</b>
1- Incurred Losses (Net of Reinsurer Share)		(12.155.983)	(3.346.076)
1.1- Claims Paid (Net of Reinsurer Share)	29	(8.739.399)	(1.337.550)
1.1.1- Claims Paid, gross		(13.390.049)	(9.196.990)
1.1.2- Reinsurance Share of Claims Paid		4.650.650	7.859.440
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17, 29	(3.416.584)	(2.008.526)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	2.087.727	(4.930.207)
1.2.2- Reinsurance Share of Outstanding Claims Reserve	10,17	(5.504.311)	2.921.681
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(1.000.376)	(778.702)
4- Operating Expenses	32	(15.506.359)	(2.173.071)
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>13.318.640</b>	<b>1.410.974</b>
<b>D- Life Technical Income</b>		<b>208.388.241</b>	<b>139.723.171</b>
1- Earned Premiums (Net of Reinsurer Share)		208.388.241	139.313.197
1.1- Written Premiums (Net of Reinsurer Share)	17	258.893.319	150.218.480
1.1.1- Written Premiums, gross	17,24	296.777.479	156.502.324
1.1.2- Ceded Premiums to Reinsurers	17,24	(37.884.160)	(6.283.844)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(50.505.078)	(10.905.283)
1.2.1- Reserve for Unearned Premiums, gross	17	(58.838.866)	(11.334.819)
1.2.2- Reserve for Reinsurance Share of Unearned Premiums	10,17	8.333.788	429.536
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Reinsurance Share of Unexpired Risks		-	-
2- Life Branch Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
5- Recourse Income Accrued		-	409.974

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Statement of Income**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

		<b>Audited Current Period 1 January – 31 December 2021</b>	<b>Audited Prior Period 1 January – 31 December 2020</b>
<b>I-TECHNICAL SECTION</b>	<b>Notes</b>		
<b>E- Life Technical Expense</b>		<b>(137.473.640)</b>	<b>(139.929.415)</b>
1- Incurred Losses (Net of Reinsurer Share)		(78.168.835)	(84.603.303)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(84.934.412)	(77.884.850)
1.1.1- Claims Paid, gross	17	(87.223.595)	(80.644.434)
1.1.2- Ceded Premiums to Reinsurers	10,17	2.289.183	2.759.584
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	6.765.577	(6.718.453)
1.2.1- Outstanding Claims Reserve	17	7.486.838	(6.703.906)
1.2.2- Reinsurance Share of Outstanding Claims Reserve	10,17	(721.261)	(14.547)
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(3.989.006)	(3.575.812)
3.1- Change in Life Mathematical Provisions, gross	17	(13.007.802)	(2.437.273)
3.2- Change in Life Mathematical Provisions, ceded	10,17	9.018.796	(1.138.539)
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
4.1- Provision for Investment Risk for Life Insurance Policyholders		-	-
4.2- Provision for Investment Risk for Life Insurance Policyholders, ceded		-	-
5- Changes in Other Technical Provisions, ceded	17,29	(3.467.606)	(2.010.477)
6- Operating Expenses	32	(51.848.193)	(49.739.823)
7- Investment Expenses		-	-
8- Unrealized Losses on Investments		-	-
9- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D – E)</b>		<b>70.914.601</b>	<b>(206.244)</b>
<b>G- Pension Business Technical Income</b>	<b>25</b>	<b>12.067.816</b>	<b>10.020.737</b>
1- Fund Management Income	25	11.864.036	9.671.139
2- Management Fee	25	84.154	56.663
3- Entrance Fee Income	25	107.456	144.699
4- Management Expense Charge in case of Suspension	25	12.170	148.236
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		<b>(11.418.640)</b>	<b>(13.151.607)</b>
1- Fund Management Expense		(1.149.207)	(811.578)
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses	32	(10.064.482)	(11.978.368)
4- Other Technical Expenses		(148)	(14.389)
5- Penalty Payment		(204.803)	(347.272)
<b>I- Net Technical Income - Pension Business (G – H)</b>		<b>649.176</b>	<b>(3.130.870)</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.



**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Statement of Income**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

		<b>Audited Current Period 1 January – 31 December 2021</b>	<b>Audited Prior Period 1 January – 31 December 2020</b>
<b>I-NON-TECHNICAL SECTION</b>	<b>Notes</b>		
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>13.318.640</b>	<b>1.410.974</b>
<b>F- Net Technical Income – Life (D-E)</b>		<b>70.914.601</b>	<b>(206.244)</b>
<b>I - Net Technical Income – Pension Business (G-H)</b>		<b>649.176</b>	<b>(3.130.870)</b>
<b>J- Total Net Technical Income (C+F+I)</b>		<b>84.882.417</b>	<b>(1.926.140)</b>
<b>K- Investment Income</b>		<b>12.465.832</b>	<b>5.364.108</b>
1- Income from Financial Investments	4.2	12.021.105	4.433.324
2- Income from Sale of Financial Investments		-	-
3- Valuation of Financial Investments	4.2	386.720	634.086
4- Foreign Exchange Gains	4.2	58.007	296.698
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(4.644.127)</b>	<b>(3.506.789)</b>
1- Investment Management Expenses (inc. interest)	4.2	(658.899)	(287.693)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		-	-
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(189.475)	(54.317)
7- Depreciation and Amortization Expenses	6,8	(3.795.753)	(3.164.779)
8- Other Investment Expenses		-	-
<b>M- Income and Expenses From Other and Extraordinary Operations</b>		<b>2.197.106</b>	<b>(1.041.798)</b>
1- Provisions	47	1.103.442	(1.050.954)
2- Rediscounts	47	(207.033)	(232.341)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	867.449	292.051
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		473.387	46.954
8- Other Expenses and Losses		(40.139)	(97.508)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit / (Loss) for the Year</b>		<b>69.949.384</b>	<b>(1.457.595)</b>
1- Profit / (Loss) for the Year		94.901.228	(1.110.629)
2- Corporate Tax Liability Provision on Period Profit	19,35	(24.951.844)	(346.966)
3- Net Profit / (Loss) for the Year		69.949.384	(1.457.595)
4- Inflation Adjustment Account		-	-

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Cash Flow**  
**For the Year Ended 31 December 2021**  
(Currency: Turkish Lira (TL))

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

	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		358.744.648	217.710.526
2. Cash provided from reinsurance activities		1.419.078	-
3. Cash provided from individual pension business		281.736.361	207.670.973
4. Cash used in insurance activities		(272.026.047)	(190.568.181)
5. Cash used in reinsurance activities		-	(379.939)
6. Cash used in individual pension business		(279.903.911)	(210.562.882)
<b>7. Cash provided by operating activities</b>		<b>89.970.129</b>	<b>23.870.497</b>
8. Interest payments		-	-
9. Income taxes payments	19	(13.586.624)	(969.586)
10. Other cash inflows		30.545.213	7.212.767
11. Other cash outflows		(95.206.964)	(20.377.616)
<b>12. Net cash provided by operating activities</b>		<b>11.721.754</b>	<b>9.736.062</b>
<b>B. Cash flows from investing activities</b>			
1. Proceeds from disposal of tangible assets	6,8	847.723	127.592
2. Acquisition of tangible assets	6,8	(3.225.525)	(1.442.157)
3. Acquisition of financial assets	11	(112.667)	(12.625.243)
4. Proceeds from disposal of financial assets		-	-
5. Interests received		12.407.825	5.067.410
6. Dividends received		-	-
7. Other cash inflows		6.808.884	27.693.480
8. Other cash outflows		(11.769.811)	(31.430.131)
<b>9. Net cash provided by investing activities</b>		<b>4.956.429</b>	<b>(12.609.050)</b>
<b>C. Cash flows from financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(1.649.795)	(2.506.701)
4. Dividends payments		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Net cash provided by financing activities</b>		<b>(1.649.795)</b>	<b>(2.506.701)</b>
<b>D. Effect of currency differences on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>15.028.388</b>	<b>(5.379.689)</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>	<b>14</b>	<b>22.845.112</b>	<b>28.224.801</b>
<b>G. Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>37.873.500</b>	<b>22.845.112</b>

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

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

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Statement of Changes in Equity**  
**As at 31 December 2021**  
(Currency: Turkish Lira (TL))

Audited Statement of Changes in Equity - 31 December 2020												
	Notes	Paid-in Capital	Own Shares of the Company	Value Increase in Financial Assets	Inflation Adjustments on Shareholders' Equity	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) for the Year	Previous Year's Profits and Losses	Total
I - Balance at the end of the previous year – 31 December 2019	15	30,000,000	-	-	-	-	184,656	3,508,445	(777,466)	26,050,422	(2,386,244)	56,579,813
II - Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III – New Balance (1 January 2020)	15	30,000,000	-	-	-	-	184,656	3,508,445	(777,466)	26,050,422	(2,386,244)	56,579,813
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	15	-	-	-	-	-	-	-	(127,879)	-	-	(127,879)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit or loss for the year		-	-	-	-	-	-	-	-	(1,457,595)	-	(1,457,595)
I – Other reserves and transfers from retained earnings		-	-	-	-	-	1,183,209	22,215,617	265,352	(26,050,422)	2,386,244	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020	15	30,000,000	-	-	-	-	1,367,865	25,724,062	(639,993)	(1,457,595)	-	54,994,339
Audited Statement of Changes in Equity - 31 December 2021												
	Notes	Paid-in Capital	Own Shares of the Company	Value Increase in Financial Assets	Inflation Adjustments on Shareholders' Equity	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) for the Year	Previous Year's Profits and Losses	Total
I - Balance at the end of the previous year –31 December 2020	15	30,000,000	-	-	-	-	27,357,279	-	(905,345)	(1,457,595)	-	54,994,339
II - Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III – New Balance (1 January 2021)	15	30,000,000	-	-	-	-	27,357,279	-	(905,345)	(1,457,595)	-	54,994,339
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	15	-	-	-	-	-	-	-	(103,258)	-	-	(103,258)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit or loss for the year		-	-	-	-	-	-	-	-	69,949,384	-	69,949,384
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	1,457,595	(1,457,595)	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2021	15	30,000,000	-	-	-	-	27,357,279	-	(1,008,603)	69,949,384	(1,457,595)	124,840,465

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
**Consolidated Statement of Profit Distribution**  
**As at 31 December 2021**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
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	Notes	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>I. DISTRIBUTION OF THE PROFIT FOR THE YEAR</b>			
1.1. CURRENT PERIOD PROFIT/(LOSS) <sup>(*)</sup>		69.949.384	(1.457.595)
1.2. TAXES AND DUTIES PAYABLE	35	867.449	292.051
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	867.449	292.051
<b>A. CURRENT PERIOD PROFIT/(LOSS) (1.1 – 1.2)</b>		<b>70.816.833</b>	<b>(1.165.544)</b>
1.3. PREVIOUS YEARS' LOSSES (-)		(1.457.595)	-
1.4. FIRST LEGAL RESERVES		-	-
1.5. COMPULSORY LEGAL FUNDS TO BE RETAINED IN THE COMPANY (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [ (A - (1.3 + 1.4 + 1.5) ]</b>		<b>69.359.238</b>	<b>(1.165.544)</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To holders of participating redeemed shares		-	-
1.6.4. To holders' profit-sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9.1. To owners of ordinary shares		-	-
1.9.2. To owners of privileged shares		-	-
1.9.3. To holders of participating redeemed shares		-	-
1.9.4. To holders' profit-sharing bonds		-	-
1.9.5. To holders of profit and loss sharing certificates		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.11. SECOND LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To holders of participating redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To owners of Profit and Loss Participation Certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE <sup>(**)</sup></b>		-	-
3.1. TO OWNERS OF ORDINARY SHARES		2,33165	(0,04859)
3.2. TO OWNERS OF ORDINARY SHARES (%)		233,17	4,859
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO THE PRIVILEGED SHAREHOLDERS		-	-
4.4. TO THE PRIVILEGED SHAREHOLDERS ( % )		-	-

(\*) Since the profit distribution proposal for 2021 has not been prepared by the Board of Directors yet, the profit distribution table for 2021 has not been filled.

(\*\*) Earnings per share is calculated over the unconsolidated net profit for the period.

The accompanying policies and explanatory notes on pages 12 through 56 form an integral part of these consolidated financial statements.

**Bereket Emeklilik ve Hayat Anonim Şirketi**  
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**General information**

**1.1 Name of the Group and the ultimate parent of the group**

Bereket Emeklilik ve Hayat A.Ş. (the “Company”) has been founded under the name of Asya Emeklilik ve Hayat A.Ş. on 1 July 2011. The main contract of the company was registered with the Istanbul Trade Registry Office on 1 July 2011, with the number 27229 and announced on 7 July 2011 and numbered 7853 of the Turkish Trade Registry Gazette.

On 17 January 2017, the title of the company was changed to Bereket Emeklilik ve Hayat A.Ş. with the decision of Board of Directors numbered 176. The company has applied to the Istanbul Trade Registry Directorate for the change registration, and the name change was approved by the Istanbul Trade Registry Office on 13 February 2017.

As of 31 December 2021, the capital group has the direct or indirect dominance is The Central Union of Turkish Agricultural Credit Cooperatives with 89.09% share.

**1.2 Domicile and the legal structure of the Group, country and the address of the registered office (address of the operating center if it is different from the registered office)**

The Group operates in Saray Mah. Dr. Adnan Büyükdeniz Caddesi No:8 34768 Ümraniye, İstanbul is in the status of a Joint Stock Group established in accordance with the regulations of Turkish Commercial Code (“TCC”). The Group has been founded to operate in pension in Turkey, establishment and functioning of pension investment funds, and life and personal accident insurance, in accordance with the principles of the Insurance Law No. 5684, and the Private Pension Savings and Investment System Law No. 4632.

**1.3 Business of the Group**

The Company has been founded for fulfillment of all kind of legal transactions, acts and works entered into the activity area of the Group, and to make all kind of private pension, life and personal accident insurance and reinsurance transactions within the limits prescribed and foreseen by other legislation related to private pensions, insurance and capital markets. The Company carries out its retirement activities in accordance with the principles set out in the Private Pension Savings and Investment System Law No. 4632 and life branch activities in accordance with the principles in the Insurance Law No. 5684.

The company has applied to the Ministry of Treasury and Finance for the license to operate in the private pension system on September 16, 2011, his application was approved on January 23, 2012 and published in the Official Gazette dated February 9, 2012

The Company has applied to the Ministry of Treasury and Finance on 31 December 2011 in order to be able to carry out insurance activities. As the necessary conditions stated in the letter dated 17 May 2012 and numbered 8368 of Ministry of Treasury and Finance has provided, it is deemed appropriate to give an operating license in life, marriage, birth, investment fund, capital redeeming and accident insurance branches.

As of 31 December 2021, there are 11 Private Pension Funds offered to participants by the Company (31 December 2020: 11).

**1.4 Description of the main operations of the Company**

The Company maintains its business activities in accordance with accounting principles, statements and guidance as promulgated by the Turkish Treasury in compliance with the Insurance Law No.5684 (the “Insurance Law”) issued on 14 June 2007 in Official Gazette No.26552 and with the Law of Private Pension Saving and Investment System No.4632 (the “Private Pension Law”) issued on 7 April 2001 in Official Gazette No.4366, be valid as of 1 January 2013 amended by law no 6327 and issues policies/contracts in life, personal accident, and pension branches. As of 31 December 2021, the company makes contracts in life, personal accident and pension branches.

**1 General information (continued)**

**1.5 Average number of employees by categories**

The average number of employee during the period in terms of categories is as follows:

	31 December 2021	31 December 2020
Executive management	2	1
Executive	38	33
Specialist	53	31
<b>Total</b>	<b>93</b>	<b>65</b>

**1.6 Remuneration and fringe benefits provided to top management**

As of 31 December 2021, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 565.710 (31 December 2020: TL 787.452).

**1.7 Criteria used in the distribution of investment income and underwriting expenses (personnel, administration, research and development, marketing, selling, and other underwriting expenses) in the financial statements**

The procedures and principles related to the key used in the financial statements to be prepared by the companies have been determined by Republic of Turkey Ministry of Treasury and Finance within the scope of the "Circular on the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of Insurance Account Plan" dated 4 January 2008 and numbered 2008/1.

According to the circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Republic of Turkey Ministry of Treasury and Finance, or by a method which they can determine by the approval of Ministry of Treasury and Finance. In this framework, expenses which are strictly documented for non-life, life or private pension branches and which do not hesitate to belong to these branches, are directly transferred to related branch. The technical part other than these expenses is determined within the framework of the Circular on the Amendment of the General Regarding the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of Insurance Uniform Chart of Accounts dated 9 August 2010 and numbered 2010/9, and issued by the Republic of Turkey Ministry of Treasury and Finance effective from 1 January 2011.

**1.8 Stand-alone or consolidated financial statements**

The accompanying consolidated financial statements contain the consolidated financial information of the Group, the information on the consolidation principles applied is detailed in note 2.2 - Consolidation.

As an subsidiary of the Company with 100% share in its capital prepared as of December 31, 2021 the consolidated financial statements of Bereket Katılım Hayat A.Ş. ("Bereket Katılım Hayat") have been consolidated according to the full consolidation method.

Bereket Katılım Hayat is deemed appropriate to be granted an operating license in life, marriage, birth, sickness / health and accident insurance branches since the necessary conditions have been met. The company conducts takaful life insurance activities.

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

The name and other identity information of the Group and the Subsidiary and the changes are specified in 1.1, 1.2 and 1.3.

**1.10 Events after the reporting period**

At the Company's Board of Directors dated October 14, 2021, it was decided to transfer Bereket Katılım Hayat A.Ş., its subsidiary. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth Fund Financial Investments A.Ş. (TWF), for TL 23.500.000 after the transfer. The company transfer took place on November 15, 2021. As of the date of transfer, the entire portfolio of the Company, together with guarantees and provisions, has been transferred to Bereket Emeklilik ve Hayat A.Ş.. The sale of the Company to TWF Financial Investments A.Ş. was approved at the General Assembly meeting held on January 7, 2022, and took place as of the same date.

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**2 Summary of significant accounting policies**

**2.1 Basis of preparation**

**2.1.1 Information about the basis and special accounting policies used in the preparation of the financial statements**

The Group operates subject to its own legislation on establishment, supervision, accounting and independent auditing standards in accordance with the provisions of the VIII part, the 5th paragraph of the 136th article of the Capital Markets Law No. 6362. Hence, The Group maintains its books of account and prepares its consolidated financial statements in accordance with the Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the insurance legislation, and within the framework of "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies", the Article 18 of Insurance Law, and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") as promulgated by the Republic of Turkey Ministry of Treasury and Finance in accordance with the current regulations.

In this context, the Group prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated 14 June 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRS") which established by the Presidential Decree dated 18 October 2019. The insurance legislation before the establishment of IPPRS and the initiation of regulatory activities regarding the insurance sector was published by the Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

In the 4th article of the aforementioned regulation; accounting for insurance contracts, subsidiaries, joint ventures and affiliates and this consolidated financial statements, the consolidated financial statements to be disclosed to the public, and the procedures and principles regarding the preparation of the explanations and footnotes related to them. It has been stated that it will be determined by the communiqués to be issued by the Ministry of Treasury and Finance.

Circular Related to the Presentation of Financial Statements", issued by the Turkish Treasury in the 18 April 2008 dated and 26851 numbered Official Gazette, regulates the content of the financial statements to make them comparable with the financial statements of previous periods and the other companies.

Consolidated financial statements is prepared accounting and financial reporting regulations in force pursuant to insurance legislation and in matters not regulated by these in accordance with the rules of Turkey Accounting Standards.

The Group's balance sheet as of 31 December 2021 and the income statement for the accounting period ending on the same date are approved by the Group Management on 10 March 2022. General Assembly and/or legal authorities of the group have authority to change financial statements in attachment.

**2.1.2 Other related accounting policies relevant for the financial statements**

**Accounting in hyperinflationary countries**

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 – Financial Reporting in Hyperinflationary Economies" as at 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

Based on the letter of Republic of Turkey Ministry of Treasury and Finance dated April 4, 2005 and numbered 19387, by the Capital Markets Board ("CMB") dated January 15, 2003 and effectuated in accordance with the provisions of the "Adjustment of Financial Statements in High Inflation Periods" in the "Communiqué on Accounting Standards in the Capital Markets" (Communiqué Serial: XI No: 25) published in the Official Gazette numbered 25290, the Group prepared its financial statements dated December 31, 2004, it has prepared the opening financial statements for the year 2005 by correcting it. In addition, based on the same letter of Republic of Turkey Ministry of Treasury and Finance, the practice of correcting financial statements for inflation has been terminated since the beginning of 2005.

Therefore, the non-monetary assets and liabilities and equity items, including capital, included in the balance sheet prepared as of December 31, 2021 are shown that the entries until December 31, 2004 were adjusted for inflation until December 31, 2004, and entries after this date were carried over from their nominal values.



**2 Summary of significant accounting policies (continued)**

**2.1 Basis of preparation (continued)**

**2.1.2 Other related accounting policies relevant for the financial statements (continued)**

**Accounting in hyperinflationary countries (continued)**

Pursuant to the announcement made by the POA on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, in the financial statements of the companies applying TFRS for 2021, TAS 29 in High Inflation Economies, it was stated that they would not need to make any adjustments within the scope of the Financial Reporting Standard. For this reason, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2021.

**2.1.3 Functional and reporting currency**

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

**2.1.4 Rounding level of the amounts presented in the financial statements**

Unless otherwise stated in the consolidated financial statements and related footnotes, all amounts are shown in TL and without rounding.

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

The consolidated financial statements have been prepared on the basis of historical cost, except for the financial assets available for sale and marketable securities in the tradebook, which are shown with forementioned inflation adjustments and fair values.

**2.1.6 Changes in accounting policies**

There is no change or mistake in accounting policies in the current period. The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

The COVID-19 pandemic that enounced by the World Health Organization at 11 March 2020 and preventive actions that have been taken into place to respond the pandemic, causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. However, any negative significant effect identified of this pandemic for the Group as of the reporting date, based on the evaluation made by the Group's management.

**2.1.7 Comparative Information**

TL 441.653, which was classified in the "Financial Assets Available for Sale" in the consolidated financial statements of the Group for the accounting period ending as of 31 December 2020, was classified in the "Other Financial Asset" account in the comparative financial statements.

**2.2 Consolidation**

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

The unconsolidated financial statements of the Group and the Subsidiary It is also submitted to Republic of Turkey Ministry of Treasury and Finance. Control, by having the Group directly or indirectly more than 50% of the voting right on the capital of a business, it is ensured by having a management power over the financial and operating policies in order to benefit from the activities of the group in question. Period profits / losses of subsidiaries have been included in the consolidated income statement from the date of purchase / establishment by the parent company. Consolidated financial statements have been prepared for similar transactions and events using common accounting principles and in the same accounting order as the Group and the Subsidiary. All intragroup transactions, balances, income and expenses including unrealized gains and losses are eliminated within the scope of consolidation.

Information about the subsidiary subject to consolidation is as follows;

Subsidiary	31 Aralık 2021				31 Aralık 2020			
	Percentage of shares	Total asset	Total equity	Profit / (loss) for the year	Percentage of shares	Total asset	Total equity	Profit / (loss) for the year
Bereket Katılım Hayat A.Ş.	100,00%	31.734.632	30.936.458	5.984.377	100,00%	16.998.140	9.857.003	(327.237)



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**2 Summary of significant accounting policies (continued)**

**2.3 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Since Turkey is the main geographical area that Group operates, segment reporting presented in Note 5 - *Segment Reporting* is related to the operations of Group not to the geographical areas.

**2.4 Transactions in foreign currencies**

Group at the date of the policy process transactions made in foreign currency, the Central Bank of the Republic of Turkey ("CBRT"), selling rate of exchange, other transactions are based on the CBRT foreign buying rate of exchange valid on the transaction date. The Group uses the CBRT buying rate of exchange rates when converting foreign currency balances at the end of the period into the currency used. Foreign exchange expenses or incomes arising from the conversion of foreign currency transactions into the currency used or the expression of monetary items are reflected in the consolidated income statement in the relevant period.

**2.5 Property, Plant and Equipment**

Property, plant and equipment are recorded by separating accumulated depreciation and permanent impairment from their acquisition cost values. Assets under construction for leasing or administrative purposes or for already other unspecified purposes are shown by deducting the impairment loss, if any, from their cost values. Legal fees are also included in the cost.

Except for land and ongoing investments, cost amounts of tangible fixed assets are subjected to depreciation using the linear depreciation method according to their expected useful lives. The expected useful life, residual value and depreciation method are reviewed every year for the possible effects of changes in estimates and if there is a change in estimates, they are accounted for prospectively. The depreciation periods estimated based on the useful lives of tangible fixed assets are as follows:

<b>Property, plant and equipment</b>	<b>Useful life</b>
Furniture and fixture	3-15 years
Other tangible assets (including leasehold improvements)	5 years
Right of use assets	2-5 years

Assets purchased through financial leasing are depreciated in in the same way as tangible fixed assets with the shorter of the expected useful life and the lease period in question. The gain or loss resulting from disposal of tangible fixed assets or decommissioning of a tangible fixed asset is determined as the difference between the sales revenue and the asset's book value and is included in the income statement.

**2.6 Investment properties**

As at balance sheet date, the Group does not have any investment property

**2.7 Intangible assets**

The Group's intangible assets consist of acquired computer software.

Intangible assets are carried at cost and are depreciated on a straight-line basis over their estimated useful lives (3-5 years) after their acquisition date. In case of impairment, book value of intangible assets is taken to its recoverable value.

## **2 Summary of significant accounting policies (continued)**

### **2.8 Financial assets**

*Financial assets* are any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity. Financial assets are classified in four categories; financial assets held for trading, available-for-sale financial assets, held to maturity investments, and loans and receivables.

*Financial assets held for trading purpose* are measured at their fair values and gain or loss arising due to changes in the fair values of related financial assets are recorded in profit or loss. Interest income earned on held for trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of 31 December 2021, The Group does not have financial assets held for trading purpose. (31 December 2010: None.)

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and receivables are initially recorded at cost plus transaction costs that reflect their fair value, and following the recording, provision is made for impairment, if any, from cost. Fees and other similar charges related to assets received as collateral for related receivables are not considered as transaction costs and presented in loss statement.

*Available-for-sale financial assets* are the financial assets other than assets held for trading purposes, held-to-maturity investments and loans and receivables. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair values and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in profit or loss. Group's affiliated securities are classified as available-for-sale financial assets. All normal financial asset purchases and sales are reflected in the records at the transaction date which the Group undertakes to purchase or sell the asset. Such purchases and sales are trades that generally require the delivery of the financial asset within the time frame determined by the general customs and regulations in the market. As of 31 December 2021, does not have financial assets available-for-sale. (31 December 2020: None).

*Financial assets held to maturity*, consists of financial assets with acquired with the intent to hold until the end of maturity, where necessary conditions have been met for the retention of maturity until maturity, including funding capability and fixed or determinable payments with fixed maturity and with the exception of loans and receivables. Financial assets held to maturity are accounted with amortized costs calculated by effective interest method, deducting impairment for provision following the initial recognition. As of 31 December 2021, the group does not have financial assets held to maturity (31 December 2020: None).

*Loans* represent amounts borrowed by the life insurance policy in return for a certain percentage of the amounts in the table of associates of the company's certified life insurance policy for life insurers paying premiums for the period specified on the technical basis. As of 31 December 2021, the Group does not have any loans granted to the insured (31 December 2020: None).

*Financial investments with risks on saving life policyholders* are the financial assets invested against the savings of the life policyholders. Financial investments with risks on saving life policyholders could be classified as financial assets held for trading purpose, available for sale financial assets or held to maturity investments by considering the benefits of the policyholders and measured in accordance with the principles as explained above. As of 31 December 2021 and 31 December 2020, the group does not have financial investments with risks on saving life policy holders.

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**2 Summary of significant accounting policies (continued)**

**2.8 Financial assets (continued)**

*Receivables from individual pension* operations consist of capital advances given to pension investment funds, receivable from pension investment funds for fund management fees, entrance fee receivable from participants and receivables from clearing house on behalf of the participants.

*Receivable from pension investment funds for fund management fee* are the fees charged to the pension investment funds against for the administration of related pension investment funds which consist of fees which are not collected in the same day.

Capital advances given to pension investments funds during their establishment are recorded under capital advances given to pension investment funds.

Receivables from the clearing house on behalf of the participants is the receivable from clearing house on fund basis against the collections of the participants. Same amount is also recorded as payables to participants for the funds sold against their collections under the payables arising from individual pension business.

**Derecognition**

The Group presents the financial assets or liabilities in the balance sheet if they are parties to the relevant financial instrument contracts. The Group removed the accounting records of all or some of financial assets only when it loses control over the rights arising from the contemplation of the existence of assets. The Group's financial liabilities are only derecognized if the liability defined in the contract is abolished, canceled, or overdue.

**2.9 Impairment on assets**

**Impairment on financial assets**

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Group estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

Receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

**Impairment on tangible and intangible assets**

On each reporting date, the Group evaluates whether there is an indication of impairment of tangible and intangible assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – Impairment of Assets and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Rediscount and provision expenses of the period are disclosed in Note 47 – Other.

## **2 Summary of significant accounting policies (continued)**

### **2.10 Derivative financial instruments**

The Group classifies derivative transactions as trading-purpose transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement standards. Derivative transactions are presented in balance sheet at fair value. Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts at contractual amounts. Derivative transactions are measured at fair value in the periods subsequent to their acquisition, and they are presented in the balance sheet under "Trading financial assets" or "Other financial liabilities" accounts according to whether the fair value is positive or negative. The changes in the fair value of the related derivative financial instruments are presented in income statement as a result of measurement. As of 31 December 2021, the Group has no derivative financial instruments (31 December 2020: None).

### **2.11 Offsetting of financial assets (Set off)**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the Reporting Standards, or for gains and losses, arising from a group of similar transactions included in the Group's trading activities.

### **2.12 Cash and cash equivalents**

*Cash and cash equivalents*, which is the basis for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than three months which are ready to be used by the Group or not blocked for any other purpose.

### **2.13 Share capital**

**2.13.1** As of 31 December 2021, the shareholder having direct or indirect control over the shares of the Group is Türkiye Tarım Kredi Kooperatifleri Merkez Birliği by 89,09% of the outstanding shares of the Company. As of 31 December 2021 and 31 December 2020, the share capital and ownership structure of the Group are as follows:

Name	31 December 2021		31 December 2020	
	Nominal Value of the Shares (TL)	Percentage (%)	Nominal Value of the Shares (TL)	Percentage (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	26.727.000	89,09	26.727.000	89,09
Tarım Kredi Kooperatifleri ve Birlikleri Personeli Sosyal Yardım Vakfı	2.970.000	9,90	2.970.000	9,90
Other	303.000	1,01	303.000	1,01
<b>Paid in Capital</b>	<b>30.000.000</b>	<b>100,00</b>	<b>30.000.000</b>	<b>100,00</b>

As of December 31, 2021, the nominal capital of the Group is TL 30.000.000 (31 December 2020: TL 30.000.000) and consists of 30.000.000 shares (31 December 2020: 30.000.000), each of which is 1 TL, of which 30.000.000 (31 December 2020: 30.000.000) has been paid.

The Group did not increase its capital in the period ended 31 December 2021 (31 December 2020: None).

### **2.13.2 Privileges on common shares representing share capital**

None.

### **2.13.3 Registered capital system in the Company**

None.

Other information about the capital of the Group is disclosed in Note 15.

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**2.14 Insurance and investment contracts - classification**

An insurance contract is a contract under which the Group accepts significant insurance risk from another party (the policyholder) by accepting to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account of written premiums. Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable. The Group mainly issues policies under personal accident, risk and saving cumulative life insurance branches and individual pension contracts.

**Reinsurance agreements**

Reinsurance agreements are the agreements that agreed by the Group and Reinsurance Company for the loss which may occur in one or more insurance agreement signed by the Group, and those meet all conditions to be classified as insurance contract and those whose costs are paid. The reinsurance companies with which the Company has worked as of 31 December, 2021, are presented in the table below:

Reinsurer	Grade	Rating Company	Date
General Reinsurance	A+ (Superior)	AM Best	25.09.2019
HCC International Ins Co PLC	A+ (Superior)	AM Best	30.09.2019
Arch Re	A+ (Superior)	AM Best	-

**2.15 Insurance contracts and investment contracts with discretionary participation feature**

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits:

- (i) that are likely to comprise a significant portion of the total contractual benefits;
- (ii) whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) that are contractually based on:
  - (1) the performance of a specified pool of contracts or a specified type of contract;
  - (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
  - (3) the profit or loss of the Company, Fund or other entity that issues the contract,

As at the reporting date, the Group does not have any insurance or investment contracts.

**2.16 Investment contracts without DPF**

As of 31 December 2021 and 31 December 2020 the Group has no investment contracts without DPF.

**2.17 Liabilities**

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

*Payables from individual pension* business consist of payables to participants, participants' temporary accounts and payables to individual pension agencies. Participant debts account is the account of the amounts of the contribution amounts that are directed to the investor in the name of the individual pension contract owners and the revenues obtained from these investments. As of reporting date, it refers debts to individual pension contract holders. The temporary account of participants includes the contributions of participants that have not yet been transferred to investment. This account also includes the entrance fee deducted portion of the participants' fund amounts, resulting from fund share sales upon the participant's leaving the system or transferring funds to other individual pension companies. Accounts payable to individual pension intermediaries refers to the obligation of the Group that the provision of services provided by the Group to agents and agencies that act as intermediaries in the production of individual pension contracts.

**2 Summary of significant accounting policies (continued)**

**2.18 Taxes**

**Corporate tax**

The company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with tax laws to the commercial income of corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after January 1, 2021 (2020: 22%). However, on the basis of the Law No. 7316 on the Collection Procedure of Public Receivables and the Law No. 5520 on the Collection Procedure of Public Receivables and the Law No. 5520 on the official provisional article published in the Gazette dated April 22, 2021 and numbered 31462, with 13 items the corporate tax rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change is valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. Since the tax rate change came into effect as of April 22, 2021, the tax rate was used as 25% in the period tax calculations in the financial statements dated 31 December 2021. Within the scope of the said amendment, deferred tax assets and liabilities in the consolidated financial statements as of 31 December 2021 are calculated with the rates of 25%, 23% and 20% for the portions of temporary differences that will have tax effects in 2021, 2022 and the following periods, respectively.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised. As of 31 December 2021, the Company has no deductible financial loss (31 December 2020: None).

Dividend payments made to resident joint stock companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax. Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated. Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, the usufruct shares and the preference rights are exempt from corporate tax as of 31 December 2017. However, with the amendment made with Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale. In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

**Deferred tax**

Deferred tax liability or assets are determined by calculating the tax effects over the "temporary differences" between the values of assets and liabilities shown in the financial statements and the amounts considered in the legal tax base calculation in accordance with TAS 12 – Income Taxes standard. According to tax legislation, differences that do not affect the financial or commercial profit of assets or liabilities at the acquisition date are excluded from this calculation. Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements only if the Company has a legal right to offset current tax assets with current tax liabilities. If the valuation differences resulting from the valuation of assets are accounted for in the income statement, current period corporate tax and deferred tax income or expense related to these are also recognized in the income statement. If the valuation differences resulting from the valuation of the related assets are recognized directly in the equity accounts, the related tax effects are also recognized directly in the equity accounts.



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**2 Summary of significant accounting policies (continued)**

**2.18 Taxes (continued)**

**Transfer pricing**

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

**2.19 Employee termination benefits**

In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2021 is TL 8.285 (31 December 2020: TL 7.117). The Group reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – Employee Benefits. The major actuarial assumptions used in the calculation of the total liability as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Net Discount Rate	%4,24	3,96%
Expected Rate of Salary/Limit Increase	%18,00	12,80%
Estimated rate for termination	%23,00	8,50%

**Other employee benefits**

The Group has provided for undiscounted other employee benefits earned during the period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

**2.20 Provisions, conditional assets and liabilities**

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset. Contingent assets are assets that arise from past events and are not under the Group's full control, which will be confirmed by the future occurrence of one or more uncertain events. The Group does not reflect the contingent assets in the consolidated financial statements, but constantly evaluates the contingent assets in order to ensure that the relevant developments are accurately reflected in the consolidated financial statements. If it is almost certain that the economic benefit will flow to the Company, the related asset and related income are included in the consolidated financial statements of the period in which the change occurred, and if the economic benefit inflow becomes probable, the contingent asset is shown in the footnotes of the consolidated financial statements.

**2 Summary of significant accounting policies (continued)**

**2.21 Revenue recognition**

**Written premiums**

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

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

**Received and paid commissions**

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

While no agency commission is accrued in non-life branches, the amount of commission that must be paid in the life branch if uncollected receivables are collected is calculated on a policy basis.

Reinsurance commissions are accounted for under contracts with reinsurers. In accordance with the Circular 2007/25 dated 28 December 2007 issued by the Ministry of Treasury and Finance, commissions received from reinsurers starting from 10 January 2008 are accounted for in the "future income" account in the balance sheet.

**Interest income and expense**

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

**Trading income/expense**

Trading income/expense includes gains and losses arising from disposals of financial assets held for trading purpose and available-for-sale financial assets. Trading income and trading expenses are recognized as “Income from disposal of financial assets” and “Loss from disposal of financial assets” in the accompanying financial statements.

**Dividend**

Dividend is recognized as income when the right of collection is obtained.

**Income from pension business**

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Group and the portfolio manager in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as “Fund management income” under technical income and portion of the portfolio manager is recognized as “Fund management expense” under technical expenses. Management fee is levied on contributions of the participants not exceeding the maximum percentage of eight percent recognized as income under “Fund management income”.

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Group and the portfolio managers in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as “Fund management income” under technical income and portion of the portfolio manager is recognized as “Fund management expense” under technical expenses.



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**2 Summary of significant accounting policies (continued)**

**2.21 Revenue recognition (continued)**

**Income from pension business (continued)**

According to the "Regulation on the Amendment of the Regulation on the Private Pension System" which entered into force on 1 January 2016, amendments were made in the deduction amounts and collection processes. For contracts entered into force prior to 1 January 2016,

-No deductions will be made even if it is defined in contracts that have completed 5 years from the effective date.

- For contracts that have not completed 5 years from the effective date, no further deductions shall be made until the end of the year if there is a deduction on the annual upper limit, and no further deductions shall be made if there is a deduction over the 5-years period upper limit. For contracts entered into force after 1 January 2016, there is no deduction available under the name of entrance fee from the participants' contributions or savings of their private pension accounts. Participants' contributions or savings of their private pension accounts are subject to fund management expense fee. Management expense fee deduction is only made beginning from the effective date of related contract through 5 years and not exceed the eight percent of the monthly minimum gross wage which is valid for the first six month of each year. Company books deductions under the fund management expense fee account. If the contract is released from the system or transferred to another company before completed 5 years, the amount of uncollected management fees corresponding to the period until the end of the 5th year is deducted once from the accumulated contribution of the participant. Portfolio value changes because of changes in portfolio value between establishment date of the fund portfolio and date of share sold, are recorded in the income statement as interest income on capital advances.

**2.22 Leasing transactions**

The duration of financial leasing contracts is maximum 5 years. Tangible assets acquired by way of finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate. If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

If the decrease in the value of the assets acquired through financial leasing and the expected future benefit from the assets are less than the book value of the asset, the leased assets are valued at their net realizable value. Depreciation is calculated for the assets acquired through financial leasing according to the principles applied for tangible fixed assets. In accordance with TFRS 16, the lease liability is measured at the present value of the unpaid lease payments at the commencement date of the lease. Lease payments are discounted using an alternative borrowing interest rate. The carrying amount of the lease liability after the actual commencement date of the lease; increased to reflect interest on the lease liability, decreased to reflect lease payments made, remeasured to reflect all reassessments and changes to leases, or to reflect fixed lease payments in revised substance.

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

After the lease actually commenced, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the consolidated financial statements as an adjustment to the right-of-use asset.

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

**2.23 Dividend distribution**

The Ordinary General Assembly meeting for 2020 was held on June 15, 2021, and due to the company's lack of profit to be distributed, no decision was made regarding profit distribution.

**2 Summary of significant accounting policies (continued)**

**2.24 Reserve for unearned premiums**

In accordance with the “Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” (“Communiqué on Technical Reserves”) which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. In the case of personal accident insurance, annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period. Insurance policies covering possibilities of life and death or both and personal accident, disability by illness and serious illness insurance policies are considered as life insurance policies and their premiums are classified as life insurance premiums. Provision for unearned premiums; During the calculation of unearned premium reserves based on the "Sector Announcement Regarding the Implementation of Legislation Regarding Technical Provisions" dated 27 March 2009 and numbered 2009/9 published by the Ministry of Treasury and Finance, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies. According to the Communiqué on Technical Reserves, for the calculation of unearned premium reserves of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Central Bank of the Republic of Turkey will be considered, unless there is a specified exchange rate in the agreement. As of 31 December 2021, the Group provided TL 139.517.351 net unearned Premium reserve in its financial statements (31 December 2020: TL 86.494.681).

**2.25 Reserve for unexpired risks**

In accordance with the Communiqué on Technical Reserves, while providing reserve for unearned premiums, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net – provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period – reserve for unearned premiums, net at the end of the period). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration. In accordance with Treasury Communiqué numbered 2012/15, unexpired risk reserve started to be calculated over main branches as of 31 December 2012. The test is performed on branch basis and in case where the expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that specific branch is added to the reserves of that branch. As of 31 December 2021, the Group has not provided any reserve for unexpired risks (31 December 2020: None).

**2.26 Provision for outstanding claims**

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the reporting date as well as the corresponding handling costs. In this context, as of 31 December 2021, the Group allocated a net provision for outstanding claims amounting to TL 12.578.564 (31 December 2020: TL 15.927.557) in its financial statements regarding incurred but not reported compensation amounts. Identity Sharing System (KPS) in order not to be insufficient against the fluctuations in the future periods as of November 2016, the calculation of the realized but not reported damage and compensation amounts due to the insufficiency of the premiums and average coverage amounts written in the previous years for the contracts of the Group for consistent calculation) based on the data obtained with the query, the coverage amounts of the insured customers in the Group portfolio, whose damage has been realized within the policy period and whose notification has not yet been officially delivered to the Group, has been set aside as a loss compensation provision that has been incurred but has not yet been reported.

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**2 Summary of significant accounting policies (continued)**

**2.26 Provision for outstanding claims (continued)**

For contracts with a term of more than one-year, additional provision was made using the industry average and the premium generated, in line with the actuary's opinion, in addition to the data obtained through the KPS query. As of 31 December 2021, the Group does not have any additional outstanding claims reserve required as a result of the calculation of outstanding claims reserve adequacy difference in accordance with the actuarial chain ladder method (31 December 2020: None).

**2.27 Mathematical reserves**

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts. Mathematical provisions are composed of actuarial mathematical provisions and profit-sharing provisions.

Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Group meets in future and current value of premiums paid by policyholder in future (prospective method). In life insurance where saving plan premiums are also generated, actuarial mathematical provisions consist of total saving plan portions of premiums.

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit-sharing tariffs, obtained from the financial assets backing liabilities of the Group against the policyholders and other beneficiaries for the contracts which the Group is liable to give profit sharing.

The valuation method used in calculation of the profit to be shared for saving life contracts is the same with the valuation basis of portfolio on which assets on which the Group invests the provisions allocated due to liabilities against the beneficiaries are included in the framework of basis defined in the Note 2.8 Financial Assets.

**2.28 Equalization reserve**

The companies have to reserve equalization provision for loans and earthquake guarantees provided in all branches to equalize the possible fluctuations and to cover catastrophic risks including additional guarantees.

In addition, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and loan net premiums of each year. Amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium. In the non-proportional reinsurance agreements including more than one branch, the amount of premium carried forward per each credit and earthquake branches is calculated with respect to its portion in the total premium amount unless another calculation method is determined by the Company. Allocation of provisions should be continued until it is reached the 150% of the highest amount of net premium written in the last five years. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount transferred to the equity can be taken as reserve, used for capital increase or payment of indemnities. In life insurance providing death benefit, the Group will be using its own statistical data in the calculation of balancing provision. The Companies which do not have data to make the necessary calculations will take the 11% of the death net premium as the earthquake premium and reserve the 12% of this amount. In the case of an earthquake or a loss in the loan branch and related financial year, provisions reserved for loan or earthquake guarantees can be used in the payment of indemnities. If claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves. According to Circular No:2010/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account.

**2 Summary of significant accounting policies (continued)**

**2.28 Equalization reserve (continued)**

On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR. Equalization provisions are presented under "other technical reserves" within long-term liabilities in the accompanying financial statements. As of 31 December 2021, the Group reserved provision for equalization reserve amounting to TL 9.597.526 (31 December 2020: TL 5.129.544).

**2.29 Provision for bonus and rebates**

Provision for bonus and rebates is the provision required to be allocated in case a bonus or rebate is committed to the insured with respect to the policies in effect in the current period and without the condition of the renewal of policy in following periods. In case insurance companies implement bonus and rebates, the provision shall be comprised of the bonus and rebate amounts allocated for the insured and beneficiaries according to the technical results of the current year. The bonuses and rebates shall cover all amounts paid or to be paid to the beneficiary or the insured in the current accounting period. The payment shall be carried out through discounts from future premiums of the insured or increases in mathematical provisions. The companies are required to specify in the contract the bonus and discount amounts they undertake. As of 31 December 2021, there is no provision for bonus and rebates (31 December 2020: None).

**2.30 Related parties**

It is the person or business associated with the business that prepares the consolidated financial statements (to be used as the "reporting entity" in this Standard).

- (a) A person or a member of their immediate family is deemed to be related to the reporting entity if:
- The person in question;
- (i) Has control or joint control power over the reporting entity,
  - (ii) Has a significant influence on the reporting entity,
  - (iii) If the reporting entity or a parent company of the reporting enterprise is a member of the key management personnel.
- (b) An entity is deemed to be related to a reporting entity if any of the following conditions exist:
- (i) If the entity and the reporting entity are members of the same group (ie each parent company, subsidiary and other subsidiary is associated with the others).
  - (ii) In case the business is the affiliate or business partnership of the other business (or a member of a group to which the other business is a member).
  - (iii) If both businesses are joint ventures of the same third party.
  - (iv) If one of the entities is a business partnership of a third enterprise and the other entity is a subsidiary of the said third entity.
  - (v) In the event the entity, reporting entity or there are post-employment benefit plans for the employees of an entity associated with the reporting entity.  
If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) If the entity is controlled or jointly controlled by a person identified in article (a).
  - (vii) If a person defined in item (i) of article (a) has a significant influence on the entity or is a member of the key management personnel of the entity (or the parent company of this entity)

The transaction made with the related party is transferred, of resources, services, or obligations between the reporting entity and a related party, regardless of whether it is for a price or not.

The transaction made with the related party is transferred, of resources, services or obligations between related parties regardless of whether it is for a price or not.

In the consolidated financial statements dated December 31, 2021 and the related explanatory footnotes, Bereket Group companies, other than shareholders, are defined as related parties of other shareholders and Group management as related parties.

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**2 Summary of significant accounting policies (continued)**

**2.31 Earnings per share**

According to TAS 33 "Earnings per Share", equity shares are not obliged to disclose earnings per share for companies that are not traded in the stock market. Earnings / losses per share have not been calculated in the accompanying financial statements since the Group's shares are not traded in the stock exchange.

**2.32 Other monetary balance sheet items**

They are reflected in the balance sheet with their registered values.

**2.33 Events after the reporting period**

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

**2.34 New standards and interpretations not yet adopted**

***Amendments published but not yet effective and not early adopted as of 31 December 2021***

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

**Continuing Concessions for COVID-19-Related Lease Payments Due 30 June 2021 - Information on TFRS 16**

The International Accounting Standards Board ("IASB") has extended the application scope of the facilitating provision for 12 months, including the privileges that cause a decrease in lease payments due on or before 30 June 2022. The first amendment made in this regard was published by the IASB in May 2020 to make it easier for tenants to account for rental concessions related to Covid-19, such as discounts or non-payment of rent for a certain period, and to continue to provide investors with useful information about lease agreements. The relevant amendments were also published by POA on 5 June 2020 as the Amendments to TFRS 16.

This change is valid for annual accounting periods beginning on or after April 1, 2021. Early application is also permitted if lessees have not yet approved the financial statements for issue as of March 31, 2021, the date of issue of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been published, it is possible to apply this amendment for the relevant financial statements. 2021 changes are applied retrospectively, with the cumulative effect resulting from the first application of the change being reflected in the financial statements as an adjustment to the opening balance of retained earnings at the beginning of the annual accounting period in which the change is applied for the first time.

The first version of the facilitator application is being implemented on demand and will continue to be implemented on demand at present. However, the implementation of the 2021 changes is not optional. This is because a tenant who chooses to apply the facilitating provision of the 2020 changes must continue to consistently apply the extension to eligible contracts with similar characteristics and similar terms.

This means that if a lease concession is ineligible for the initial facilitating application under the 2020 amendments but becomes eligible for the exemption as a result of the new extension, lessees will have to reverse their accounting for the change to the previous lease.

**Amendment to References to the Conceptual Framework in TFRS 3**

In May 2020, IASB published an amendment to IFRS 3 regarding the references to the Conceptual Framework. With the amendment, the references made by the IASB to an old version of the Conceptual Framework on Financial Reporting in IFRS 3 have been replaced with references to the latest version published in March 2018. Then, the TFRS 3 amendment was published by the POA on 27 July 2020 to reflect these changes.

The Group is required to apply these changes from reporting periods beginning on or after 1 January 2022, but early application is permitted.



**2 Summary of significant accounting policies (continued)**

**2.34 New standards and interpretations not yet adopted (continued)**

*Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)*

**Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments. The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, the Group will recognise such sales proceeds and related cost in profit or loss. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. These changes are retrospective; however, it applies only to items of property, plant and equipment that have been brought to the location and condition required by management to operate in the conditions intended, at the beginning of the earliest period presented in the financial statements in which the changes are applied for the first time. The cumulative effect of applying the changes for the first time is recognized as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented or another appropriate component of equity.

**Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)**

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, IAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The cumulative effect of initial application of the changes is recognized as an adjustment to the opening balance of retained earnings or another appropriate component of equity at the date of initial application. Comparative information is not rearranged.

**TFRS 17 – Insurance Contracts**

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of TFRS 17.

**First Application of TFRS 17 and TFRS 9 - Comparative Information (Amendments to TFRS 17)**

In December 2021, IASB published IFRS 17 and First Application of IFRS 9 - Comparative Information (Amendments to IFRS 17). The relevant amendments were also published by POA on 31 December 2021 as the Amendments to TFRS 17. The amendment is related to the transitional provisions in terms of comparative information on financial assets presented in the financial statements in the first application of TFRS 17. The amendment increases the temporary accounting inconsistencies between financial assets and insurance contract liabilities of enterprises and thus increases the usefulness of comparative information for users of financial statements. Amendments to TFRS 17 are valid for annual reporting periods beginning on or after 1 January 2023. The Group is evaluating the possible effects of the implementation of the TFRS 17 amendment on its consolidated financial statements.

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**2 Summary of significant accounting policies (continued)**

**2.34 New standards and interpretations not yet adopted (continued)**

*Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)*

**Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts**

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognized in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39. The Group is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 4.

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to TAS 1.

**Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes**

In May 2021, the “Deferred Tax on Assets and Liabilities Arising from a Single Transaction” amendment in IAS 12 Income Taxes was published by IASB. The relevant changes were also published by the POA on 27 August 2021 as the Amendments to TAS 12. These amendments to IAS 12 Income Taxes, companies’ certain transactions, for example; It clarifies how it should account for deferred tax on provisions for leases and decommissioning (dismantling, reinstatement, restoration, etc.). With the amendment, it is foreseen that the scope of the initial recognition exemption will not be applied to transactions whose equal and temporary differences are offset. As a result, companies will be required to recognize deferred tax assets and deferred tax liabilities for temporary differences and decommissioning provisions arising from initial recognition of a lease. The amendments clarify that the exemption does not apply to transactions such as lease and decommissioning obligations. These operations will produce equal and compensating temporary differences. For leases and retirement obligations, the relevant deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparatively presented period, and any cumulative effects will be recognized as an adjustment to prior period retained earnings or other equity components. For leases and retirement obligations, the relevant deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparatively presented period, and any cumulative effects will be recognized as an adjustment to prior period retained earnings or other equity components.

**2 Summary of significant accounting policies (continued)**

**2.34 New standards and interpretations not yet adopted (continued)**

*Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)*

**Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes (continued)**

If a company has previously accounted for deferred tax on leases and decommissioning obligations under the net approach, the impact on the transition will likely be limited to the separate presentation of the deferred tax asset and deferred tax liability. These amendments are valid for reporting periods beginning on or after January 1, 2023, with earlier application permitted. The application of this amendment in IAS 12 is not expected to have a significant impact on the Group's consolidated financial statements.

**Definition of Accounting Estimates (Amendments to IAS 8)**

These amendments, published by the IASB on February 12, 2021, introduce a new definition for accounting estimates: it is aimed to clarify that these are monetary amounts that cause measurement uncertainty in the financial statements. The amendments also clarified the relationship between accounting policies and accounting estimates by stating that a company develops an accounting estimate to achieve the purpose set by an accounting policy. Developing an accounting estimate includes both:

- Choosing a measurement method (estimate or valuation method) – for example, an estimation technique used to measure the allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- Choosing the inputs to use when applying the chosen measurement method – for example, expected cash outflows to determine a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or valuation techniques are changes in accounting estimates. No change was made in the definition of accounting policies and remained the same. These amendments are effective for reporting periods beginning on or after 1 January 2023, early application is permitted and will be applied prospectively to changes in accounting estimates and accounting policies that occur at the beginning or after the first annual reporting period in which the Group applies these changes. The implementation of this amendment in TAS 8 is not expected to have a significant impact on the Group's consolidated financial statements.

**Disclosure of Accounting Policies (Amendments to TAS 1 and IFRS Implementation Standard 2)**

On February 12, 2021, IASB published an update on IAS 1 Presentation of Financial Statements and IFRS Implementation Standard 2 Making Materiality Decisions to help companies make disclosures about accounting policies useful. Among these amendments, the ones related to IAS 1 were published by the POA as the Amendments to TAS 1 on August 11, 2021. Key changes in TAS 1 include:

- Requiring companies to disclose their accounting policies based on materiality rather than significant accounting policies;
- Clarify that accounting policies for transactions, other events or conditions that are below materiality are immaterial and therefore do not need to be disclosed; and
- Clarify that not all accounting policies regarding transactions, other events or conditions that exceed materiality are material to a company's financial statements.

The changes are effective from 1 January 2023, but companies can apply earlier. The Group is assessing the possible effects on the consolidated financial statements of the amendments to TAS 1 Presentation of Financial Statements.

**Annual Improvements to TFRS Standards 2018–2020**

**Improvements to TFRS's**

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Group does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.



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**2 Summary of significant accounting policies (continued)**

**2.34 New standards and interpretations not yet adopted (continued)**

*Amendments published but not yet effective and not early adopted as of 31 December 2021 (continued)*

**Annual Improvements to TFRS Standards 2018–2020 (continued)**

**Improvements to TFRS's (continued)**

*TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

*TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

*TAS 41 Agricultural Activities*

This amendment has harmonized the fair value measurement provisions in TAS 41 with the transaction costs required to be taken into account in determining the fair value in TFRS 13 Fair Value Measurement by removing the provision for not taking into account the payments made for taxes in the determination of fair value. This amendment provides flexibility in using TFRS 13 where appropriate.

**Amendments are effective on 1 January 2021**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021 are as follows:

1-) Interest Rate Benchmark Reform - Phase 2 (TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases Amendments).

**3 Critical accounting estimates and judgements in applying accounting policies**

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates determining that will affect the reported asset and liability amounts, possible liabilities and commitments as of reporting date and the income and expense amounts as of balance sheet date. Actual results may differ from the estimates. The forecasts are regularly reviewed, necessary corrections are made and they are reflected in the consolidated income statement in the period in which they are realized. The estimates used are mainly; in connection with insurance outstanding claims provision, other technical provisions and provisions for impairment of assets, and these estimates and assumptions are explained in detail in the related notes. Apart from these, important estimates used in the preparation of consolidated financial statements are as follows:

***Provision for termination cost:***

The Group has calculated the provision for termination cost in the accompanying consolidated financial statements using actuarial assumptions and reflected it in its records.

***Provision for doubtful receivables:***

The Group allocates provision for doubtful receivables for those of the relevant intermediaries and insureds who cannot make repayments and their recourse receivables at the stage of execution or litigation (Note 12).

***Deferred tax:***

Deferred tax assets are recorded when it is highly probable to benefit from temporary differences and accumulated losses by making future taxable profit. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimates and evaluations regarding the taxable profits that may occur in the future (Note 21).

**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's strategy of policy is the most accurate distribution based on size and type of undertaken risk. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

The company manages associated risks with reinsurance agreements that are in all branches and production strategy which is shaped by the Company. The company shares large-scale risks that may arise in natural disasters such as earthquakes, terrorism, or large-scale accidents, with catastrophic damages agreements with the reinsurers. The following factors are considered in the risk acceptance policy in the Life and Personal Accident branches:

*Medical-risk assessment*

Medical risk assessment is the first step of risk assessment process. In order to learn and evaluate the health positions of the customers, they are requested to do check-up test in accordance with the conditions determined based on the amount of insured risk. Within this context, first evaluation is performed by the Company's medical doctor through medical assessment. Applicants carrying medical risk factors are rejected in accordance with the terms of agreement with reinsurer.

*Moral-risk assessment*

In the second step of the risk assessment process, information about the customers' gender, living conditions, residence and the occupational information is obtained. During this process, sales force of the Company is expected to support related units of the Company for suspicious circumstances of the customers which are re-assessed.

*Financial risk assessment*

In the third step of the risk assessment process, requirement for customers' request for the amount of life insurance limits and their annual income or the amount of the loans requested from the banks being equal to each other is analyzed. A big amount of the Company's portfolio consists of bank products, total amount of insured risk is expected to match with the total amount of banks' credit risks. Evaluation of the credit risks of the customers by the banks as a part of their credit facilities is an important step for the Company's financial risk assessment process. Insurance guarantees given in the life branch where the Group operates are as follows:

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Coverage</b>		<b>Coverage</b>	
	<b>Amount (TL)</b>	<b>Number</b>	<b>Amount (TL)</b>	<b>Number</b>
Life	25.217.448.830	3.461.758	20.583.357.479	2.765.196
Personal Accident	58.924.068.311	1.666.313	60.044.126.380	1.677.000
<b>Total</b>	<b>84.141.517.141</b>	<b>5.128.071</b>	<b>80.627.483.859</b>	<b>4.442.196</b>

The portion of the Group that is transferred to total risk reinsurers on the basis of risk assurance is explained below:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Death	16.970.096.746	14.911.830.551
Accidental death	26.471.101.700	30.450.211.951
Accidental disability	30.565.259.145	30.312.086.026
Illness disability	1.398.525.000	464.538.950
Critical illnesses	1.739.011.200	1.034.330.000
Accidental fracture	3.332.004.250	1.676.889.900
Accidental burn	3.332.316.500	1.676.982.000
Emergency healing	333.202.600	100.614.480

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**4 Management of insurance and financial risk (continued)**

**Insurance risk (continued)**

As of 31 December 2021 and 31 December 2020, damage/ premium rate of the Group are as follows:

	31 December 2021	31 December 2020
Net	23%	47%
Gross	23%	47%

The Group makes risk assessments by considering possibilities of cumulative insurance risk, the damage results and taking into consideration the gender, nature and geographical position of the existing risks and the greatest number of risk groups in order to obtain optimum damage results. The Group has insurance contracts in life insurance and personal accident branches. Accordingly, in the insurance contracts organized, the intensification of the insurance risk according to the nature of the insurance is grossly and clearly summarized in the following table:

	31 December 2021			31 December 2020		
Branches	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net
Life	25.217.448.830	1.739.011.200	23.478.437.630	20.583.357.479	464.538.950	20.118.818.529
Personal accident	58.924.068.311	-	58.924.068.311	60.044.126.380	11.007.128.530	49.036.997.850
<b>Total <sup>(1)</sup></b>	<b>84.141.517.141</b>	<b>1.739.011.200</b>	<b>82.402.505.941</b>	<b>80.627.483.859</b>	<b>11.471.667.480</b>	<b>69.155.816.379</b>

<sup>(1)</sup> Total risk obligation includes death and additional collateral amounts of all policies in force.

The liabilities of insurance contract are summarized in the table below as gross and net (after reinsurance) in terms of currency

	31 December 2021			31 December 2020		
	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net	Total gross risk obligation	Share of reinsurers in total risk obligation	Risk obligation, net
TL	99.172.945	6.889.833	92.283.112	89.841.424	10.619.024	79.222.400
<b>Total <sup>(1)</sup></b>	<b>99.172.945</b>	<b>6.889.833</b>	<b>92.283.112</b>	<b>89.841.424</b>	<b>10.619.024</b>	<b>79.222.400</b>

<sup>(1)</sup> Total claims obligation includes actual estimated compensation costs.

**Management of financial risk**

**Introduction and overview**

This note shows the Group's exposure to risks for each of the following, the policies, procedures and objectives that the Group applies to manage and measure the risks in this direction, and information on capital management. In summary, the basic financial risk is that the revenues from financial assets are insufficient to meet the obligations arising from insurance contracts. The most important components of the financial risk are market risk (currency risk, market interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the volatility of financial markets and the minimization of the potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments. Risk management is carried out in accordance with the procedures approved by the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

**4 Management of insurance and financial risk (continued)**

**Management of financial risk**

**Credit risk**

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The balance sheet items that the Group is exposed to credit risk are as follows:

- cash at banks
- available-for-sale financial assets
- financial assets for trade
- premium receivables from policyholders
- receivables from intermediaries (agencies)
- receivables from reinsurance companies related to claims paid and commissions accrued
- reinsurance shares of insurance liabilities
- due from related parties
- other receivables

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Group's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholders. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract. Net carrying value of the assets that are exposed to credit risk is shown in the table below:

	31 December 2021	31 December 2020
Cash and cash equivalents (Note 14)	88.260.220	58.679.198
Receivables from main operations (Note 12)	1.186.176.365	826.955.462
Other receivables (Note 12)	10.931	9.749
Prepaid taxes and funds (Note 12)	-	143.558
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	2.124.547	8.350.119
Job Advances (*) (Not 12)	401.850	-
<b>Total</b>	<b>1.276.973.913</b>	<b>894.138.086</b>

(\*) It consists of the advance paid for software development.

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

	31 December 2021		31 December 2020	
	Gross Amount	Provision	Gross Amount	Provision
Not past due <sup>(1)</sup>	1.185.416.606	-	826.882.694	-
Past due 0-30 days	759.759	-	76.993	-
Past due 31-60 days	-	-	-	-
Past due 61-180 days	-	-	-	-
Past due 181-365 days	352.185	(352.185)	340.988	(345.213)
<b>Total</b>	<b>1.186.528.550</b>	<b>(352.185)</b>	<b>827.300.675</b>	<b>(345.213)</b>

<sup>(1)</sup> Receivables from pension activities amounting to TL 1.004.029.158 are classified under non-current receivables (31 December 2020: TL 735.564.535).

The movement of the provision for receivables from insurance operations is as follows:

	31 December 2021	31 December 2020
Provision for receivables from insurance operations at the beginning of the period	345.213	341.255
Provision for doubtful receivables during the period (Note 47)	6.972	3.958
	<b>352.185</b>	<b>345.213</b>

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**4 Management of insurance and financial risk (continued)**

**Financial risk management (continued)**

**Liquidity risk**

Liquidity risk is the risk that a company cannot meet its funding needs. The Group measures and evaluates cyclically the liquidity risk within the framework of the compliance with the liquidity risk policies of the group to which it is affiliated. Group's distribution by remaining maturity of monetary assets and liabilities as of December 31, 2021 is as follows:

<b>31 December 2021</b>	<b>Carrying Value</b>	<b>Up to 3 month</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>Over 5 years</b>	<b>Retained</b>
Cash and cash equivalents	88.260.220	88.260.220	-	-	-	-
Financial investments	554.320	-	-	-	-	554.320
Receivables from main operations	1.186.176.365	105.161.349	76.985.858	-	-	1.004.029.158
Other receivables	10.931	5.171	-	5.760	-	-
Expenses and income accruals	92.440.689	-	92.440.689	-	-	-
Receivables from related parties	-	-	-	-	-	-
Other assets	401.850	-	401.850	-	-	-
<b>Total monetary assets</b>	<b>1.367.844.375</b>	<b>193.426.740</b>	<b>169.828.397</b>	<b>5.760</b>	<b>-</b>	<b>1.004.583.478</b>
Financial liabilities	818.236	436.365	279.973	101.898	-	-
Payables arising from main operations	1.057.998.457	34.457.243	19.512.056	-	-	1.004.029.158
Due to related parties	29.746	29.746	-	-	-	-
Insurance technical provisions <sup>(1)</sup>	12.578.564	-	12.578.564	-	-	-
Life mathematical provisions	12.717.959	-	1.112.147	11.605.812	-	-
Provisions for taxes and other similar obligations	13.345.466	13.345.466	-	-	-	-
Provisions for other risks	3.010.412	-	1.684.249	1.326.163	-	-
Other long-term liabilities	93.712	93.712	-	-	-	-
<b>Total monetary liabilities</b>	<b>1.100.592.552</b>	<b>48.362.532</b>	<b>35.166.989</b>	<b>13.033.873</b>	<b>-</b>	<b>1.004.029.158</b>
<b>31 December 2020</b>	<b>Carrying Value</b>	<b>Up to 3 month</b>	<b>3 months to 1 year</b>	<b>1 year to 5 years</b>	<b>Over 5 years</b>	<b>Retained</b>
Cash and cash equivalents	58.679.198	29.679.198	29.000.000	-	-	-
Financial investments	441.653	441.653	-	-	-	-
Receivables from main operations	826.955.462	90.351.272	1.039.655	-	-	735.564.535
Other receivables	9.749	3.989	-	5.760	-	-
Expenses and income accruals	39.384.878	-	39.384.878	-	-	-
Receivables from related parties	17	17	-	-	-	-
<b>Total monetary assets</b>	<b>925.470.957</b>	<b>120.476.129</b>	<b>69.424.533</b>	<b>5.760</b>	<b>-</b>	<b>735.564.535</b>
Financial liabilities	2.017.838	-	1.411.843	605.995	-	-
Payables arising from main operations	751.229.527	15.664.992	-	-	-	735.564.535
Due to related parties	2.402.001	2.402.001	-	-	-	-
Insurance technical provisions <sup>(1)</sup>	2.402.001	2.402.001	-	-	-	-
Life mathematical provisions	8.728.953	-	106.228	8.622.725	-	-
Provisions for taxes and other similar obligations	828.501	828.501	-	-	-	-
Provisions for other risks	3.444.630	-	2.785.657	658.973	-	-
Expenses and income accruals	565.115	565.115	-	-	-	-
<b>Total monetary liabilities</b>	<b>785.144.122</b>	<b>19.460.609</b>	<b>20.231.285</b>	<b>9.887.693</b>	<b>-</b>	<b>735.564.535</b>

<sup>(1)</sup> All outstanding claims provision has been presented in short-term liabilities in the accompanying tables.

**4 Management of insurance and financial risk (continued)**

**Financial risk management (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, credit spreads, real estate fair values and general commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to identify potential risks and to measure, monitoring and reporting market risk exposures within acceptable parameters, while optimizing the risk appetite of the Group's return on risk.

*Currency risk*

Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the statement of income. Monetary assets and liabilities denominated in foreign currencies are measured at the exchange rates ("TL") ruling at the reporting date with the resulting exchange differences recognized in the statement of income as foreign exchange gains or losses. The Group does not have foreign currency risk is.

*Exposure to interest rate risk*

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The principle risk to trading portfolios are exposed is the risk of fluctuations in the fair values of financial instruments because of a change in market interest rate. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. As of the end of the reporting period, since the Group does not have trading securities and investment securities, the interest profile of financial assets and liabilities with only interest earning and interest bearing is detailed in the table below:

<b>Financial assets with fixed interest rates</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>Financial assets with fixed interest rates:</i>		
Cash at banks (Note 14)	83.988.558	54.384.086

*Interest rate sensitivity of the financial instruments*

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income for the trading financial assets and financial liabilities held at 31 December 2021. This analysis assumes that all other variables remain constant. The Group has no any financial instruments for the years ended 31 December 2021 and 31 December 2020. Therefore, financial sensitivity analysis of financial instruments has not been conducted.

*Fair value information*

The estimated fair values of financial instruments have been determined using available market information, and where they exist, appropriate valuation methodologies. The Group has classified its marketable securities as available-for-sale, and financial investments with risks on life insurance policyholders as available-for-sale. Available-for-sale financial assets are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying financial statements.

Group management estimates that the fair value and carrying value of the other financial asset and liabilities are not significantly different. The total value of the pension funds constituting the long-term receivables and payables of the Group is accounted with their fair values.

*Classification relevant to fair value information*

IFRS 7 – *Financial Instruments: Disclosures* requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification priorities observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Group. This sort of categorization generally results in the classifications below. Held-to-maturity financial assets are not available as of 31 December 2021 (31 December 2020: None).

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



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**4 Management of insurance and financial risk (continued)**

**Financial risk management (continued)**

**Market risk (continued)**

*Classification relevant to fair value information (continued)*

Classification requires the use of observable market data in case of available. In this framework, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

	31 December 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets available for sale</b>				
Receivables from individual pension operations–receivables from clearing house on behalf of the participants (Note 18)	1.004.029.158	-	-	1.004.029.158
<b>Total financial assets</b>	<b>1.004.029.158</b>	<b>-</b>	<b>-</b>	<b>1.004.029.158</b>
<b>Financial liabilities available for sale</b>				
Payables from individual pension operations–payables to participants (Note 19)	1.004.029.158	-	-	1.004.029.158
<b>Total financial liabilities</b>	<b>1.004.029.158</b>	<b>-</b>	<b>-</b>	<b>1.004.029.158</b>
	31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets available for sale</b>				
Receivables from individual pension operations–receivables from clearing house on behalf of the participants (Note 18)	735.564.535	-	-	735.564.535
<b>Total financial assets</b>	<b>735.564.535</b>	<b>-</b>	<b>-</b>	<b>735.564.535</b>
<b>Financial liabilities available for sale</b>				
Payables from individual pension operations–payables to participants (Note 19)	735.564.535	-	-	735.564.535
<b>Total financial liabilities</b>	<b>735.564.535</b>	<b>-</b>	<b>-</b>	<b>735.564.535</b>

**Capital management**

The Group's capital management policies include the following:

- To comply with the insurance capital requirements required by the Republic of Turkey Ministry of Treasury and Finance;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders,
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk assumed

In accordance with the "Circular Regarding the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Private Pension Companies" issued by the Republic of Turkey Ministry of Treasury and Finance on 19 January 2008 dated and 26761 numbered Official Gazette, the Company measured its minimum capital requirement as at 31 December 2021 as TL 80.648.713 (31 December 2020: TL 41.587.867). As at 31 December 2021, the Company's total equity in its statutory financial statements amounted to TL 116.126.776 (31 December 2020: TL 64.904.750) which is TL 35.478.061 above the minimum capital requirement amount.

**Gains and losses arising from financial assets**

<b>Gains and losses recognized in the statement of income:</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Dividend income from bank deposits	12.021.105	4.433.324
Valuation of financial investment	386.720	634.086
Foreign exchange gains	58.007	296.594
<b>Investment income</b>	<b>12.465.832</b>	<b>5.364.004</b>
Investment management expenses	(658.899)	(287.693)
Foreign exchange losses	(189.475)	(54.317)
<b>Investment expense</b>	<b>(848.374)</b>	<b>(342.010)</b>
<b>Financial gains and losses recognized in the statement of income, net</b>	<b>11.617.458</b>	<b>5.021.994</b>



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**5 Segment reporting**

It is explained in footnote 2.3.

**6 Tangible assets**

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

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
<b>Cost:</b>					
Furnitures and fixtures	6.195.687	438.747	(167.015)	-	6.467.419
Leasehold improvements	340.797	-	-	-	340.797
Vehicles	280.000	104.000	(95.000)	-	289.000
Right of use asset(*)	3.888.145	359.176	-	-	4.247.321
<b>Total</b>	<b>10.704.629</b>	<b>901.923</b>	<b>(262.015)</b>	<b>-</b>	<b>11.344.537</b>
<b>Accumulated depreciation:</b>					
Furnitures and fixtures	(3.166.526)	(1.204.273)	123.752	-	(4.247.047)
Leasehold improvements	(186.316)	(68.159)	-	-	(254.475)
Vehicles	(98.000)	(54.300)	47.083	-	(105.217)
Right of use asset(*)	(2.121.263)	(1.472.843)	-	-	(3.594.106)
<b>Total</b>	<b>(5.572.105)</b>	<b>(2.799.575)</b>	<b>170.835</b>	<b>-</b>	<b>(8.200.845)</b>
<b>Net book value</b>	<b>5.132.524</b>				<b>3.143.692</b>

(\*) As of 31 December 2021, right-of-use assets are the result of accounting for real estate and vehicle leases within the scope of TFRS 16.

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

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
<b>Cost:</b>					
Furnitures and fixtures	5.631.126	642.152	(77.592)	-	6.195.687
Leasehold improvements	340.797	-	-	-	340.797
Vehicles	330.000	-	(50.000)	-	280.000
Right of use asset(*)	3.496.125	392.020	-	-	3.888.145
<b>Total</b>	<b>9.798.048</b>	<b>1.034.172</b>	<b>(127.592)</b>	<b>-</b>	<b>10.704.629</b>
<b>Accumulated depreciation:</b>					
Furnitures and fixtures	(2.117.899)	(1.100.117)	51.490	-	(3.166.526)
Leasehold improvements	(118.156)	(68.160)	-	-	(186.316)
Vehicles	(49.500)	(62.658)	14.158	-	(98.000)
Right of use asset(*)	(1.127.382)	(993.881)	-	-	(2.121.263)
<b>Total</b>	<b>(3.412.937)</b>	<b>(2.224.816)</b>	<b>65.648</b>	<b>-</b>	<b>(5.572.105)</b>
<b>Net book value</b>	<b>6.385.111</b>				<b>5.132.524</b>

(\*) As of 31 December 2021, right-of-use assets are the result of accounting for real estate and vehicle leases within the scope of TFRS 16.

There is no mortgage on real estates for use in favor of the Republic of Turkey Ministry of Treasury and Finance.

The Group does not have any tangible fixed assets acquired as a tenant in financial leasing transactions (31 December 2020: None).

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**7 Investment properties**

As of 31 December 2021, the Group has no investment properties (31 December 2020: None).

**8 Intangible assets**

Movements in intangible assets in the period between 1 January - 31 December 2021 are presented below:

	1 January 2021	Additions	Disposals	Transfers	31 December 2021
<i>Cost:</i>					
Computer software	9.766.637	2.682.778	(585.708)	-	11.863.707
<b>Total</b>	<b>9.766.637</b>	<b>2.682.778</b>	<b>(585.708)</b>	<b>-</b>	<b>11.863.707</b>
<i>Accumulated amortization:</i>					
Computer software	(8.319.613)	(996.178)	99.399	-	(9.216.392)
<b>Total</b>	<b>(8.319.613)</b>	<b>(996.178)</b>	<b>99.399</b>	<b>-</b>	<b>(9.216.392)</b>
<b>Net book value</b>	<b>1.447.024</b>				<b>2.647.315</b>

Movements in intangible assets in the period between 1 January and 31 December 2020 are presented below:

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
<i>Cost:</i>					
Computer software	8.966.632	800.005	-	-	9.766.637
<b>Total</b>	<b>8.966.632</b>	<b>800.005</b>	<b>-</b>	<b>-</b>	<b>9.766.637</b>
<i>Accumulated amortization:</i>					
Computer software	(7.379.650)	(939.963)	-	-	(8.319.613)
<b>Total</b>	<b>(7.379.650)</b>	<b>(939.963)</b>	<b>-</b>	<b>-</b>	<b>(8.319.613)</b>
<b>Net book value</b>	<b>1.586.982</b>				<b>1.447.024</b>

**9 Investment in Subsidiaries**

None (31 December 2020: None).

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**10 Reinsurance assets and liabilities**

As of December 31, 2021 and December 31, 2020, the reinsurance assets and liabilities of the Group in accordance with the existing reinsurance agreements it has made are shown in detail in the table below:

<b>Reinsurance assets</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Provision for outstanding claims, ceded ( <i>Note 4.2</i> ), ( <i>Note 17</i> )	2.124.547	8.350.119
Reserve for unearned premiums, ceded ( <i>Note 17</i> )	11.059.327	5.734.226
<b>Total</b>	<b>13.183.874</b>	<b>14.084.345</b>

The Group has no impairment losses recognized for reinsurance assets.

<b>Reinsurance liabilities</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Payables to the reinsurers related to premium ceded ( <i>Note 19</i> )	11.351.666	11.866.944
<b>Total</b>	<b>11.351.666</b>	<b>11.866.944</b>

The gains and losses recognized in the income statement in accordance with the reinsurance contracts of the Group are shown in the following table:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Premiums ceded during the period ( <i>Note 17</i> )	(37.884.160)	(14.160.751)
Reserve for unearned premiums, ceded at the beginning of the period ( <i>Note 17</i> )	(5.734.226)	(31.453.249)
Reserve for unearned premiums, ceded at the end of the period ( <i>Note 17</i> )	11.059.327	5.734.226
<b>Premiums earned, ceded (<i>Note 17</i>)</b>	<b>(32.559.059)</b>	<b>(39.879.774)</b>
Claims paid, ceded during the period ( <i>Note 17</i> )	6.939.833	10.619.024
Provision for outstanding claims, ceded at the beginning of the period ( <i>Note 17</i> )	(8.350.119)	(5.442.985)
Provision for outstanding claims, ceded at the end of the period ( <i>Note 17</i> )	2.124.547	8.350.119
<b>Claims incurred, ceded (<i>Note 17</i>)</b>	<b>714.261</b>	<b>13.526.158</b>
Commission income accrued from reinsurers during the period	-	3.240.072
Deferred commission income at the beginning of the period ( <i>Note 19</i> )	565.115	12.580.506
Deferred commission income at the end of the period ( <i>Note 19</i> )	-	(565.115)
<b>Commission income earned from reinsurers (<i>Note 17</i>), (<i>Note 32</i>)</b>	<b>565.115</b>	<b>15.255.463</b>
<b>Change in reinsurer share of life mathematics reserve</b>	<b>9.018.796</b>	<b>(1.138.539)</b>
<b>Total, net</b>	<b>(22.260.887)</b>	<b>(12.236.692)</b>

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**11 Financial assets**

As at 31 December 2021 and 31 December 2020, the Group's financial assets are detailed as follows:

<b>Financial assets and financial investments with risk on policyholders</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Other financial assets (*)	554.320	441.653
<b>Total</b>	<b>554.320</b>	<b>441.653</b>

(\*) Consists of EGM participation share.

As of 31 December 2021, there are no available-for-sale financial assets and held-to-maturity financial assets. (31 December 2020: None).

The Group does not have any financial assets issued by related parties.

There are no securities that are issued by the Group during the period or which are previously issued and repayable during the period.

The Group's financial asset portfolios do not include financial assets that have been outstanding but have not yet been impaired.

Excluding bank deposits movements of the financial assets portfolios during the period are as follows:

	<b>31 December 2021</b>			
	<b>Financial assets held to maturity</b>	<b>Financial assets available for sale</b>	<b>Other financial assets</b>	<b>Total</b>
<b>Balance at the beginning of the period (Not 4.2)</b>	-	-	<b>441.653</b>	<b>441.653</b>
Purchases during the period	-	-	112.667	112.667
Disposals (either sold or settled)	-	-	-	-
Change in the fair values of financial assets	-	-	-	-
Change in the amortized costs of the financial assets	-	-	-	-
<b>Balance at the ending of the period</b>	-	-	<b>554.320</b>	<b>554.320</b>

	<b>31 December 2020</b>			
	<b>Financial assets held to maturity</b>	<b>Financial assets available for sale</b>	<b>Other financial assets</b>	<b>Total</b>
<b>Balance at the beginning of the period (Note 4.2)</b>	-	-	<b>441.653</b>	<b>441.653</b>
Purchases during the period	-	-	-	-
Disposals (either sold or settled)	-	-	-	-
Change in the fair values of financial assets	-	-	-	-
Change in the amortized costs of the financial assets	-	-	-	-
<b>Balance at the ending of the period</b>	-	-	<b>441.653</b>	<b>441.653</b>

As of 31 December 2021, there are no restrictions on the Group's financial assets (31 December 2020: None).

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**12 Loans and receivables**

	31 December 2021	31 December 2020
Receivables from main operations (Note 4.2)	1.186.176.365	826.955.462
Job advances (Note 4.2)	401.850	-
Other receivables (Note 4.2)	10.931	9.749
Receivables from related parties	-	17
Prepaid taxes and funds (Note 4.2)	-	143.558
<b>Total</b>	<b>1.186.589.146</b>	<b>827.108.786</b>

Short-term receivables	182.152.378	91.538.491
Middle and long-term receivables (Note 4.2)	1.004.034.918	735.570.295
<b>Total</b>	<b>1.186.187.296</b>	<b>827.108.786</b>

The details of the Group's receivables from main operations as of December 31, 2021 and December 31, 2020 are as follows:

	31 December 2021	31 December 2020
Receivables from policyholders and agencies	179.321.257	87.573.457
Receivables from reinsurers	536.479	1.955.557
<b>Total receivables from main operations</b>	<b>179.857.736</b>	<b>89.529.014</b>

Receivables from private pension operations	1.006.318.629	737.426.448
<b>Total receivables from private pension operations</b>	<b>1.006.318.629</b>	<b>737.426.448</b>

Doubtful receivables from main operations	352.185	345.213
Provisions for receivables from main operations operations	(352.185)	(345.213)
<b>Receivables from main operations</b>	<b>1.186.176.365</b>	<b>826.955.462</b>

**13 Derivative financial instruments**

As of 31 December 2021, the Group has no derivative financial instruments (31 December 2020: None).

**14 Cash and cash equivalents**

Cash and cash equivalents that constitute the basis of the cash flow statement for the period ending on December 31, 2021 are shown in footnote 2.12.

	31 December 2021		31 December 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	85.339.827	56.161.920	56.161.920	37.216.391
Bank guaranteed credit card receivables with maturity less than three months	2.920.393	2.517.278	2.517.278	2.249.448
<b>Cash and cash equivalents in the balance sheet</b>	<b>88.260.220</b>	<b>58.679.198</b>	<b>58.679.198</b>	<b>39.465.839</b>
Rediscount on bank deposit (free portion)	(386.720)	(634.086)	(634.086)	(241.038)
Blocked amounts	(50.000.000)	(35.200.000)	(35.200.000)	(11.000.000)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>37.873.500</b>	<b>22.845.112</b>	<b>22.845.112</b>	<b>28.224.801</b>

The maturity details of the Group's participation accounts as of December 31, 2021 and December 31, 2020 are as follows:

	31 December 2021	31 December 2020
Bank deposits in Turkish Lira		
- time deposits (Note 4.2)	83.988.558	54.384.086
- demand deposits	1.351.269	1.777.834
<b>Cash at banks</b>	<b>85.339.827</b>	<b>56.161.920</b>

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**14 Cash and cash equivalents (continued)**

As at 31 December 2021, the Group has a blocked bank deposit amount of TL 50.000.000 on behalf of Republic of Turkey Ministry of Treasury and Finance (31 December 2020: TL 35.200.000).

All time deposits of the group are TL. The dividend rate for TL time deposits is between 15,02% - 17,63%.

**15 Equity**

**Paid in Capital**

The partnership structure of the Group as of the balance sheet date is given in Note 1.1. As at 31 December 2021 and 31 December 2020, the authorized nominal share capital of the Group is TL 30.000.000 (31 December 2020: TL 30.000.000) and the share capital of the Group consists of 30.000.000 issued shares with TL 1 nominal value each.(31 December 2020: 30.000.000)

There are not any treasury shares held by the Group itself or by its subsidiaries or associates. There are not any equity shares issued which will be subject to sale in accordance with forward transactions and contracts. There are no shares of the Group to be issued for the sale of shares to be sold for futures and contracts.

**Legal and extraordinary reserves**

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

Movements of legal reserves during the period are as follows:

	31 December 2021	31 December 2020
Beginning of the period	1.367.865	184.656
Reserves allocated during the period	-	1.183.209
<b>End of the period</b>	<b>1.367.865</b>	<b>1.367.865</b>

Movements of extraordinary reserves during the period are as follows:

	31 December 2021	31 December 2020
Beginning of the period	25.989.414	3.508.445
Reserves allocated during the period	-	22.480.969
<b>End of the period</b>	<b>25.989.414</b>	<b>25.989.414</b>

**Other legal reserves**

According to the revision made in TAS 19; actuarial gains and losses previously recognized in the income statement in the calculation of provision for retirement pay liability are recognized "other profit reserves" under shareholders equity in the current period financial statements. In the calculation of provision for employment termination benefits as of 31 December 2021, an additional TL 1.008.603 related to actuarial calculation has been presented under other profit reserves (31 December 2020: TL 127.879).

The movement schedule for other profit reserves is as follows:

	31 December 2021	31 December 2020
Other profit reserves at the beginning of the period	905.345	777.466
Actuarial difference of employment termination	103.258	127.879
<b>Other profit reserves at the end of the period</b>	<b>1.008.603</b>	<b>905.345</b>

**Equity movements**

As of December 31, 2021 and December 31, 2020, the Group's paid-in capital consists of 30.000.000 shares with a unit nominal value of 1 TL. Other detailed information about the capital of the Group is given in footnote 2.13.

**15 Other provisions and capital component of discretionary participation**

As of 31 December 2021, the Group has no other reserves represented in equity and no other assets accounted for on the equity component of participation in associates (31 December 2020 None).

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**16 Insurance liabilities and reinsurance assets**

As at 31 December 2021 and 31 December 2020, provisions for technical reserves of the Group are disclosed as follows:

	31 December 2021	31 December 2020
Unearned premiums reserve, gross	150.576.678	92.228.907
Unearned premiums reserve, ceded (Note 10)	(11.059.327)	(5.734.226)
<b>Reserves for unearned premiums, net</b>	<b>139.517.351</b>	<b>86.494.681</b>
Life mathematical reserve, gross	12.717.959	8.728.953
Life mathematical reserve, ceded (Note 10)	-	-
<b>Life mathematical provisions, net</b>	<b>12.717.959</b>	<b>8.728.953</b>
Outstanding claims reserve, gross	14.703.111	24.277.676
Outstanding claims reserve, ceded (Note 4.2), (Note 10)	(2.124.547)	(8.350.119)
<b>Outstanding claims reserve, net</b>	<b>12.578.564</b>	<b>15.927.557</b>
<b>Unexpired risks reserve, net</b>	<b>-</b>	<b>-</b>
Equalization reserve	9.597.526	5.129.544
<b>Other technical reserve</b>	<b>9.597.526</b>	<b>5.129.544</b>
<b>Total technical reserve, net</b>	<b>174.411.400</b>	<b>116.280.735</b>
Short term	153.208.062	102.533.111
Medium and long-term	21.203.338	13.747.624
<b>Total insurance technical reserve, net</b>	<b>174.411.400</b>	<b>116.280.735</b>

Movement of unearned premiums provision at the accounting period:

	31 December 2021		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	92.228.907	(5.734.226)	86.494.681
Premium written during the period	341.276.429	(37.884.160)	303.392.269
Premiums earned during the period (Note 10)	(282.928.658)	32.559.059	(250.369.599)
<b>Unearned premiums reserve at the end of the period</b>	<b>150.576.678</b>	<b>(11.059.327)</b>	<b>139.517.351</b>
	31 December 2020		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	80.199.122	(31.453.249)	48.745.873
Premium written during the period	198.931.579	(14.160.751)	184.770.828
Premiums earned during the period (Note 10)	(186.901.794)	39.879.774	(147.022.020)
<b>Unearned premiums reserve at the end of the period</b>	<b>92.228.907</b>	<b>(5.734.226)</b>	<b>86.494.681</b>



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**17 Insurance liabilities and reinsurance assets (continued)**

Movement of outstanding claims provision at the accounting period:

Outstanding claims reserve	31 December 2021		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period (Note 10)	24.277.676	(8.350.119)	15.927.557
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	91.039.079	(714.261)	90.324.818
Claims paid during the period (Note 10)	(100.613.644)	6.939.833	(93.673.811)
<b>Outstanding claims reserve at the end of the period (Note 10)</b>	<b>14.703.111</b>	<b>(2.124.547)</b>	<b>12.578.564</b>

Outstanding claims reserve	31 December 2020		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period (Note 10)	12.643.563	(5.442.985)	7.200.578
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	101.475.537	(13.526.158)	87.949.379
Claims paid during the period (Note 10)	(89.841.424)	10.619.024	(79.222.400)
<b>Outstanding claims reserve at the end of the period (Note 10)</b>	<b>24.277.676</b>	<b>(8.350.119)</b>	<b>15.927.557</b>

As of December 31, 2021 the Group's claim development table with the final damage cost estimates is as follows:

Claims development table regarding the payments of life branch claims incurred in the last 5 years:

Accident year	2017	2018	2019	2020	2021	Toplam
Within the year of damage	59.719	119.455	34.509.553	74.099.768	75.217.632	184.006.127
1 year later	10.000	730.435	6.740.072	11.505.744	-	18.986.251
2 year later	-	-	474.719	-	-	474.719
3 year later	-	25.500	-	-	-	25.500
4 year later	-	-	-	-	-	-
5 year later	-	-	-	-	-	-
<b>Total claims paid over the years, gross</b>	<b>69.719</b>	<b>875.390</b>	<b>41.724.344</b>	<b>85.605.512</b>	<b>75.217.632</b>	<b>203.492.597</b>

Claims development table regarding the payments of personal accident branch claims incurred in the last 5 years:

Accident year	2017	2018	2019	2020	2021	Toplam
Within the year of damage	50.000	-	4.596.600	5.581.610	7.211.259	17.439.469
1 year later	25.000	54.960	3.615.380	5.915.340	-	9.610.680
2 year later	-	-	263.450	-	-	263.450
3 year later	-	-	-	-	-	-
4 year later	-	-	-	-	-	-
5 year later	-	-	-	-	-	-
<b>Total claims paid over the years, gross</b>	<b>75.000</b>	<b>54.960</b>	<b>8.475.430</b>	<b>11.496.950</b>	<b>7.211.259</b>	<b>27.313.599</b>

Within the scope of the damage payment, gross death-disability compensations were presented.

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**17 Insurance liabilities and reinsurance assets (continued)**

**Deferred commission expenses**

The Group defers commissions paid to the intermediaries for the production of the policies and other expenses for the one-year term life products and for annually renewed long term life products under prepaid expenses. As of 31 December 2021, prepaid expenses for next month's amounting to TL 92.440.689 (31 December 2020: TL 39.384.878) consist of deferred commission expenses amounting to TL 68.538.299 (31 December 2020: TL 37.457.758) and other expenses of the month amounting to TL 23.902.390 (31 December 2020: TL 1.927.120).

The movement of deferred production commissions for the years ended 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Deferred commission expenses at the beginning of the period	37.457.758	33.535.818
Commissions accrued during the period (Note 32)	72.147.632	46.932.638
Paid commissions during the period (Note 32)	(39.843.130)	(43.010.698)
Ceded commissions (*)	(1.223.961)	-
<b>Deferred commission expenses at the end of the period</b>	<b>68.538.299</b>	<b>37.457.758</b>

(\*) Details of the transfer effect are disclosed in Note 46, events occurring after the reporting period.

**18 Investment contract liabilities**

**Individual pension business**

As of 31 December 2021, there are 11 pension funds (31 December 2020: 11 pension funds ) that are the founders of the Group.

The details of receivables and payables from individual pension business as at 31 December 2021 and 31 December 2020 are presented below:

	31 December 2021	31 December 2020
Receivables from the clearing house	1.004.029.158	735.564.535
Receivables from pension investment funds for fund management fees	1.675.240	1.233.337
Receivables from participants	614.231	628.576
<b>Receivables from pension operations</b>	<b>1.006.318.629</b>	<b>737.426.448</b>
Payables to participants	1.004.029.158	735.564.535
Participants temporary account	4.668.404	3.496.910
Payables to clearing house and Emeklilik Gözetim Merkezi	55.907	50.349
Payables to asset management company	214.598	204.688
Other payables	27.903	10.943
<b>Pension business liabilities</b>	<b>1.008.995.970</b>	<b>739.327.425</b>

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**18 Investment contract liabilities (continued)**

**Individual pension business (continued)**

As at 31 December 2021 and 31 December 2020, individual pension investment funds founded by the Group and their unit prices are as follow:

<b>Fund name</b>	<b>31 December 2021 Unit prices</b>	<b>31 December 2020 Unit prices</b>
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	0,019827	0,016788
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	0,083371	0,048524
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	0,038620	0,031504
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	0,034700	0,026797
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	0,088112	0,063971
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	0,026132	0,022128
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	0,027363	0,022988
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	0,033642	0,026729
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	0,021740	0,016436
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	0,026575	0,019071
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	0,023979	0,017797

As at 31 December 2021 and 31 December 2020, the number and amount of participation shares in the portfolio and in circulation are follow:

	31 December 2021		
	Participation certificates in circulation		Participation certificates in portfolio
Fund name	Number	Amount	Number
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	4.360.650.765	3.504.319	99.124.114.242
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	48.982.989.468	223.696.593	98.549.830.306
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	37.783.120.232	66.600.989	97.769.255.154
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	48.336.918.637	73.009.280	96.926.651.990
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	36.957.796.733	155.920.362	97.934.845.410
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	98.549.122.647	125.641.031	94.921.175.365
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	80.464.014.546	97.319.002	95.404.785.653
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	109.944.641.731	165.832.602	93.125.376.105
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	65.821.322.451	82.251.907	99.873.572.258
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	1.444.520.967	5.944.847	99.999.793.265
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	1.396.839.388	4.308.226	99.999.823.437
<b>Total</b>	<b>534.041.937.565</b>	<b>1.004.029.158</b>	<b>1.073.629.223.185</b>

	31 December 2020		
	Participation certificates in circulation		Participation certificates in portfolio
Fund name	Number	Amount	Number
Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	3.824.385.147	2.386.650	99.124.114.242
Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu	41.163.577.836	121.426.776	98.549.830.306
Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu	32.538.894.152	55.229.636	97.769.255.154
Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu	41.743.338.432	60.018.294	96.926.651.990
Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	31.725.696.108	112.652.644	97.934.845.410
Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	84.203.234.071	103.956.442	94.921.175.365
Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu	69.636.717.907	85.594.070	95.404.785.653
Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	94.970.270.592	135.149.384	93.125.376.105
Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu	54.789.611.845	56.111.767	99.873.572.258
Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu	995.592.446	1.533.324	99.999.793.265
Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu	994.040.436	1.505.548	99.999.823.437
<b>Total</b>	<b>456.585.358.972</b>	<b>735.564.535</b>	<b>1.073.629.223.185</b>

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**19 Trade and other payables, deferred income**

As of December 31, 2021 and December 31, 2020, the Group's liabilities from main operations are as follows:

	31 December 2021	31 December 2020
Payables due to main operations	1.057.998.457	751.229.527
Taxes and other liabilities payable	13.345.466	828.501
Other various payables	1.331.640	1.560.641
Deposits and guarantees received	126.186	70.046
Other short-term liabilities	46.754	17.486
Due to related parties	29.746	2.402.001
Expense accruals	-	565.115
<b>Total</b>	<b>1.072.878.249</b>	<b>756.673.317</b>
Short term liabilities	68.596.719	20.968.690
Medium- and long-term liabilities ( <i>Not 4.2</i> )	1.004.281.530	735.704.627
<b>Total</b>	<b>1.072.878.249</b>	<b>756.673.317</b>

As of 31 December 2021 and 31 December 2020, taxes and other liabilities payables consist of personnel income taxes, expense tax and period profit tax and other legal liabilities. There are no income and expense accruals for the period as of 31 December 2021 (31 December 2020: TL 565.115 expense accruals). As of 31 December 2021 and 31 December 2020, details of the liabilities from main operations of the Group are as follows:

	31 December 2021	31 December 2020
Payables due to pension operations ( <i>Not 18</i> )	1.008.995.970	739.327.425
Payables to policyholders and agencies	37.609.028	19.229
Payables to reinsurers ( <i>Note 10</i> )	11.351.666	11.866.944
Other	41.793	15.929
<b>Payables due to main operations</b>	<b>1.057.998.457</b>	<b>751.229.527</b>

The detailed explanation of the Group's transactions with related parties and their balances as of the end of the period is given in the footnote of "Related party transactions".

**Total amount of investment allowances to be utilized in current and future periods:** None.

Calculated corporation tax and prepaid taxes are detailed in the following table:

	31 December 2021	31 December 2020
Prepaid taxes during the period	24.951.844	(346.966)
Corporate tax provision	(13.586.624)	1.113.144
<b>Corporate tax payable, net</b>	<b>11.365.220</b>	<b>766.178</b>

**20 Financial liabilities**

As a result of initial measurement of TFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised TL 4.247.321 of right of use assets and TL 818.236 lease liabilities as at 31 December 2021 (31 December 2020: TL 3.888.145 of right-of-use assets and TL 2.017.838 lease liabilities).

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**21 Deferred taxes**

As at 31 December 2021 and 31 December 2020, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 December 2021	31 December 2020
	Deferred tax assets/ (liabilities)	Deferred tax assets/ (liabilities)
Equalization provision	1.919.505	1.025.909
Provision for employment termination benefits	265.233	131.795
Provision for unused vacation pay liability	212.684	76.799
Provision for lawsuits	170.339	143.757
Rental expenses	37.955	50.191
Other	4.354	6.340
Depreciation adjustment TAS difference	(412.876)	(288.041)
<b>Deferred tax assets, net</b>	<b>2.197.194</b>	<b>1.146.750</b>
Unrecorded deferred tax assets, net	-	-
<b>Deferred tax assets, net</b>	<b>2.197.194</b>	<b>1.146.750</b>

Movement of deferred tax assets during the period is as follows:

	2021	2020
Beginning of the period - 1 Ocak	1.146.750	822.730
Deferred tax income, net (Note 35)	867.449	292.051
Deferred tax income / (expense) under equity	49.584	31.969
Effect of transfer (*)	133.411	-
<b>End of period, 31 December</b>	<b>2.197.194</b>	<b>1.146.750</b>

(\*) Details of the transfer effect are disclosed in Note 46, events occurring after the reporting period.

**22 Retirement benefit obligations**

As of 31 December 2021, the group has no retirement benefit obligation (31 December 2020: None).

**23 Provision for other liabilities and charges**

**23.1 Provisions related to personnel social security and others:**

	31 December 2021	31 December 2020
Performance premium provision	-	1.651.172
Lawsuit provision (*)	740.603	718.783
Provision for unused vacation (**)	924.712	383.997
Other	18.934	31.705
<b>Provisions for costs</b>	<b>1.684.249</b>	<b>2.785.657</b>
Provision for employment termination benefits (**)	1.326.163	658.973
<b>Total provision for other risks</b>	<b>3.010.412</b>	<b>3.444.630</b>

(\*) It consists of the provision amount allocated for return to work cases.

(\*\*) The provision amounts for the transferred personnel to Bereket Katılım Sigorta A.Ş.

The movement of the provision for employment termination benefits between 1 January - 31 December 2021 and 1 January - 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Provision for employment termination benefits at the beginning of the period	658.973	434.935
Interest cost (Note 47)	381.636	51.613
Service cost (Note 47)	160.177	141.147
Payment/diminishing benefits/ gain/ (loss) due to dismissal (Note 47)	45.477	122.410
Payment during the period (Note 47)	(49.172)	(250.981)
Actuarial difference	247.920	159.849
Effect of transfer (*)	(118.848)	-
<b>Provision for employment termination benefits at the end of the period</b>	<b>1.326.163</b>	<b>658.973</b>

(\*) The provision amounts for the transferred personnel to Bereket Katılım Sigorta A.Ş.

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**24 Net insurance premium revenue**

The Group's detail of net insurance premium revenue for life and non-life branches as of 31 December 2021 and 2020, is as follows :

	31 December 2021			31 December 2020		
	Gross	Share of reinsurer	Net	Gross	Share of reinsurer	Net
Life	296.777.479	(37.884.160)	258.893.319	156.502.324	(6.283.844)	150.218.480
Personal accident	44.498.950	-	44.498.950	42.429.255	(7.876.907)	34.552.348
<b>Total</b>	<b>341.276.429</b>	<b>(37.884.160)</b>	<b>303.392.269</b>	<b>198.931.579</b>	<b>(14.160.751)</b>	<b>184.770.828</b>

**25 Fee revenues**

The Group's fee revenues consist of fees received from pension investment funds, pension participants and expenses charged to the life policyholders. The details of fees from pension investment funds and pension participants are presented in the accompanying statement of income.

	1 January- 31 December 2021	1 January- 31 December 2020
Fund management fee	11.864.036	9.671.139
Management fee deduction	84.154	56.663
Entrance fee	107.456	144.699
Management fee deduction in case of interruption	12.170	148.236
<b>Total</b>	<b>12.067.816</b>	<b>10.020.737</b>

**26 Investment income**

Presented in Note 4.2- *Financial Risk Management*.

**27 Net realized gains and financial assets**

Presented in Note 4.2 - *Financial Risk Management*.

**28 Net fair value gains on assets at fair value through profit or loss**

Presented in Note 4.2 – *Financial Risk Management*.

**29 Insurance rights and claims**

As of 31 December 2021 and 2020, the remaining amounts of the Group's insurance technical account are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Claims paid, net off ceded	(93.673.811)	(79.222.400)
Change in provision for outstanding claims, net off ceded	3.348.992	(8.726.979)
Change in reserve for unearned premium, net off ceded	(53.022.670)	(37.748.808)
Change in equalization reserve, ceded	(4.467.982)	(2.789.179)
Change in life mathematical provisions, ceded	(3.989.006)	(3.575.813)
<b>Total recognized in the statement of income</b>	<b>(151.804.477)</b>	<b>(132.063.179)</b>

**30 Investment contract benefits**

None (31 December 2020: None).

**31 Other expenses**

The allocation of the expenses with respect to their nature or function is presented in Note 32- Expenses by Nature below.

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**32 Expenses by nature**

For the year ended 31 December 2021 and 31 December 2020, the details of operating expenses are as follows:

	31 December 2021	31 December 2020
Employee benefit expenses (Note 33)	(20.773.169)	(18.116.336)
Commission expenses (Note 17)	(39.843.130)	(43.010.698)
Commissions to intermediaries accrued during period (Note 17)	(72.147.632)	(46.932.638)
Change in deferred commission expenses (Note 17)	32.304.502	3.921.940
Commission income from reinsurers (Note 10)	565.115	15.255.463
Administrative expenses	(5.555.809)	(4.731.025)
Advertisement and sales expenses	(4.764.241)	(6.884.040)
Service expenses rendered from third parties	(7.038.445)	(6.519.878)
Other	(9.355)	115.252
<b>Total</b>	<b>(77.419.034)</b>	<b>(63.891.262)</b>

The fee details for independent audit services for the accounting periods ending on 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Expenses related to independent audit services	237.000	160.000
<b>Total</b>	<b>237.000</b>	<b>160.000</b>

**33 Employee benefit expenses**

For the years ended 31 December 2021 and 2020, the details of employee benefit expenses are as follows:

	31 December 2021	31 December 2020
Wages and salaries	15.442.441	12.380.796
Employer's share in social security premiums	2.613.114	1.928.604
Other benefits	2.717.614	3.806.936
<b>Total</b>	<b>20.773.169</b>	<b>18.116.336</b>

The total amount of remuneration and similar benefits provided to the chairman and members of the Board of Directors, as well as senior managers such as the General Manager, General Coordinator, Assistant General Managers and Internal Audit Manager, in the current period is explained in footnote 1.6.

**34 Financial costs**

Finance costs are presented in Note 4.2 – *Financial Risk Management* above. There are no finance costs classified in production costs or capitalized on tangible assets. All financial costs are directly recognized as expense in the statement of income.

**35 Income taxes**

Income tax expense in the accompanying consolidated financial statements is as follows:

	31 December 2021	31 December 2020
<b>Provision for corporate tax:</b>		
Provision for corporate taxes	(24.951.844)	(346.966)
<b>Deferred taxes:</b>		
Arising from origination (+)/ reversal (-) of taxable temporary differences		
total income tax expense recognized in profit	867.449	292.051
<b>Total tax income</b>	<b>(24.084.395)</b>	<b>(54.915)</b>



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**35 Income taxes (continued)**

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2021 and 31 December 2020 is as follows:

	1 January - 31 December 2021		1 January - 31 December 2020	
		Tax		Tax
Profit/ (loss) before tax	94.033.779	rate (%)	(1.402.681)	rate (%)
Income tax provision by legal tax rate	(23.508.445)	25.00	308.590	(22,00)
Non-deductible expenses	(575.950)	(2.45)	(363.505)	25,92
<b>Total tax income recognized in income statement</b>	<b>(24.084.395)</b>	<b>27.45</b>	<b>(54.915)</b>	<b>3,92</b>

**36 Net foreign exchange gains**

Presented in Note 4.2 – *Financial Risk Management* above.

**37 Earnings per share**

Earnings per share are calculated by dividing net profit of the period to the weighted average number of shares:

	31 December 2021	31 December 2020
Net profit / (loss) for the period	69.949.384	(1.457.595)
Weighted average number of shares	30.000.000	30.000.000
Earnings/ (loss) per share (TL)	2,33165	(0,04859)

**38 Dividends per share**

The group has net profit for the year ended 31 December 2021 amounting to TL 69.949.384 in accordance with applicable accounting standards (31 December 2020: TL 1.457.595 loss). There is no profit distribution due to profit in previous period.

**39 Cash generated from operations**

The cash flows from operating activities are presented in the accompanying statement of cash flows.

**40 Convertible bonds**

None (31 December 2020: None).

**41 Redeemable preference shares**

None (31 December 2020: None).

**42 Contingencies**

In the normal course of its operations, the Group is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Group are provided either under provision for outstanding claims or provisions for other risks in the accompanying consolidated financial statements. As of 31 December 2021 and 31 December 2020, the details of the cases other than those filed against the Group are as follows:

	31 December 2021	31 December 2020
Personnel lawsuits against the Group (Note 23)	740.603	718.783
<b>Total</b>	<b>740.603</b>	<b>718.783</b>

**43 Commitments**

The details of the guarantees that are given by the Group for the operations in the life and non-life branches are presented in Note 17 - *Insurance liabilities and reinsurance assets*. Details of guarantees and sureties given by the Group are as follows:

TL Commitments	31 December 2021	31 December 2020
Letters of guarantee	703.594	330.594
<b>Total</b>	<b>703.594</b>	<b>330.594</b>

**44 Business combinations**

None (31 December 2020: None).

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**45 Related party transactions**

	31 December 2021	31 December 2020
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği A.Ş.	156.452.436	101.071.417
Tarım Kredi Birlik Tarım Ürün Hay. Amb. Petr. Nak. İth. İhr.		
San. Tic. A.Ş.	1.520	-
Bereket Sigorta A.Ş.	80	-
<b>Receivables from main operations</b>	<b>156.454.036</b>	<b>101.071.417</b>
	31 December 2021	31 December 2020
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği A.Ş.	25.098.214	18.507.295
Tarnet Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	380	380
Gübretaş Madencilik A.Ş.	12	-
Gübre Fabrikaları A.Ş.	-	3
Bereket Sigorta A.Ş.	-	653
Tarım Kredi Birlik Tarım Ürün Hay. Amb. Petr. Nak. İth. İhr.		
San. Tic. A.Ş.	-	4.225
Bereket Sigorta A.Ş. (FK devri)	-	7.790.945
<b>Payables from main operations</b>	<b>25.098.606</b>	<b>26.303.501</b>
	31 December 2021	31 December 2020
Tarnet Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	376.676	319.772
Tarım Kredi Holding A.Ş.	184.808	279.113
TK Taşımacılık ve Lojistik A.Ş.	17.795	12.935
Bereket Sigorta A.Ş.	16.634	2.376.532
Tarım Kredi Kooperatifleri Merkez Birliği	5.605	-
Tarım Kredi Gıda San. Ve Tic. A.Ş.	756	660
<b>Other various payables</b>	<b>602.274</b>	<b>2.989.012</b>

There are no liabilities such as guarantees, commitments, sureties, advances and endorsements given in favor of shareholders, affiliates and subsidiaries.

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**45 Related party transactions (continued)**

The transactions with related parties for the years ended 31 December 2021 and 2020 are as follows:

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Türkiye Tarım Kredi Koop. Merkez Birliği	285.436.054	171.069.557
Gübre Fabrikaları A.Ş.	79.584	64.125
Bereket Sigorta A.Ş.	49.027	-
Tarnet Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	36.392	45.709
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.	11.258	1.747
Bereket Katılım Sigorta A.Ş.	4.565	-
İmece Plastik Tarım İnş. Taah. Pet. Ür. Ve Gıda San. Tic. A.Ş.	2.937	10.971
Tarım Kredi Gıda San. Ve Tic. A.Ş.	-	1.140
TK Taşımacılık Ve Lojistik A.Ş.	-	380
Tarım Kredi Holding A.Ş.	-	2.660
<b>Written premiums</b>	<b>285.619.817</b>	<b>171.196.289</b>
Gübre Fabrikaları T.A.Ş.	15	-
Bereket Sigorta A.Ş.	-	385.112
<b>Paid premiums</b>	<b>15</b>	<b>385.112</b>
Türkiye Tarım Kredi Koop. Merkez Birliği	-	87.635.393
<b>Claims paid</b>	<b>-</b>	<b>87.635.393</b>
Tarnet Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	1.427.261	1.489.131
Bereket Katılım Sigorta A.Ş.	637.200	669.962
Türkiye Tarım Kredi Koop. Merkez Birliği	399.468	268.683
Tarım Kredi Holding A.Ş.	234.679	506.391
TK Taşımacılık ve Lojistik A.Ş.	202.174	154.387
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.	100.000	-
Bereket Sigorta A.Ş.	26.709	1.167.741
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	22.517	-
Tarım Kredi Gıda Sanayi ve T.A.Ş.	11.491	9.731
Bereket Sigorta A.Ş. (Expense Reflection Invoices)	-	53.653
Tarım Kredi Birlik A.Ş.	-	5.321
<b>Other expense</b>	<b>3.061.499</b>	<b>4.484.300</b>
	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	-	31.202.306
<b>Commission given</b>	<b>-</b>	<b>31.202.306</b>
Bereket Sigorta A.Ş.	-	7.876.907
<b>Transferred premiums</b>	<b>-</b>	<b>7.876.907</b>
Bereket Sigorta A.Ş.	-	3.150.763
<b>Commission received</b>	<b>-</b>	<b>3.150.763</b>
Bereket Sigorta A.Ş.	4.060.650	6.392.190
<b>Paid claims reinsurance share</b>	<b>4.060.650</b>	<b>6.392.190</b>
Bereket Katılım Sigorta A.Ş.	389.943	392
Bereket Sigorta A.Ş.	8.999	4.542
<b>Other income</b>	<b>398.942</b>	<b>4.934</b>
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	46.628.143	-
<b>Paid commission</b>	<b>46.628.143</b>	<b>-</b>

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**46 Events after the reporting period**

At the Company's Board of Directors dated October 14, 2021, it was decided to transfer Bereket Katılım Hayat A.Ş., its subsidiary. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth Fund Financial Investments A.Ş. (TWF), for TL 23.500.000 after the transfer. The company transfer took place on November 15, 2021. As of the date of transfer, the entire portfolio of the Company, together with guarantees and provisions, has been transferred to Bereket Emeklilik ve Hayat A.Ş.. The sale of the Company to TWF Financial Investments A.Ş. was approved at the General Assembly meeting held on January 7, 2022, and took place as of the same date. The details of the transferred technical provision of the Company are presented below:

	1 January – 31 December 2021		
	Gross	Transfer Amount Share of reinsurer	Net
Mathematical reserves	9.018.796	-	9.018.796
Reserve for Unearned Premiums	1.595.900	-	1.595.900
Provision for outstanding claims	1.141.104	-	1.141.104
Equalization reserve	787.435	8.855	778.580
<b>Total</b>	<b>12.543.235</b>	<b>8.855</b>	<b>12.534.380</b>

**47 Other**

**47.1 Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements**

They are presented in the related notes above.

**47.2 “Payables to employees and receivables from employees presented under accounts, “other receivables” and “other short- or long-term payables”, and which have balance more than 1% of the total assets**

None.

**47.3 Subrogation recorded in “Off-Balance Sheet Accounts”**

None.

**47.4 Explanatory Note for the amounts and nature of previous years’ income and losses**

None.

**47.5 Other notes to include**

For the period ended 31 December 2021 and 31 December 2020, details of the rediscount expenses are as follows:

	31 December 2021	31 December 2020
TFRS 16 rediscount expenses	(207.033)	(232.341)
<b>Rediscount account</b>	<b>(207.033)</b>	<b>(232.341)</b>

For the period ended 31 December 2021 and 31 December 2020, details of the provision expenses are as follows:

	31 December 2021	31 December 2020
Performance premium provision (Note 23)	1.651.172	(1.651.172)
Provision for lawsuits expense (Note 23)	(21.820)	598.789
Other (Note 23)	12.770	349.272
Provision for doubtful receivables (Note 4.2)	(6.972)	(3.958)
Provision for employee termination (Note 23) (*)	(248.040)	(183.037)
Provision for unused vacation (Note 23) (*)	(283.668)	(160.848)
<b>Provisions account</b>	<b>1.103.442</b>	<b>(1.050.954)</b>

(\*) The provision amounts for the transferred personnel to Bereket Katılım Sigorta A.Ş.



## 3.4 CONTACT DETAILS

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