

BEREKET SİGORTA

2021 ANNUAL REPORT



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CONTENTS

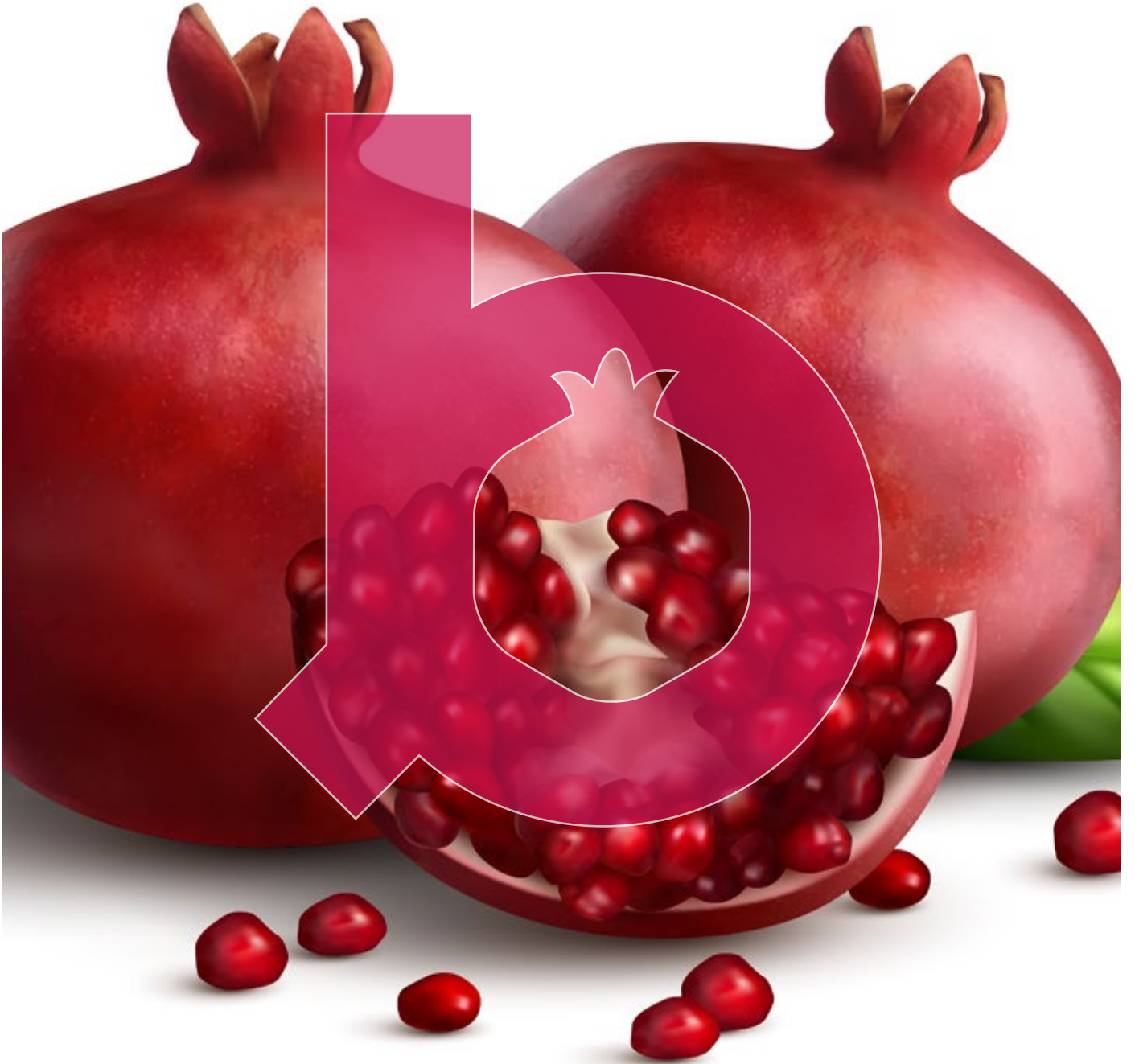
1.	CORPORATE PROFILE	5
1.1	About Bereket Sigorta	7
1.2	Our Vision, Our Mission, Ethical Principles and Code of Conduct	9
1.3	Our Shareholders	12
1.4	Capital Increases throughout the Year	12
1.5	Management's Analysis	13
1.6	Financial Indicators	18
1.7	Reinsurance Companies	22
1.8	Our Human Resources Practices	23
1.8.1	Our Human Resources Structure	25
1.8.2	Educational Activities	26
1.9	Sales Channels Structure	27
1.10	Completed and In Progress Projects	28

2	CORPORATE GOVERNANCE	31
2.1	Members of the Board of Directors	32
2.2	Replacements of the Board of Directors	34
2.3	Qualifications of the Directors and the Auditors	37
2.4	Executives in charge of the Internal Systems	38
2.5	Attendance of the Directors to the Meetings during the Account Period	39
2.6	Organization Chart	40
2.7	Statement of Compliance with the Corporate Governance Principles	41
2.8	Corporate Governance Compliance Report	42
2.9	Corporate Information Sheet	50
2.10	Result of the Affiliation Report	62
2.11	Draft Agenda of Ordinary General Meeting 2021	63
2.12	Statement of Compliance on The Annual Report	64
2.13	Annual Report Opinion of Compliance	65
2.14	Islamic Jurisprudence Advisor's Opinion Regarding the Participation Insurance	69
2.15	Participation Insurance Activities and Opinion of the Advisory Committee	70

3.	FINANCIAL INFORMATION AND RISK MANAGEMENT	71
3.1	Risk Management Policies and Internal Control Activities	72
3.1.1	Risk Management and Control Activities	72
3.1.2	Risk Management Policies Implemented by Types of Risks	72
3.2	Internal Audit Operations	74
3.3	Information on the Financial Constitution	78
3.4	Evaluation on the Financial Condition, Profitability and Indemnity Payment Ability	79
3.5	Unconsolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2021	83
3.6	Consolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2021	159
3.7	Contact Details	232

1 CORPORATE PROFILE

1.1	About Bereket Sigorta	7
1.2	Our Vision, Our Mission, Ethical Principles and Code of Conduct	9
1.3	Our Shareholders	12
1.4	Capital Increases throughout the Year	12
1.5	Management's Analysis	13
1.6	Financial Indicators	18
1.7	Reinsurance Companies	22
1.8	Our Human Resources Practices	23
1.8.1	Our Human Resources Structure	25
1.8.2	Educational Activities	26
1.9	Sales Channels Structure	27
1.10	Completed and In Progress Projects	28



1.1 ABOUT BEREKET SİGORTA

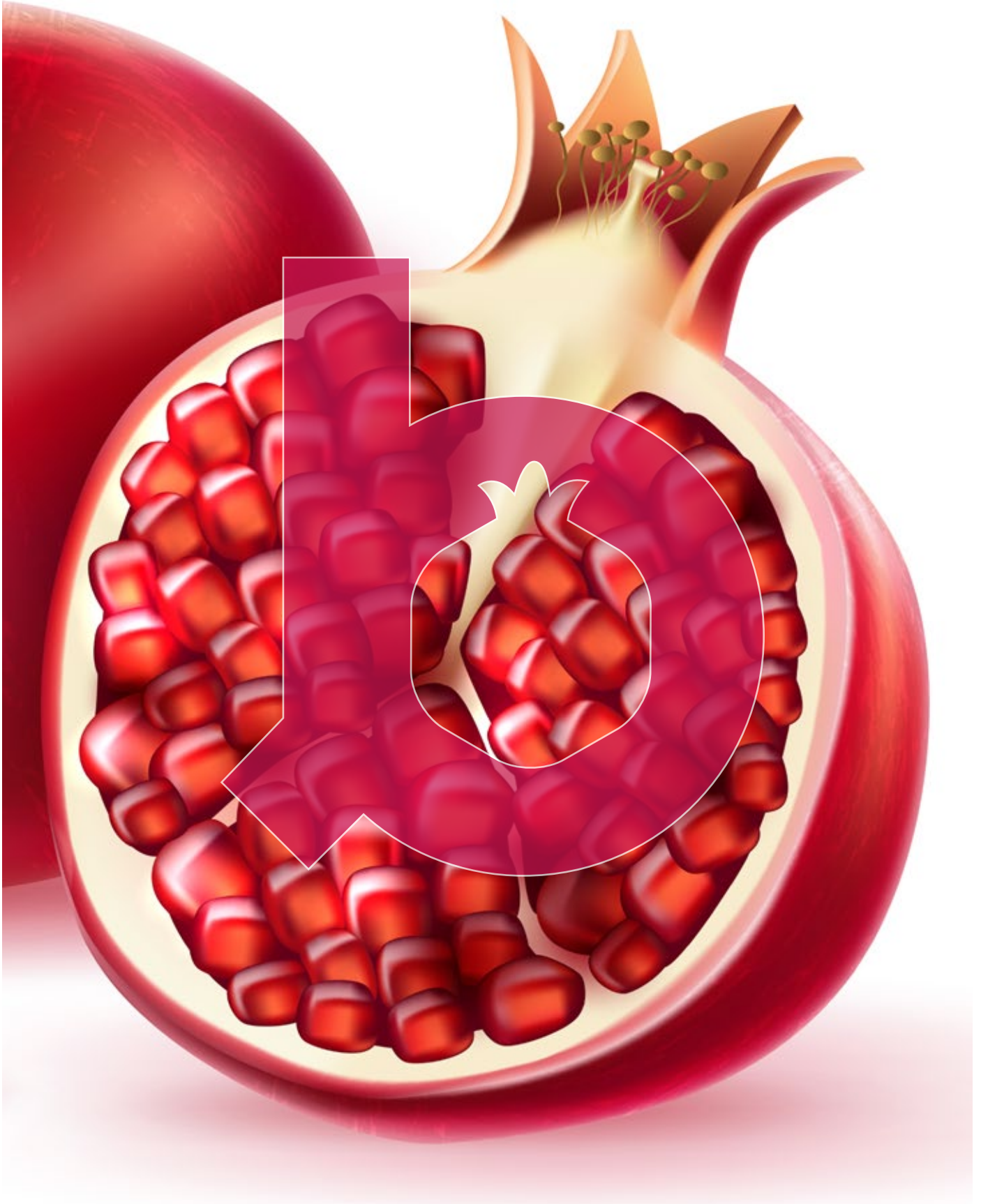
Bereket Sigorta was established in 1995. It was taken transfer by the Agricultural Credits Cooperatives of Turkey, a cooperative founded 159 years ago, serving to nearly 800 thousand member farmers, operating with 17 regional offices and 1615 local offices, from TMSF [Saving Deposits Insurance Fund] under a share transfer agreement signed on 13.01.2017 as a result of a public tender.

Bereket Sigorta invests all of its funds in non-interest bearing instruments only and gives maximum care to ensure that all of its operations and deals are free of any interest as its paramount principle governing its business.

Operating in all insurance branches, including Motor Own Damage (MOD), MTPL, Property, Engineering, Agricultural, Health, Personal Accident, Marine, Legal Protection, Non-Motor Accident, Turkish Catastrophe Insurance Pool (TCIP), and Liability lines of business, Bereket Sigorta has been one of the companies that use the technology best from the very first day of its establishment.

Besides 10 regional management offices, 1 regional representation office and near 850 agents across the country, the branch offices of Türkiye Finans Katılım Bankası, Albaraka Türk Katılım Bankası, Vakıf Katılım Bankası, Ziraat Katılım Bankası, Anadolubank, PTT Bank and İller Bankası operate as our sales channels.

Having set its primary goals as to design such products that suit the needs of the industry and the clients best and to become an insurance company that the agents can trust and work with as a business partner throughout their business life, Bereket Sigorta will continue to add value to the insurance industry with its innovative and quality service idea in the years ahead.



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 insurance sector, giving importance to ethical values, shaping the agriculture and participation insurance with its innovative approach and widespread service network.

Ethical Principles and Code of Conduct

Bereket Sigorta 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 Sigorta 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 Sigorta 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 of clear, accurate and understandable information about our services to all parties we are interacting with; giving of full and accurate information to all parties we are contracting with about their and our rights and obligations.
- Avoiding any unjust competition in pursuance of the principles of maintaining the trust in the the principles of participation (takaful) insurance 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 arose 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.

Global Banking & Finance Review Awards'dan
Bereket Sigorta'ya
2 Büyük Ödül!



1.3 OUR SHAREHOLDERS

The shareholding structure of Bereket Sigorta A.Ş. is explained below.

SHAREHOLDERS OF THE COMPANY			
Row No	Name-Surname/Title	Rate of Share (%)	Address
1	CENTRAL UNION OF AGRICULTURAL LOAN COOPERATIVES OF TURKEY	87,35%	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	2,75%	-

1.4 CAPITAL INCREASES THROUGHOUT THE YEAR

A capital increase of 50,000,000 TL 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 continue 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 con-

sidered 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

Having a significant share in the Turkish Economy, which is expected to close 2021 with a growth of over 10 percent, the insurance sector has proven how quickly it can adapt to change despite the turmoil in the last two years. Despite the fact that it was a year in which climate problems were experienced at the highest level as well as pandemic and economic challenges, the Turkish Insurance Sector showed a very successful performance with a growth of 28%. With the effect of the increasing competitive environment in the sector, the loss of technical profit, especially in the auto lines of business, adversely affected the sustainable profitability of the sector. Although the said effect is relatively mitigated by investment incomes, it poses a negative impact on the financial statements of the sector.

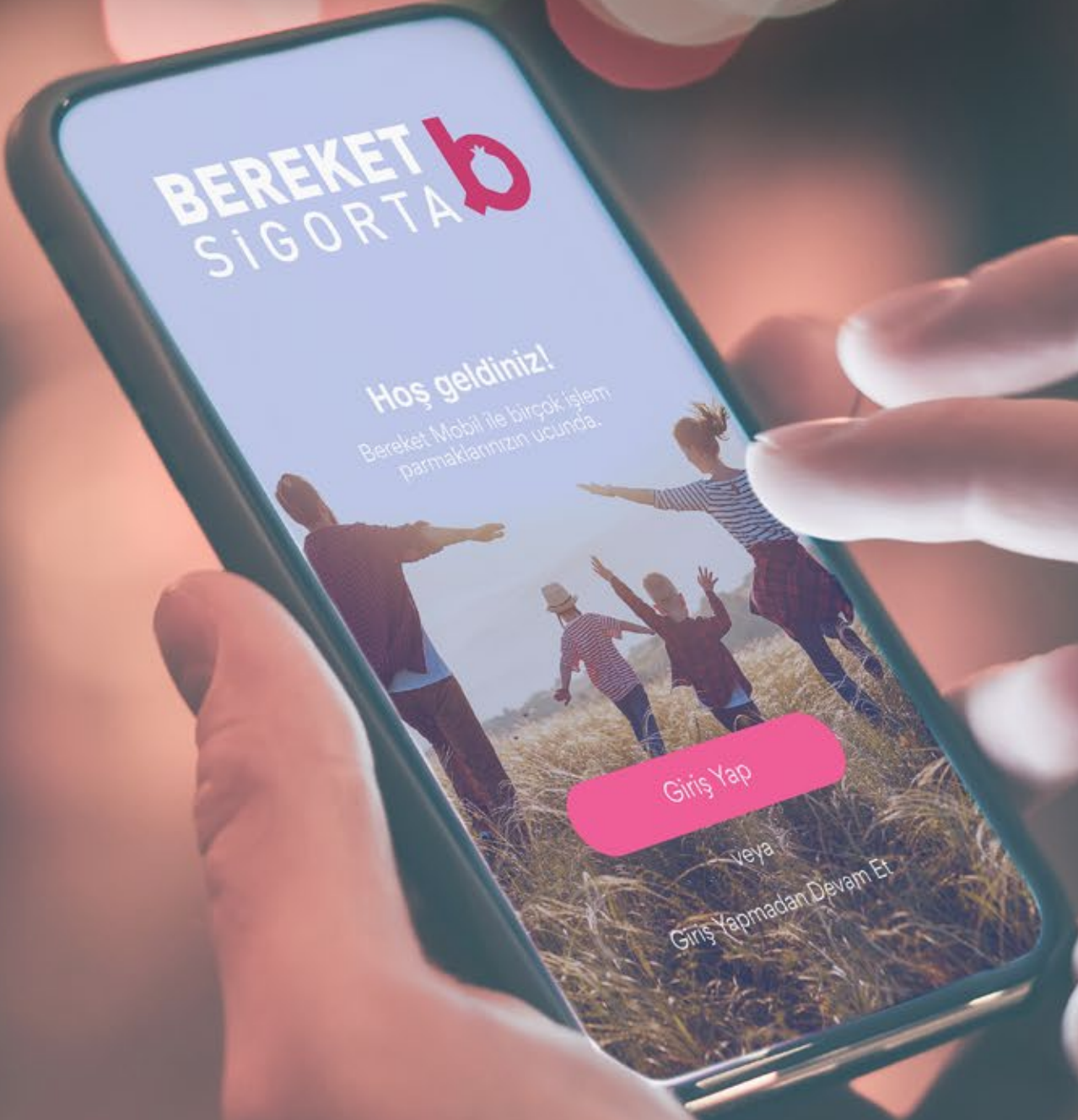
In the sector, a 28% growth was recorded in non-life line of business in 2021, resulting in a premium production of 105.3 billion TL. While the growth in the volume of auto line of business, having a 43% share, was limited to 14%, motor own damage grew by 33%, exceeding the sector average.

With its 45% share, the fire, illness & health and general losses, which are other important non-life lines of business, grew by 32%, 30%, and 39%, respectively.

Bereket Sigorta A.Ş. **2021 Annual Report** 15

Bereket d nyasında

varlıklarınız, sevdikleriniz ve saėlıėınız
bize emanet!



OUR COMPANY

With its customer-oriented, reliable, strong technological infrastructure and innovative solutions as well as the performance well above the sector trend with 46.6% growth and 2.08 Billion TL premium production in 2021, our company increased its market share by approximately 14% compared to the previous period to 2.38%. On the other hand, they ranked first among the Participation Insurance companies with a growth rate of 48%.

We consider the agriculture a strategic sector of the country in terms of sustainable development of the country, infiltration of the wealth to the lower classes and uninterrupted continuity of production and employment. We are realizing our agricultural insurance business with this source of high-motivation. In order to protect the farmer against the ever-changing conditions and the ever-increasing risks so that they survive, we are at the service of the farmer with the insurance from TARSİM (the Turkish agricultural insurance pool) and the insurance in other lines of business.

Together with our business partners who provide services all over Turkey, 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.

The innovations we have added to the insurance sector and the fact that digital developments are considered as precious in the international arena further increase our motivation and energy. Our company was granted the “Most Reliable Participating Takaful Insurance Company” and “CSR Excellence and Dedication to Community” awards within the scope of the Islamic

Finance Awards given by World Finance. In addition, selecting as “Turkey’s Fastest Growing Insurance Company” and “Turkey’s Best Insurance Company in Digital Transformation” at the 2021 Global Banking and Finance Review Awards, it has received two awards at once.

These awards we have received in the international arena show that we can create an insurance world in line with their demands by listening and analyzing the needs of our customers. While digital transformation increases the competitiveness of companies, it also poses digital risks. In this context, while increasing the number of our robotic automations in the optimization of our processes, we continue to develop our governance and security standards on Information Technologies as per international standards.

Our company is becoming an important and well-known brand of our country as we move up the industry by expanding our agent, bank and broker channels 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 growing Bereket Sigorta 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

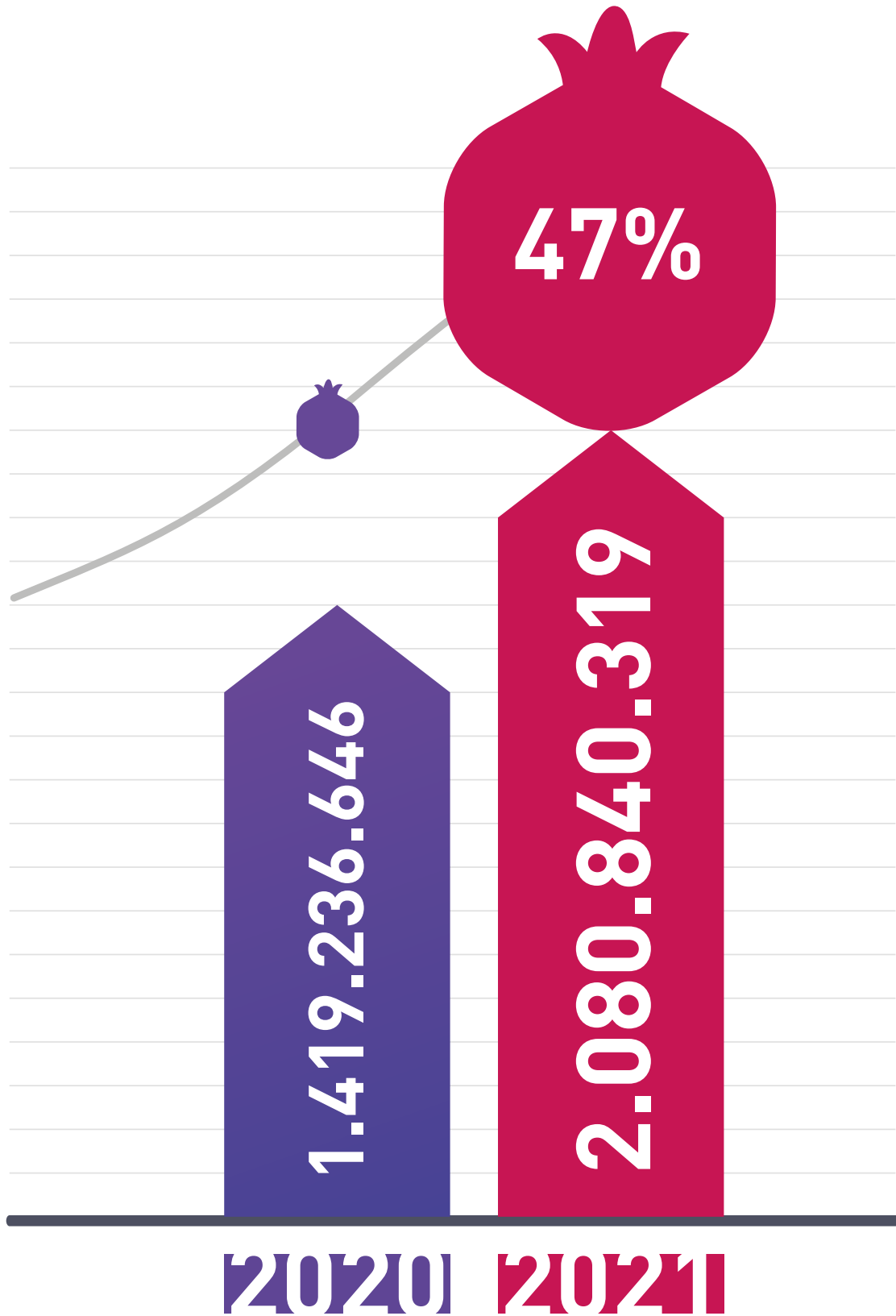
SHEET BALANCE

	2021	2020	CHANGE [%]
Current Assets	1.642.539.310	1.113.664.012	47
Cash and Financial Assets	1.062.173.705	698.085.461	52
Short-Term Receivables	421.961.316	324.464.658	30
Expenses for the Next Month	150.780.049	84.598.159	78
Other Current Assets	7.624.240	6.515.734	17
Non-Current Assets	57.145.015	34.264.346	67
Other Receivables	102.604	224.156	-54
Financial Assets	26.374.229	11.183.582	136
Tangible and Intangible Assets	19.706.995	18.846.240	5
Other Non-Current Assets	10.961.187	4.010.368	173
Total Assets	1.699.684.325	1.147.928.358	48
Short-Term Obligations	1.518.482.922	940.437.212	61
Long-Term Obligations	33.401.626	28.347.533	18
Shareholders' Equity	147.799.777	179.099.417	-17
Total of Obligations and Equity	1.699.684.325	1.147.884.162	48

INCOME STATEMENT

Technical Incomes	713.315.763	645.351.940	11
Earned Premiums, Net (Reinsurer's Share Deducted)	603.426.889	540.825.056	12
Written Premiums (Reinsurer's Share Deducted)	806.186.526	593.967.624	36
Written Premiums (Gross) (Reinsurer's Share No Deducted)	2.080.840.319	1.419.236.646	47
Premiums Ceded to Reinsurers	-1.241.932.125	-793.937.331	56
Premiums Transferred to Social Security Ins.	-32.721.668	-31.331.691	4
Provision for Unearned Premiums (Reins. Share and Ceded Part Deducted)	-174.048.355	-51.569.113	238
Change in Provision for Unexpired Risks (Reins. Share and Ceded Part Deducted)	-28.711.282	-1.573.455	1.725
Non-Technical Section Transferred Investment Income	100.694.033	101.661.608	-1
Other Technical Incomes	150.125	265.415	-43
Outstanding Salvage and Subrogation Collections	9.044.716	2.599.861	248
Other Technical Incomes	-847.382.820	-561.743.107	51
Indemnities Paid (Net of Reinsurer's Share)	-492.819.232	-275.151.235	79
Outstanding Claims (Net of Reinsurer's Share)	-207.281.713	-152.268.699	36
Change in Other Technical Provisions (Reins. Share and Ceded Part Deducted)	-4.416.384	-1.799.431	145
Operating Expenses	-136.543.563	-116.426.859	17
Change in Mathematical Provisions (Reins. Share and Ceded Part Deducted)	1.330.051	1.669.128	-20
Other Technical Expenses	-7.651.979	-17.766.011	-57
Technical Profit/Loss	-134.067.057	83.608.833	-260
Non-Technical Profit or Loss	49.134.546	6.333.577	676
Provision for Tax	0	-16.607.760	-100
Net Profit/Loss in the Period	-84.932.511	73.334.650	-216

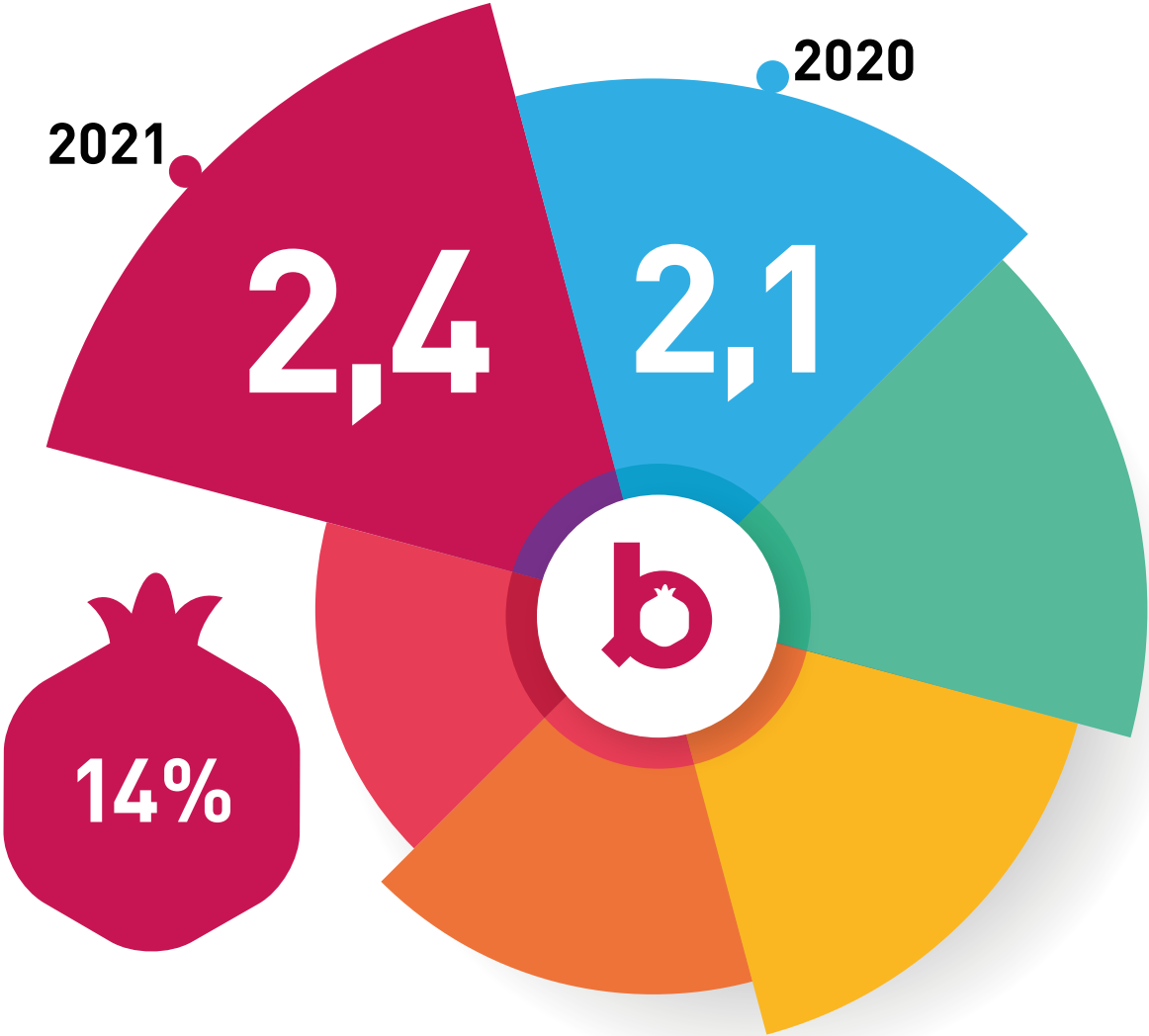
Premium Production



1.6 FINANCIAL INDICATORS

LINE OF BUSINESS	2021	2020
State Supported Agricultural Insurance	888.388.635	629.596.373
Land Vehicles Liability	453.211.841	407.989.023
Land Vehicles	299.309.946	153.997.419
Fire and Catastrophe	248.828.504	139.255.296
Engineering	81.794.821	26.557.577
Marine	30.390.962	10.680.860
Accident	16.272.376	17.447.323
General Liability	15.221.791	10.722.603
Illness & Health	14.843.293	9.580.568
Watercraft	10.714.642	6.339.922
Other	21.863.507	7.069.682
TOTAL	2.080.840.319	1.419.236.646

Market Share





1.7 REINSURANCE COMPANIES

REINSURER	RATINGS GIVEN BY RATING AGENCIES TO OUR REINSURERS	PRINCIPAL LENDER	COUNTRY
Milli Reasürans T.A.Ş.	S&P/trA+	Türkiye İş Bankası	Türkiye
Türk Reasürans A.Ş.	-	T.C. Hazine ve Maliye Bakanlığı	Türkiye
Mapfre Re	S&P/A+	Mapfre Re Group	İspanya
Odyssey Re	S&P/A-	Fairfax Financial Holdings Ltd.	Fransa
Devk Re	S&P/A+	DEVK Group	Almanya
CCR	S&P/A	Fransa Devleti	Fransa
Covea Cooperations	S&P/AA-	Covea Group	Fransa
Polish Re	A.M BEST /A-	Fairfax Financial Holdings Limited,	Polonya
Kuwait Re	A.M BEST/A-	Kuwait Reinsurance Company	Kuveyt
Korean Re	S&P/Aw	Korean Re ve yatırım şirketleri	Güney Kore
Malaysian Re	A.M BEST/A-	MNRB Holdings Berhad (MNRB)	Malezya
Labuan Re	A.M BEST /A-	MNRB Holdings Berhad (MNRB)	Malezya
GIC of India	A.M BEST /B++	Hindistan Devleti	Hindistan
Everest Re	S&P/A+	Everest Holdings	Amerika
Swiss Re	S&P/AA-	Swiss Re AG	İsviçre
Sirius	S&P/A	White Mountains Ltd.	Bermuda
Saudi Re	Moody's/A3	Saudi Anonim Şirketi	Suudi Arabistan
Chaucer Lloyd's Syndicate 1084	S&P/A+	China Re	İngiltere
Oman Reinsurance Company SAOC	A.M BEST/B++	Qatar General Insurance & Reinsurance	Katar
QBE Reinsurance (Europe) Ltd	S&P/A+	QBE Insurance Group Ltd.	İngiltere
Hamilton Lloyd's Syndicate 4000 (HAM)	S&P/A+	Hamilton Insurance Group	İngiltere
Partner Re	S&P/A+	PartnerRe Group	İrlanda

1.8 OUR HUMAN RESOURCES PRACTICES

RECRUITMENT

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

We are dedicated 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.

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.

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 Resources Executive and the top management.

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.

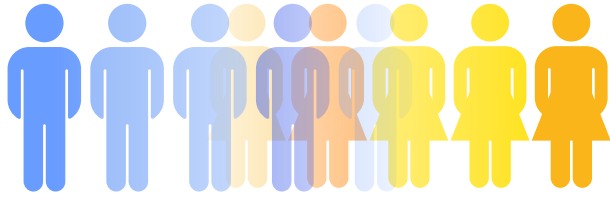
Each of our colleagues participates in the Private Pension with a company contribution within the scope of the company's Group Retirement Plan.

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

1.8.1

OUR HUMAN RESOURCES STRUCTURE

The number of employees carried forward to 2021 is 170, in the evening of 31.12.2020. We interviewed with nearly 35 candidates in 2021. 31 persons were recruited and 26 employees were terminated in 2021. The number of employees carried forward to 2022 is 202, in the evening of 31.12.2021 (As of December, the number of personnel turnover in participation companies is 9).

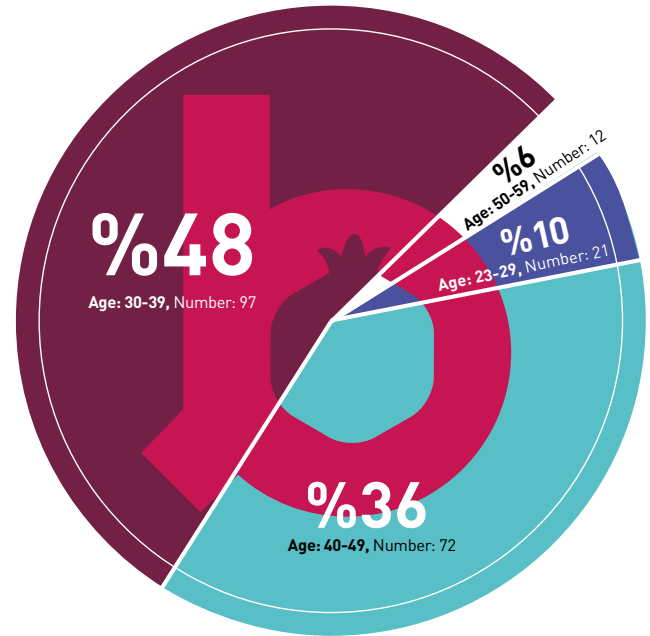


DISTRIBUTION BY GENDER	NUMBER	RATE
Female	65	32%
Male	137	68%
Total	202	100%

DISTRIBUTION BY EDUCATION	NUMBER	RATE
Intermediate School	30	15%
Undergraduate	27	13%
Bachelor's Degree	124	61%
Post-graduation	21	10%
Total	202	100%

EMPLOYEES BY REGION	NUMBER	RATE
Head Office	131	65%
Ankara Regional Office	14	7%
İzmir Regional Office	11	5%
Bursa Regional Office	9	4%
Adana Regional Office	8	4%
Samsun Regional Office	7	3%
Şanlıurfa Regional Office	6	3%
Antalya Regional Office	5	2%
İstanbul Asian Side Regional Office	5	2%
Diyarbakır Regional Office	4	2%
İstanbul European Side Regional Office	2	1%
Total	202	100%

Distribution by Age



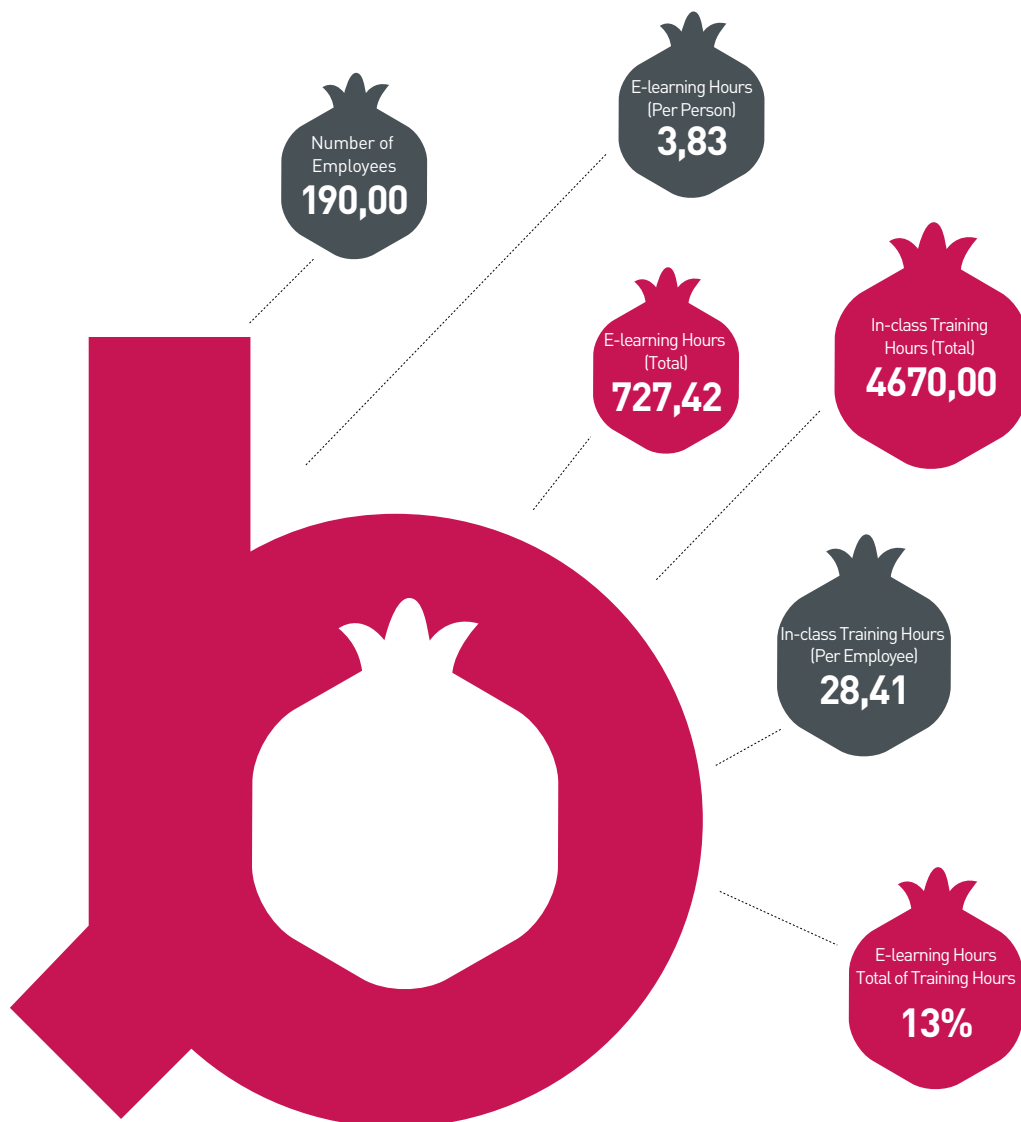
EMPLOYEES BY POSITION	NUMBER	RATE
General Manager	1	0%
Deputy General Manager	3	1%
Manager	18	9%
Supervisor	39	19%
Authorized Officer	44	22%
Specialist	45	22%
Assistant Specialist	22	11%
Service Staff	30	15%
Total	202	100,0%

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

1.8.2 EDUCATIONAL ACTIVITIES

The Human Resources and Training Department of Bereket Sigorta A.Ş. 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 28.41 hours per employee in average were provided to the employees and e-learning technologies were used in 27% of the training courses.



1.9 SALES CHANNELS

Bereket Sigorta A.Ş. delivers fast and quality insurance service to its customers in the Accident, Illness & Health, Land Vehicles, Aircraft, Watercraft, Marine, Fire & Catastrophe, General Losses, Land Vehicles Liability, Aircraft Liability, General Liability, Financial Losses and Legal Protection lines of business.

Bereket Sigorta A.Ş. delivers its services to its customers through 813 agents, 69 brokers, branch offices of Albaraka Türk Katılım Bankası, Türkiye Finans Katılım Bankası, Anadolubank, Vakıf Katılım Bankası, Türkiye Emlak Katılım Bankası, Ziraat Katılım Bankası, İller Bankası, and PTT Bank and 1 625 offices of the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği.

Bereket Sigorta 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	83
ANKARA REGIONAL OFFICE	107
ANTALYA REGIONAL OFFICE	95
BURSA REGIONAL OFFICE	88
DİYARBAKIR REGIONAL OFFICE	43
İSTANBUL ASIAN SIDE REGIONAL OFFICE	79
İSTANBUL EUROPEAN SIDE REGIONAL OFFICE	96
İZMİR REGIONAL OFFICE	80
SAMSUN REGIONAL OFFICE	92
ŞANLIURFA REGIONAL OFFICE	40
AGRICULTURAL PORTFOLIO	2
CORPORATE SALES	8
TOTAL	813

BANK	NUMBER OF BRANCHES
TÜRKİYE FİNANS KATILIM BANKASI	319
ALBARAKA TÜRK KATILIM BANKASI	228
VAKIF KATILIM BANKASI	127
ANADOLUBANK	116
ZİRAAT KATILIM BANKASI	120
TÜRKİYE EMLAK KATILIM BANKASI	65
İLLER BANKASI	18
PTT BANK	1
TOTAL	994



1.10 COMPLETED AND IN PROGRESS PROJECTS

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.

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.

TRANSITION TO REINSURANCE V2 MODULE

The implementation of the new version of the Vizyoneks Reinsurance Module to our Nareks system started in 2020, but the actions was completed in February 2021 after transferring it to the live media.

MOTOR OWN DAMAGE PRICING PLATFORM - EMBLEM INTEGRATION

With the tariff optimization robot applications, an application used in the industry for proper and linear pricing in the auto line of business was purchased. Within the scope of the project, the implementation of the application has been completed in the motor own damage line of business.

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.

AGENT 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.

SWITCHING TO SBM – OVM TRAFFIC

Since 2019, SBM has switched to its new infrastructure, OVM, respectively the Fire, then the Motor Own Damage, and in 2021 the Traffic line of business.

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.

IFRS 17

IFRS - 17 Implementation Project is to ensure the compliance of insurance companies with the international accounting standard IFRS-17 and the legal transition date for the work is 31 December 2022. The project is in the beginning phase and continues.

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.

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.

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.

World Finance
İslami Finans Ödülleri'nde
Bereket Sigorta'ya
2 Büyük Ödül

Türkiye'nin
En Güvenilir
Katılım Sigorta
Tekafül Şirketi

Kurumsal Sosyal
Sorumluluk
Mükemmelliği ve
Topluma
Adanmışlık

Most Reliable
Participating
Takaful
Insurance
Company

CSR
Excellence and
Dedication to
Community

WORLD
FINANCE
ISLAMIC FINANCE
AWARDS
2021

WORLD
FINANCE
ISLAMIC FINANCE
AWARDS
2021

2

CORPORATE GOVERNANCE

2.1	Members of the Board of Directors	32
2.2	Replacements of the Board of Directors	34
2.3	Qualifications of the Directors and the Auditors	37
2.4	Executives in charge of the Internal Systems	38
2.5	Attendance of the Directors to the Meetings during the Account Period	39
2.6	Organization Chart	40
2.7	Statement of Compliance with the Corporate Governance Principles	41
2.8	Corporate Governance Compliance Report	42
2.9	Corporate Information Sheet	50
2.10	Result of the Affiliation Report	62
2.11	Draft Agenda of Ordinary General Meeting 2021	63
2.12	Statement of Compliance on The Annual Report	64
2.13	Annual Report Opinion of Compliance	65
2.14	Islamic Jurisprudence Advisor's Opinion Regarding the Participation Insurance	69
2.15	Participation Insurance Activities and Opinion of the Advisory Committee	70

2.1 MEMBERS OF THE BOARD OF DIRECTORS



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

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.

Mustafa HAMARAT

Independent Member of the Board of Directors

Born in Ordu on 21 July 1972, Mustafa Hamarat graduated from the Faculty of Law of Ankara University. 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) with a group of lawyers and became the editor-in-chief of the magazine. In the 2002 elections, he was nominated as a deputy candidate from the Ordu list of JDP.

In 2003, he worked in the Istanbul Provincial Administration of JDP. He became a presumptive nominee for the mayor of Ümraniye in 2004 local elections. He was elected as Ordu Deputy in the 2007 elections. He acted as the deputy of the province of Ordu at the Grand National Assembly during 23rd and 24th periods. During his deputy, he was a member of the Constitutional Committee, Committee on Justice, Equal Opportunity Committee for Women and Men, Public Works, Development, Transportation and Tourism Committee. He was the chair of Turkey-Sri Lanka Inter-Parliamentary Friendship Group. He served as a secretary member of the GNAT Assembly Bureau between 2011-2013. He speaks English, German and Arabic at intermediate level. He is married with five children.

Mehmet BARCA

Independent Member of the Board of Directors

He was born on 01 February 1966 in Bingöl. He graduated from the Faculty of Political Sciences of Ankara University in 1990. He completed his master's degree at the School of Management of University of Leicester in 1995. Mehmet Barca, who completed his doctorate at the University of Leicester in 2001 received the title of Assistant Professor in 2001, Associate Professor in 2003 and Professor in 2008 at the Faculty of Economics and Administrative Sciences of Sakarya University. Barca, who worked as a Professor at the Business School of Ankara Yıldırım Beyazıt University between 2011-2015, continues to work at the Department of Business Administration of the Faculty of Political Sciences of Ankara Social Sciences University.

TOP MANAGEMENT

NAME AND SURNAME	TITLE	EDUCATION	DATE OF APPOINTMENT TARIHİ	EXPERIENCE	
				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 and Recovery	Post-graduation	01/06/2018	4,15	19
Ozan Şahin	Deputy General Manager- Technical and Actuary	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 - Internal Control and Risk Management	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.

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:

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 board of directors.

FULL NAME: MEHMET BARCA

SIGNATURE:



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)	FIELD	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 BARCA	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



2.3 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 and 2018, he has been serving in Bereket Sigorta AŞ. ve Bereket Emeklilik ve Hayat A.Ş. Companies as Internal Audit Executive in the Internal Audit Department since March 2018.

Levent ÖZİNCE

■ Manager

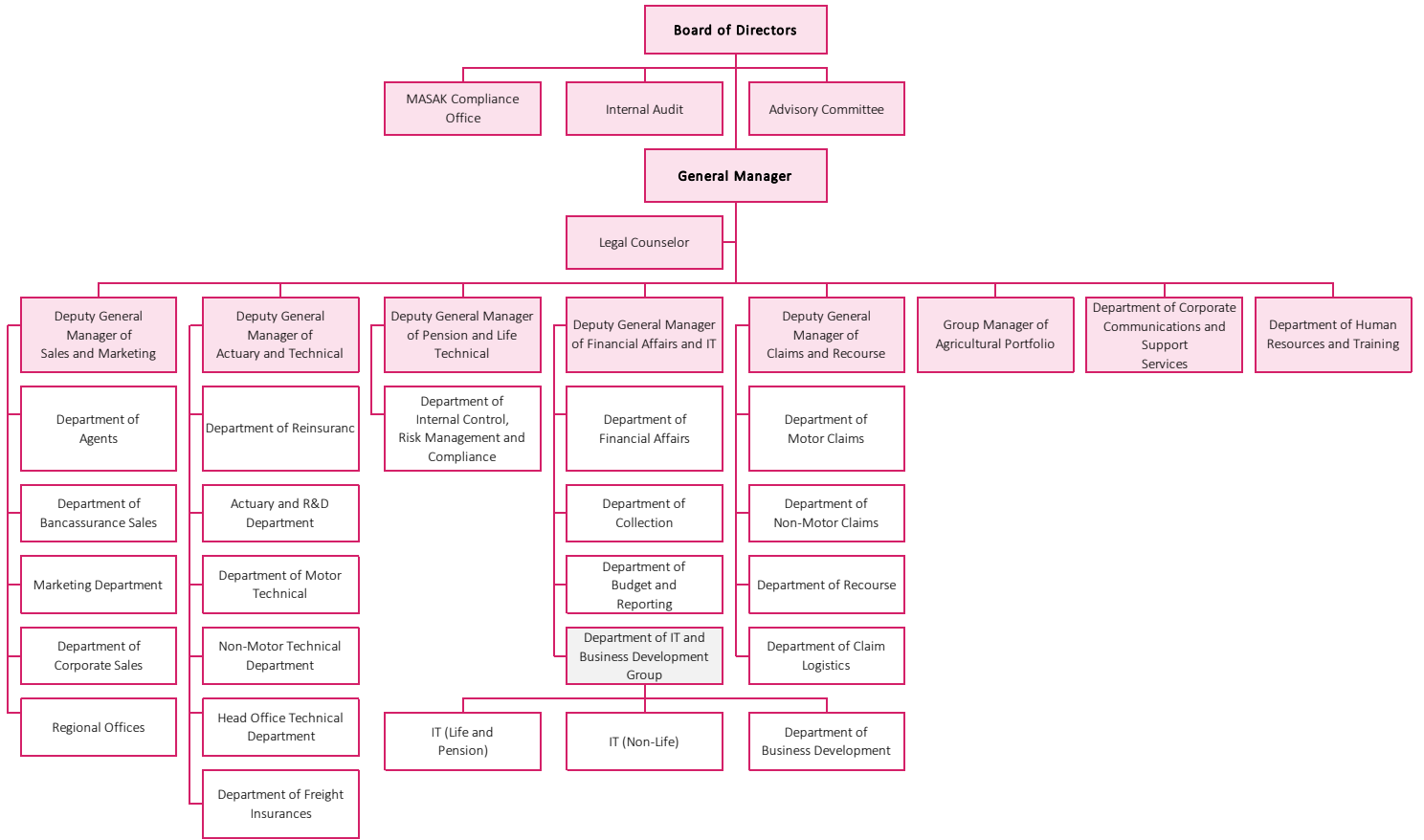
Internal Control, Risk Management and Compliance

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/ General Manager
25.01.2021	✓			✓	✓	✓
26.01.2021	✓			✓	✓	✓
28.01.2021	✓			✓	✓	✓
04.02.2021	✓			✓	✓	✓
22.02.2021	✓			✓	✓	✓
01.03.2021	✓			✓	✓	✓
10.03.2021	✓			✓	✓	✓
22.03.2021	✓			✓	✓	✓
12.04.2021	✓			✓	✓	✓
04.05.2021	✓			✓	✓	✓
28.05.2021	✓			✓	✓	✓
18.06.2021	✓	✓	✓	✓	✓	✓
28.06.2021	✓	✓	✓	✓	✓	✓
30.06.2021	✓	✓	✓	✓	✓	✓
06.07.2021	✓	✓	✓	✓	✓	✓
13.07.2021	✓	✓	✓	✓	✓	✓
26.07.2021	✓	✓	✓	✓	✓	✓
12.08.2021	✓	✓	✓	✓	✓	✓
13.08.2021	✓	✓	✓	✓	✓	✓
24.08.2021	✓	✓	✓	✓	✓	✓
26.08.2021	✓	✓	✓	✓	✓	✓
02.09.2021	✓	✓	✓	✓	✓	✓
29.09.2021	✓	✓	✓	✓	✓	✓
30.09.2021	✓	✓	✓	✓	✓	✓
14.10.2021	✓	✓	✓	✓	✓	✓
25.10.2021	✓	✓	✓	✓	✓	✓
11.11.2021	✓	✓	✓	✓	✓	✓
15.11.2021	✓	✓	✓	✓	✓	✓
29.11.2021	✓	✓	✓	✓	✓	✓
9.12.2021	✓	✓	✓	✓	✓	✓
22.12.2021	✓	✓	✓	✓	✓	✓
24.12.2021	✓	✓	✓	✓	✓	✓
28.12.2021	✓	✓	✓	✓	✓	✓
29.12.2021	✓	✓	✓	✓	✓	✓

2.6 ORGANİZASYON ŞEMASI



2.7 STATEMENT OF COMPLIANCE WITH THE CORPORATE

Bereket Sigorta 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 Sigorta are given below:

Pinar 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 three general assembly meetings, one ordinary and two extraordinary, were held. Information on the general assembly meetings are given below.

The Ordinary General Assembly Meeting was held on Tuesday, June 15, 2021, at 13:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 95.99% of the shares attended the General Assembly by proxy. Other than shareholders, stakeholders and media did not participate.

The Extraordinary General Assembly Meeting was held on Friday, August 13, 2021, at 14:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 96.49% of the shares attended the General Assembly by proxy. Other than shareholders, stakeholders and media did not participate.

The Ordinary General Assembly Meeting was held on Tuesday, December 28, 2021, at 13:00 in Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 8 Ümraniye/İstanbul. The shareholders whose total nominal value represented 89.65% of the shares attended the General Assembly by proxy. Other

than shareholders, stakeholders and media did not participate.

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.

All information and documents regarding the General Assembly, including meeting minutes, are published on the company's corporate website, Public

Disclosure Platform and MKK (Central Securities Depository) system after the General Assembly Meeting.

4. Right to Vote and Minority Rights

In the general assembly meeting, 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.

MKK sisteminde yayınlanmaktadır.

5. Kar Payı Hakkı

There is no privilege regarding participation in the dividend of the company. Our company has a dividend distribution policy. In 2020, 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.

The company did not distribute dividends in 2021.

6. Payların Devri

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 can only be transferred with the approval of the Company in accordance with the following provisions. 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.

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).

8. Company Website and its Content

Our company's corporate website (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)

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, in 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.

Ali Rıza AKPINAR

Chairman of the Board of Directors

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 Merkez Birliği.

Veysel Tolga ATİK

Acting Chairman of the Board of Directors

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.

Yavuz POLAT

Member of the Board of Directors

Yavuz Polat was born in Ankara in 1980. He graduated from the Faculty of Law of Selçuk University in 2002, from 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.

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 Katılım Hayat'ın Genel Müdürlüğü'ne atanmıştır. 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.

Mustafa HAMARAT

Independent Member of the Board of Directors

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.

Mehmet BARCA

Independent Member of the Board of Directors

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

15. Principles of Activity of the Board of Directors

The Board of Directors convenes not less than once a month 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 are held at the company head office or at another location. One more than half of the members must attend the meetings for Board of Directors resolutions to be valid. One more than half of the members must attend the meetings for Board of Directors resolutions to be valid. Decisions are taken with the majority of the members attending the meeting. If there is a tie in the votes, the issue discussed is reconsidered again in the next meeting. If there is also a tie in this meeting, the proposal is deemed to be rejected. 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.

Based on the issues that should be included in the scope of this article, the following is needed:

- Information on the number of meetings of the Board of Directors during the term, meeting attendance and quorums;
- Whether the questions asked by the members of the board of directors at the meeting and the reasonable and detailed justifications of the dissenting votes regarding the matters for which different opinions were voiced were recorded in the resolution record;
- Whether members of the board of directors are granted weighted voting rights and/or negative veto rights.

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

In 2020, 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 3 meetings in 2020.

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 4 meetings in 2020.

Committee Members

Prof. Dr. Mehmet Barca, Chairman

[Independent Member of the Board of Directors]

Ali Rıza Akpınar, Member

[Member of the Board of Directors]

Corporate Governance Committee:

It held 1 meeting in 2020.

Committee Members

Prof. Dr. Prof. Dr. Mehmet Barca, Chairman

[Independent Member of the Board of Directors]

Ahmet Bağcı, Member

[Vice 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. Except for independent members, our members of the Board of Directors do not take more than one duty in the committees. However, one of our independent members serves in all 3 committees.

17. Risk Management ve Internal Control Mechanism

Internal Control and Risk Management Operations

Bereket Sigorta A.Ş. The Internal Control and Risk

Management Operations of Bereket Sigorta A.Ş. are

carried out in line with the principles defined in the “Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies” published in the Official Gazette no. 26913 of 21.06.2008. Activities are carried out under the General Manager with the ultimate responsibility under the Board of Directors. The internal control and risk management mechanism has been established in order to define, measure, monitor, and control all the risks our company is exposed to. Risk management coordinates the management of the risks of each unit with the relevant units.

Possible risks faced by Bereket Sigorta 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 prepared within the framework of the aforementioned risks and the issues regarding the execution of operations are included.

Internal Audit Operations

The Internal Audit operations of Bereket Sigorta A.Ş. are carried out by the Internal Audit Department. The Internal Audit Department, established in 2002, operates under the Board of Directors in accordance with the “Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies” published by the Ministry of Treasury and Finance in the Official Gazette no. 26913 of 21.06.2008. 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 Sigorta was presented to the General Assembly at the meeting of 3 April 2020, 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

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
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. Pay Sahipliği 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.	Yes	
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.

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
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 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.	Partial	The reasons for not distributing the dividend were not included in the General Assembly, but it was decided to reserve it to legal reserves.
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.

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
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. Special cases are explained only in Turkish.
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	

2.9 CORPORATE INFORMATION SHEET

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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. Menfaat Supporting the Participation of the Stakeholders in the Corporation's Management Desteklenmesi	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	

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
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	

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
4.1. 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	

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
4.3. 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.

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. 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. 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. 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. Yönetim Kurulu 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 Sigorta 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 87.35% is the parent company of Bereket Sigorta A.Ş. In this regard, Bereket Sigorta 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 Sigorta 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 Sigorta 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 Sigorta 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 SİGORTA A.Ş.



Ali Rıza AKPINAR

Chairman of the Board of Directors



Mahmut GÜNGÖR
General Manager



Davut MENTES
Deputy General Manager



Burçin DAYANIKLI
Manager

2.13 OPINION OF COMPLIANCE ON THE ANNUAL REPORT



KPMG Bağımsız Denetim ve
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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 Sigorta Anonim Şirketi

Opinion

We have audited the annual report of Bereket Sigorta 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is a member firm of the KPMG network of independent member firms affiliated with KPMG Network of independent member firms.



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 Tugrul Altun, SMMM
 Partner
 10 March 2022
 Istanbul, 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 Sigorta Anonim Şirketi

Opinion

We have audited the annual report of Bereket Sigorta 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 2022 and 31 December 2022 on 10 March 2022.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a limited liability company and a member firm of the KPMG network of independent
member firms affiliated with the KPMG global network of member firms, 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 Tuğrul Özün, SMMM
Partner
10 March 2022
Istanbul, Turkey

2.14 ISLAMIC JURISPRUDENCE ADVISOR'S OPINION REGARDING THE

BEREKET SİGORTA A.Ş.

Islamic Jurisprudence Advisor's
Opinion Regarding Participation Insurance Activities

BEREKET
SİGORTA **b**

This certificate has been issued in relation to the insurance activities carried out by Bereket Sigorta in non-life line of business in accordance with the principles of Participation Insurance.

Accordingly, within the scope of the 'Turkish Model for Participation Insurance' implemented by Bereket Sigorta in accordance with the relevant regulations published by SEDDK, its insurance activities, which consist of securing Islamic law-compliant issues and risks and using financial assets in fields and instruments compatible with the principles of participation finance, comply with the principles of Participation Insurance.

This certificate has been issued in a general manner regarding the Participation Insurance activities implemented by Bereket Sigorta in non-life line of business and is not specific to the transaction or product.

August 1, 2021

Prof. Dr. Serket Bayındır
Chairman of Advisory Committee

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 SİGORTA A.Ş.
Islamic Jurisprudence Advisor's
Opinion Regarding Participation Insurance Activities

Bereket Sigorta 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 Sigorta 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

FINANCIAL INFORMATION AND RISK MANAGEMENT

3.1	Risk Management Policies and Internal Control Activities	72
3.1.1	Risk Management and Control Activities	72
3.1.2	Risk Management Policies Implemented by Types of Risks	72
3.2	Internal Audit Operations	74
3.3	Information on the Financial Constitution	78
3.4	Evaluation on the Financial Condition, Profitability and Indemnity Payment Ability	79
3.5	Unconsolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2021	83
3.6	Consolidated Financial Statements and Independent Auditor's Report for the Period Ended on 31.12.2021	159
3.7	Contact Details	232

3.1 RISK MANAGEMENT POLICIES AND INTERNAL CONTROL

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 Sigorta A.Ş. classified under "Company Risk Categories".

Insurance Risks

These are the risks arising from the insurance contracts accepted by Bereket Sigorta A.Ş. by the very nature of the insurance business. At the time of business acceptance, Bereket Sigorta 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.

3.2 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 which 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.

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.

Law - 10.06.2021

Adoption of the draft law prepared regarding the articles of the Highway Traffic Law that were canceled by the Constitutional Court in the General Assembly of the Grand National Assembly of Turkey (GNAT)

The draft law, which has been prepared to fill the implementation gap regarding the canceled articles of the Highway Traffic Law, has been put on the agenda of the GNAT and approved. In this context, with the amendment made in Article 90 of the Law, the main criteria to be taken as a basis in the calculation of depreciation compensation are clearly listed in the Law, and the life table prepared by using national vital statistics in the calculations of compensations for loss of support and permanent disability has been made available. On the other hand, with the amendment made in Article 92 of the Law, the damages such as loss of income, loss of profit, business interruption and rent loss as well as the depreciation compensation claims for vehicles with statutory off road notification and scrap certificate and some special cases have been added to the Law and included in the out of coverage conditions.

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.

State Council Decision -30.09.2021**Decisions No. 2020/4080 and 2020/7438 of the Department No. 8 of the Council of State**

Briefly for the Council of State Decisions, the execution of the provision that the definition of reusable parts added to the General Conditions of the Highways Motor Vehicles Third Party Liability Insurance and the determination of the depreciation is performed by the licensed loss adjusters in the relevant line of business, who are assigned on the basis of order, through the system to be established in the Insurance Information and Monitoring Center, has been suspended. Also the execution of the formula of the depreciation calculation part, the depreciation requests for some types of vehicles added to the cases excluded from the coverage, and the provision that if the material damage to the vehicle is less than 2% of the current value of the vehicle, the compensation for the loss of value cannot exceed the amount of the material damage to the vehicle has been stopped.

Regulation - 21.10.2021**Regulation Amending the Regulation on Tariff Implementation Principles in Highways Motor Vehicles Compulsory Third Party Liability Insurance**

Table 9 (minimum insurance coverage to be applied for motor vehicle operators) and Table 10 (minimum insurance coverages to be applied for those engaged in professional activities related to motor vehicles) in the annex part of the Regulation on Tariff Implementation Principles in Highways Motor Vehicles Compulsory Third Party Liability Insurance have been amended to be effective as of 01.01.2022. The collateral limit for motor vehicle operators and those engaged in professional activities related to motor vehicles is determined as TRY 50,000 per vehicle and TRY 100,000 per accident.

Regulation - 10.11.2021**Regulation Amending the Regulation on the Technical Provisions of Insurance, Reinsurance and Pension Companies and the Assets these Provisions will be Invested**

In summary, in paragraph 14 of article 7 (section of outstanding claims provision) of the Regulation Amending the Regulation on the Technical Provisions of Insurance, Reinsurance and Pension Companies and the Assets these Provisions will be Invested, the principles for opening outstanding claims files are determined for coverage that are in the nature of loss insurance and fixed sum insurance and in the paragraph 20, the principles of allocating outstanding compensation provision for the damages at litigation stage are explained.

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 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.

Circular - 8.12.2021

Circular on Application of Premium/Equity Coefficient and Maximum Premium Increase in Highways Motor Vehicles Compulsory Third Party Liability Insurance No. 2020/8 (2021/26)

With the Circular, the total of Highways Motor Vehicles Third Party Liability Insurance (HMTPLI) premiums produced by insurance companies in a calendar year will not exceed 4 times (5 times in the previous circular) of the previous year-end shareholders' equity. The calculation for the implementation has been changed as follows: Maximum Limit of the Gross Written Premium for the HMTPLI Line of Business = Total Equity in the Previous Year Balance Sheet * Coefficient. In addition, if a cash capital increase is obtained from external sources during the year, it is stipulated that the relevant company will obtain an additional limit right equal to the amount found by multiplying the cash capital increase amount with the determined coefficient.

Circular - 30.12.2021

Circular (2021/30) Amending the Circular No. 2016/22 on Discounting Net Cash Flows Arising from Outstanding Claims Provisions

As per the circular, net cash flows are discounted to the cash value, taking into account the rate of 14% as of the date of the financial reporting period (the latest legal interest rate published in the Official Gazette given in the previous circular). In addition, it has been explained that the effect of the change in the discount rate on the financial statements is comparatively explained in the footnotes of the financial statements, the positive difference that may arise as a result of the change in the discount rate cannot be used in profit distribution and cannot be taken into account in the calculation of the solvency ratio to be considered for profit distribution.

Circular - 30.12.2021

Circular on the Provision for Unexpired Risks in Motor Vehicles Liability Insurance (2021/31)

According to the circular, the 95% rate used for the calculation method of Provision for Unexpired Risks (PUR) will be used as 100% in the motor vehicles liability insurance. In addition, if the PUR calculation method specified in the Circular No. 2019/5 on the Provision for Unexpired Risks (PUR) is used, in case of a separate calculation for the works in which 100% of the direct production is transferred to the pools established in Turkey for the motor vehicles liability insurance, the 100% rate, which is gross loss premium rate, shall be used as 105%, the 85% rate, which is gross damage premium rate used for other works, shall be 90%, and the 85% rate, which is used if a separate calculation is not performed for the works where 100% of the direct production is transferred to the pools established in Turkey, shall be used as 90%.

3.3 INFORMATION ABOUT THE FINANCIAL CONSTITUTION

TOTAL ASSETS IN TRY AND SECTOR SHARE BY YEARS					
	BEREKET SİGORTA ASSETS AMOUNT	INCREASE BY YEARS, %	SECTOR'S AMOUNT (NON-LIFE)	INCREASE BY YEARS, %	SHARE IN THE SECTOR, %
2016	261.097.918	2,93%	42.729.251.233	26,69%	0,61%
2017	341.881.539	30,94%	50.587.678.406	18,39%	0,68%
2018	509.036.735	48,89%	60.784.014.035	20,16%	0,84%
2019	790.746.175	55,34%	77.242.086.258	27,08%	1,02%
2020	1.147.884.162	45,16%	95.537.577.778	23,69%	1,20%
2021	1.699.684.325	48,07%			

PAID-UP CAPITAL IN TRY AND SECTOR SHARE BY YEARS					
	BEREKET SİGORTA PAID-UP CAPITAL	INCREASE BY YEARS, %	SECTOR'S AMOUNT (NON-LIFE)	INCREASE BY YEARS, %	SHARE IN THE SEC- TOR, %
2016	60.000.000	0,00%	6.350.370.596	3,83%	0,94%
2017	60.000.000	0,00%	6.562.835.402	3,35%	0,91%
2018	60.000.000	0,00%	7.028.267.422	7,09%	0,85%
2019	100.000.000	66,67%	7.536.193.361	7,23%	1,33%
2020	100.000.000	0,00%	8.261.319.337	9,62%	1,21%
2021	150.000.000	50,00%			

3.4 EVALUATION ON THE FINANCIAL POSITION, PROFITABILITY AND LOSS

TECHNICAL PROFIT AND SECTOR SHARE BY YEARS					
	TECHNICAL PROFIT AMOUNT OF BEREKET SIGORTA	PROFIT/PREMIUM TECHNICAL PROFITABILITY, %	SECTOR'S AMOUNT (NON-LIFE)	PROFIT/PREMIUM TECHNICAL PROFITABILITY, %	SHARE IN THE SEC- TOR, % (NON-LIFE)
2016	15.025.402	9,84%	1.747.154.691	5,09%	0,86%
2017	5.234.726	2,22%	2.090.030.315	5,45%	0,25%
2018	-27.979.383	-6,71%	3.034.644.575	6,70%	-0,92%
2019	20.121.388	1,84%	4.666.439.394	8,06%	0,43%
2020	83.608.833	5,89%	7.538.318.778	11,06%	1,11%
2021	-134.067.057	-6,44%			

FINANCIAL PROFIT AND SECTOR SHARE BY YEARS			
	BEREKET SIGORTA A.Ş. FINANCIAL PROFIT/LOSS AMOUNT	SECTOR'S AMOUNT (NON-LIFE)	SHARE IN THE SECTOR (NON-LIFE)
2016	-519.800	-339.920.257	0,15%
2017	-1.616.553	-194.040.394	0,83%
2018	-52.298	-350.061.306	0,01%
2019	-11.068.718	600.486.574	-1,84%
2020	6.333.577	82.119.032	7,71%
2021	48.991.342		

OPERATING FINANCIAL PROFIT AND SECTOR SHARE BY YEARS			
	BEREKET SIGORTA A.Ş. NET PROFIT/LOSS AMOUNT	SECTOR'S AMOUNT (NON-LIFE)	SHARE IN THE SECTOR (NON-LIFE)
2016	14.505.602	1.139.636.362	1,27%
2017	3.618.174	1.619.308.487	0,22%
2018	-28.031.682	2.792.546.760	-1,00%
2019	9.052.669	5.266.925.967	0,17%
2020	73.334.650	5.968.608.479	1,23%
2021	-84.932.511		

PREMIUMS WRITTEN IN TRY AND SECTOR SHARE BY YEARS

	BEREKET SİGORTA PREMIUM AMOUNT	INCREASE BY YEARS, %	SECTOR'S AMOUNT (NON-LIFE)	INCREASE BY YEARS, %	SHARE IN THE SECTOR (NON-LIFE)
2016	152.741.725	-3,28%	34.322.754.240	31,03%	0,45%
2017	235.778.157	54,36%	38.320.333.179	11,65%	0,62%
2018	417.132.359	76,92%	45.313.650.142	18,25%	0,92%
2019	1.094.421.479	162,37%	57.882.453.461	27,74%	1,89%
2020	1.419.236.646	29,68%	68.143.744.181	17,73%	2,08%
2021	2.080.840.319	46,62%	87.580.270.796	28,52%	2,38%

OPERATING EXPENSES* AND SECTOR SHARE BY YEARS

	OPERATING EXPENSES OF BEREKET SİGORTA	ITS RATIO TO TOTAL PREMIUMS	SECTOR'S AMOUNT (NON-LIFE)	ITS RATIO TO TOTAL PREMIUMS	COMPANY'S NET PROFIT/ PREMIUM	SECTOR'S NET PROFIT/PREMIUM
2016	19.330.258	12,66%	1.828.066.243	5,33%	9,50%	3,32%
2017	24.631.177	10,45%	2.115.275.537	5,52%	1,53%	4,23%
2018	34.104.702	8,18%	2.463.149.236	5,44%	-6,72%	6,16%
2019	30.607.224	2,80%	2.987.678.681	5,16%	0,83%	9,10%
2020	45.427.519	3,20%	3.370.918.425	4,95%	5,17%	8,76%
2021	58.422.641	2,81%				

*Only personnel and general administrative expenses are included as Operating Expenses

OPERATING EXPENSES** AND SECTOR SHARE BY YEARS

	OPERATING EXPENSES OF BEREKET SİGORTA	ITS RATIO TO TOTAL PREMIUMS	SECTOR'S AMOUNT (NON-LIFE)	ITS RATIO TO TOTAL PREMIUMS	COMPANY'S NET PROFIT/ PREMIUM	SECTOR'S NET PROFIT/PREMIUM
2016	20.760.123	13,59%	2.354.175.467	6,86%	9,50%	3,32%
2017	27.052.511	11,47%	2.725.347.803	7,11%	1,53%	4,23%
2018	42.536.353	10,20%	3.235.565.128	7,14%	-6,72%	6,16%
2019	54.751.702	5,00%	3.962.219.500	6,85%	0,83%	9,10%
2020	63.969.893	4,51%	4.499.287.669	6,60%	5,17%	8,76%
2021	105.908.185					

** The production expenses and reinsurance commissions are excluded in Operating Expenses

FINANCIAL ANALYSIS RATIOS BY YEARS, %

		2016	SECTOR	2017	SECTOR	2018	SECTOR	2019	SECTOR	2020	SECTOR	2021
1	Current Ratio (Current Assets/Short-Term Liabilities)	1,56	1,13	1,34	1,18	1,05	1,17	1,16	1,20	1,18	1,30	1,08
2	Liquidity Ratio (Cash Assets/Short-Term Liabilities)	1,43	0,91	1,25	0,96	0,87	0,95	0,84	0,99	0,74	0,98	0,70
3	Loss Payment Ratio	0,36	0,44	0,32	0,43	0,38	0,41	0,42	0,41	0,65	0,35	0,63
4	Premiums Written (Gross)/ Equities	1,74	3,48	2,56	3,11	7,40	3,24	10,40	3,08	7,92	2,71	14,08
5	Equities/Technical Provisions (Net)	0,55	0,36	0,41	0,41	0,15	0,38	0,19	0,40	0,18	0,34	0,10
6	Equities / Total Assets	0,34	0,23	0,27	0,24	0,11	0,23	0,13	0,24	0,16	0,25	0,09
7	Accounts Receivable from Ins. Op. / Total Assets	0,08	0,16	0,06	0,16	0,13	0,17	0,14	0,16	0,13	0,17	0,18
8	Accounts Receiv- able from Agents / Equities	0,07	0,42	0,07	0,64	0,99	0,71	0,80	0,62	1,39	0,63	1,97

ASSESSMENTS FOR OPERATING EXPENSES

1) In the distribution of 2021 operating expenses, personnel expenses have the highest share with 49%, while the outsourced benefits and service expenses have a share of 22%, and the management and marketing expenses have a share of 19% and 10%, 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 14,099,740 in 2020 and TRY 18,773,664 in 2021.

While IT expenses, one of the important items of the said expense group, are procured from Vizyoneks Bilgi Teknolojileri A.Ş., AcerPro Bilişim Teknolojileri A.Ş. and Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri San. ve Tic. A.Ş., legal consultancy, litigation, execution and arbitration services are provided from Odak Hukuk.

The sum of IT expenses, litigation, execution, arbitration costs and legal consultancy was TRY 10,267,520 in 2020 and TRY 15,896,949 in 2021.

The marketing and sales expenses were TRY 3,836,850 in 2020 and TRY 8,425,055 in 2021.

The promotion, advertisement, publicity, signboard, visual materials and sponsorship expenditures, which are the main share of marketing expenses, have been procured from the companies of BYA İnş. San. ve Tic. Ltd. Şti., OND Medya Danışmanlık ve Org. İç ve Dış.Tic. Ltd. Şti., Nokta Kırt. ve Tem. Mal. Gıda San. Ve Tic. Paz. Ltd. Şti.. DĞİ Grup Reklam ve Mimarlık San. Tic.Ltd. Şti.

BYA İnş. San. ve Tic. Ltd. Şti., ON D Medya Danışmanlık ve Org.İç ve Dış.Tic. Ltd.Şti., Nokta Kırt. ve Tem. Mal. Gıda San. ve Tic. Paz. Ltd. Şti.. DĞİ Grup Reklam ve Mimarlık San. Tic.Ltd. Şti. firmalarından tedarik edilmiştir.

5) The organizations and events we sponsored during 2021 consist of Ümraniye Sports Club, a TV program (TRT Ramazan İftar ve Sahur) and TRT Euro 2020.

An amount of 50.000 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.

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

**3.5 31 DECEMBER 2021
UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS'
REPORT THEREON**

Contents	Pages
Unconsolidated Balance sheet	90-94
Unconsolidated Statement of income	95-97
Unconsolidated Statement of cash flows	98
Unconsolidated Statement of changes in shareholders' equity	99
Unconsolidated Statement of profit distribution	100
Unconsolidated Notes to the financial statements	101-158



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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 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 calculation of insurance technical reserves

Refer to Note 2.1.1 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 Company's total technical reserves amounting to TL 1.198.623.735 and constitute 70 percent of total liabilities. The Company recognises provisions for outstanding claims amounting to TL 656.199.131. There are also incurred but not reported provisions ("IBNR") amounting to TL 534.773.110, 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 matter.</p>	<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 actuary. We evaluated the 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 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 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 processes.

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 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 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
İstanbul, Turkey

BEREKET SİGORTA A.Ş.

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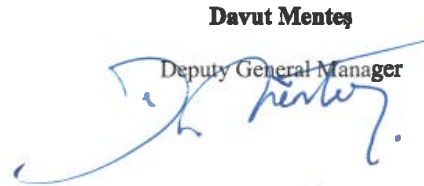


BEREKET SİGORTA ANONİM ŞİRKETİ
THE UNCONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021


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 Sigorta 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			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I- Current Assets			
A- Cash and Cash Equivalents	4.2,14	969.659.647	692.865.479
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	815.653.725	598.609.436
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	14	154.005.922	94.256.043
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	4.2,11	92.514.058	5.175.786
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	4.2,11	-	3.507.786
3- Financial Assets Held for Trading	4.2,11	92.514.058	1.668.000
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations	12	306.575.783	147.072.618
1- Receivables from Insurance Operations	12	291.109.793	128.406.721
2- Provision for Receivables from Insurance Operations	12	(4.937.562)	(1.037.465)
3- Receivables from Reinsurance Operations	12	20.403.552	19.703.362
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	76.731.008	54.771.741
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(76.731.008)	(54.771.741)
D- Due from Related Parties	4.2	17.930	3.135.121
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures	4.2	16.634	3.132.904
5- Due from Personnel	4.2	1.296	2.217
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
E- Other Receivables	12	115.367.603	174.256.919
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	12,47.1	115.367.603	174.256.919
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		150.780.049	84.598.159
1- Deferred Acquisition Costs	2.1.1	127.118.723	71.811.209
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	23.661.326	12.786.950
G- Other Current Assets	47.1	7.624.240	6.515.734
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	47.1	7.095.878	6.197.968
3- Deferred Tax Assets		-	-
4- Job Advances	47.1	490.557	292.595
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets	47.1	37.805	25.171
8- Provision for Other Current Assets		-	-
I- Total Current Assets		1.642.539.310	1.113.619.816

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

Bereket Sigorta 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			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables	12	102.604	224.156
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	102.604	224.156
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets		26.374.229	11.183.582
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	9	25.498.809	10.498.809
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	11	875.420	684.773
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	6	14.290.574	14.414.506
1- Investment Properties	6,7	-	81.829
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	14.045.256	10.839.496
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	896.950	856.607
8- Tangible Assets Acquired Through Finance Leases	6	16.047.001	13.689.510
9- Accumulated Depreciation	6	(16.698.633)	(11.052.936)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets	8	5.416.421	4.431.734
1- Rights	8	774.177	770.426
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	7.920.659	4.707.741
6- Accumulated Amortization	8	(3.278.415)	(1.046.433)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-Current Assets	21	10.961.187	4.010.368
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	10.961.187	4.010.368
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		57.145.015	34.264.346
Total Asset		1.699.684.325	1.147.884.162

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

Bereket Sigorta Anonim Şirketi
Unconsolidated 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

LIABILITIES			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
III- Short-Term Liabilities			
A- Financial Liabilities	20	3.870.416	4.612.108
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	3.870.416	5.361.267
3- Deferred Leasing Costs	20	-	(749.159)
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- Payables Arising from Main Operations	19	196.656.370	97.250.135
1- Payables Arising from Insurance Operations	19	73.600.794	30.656.015
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	123.055.576	66.594.120
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties	19	34.388	17.120
1- Due to Shareholders	19	2.127	2.127
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	32.261	14.993
6- Due to Other Related Parties		-	-
D- Other Payables	19,47.1	13.175.245	10.756.158
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses	19,47.1	10.938.446	7.528.181
3- Other Miscellaneous Payables	19,47.1	2.236.799	3.227.977
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions	17	1.177.644.911	755.419.994
1- Reserve for Unearned Premiums - Net	2.1.1, 17	491.046.402	316.998.047
2- Reserve for Unexpired Risks- Net	2.1.1, 17	30.399.378	1.577.358
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	656.199.131	436.844.589
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	4.2.2	20.933.549	20.022.280
1- Taxes and Funds Payable		20.143.433	12.943.813
2- Social Security Premiums Payable	23	790.116	634.327
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	35	-	16.607.760
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	35	-	(10.163.620)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	1.825.310	4.258.548
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	1.825.310	4.258.548
H- Deferred Income and Expense Accruals	2.1.1,10,19	104.333.682	48.100.869
1- Deferred Commission Income	2.1.1,10,19	83.811.483	39.972.872
2- Expense Accruals	19	20.522.199	8.127.997
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		9.051	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		9.051	-
III – Total Short-Term Liabilities		1.518.482.922	940.437.212

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

Bereket Sigorta Anonim Şirketi
Unconsolidated 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

LIABILITIES			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
IV- Long-Term Liabilities			
A- Financial Liabilities	20	3.536.989	4.058.408
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	3.536.989	4.397.712
3- Deferred Leasing Costs	20	-	(339.304)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables	19,47.1	6.339.342	4.219.104
1- Deposits and Guarantees Received	19,47.1	6.339.342	4.219.104
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions	17	20.978.824	17.456.197
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	17	2.260.561	3.590.612
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	2.1.1,17	18.718.263	13.865.585
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	22	2.546.471	2.613.824
1- Provisions for Employment Termination Benefits	22	2.546.471	2.613.824
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV - Total Long-Term Liabilities		33.401.626	28.347.533

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

Bereket Sigorta Anonim Şirketi
Unconsolidated 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	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Paid in Capital	1.1, 2.13, 15	150.000.000	100.000.000
1- (Nominal) Capital	1.1, 2.13, 15	200.000.000	100.000.000
2- Unpaid Capital (-)		(50.000.000)	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
B- Capital Reserves		3.414.382	-
1- Share Premiums		3.414.382	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		27.680.050	24.743.780
1- Legal Reserves	15	8.028.575	5.310.794
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	17.103.363	17.103.363
4- Special Funds	15	2.277.746	2.277.746
5- Valuation of Financial Assets	15	498.809	498.809
6- Other Profit Reserves	16.1	(228.443)	(446.932)
D- Retained Earnings		51.637.856	-
1- Retained Earnings		51.637.856	-
E- Accumulated Losses		-	(18.979.013)
1- Accumulated Losses		-	(18.979.013)
F-Net Profit/(Loss) for the Year		(84.932.511)	73.334.650
1- Net Profit for the Year		-	73.334.650
2- Net Loss for the Year		(84.932.511)	-
V- Total Equity		147.799.777	179.099.417
Total Equity And Liabilities		1.699.684.325	1.147.884.162

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

Bereket Sigorta Anonim Şirketi
Unconsolidated Income Statement
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

	Note	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
I-TECHNICAL SECTION			
A- Non-Life Technical Income		713.315.763	645.351.940
1- Earned Premiums (Net of Reinsurer Share)		603.426.889	540.825.056
1.1- Written Premiums (Net of Reinsurer Share)	24	806.186.526	593.967.624
1.1.1- Written Premiums, gross		2.080.840.319	1.419.236.646
1.1.2- Written Premiums, ceded	10,17	(1.241.932.125)	(793.937.331)
1.1.3- Written Premiums, SSI share	17	(32.721.668)	(31.331.691)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(174.048.355)	(51.569.113)
1.2.1- Reserve for Unearned Premiums, gross	17	(429.503.531)	(175.412.234)
1.2.2- Reserve for Unearned Premiums, ceded	17	252.513.746	119.231.787
1.2.3- Reserve for Unearned Premiums SSI share	17	2.941.430	4.611.334
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(28.711.282)	(1.573.455)
1.3.1- Reserve for Unexpired Risks, gross	17	(154.266.700)	(3.045.141)
1.3.2- Reserve for Unexpired Risks, ceded	17	125.555.418	1.471.686
2- Investment Income - Transferred from Non-Technical Section	1.7	100.694.033	101.661.608
3- Other Technical Income (Net of Reinsurer Share)		150.125	265.415
3.1- Other Technical Income, gross		150.125	265.415
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	29	9.044.716	2.599.861
4.1- Accrued Salvage and Subrogation Income Net (+)		33.117.552	16.787.865
4.2- Provision for Receivables from Salvage and Subrogation Operations (-)		(24.072.836)	(14.188.004)
B- Non-Life Technical Expense		(847.382.820)	(561.743.107)
1- Incurred Losses (Net of Reinsurer Share)		(700.100.945)	(427.419.934)
1.1- Claims Paid (Net of Reinsurer Share)		(492.819.232)	(275.151.235)
1.1.1- Claims Paid, gross		(607.806.166)	(323.499.109)
1.1.2- Claims Paid, ceded	10,17	114.986.934	48.347.874
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(207.281.713)	(152.268.699)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(351.114.069)	(177.042.635)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	143.832.356	24.773.936
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(4.416.384)	(1.799.431)
4- Operating Expenses	32	(136.543.563)	(116.426.859)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	1.330.051	1.669.128
5.1- Mathematical Provisions	17	1.355.738	1.704.280
5.2- Mathematical Provisions, ceded	17	(25.687)	(35.152)
6- Other Technical Expense		(7.651.979)	(17.766.011)
C- Net Technical Income-Non-Life (A – B)		(134.067.057)	83.608.833
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-

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

Bereket Sigorta Anonim Şirketi
Statement of Unconsolidated Income Statement
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

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

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

Bereket Sigorta Anonim Şirketi
Statement of Unconsolidated Income Statement
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

	Note	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
II-NON-TECHNICAL SECTION			
C- Net Technical Income – Non-Life (A-B)		(134.067.057)	83.608.833
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		(134.067.057)	83.608.833
K- Investment Income		197.463.650	136.705.322
1- Income from Financial Assets	26	98.530.437	116.416.559
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	10.575.284	3.441.166
4- Foreign Exchange Gains	26,36	88.354.567	16.844.127
5- Income from Associates	26	3.362	3.470
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(149.082.194)	(125.886.867)
1- Investment Management Expenses (Include Interest)	26	(12.005.278)	(6.271.949)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(100.694.033)	(101.661.608)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26,36	(28.250.187)	(13.597.709)
7- Depreciation and Amortization Expenses	6,8	(8.132.696)	(4.348.101)
8- Other Investment Expenses		-	(7.500)
M- Income and Expenses From Other and Extraordinary Operations		753.090	(4.484.878)
1- Provisions	47.4	1.145.607	(3.448.521)
2- Rediscounts	47.4	(7.834.706)	(1.259.904)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	21,35	7.005.441	861.245
6- Deferred Taxation (Deferred Tax Liabilities)	21,35	-	-
7- Other Income	47.1	1.072.384	310.107
8- Other Expenses and Losses	47.1	(635.636)	(947.805)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		(84.932.511)	73.334.650
1- Profit for the Year		(84.932.511)	89.942.410
2- Corporate Tax Provision and Other Fiscal Liabilities	35	-	(16.607.760)
3- Net Profit for the Year		(84.932.511)	73.334.650
4- Monetary Gains and Losses		-	-

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

Bereket Sigorta Anonim Şirketi
Statement of Unconsolidated Cash Flows
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

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A. Cash flows from operating activities			
1. Cash provided from insurance activities		1.233.337.406	885.673.481
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(1.013.676.504)	(595.016.713)
5. Cash used in reinsurance activities		(700.190)	(3.295.611)
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		218.960.712	287.361.157
8. Interest paid		-	-
9. Income taxes paid	35	(897.910)	(8.496.911)
10. Other cash inflows		190.927.228	80.658.329
11. Other cash outflows		(174.785.234)	(290.322.226)
12. Net cash provided from operating activities	39	234.204.796	69.200.349
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6,7,8	365.315	211.215
2. Acquisition of tangible assets	6,7,8	(6.746.258)	(6.540.838)
3. Acquisition of financial assets	11	(90.918.224)	-
4. Proceeds from disposal of financial assets	11	51.373.692	-
5. Interests received		109.105.721	119.857.725
6. Dividends received		3.362	3.470
7. Other cash inflows		35.900.643	26.813.664
8. Other cash outflows		(155.137.091)	(131.246.093)
9. Net cash provided by / (used in) investing activities	39	(56.052.840)	9.099.143
C. Cash flows from financing activities			
1. Equity shares issued	15	100.000.000	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(5.818.263)	(7.489.179)
4. Dividends paid		-	-
5. Other cash inflows		3.414.382	-
6. Other cash outflows	15	(50.000.000)	-
7. Net cash provided by financing activities		47.596.119	(7.489.179)
D. Effect of exchange rate fluctuations on cash and cash equivalents			
E. Net increase /(decrease) in cash and cash equivalents		225.748.075	70.810.313
F. Cash and cash equivalents at the beginning of the year	14	565.969.885	495.159.572
G. Cash and cash equivalents at the end of the year	14	791.717.960	565.969.885

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

Bereket Sigorta Anonim Şirketi
Statement of Unconsolidated Changes in Equity
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

Audited Changes in Equity – 31 December 2020												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,052,669	(28,031,682)	105,271,660
II- Correction												
III- Restated Balances 1 January 2020	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,052,669	(28,031,682)	105,271,660
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			-	498,809	-	-	-	-	-	-	-	498,809
E- Currency translation adjustments			-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	15		-	-	-	-	-	-	(5,702)	-	-	(5,702)
G- Inflation adjustment differences			-	-	-	-	-	-	-	-	-	-
H- Net profit for the year			-	-	-	-	-	-	-	73,334,650	-	73,334,650
I – Other reserves and transfers from retained earnings			-	-	-	-	-	-	-	(9,052,669)	9,052,669	-
J- Dividends paid			-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020	15	100,000,000	-	498,809	-	-	5,310,794	-	18,934,177	73,334,650	(18,979,013)	179,099,417
Audited Changes in Equity – 31 December 2021												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2020	15	100,000,000	-	498,809	-	-	5,310,794	-	18,934,177	73,334,650	(18,979,013)	179,099,417
II- Correction												
III- Restated Balances 1 January 2021	15	100,000,000	-	498,809	-	-	5,310,794	-	18,934,177	73,334,650	(18,979,013)	179,099,417
A- Capital increase		50,000,000	-	-	-	-	-	-	-	-	-	50,000,000
1- In cash		50,000,000	-	-	-	-	-	-	-	-	-	50,000,000
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	3,414,382	-	-	-	-	-	-	-	-	3,414,382
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	15	-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	218,489	-	-	218,489
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	(84,932,511)	-	(84,932,511)
I – Other reserves and transfers from retained earnings		-	-	-	-	-	2,717,781	-	-	(73,334,650)	70,616,869	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2021	15	150,000,000	3,414,382	498,809	-	-	8,028,575	-	19,152,666	(84,932,511)	51,637,856	147,799,777

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

Bereket Sigorta Anonim Şirketi
Statement of Unconsolidated Profit Distribution
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

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I. DISTRIBUTION OF THE PERIOD PROFIT			
1.1. PERIOD PROFIT (*)		(84.932.511)	73.334.650
1.2. TAXES AND DUTIES PAYABLE	35	7.005.441	861.245
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	7.005.441	861.245
A. CURRENT PERIOD PROFIT (1.1 – 1.2)		(77.927.070)	74.195.895
1.3. ACCUMULATED LOSSES (-)		-	(18.979.013)
1.4. FIRST LEGAL RESERVES (-)		-	(3.709.795)
1.5. OTHER STATUTORY RESERVES (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION		(77.927.070)	51.507.087
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 owners of 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 (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders' profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	51.507.087
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES		-	-
2.1. APPROPRIATED 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 owners of redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE		-	-
3.1. TO OWNERS OF ORDINARY SHARES		(0,6821)	0,7333
3.2. TO OWNERS OF ORDINARY SHARES (%)		(68,21)	73,33
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) 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 form an integral part of these financial statements.

Bereket Sigorta 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****1. General Information****1.1 Parent Company and the Ultimate Owner of the Company**

Bereket Sigorta A.Ş. (the "Company" or the "Entity"), operating since 20 December 1995, as of 9 March 2017 the company registered to the Trade Registry Gazette with their new title of Bereket Sigorta Anonim Şirketi (the "Company" or the "Entity"), is the subsidiary of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği and its capital structure is detailed below:

	31 December 2021		31 December 2020	
	Participation Amount (TL)	Participation Rate (%)	Participation Amount (TL)	Participation Rate (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	131.028.622	87,35	81.826.469	81,83
Tarım Kredi Koop. ve Birlikleri Personeli Sosyal				
Yardım Vakfı	14.850.000	9,90	9.900.000	9,90
Other	4.121.378	2,75	8.273.531	8,27
Paid capital	150.000.000	100,00	100.000.000	100,00

As of 31 December 2021, the Company's nominal capital is TL 150.000.000 (31 December 2020: TL 100.000.000). TL 150.000.000 (31 December 2020: TL 100.000.000) of the paid-in capital consists of 150.000.000 shares (31 December 2020: 100.000.000 shares) having a nominal amount of TL 1 each.

With the share transfer made with the Board of Directors Decision dated May 5, 2020 and numbered 1221, the share rate of the Central Union of Agricultural Credit Cooperatives of Turkey became 83,03%. With the share transfers made with the Board of Directors Decisions dated 26 August 2020 and numbered 1249 and dated September 29, 2020 and numbered 1259, the share rate of the Central Union of Agricultural Credit Cooperatives of Turkey became 86,13%.

With the Board of Directors Decision dated July 6, 2021 and numbered 1235, the company's capital was decided to be increased to TL 150.000.000 by increasing its current capital from TL 50.000.000 in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

1.2 The Company's address and legal structure and address of its registered country and registered office (or if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

Bereket Sigorta A.Ş. locates at Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi B Blok No:8 Kat: 1-2 Ümraniye, İstanbul is a corporation established in accordance with the requirements of Turkish Commercial Code. The Company operates in accordance with the principles determined by Insurance Law No: 5684.

1.3 Main Operations of the Company

The Company's main operation is insurance business on non-life insurance branches.

1.4 Details of the Company's operations and nature of activities

Principles of operations are determined based on the Insurance Law No: 5684 and standards and policies set out in applicable regulations.

1.5 Average number of the Company's personnel based on their categories

	31 December 2021	31 December 2020
Top management personnel	4	4
Directors	57	52
Marketing and sales personnel	26	31
Other	98	83
Total	185	170

Bereket Sigorta 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**

1. General Information (continued)**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 2.272.875 (January 1–31 December 2020: TL 1.883.831).

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

The procedures and principles related to the keys used in the financial statements to be prepared by the companies are determined with the 4 January 2008 dated “Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan” issued by the Undersecretariat of the Treasury.

In accordance with that circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Undersecretariat of Treasury or by a method that they can determine with the condition of obtaining approval from the Undersecretariat of Treasury. In that context, known and exactly distinguishable operating expenses are distributed to related branches directly. For the expenses recorded not directly under the related segment, Undersecretariat of the Treasury issued 9 August 2010 and 2010/9 numbered “Communiqué Related to the Changes in Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan” effective from 1 January 2011. The distribution amount for the year ended 31 December 2021 is TL 100.694.033 (31 December 2020: TL 101.661.608).

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements contains only the financial information of the Company, and as explained in more detail in the 2.2 - Consolidation note, the consolidated financial statements will be prepared separately as of 31 December 2021.

1.9. Name and other information of the reporting company and subsequent changes to the prior balance sheet date

Name / Trade Name	Bereket Sigorta A.Ş.
Headquarter address	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi
Phone	B Blok No:8 Kat: 1-2 Ümraniye, İstanbul
Fax	0 216 633 71 00
Web page address	0 216 631 84 48
E-mail address	www.bereketsigorta.com
Central registration system no	bilgi@bereketsigorta.com.tr
Trade registration no	0467005844200011
	22172-8

1.9.1 Subsequent events

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

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Company prepares its financial statements in accordance with the “Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies” as promulgated by the Turkish Treasury based on Article 18 of the Insurance Law and Article 11 of Individual Pension Savings and Investment System Law (“Individual Retirement Law”) and accounting and financial reporting principles, statements and guidance and issues are not regulated by these are prepared in accordance with the provisions of Turkish Financial Reporting Standards (“TFRS”) (collectively “the Reporting Standards”). 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 (“PPRSA”), which was established by the Presidential Decree of 18 October 2019. The insurance legislation before the establishment of PPRSA and the regulation activities related to the insurance sector was made by the Turkish Republic. Published by the Ministry of Treasury and Finance (“Ministry of Treasury and Finance”).

As of 31 December 2021, the Company calculates technical provisions according to the “Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in Official Gazette no 27655 dated 28 July 2010 and other related legislation and reflected to the financial statements. The Company prepares its financial statements are regulated in form and content in order to compare the financial statements of prior period and with other companies according to “Communiqué on Presentation of Financial Statements” which is published in the Official Gazette dated 18 April 2008 and numbered 26851.

The balance sheet and the statement of income as of and for the period ended 31 December 2021 is approved by the Company on 7 March 2022. The Company’s General Assembly and/or legal authorities has the right to change the accompanying financial statements.

a. Preparation of Financial Statements in Hyperinflationary Periods

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 letter of the Republic of Turkey Ministry of Treasury and Finance dated 4 April 2005 and numbered 19387, the application of the restatement of financial statements according to inflation has been terminated since the beginning of 2005.

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.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions**

As of 31 December 2021, the Company has calculated its insurance technical reserves, and reflected to the financial statements within the framework of the "Regulations on the Technical Reserves of the Insurance and Reinsurance and Pension Companies and on which Assets These Reserves are to be Deposited" ("Technical Reserves Regulations") which have been issued within the framework of the Insurance Law No.5684 and first entered into force after being published in the Official Gazette dated 28 July 2010 and numbered 27655, as well as the Official Gazette dated 17 July 2012 and numbered 28356 following the relevant amendments, and within the framework of the other relevant legislation.

Unearned Premium Reserve

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 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.

According to the Industry Announcement on the Implementation of Legislation on Technical Provisions, published by Republic of Turkey Ministry of Treasury and Finance dated July 27, 2009 and numbered 2009/9, 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 Regulation on Technical Reserves, in the calculation of unearned premium reserves of foreign currency indexed insurance contracts, unless an exchange rate stated in the insurance contract, the selling exchange rate of accrual date of related premium declared by Central Bank of the Republic of Turkey in Official Gazette.

As of 31 December 2021, the Company's net unearned premium reserves amount is TL 491.046.402 (31 December 2020: TL 316.998.047) in its financial statements.

Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium after 1 January 2008, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement

Commissions paid to intermediaries, commissions received due to the premiums ceded to reinsurers, the amounts paid for the non-proportional reinsurance treaty agreements and receipts which extend to the next fiscal period or periods are recorded as deferred income and deferred expense or a related account only if accrued based on the premium production. In this context, the Company has calculated deferred commission expense amounting to TL 127.118.723 (31 December 2020: deferred commission expense TL 71.811.209) and deferred commission income amounting to TL 83.811.483 at 31 December 2021 (31 December 2020: deferred commission income amounting TL 39.972.872).

2. Summary of Significant Accounting Policies (continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)

b. Technical Provisions (continued)

Provision for Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, effective from January 1, 2008, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch starting is higher than 95%, the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch. The difference between the gross amount and the net amount is considered as the reinsurer's share. In accordance with the Republic of Turkey Ministry of Treasury and Finance's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Company has recalculated the prior period claims provision with new method to calculate unexpired risk reserve. Turkish Treasury allows insurance companies with the circular 2016/37 to calculate their unexpired risks reserve on Motor Own Damage, Motor Third Party Liability (Compulsory and Facultative separately) and General Liability by considering only the last 4 accident quarters' loss ratios. According to this new method, loss ratios exceeding 95% in 2016, 90% in 2017 and 85% in 2018 and later years, will be multiplied by unearned premiums reserve. The company's direct production founded in 100% of Turkey make separate calculations for the work has been delegated to the pool, the 100% of the gross loss ratio, gross unearned premium is multiplied by the equivalent of the excess is for other work exceeding 85% of the gross loss ratio, the net provision for unexpired risks is calculated by multiplying the gross provision for unexpired risks and the net provision for unearned premiums. As of December 31, 2021, the Company has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance, The company has calculated its Unexpired Risks. As a result of this new method, there is TL 30.399.378 risk reserve in this line of business (31 December 2020: TL 1.577.358). As of December 31, 2021 and December 31, 2020, the Company did not employ the method that stated specified in the "Circular on Provision for Unexpired Risk Reserve" dated 11 November, 2016 no 2016/37 in accordance with "Circular on Provision for Unexpired Risk Reserve" dated 31 December, 2019 (2019/5) by Ministry of Treasury and Finance. In accordance with amendment made with the circular numbered 2020/1 issued by Republic of Turkey Ministry of Treasury and Finance, in case of making separate calculation for the activities which are 100% of the production is transferred to pools established in Turkey, unexpired risk reserve is calculated if the gross loss premium rate is above 100%, and for other activities the provision is calculated if the gross loss premium rate is above 85%. In accordance with the circular numbered 2021/31 of the Ministry of Treasury and Finance, the 95% rate used for the URR calculation method in the 3rd paragraph of the 6th article of the Technical Reserves Regulation is used as 100% in the Land Vehicles Liability branch. In case of using the URR calculation method specified in the 2019/5 URR circular, if a separate calculation is made for the works in which 100% is transferred to the pools established in Turkey, the gross damage premium rate of 100% is set as 105%, and for other works the gross loss premium rate is calculated. rate of 85% has been updated to 90%. In addition, if a separate calculation is not made for the works, 100% of which are transferred to the pools established in Turkey, the rate of 85% used as 90% is used to calculate the provision for ongoing risks.

Outstanding Claims Reserve

The Company allocates provision for outstanding claims for the claims that were accrued and determined on account, but not actually paid in the previous account periods or current account period, or if this amount was not calculated, for their estimate amounts and for the claims that were realized but not reported. During the calculation of the provision for outstanding claims that was accrued and determined on account; in accordance with expert report, salvage and similar income items are not deducted in the relevant calculations. The difference between accrued and determined on account outstanding claims reserve and the amount determined by using methods of actuarial chain which content and implementation principles is specified in Technical Provisions Regulation and "Circular of Outstanding Claims Reserve" dated 1 January 2015 and numbered 2014/16 and related regulations is recognized as realized but not reported claims amounts.

Bereket Sigorta 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****2 Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions (continued)****Outstanding Claims Reserve (continued)**

In accordance with the Circular which is effective from 1 January 2015; companies should make the Actuarial Chain Ladder Method ("ACLM") calculation via using one of the 6 different methods mentioned in the Circular, when calculating ACLM and the calculations should be based on the incurred claims (total of outstanding claims and paid claims). According to the Circular, companies are intitled to apply the most appropriate method mentioned in the Circular. Moreover, companies are also intitled to apply a different method as long as the method has an actuarial basis and the calculation result is over the amount calculated by ACLM methods. The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Circular in order to perform the ACLM calculations with a homogeneous data. ACLM calculations are performed as gross amounts. Net amounts are determined in accordance with the terms of ongoing reinsurance agreements. Also, companies are allowed to interfere the development factors in ACLM tables.

Actuarial calculations are performed on a quarterly basis, by using past 10 years in Compulsory Traffic branch, past 7 years in other branches data of gross paid claims, outstanding claims, subrogation receivables accrued and collected subrogation income. The amounts related to the treatment files are excluded from these calculations. Major damage elimination was not done in the Compulsory Traffic branch for major damage elimination, and box-plot method was applied in other branches.

The entire amount calculated in accordance with the Circular should be taken into account in determining the amount of incurred but not reported claim provision to be reflected in the financial statements.

As of 31 December 2021 and 2020, IBNR result should be additionally reserved, and when the result is negative, then, it should be deducted from the current reserve amount. The method's used by the actuary on the basis of line of business as of 31 December 2021 and 2020 are as follows:

31 December 2021			
Business Line	Method Used	Gross IBNR	Net IBNR
Compulsory traffic	Standard Chain	550.348.595	516.434.858
General liability	Standard Chain	6.852.475	3.444.207
Medical malpractice	Sector Ratios	(2.697.825)	(2.697.825)
Voluntary financial liability	Damage-Premium	5.889.602	5.883.915
Fire and natural disasters	Standard Chain	1.933.095	1.225.531
Suretyship	Standard Chain	44.477	49.858
General losses	Standard Chain	16.812.843	5.503.989
Transportation	Standard Chain	1.685.764	406.885
Accident	Standard Chain	2.406.291	1.552.688
Legal protection	Standard Chain	135.918	135.918
Water Vehicles	Standard Chain	(92.245)	(12.487)
Motor vehicles	Standard Chain	2.843.000	2.845.573
Total		586.161.990	534.773.110

31 December 2020			
Business Line	Method Used	Gross IBNR	Net IBNR
Compulsory traffic	Standard	344.517.615	322.769.470
General liability	Bornhuetter-Ferguson	10.663.888	5.163.472
Medical malpractice	Bornhuetter-Ferguson	(1.746.765)	(1.746.765)
Voluntary financial liability	Standard	4.078.879	4.066.594
Fire and natural disasters	Standard	(220.534)	(96.940)
Financial losses	Standard	34	-
General losses	Standard	600.907	294.756
Transportation	Standard	966.202	437.660
Accident	Standard	9.944.441	6.641.015
Legal protection	Standard	(6.112)	(6.112)
Water Vehicles	Standard	(83.289)	(33.781)
Motor vehicles	Standard	3.628.718	3.619.934
Total		372.343.984	341.109.303

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions (continued)****Outstanding Claims Reserve (continued)**

According to circular issued by Treasury dated 10 June 2016, numbered 2016/22 regarding "Discount of Net Cash Flows Form Outstanding Claim Files", best estimate regarding net cash flows that are expected to occur during the transition of outstanding claim reserves to claim payments, as of periods, is calculated by the Company actuary. Net cash flows are forecasted as per main branch basis that is determined via the template Table 57 (ACLM) provided by the Treasury and with the time limit that is no more than the time frame used by IBNR calculation (maximum of 10 years) considering legal warranty period of assurance. Nevertheless, it is essential that time frame of cash flows to not exceed the time frame that is used for IBNR calculation. Whereas the forecast of net cash flows performed quarterly, reinsurance companies might use longer time period for their forecasts with the condition that time period does not exceed a year. Legal interest rate published on official gazette as of the financial reporting date is used, with the condition of rate being up to date, for the discount of future net cash flows to present value. Discount amount calculated is distributed to sub-branches using the distribution ratio of outstanding claim reserve to sub-branches.

Net cash flows by line of business, determined by using the methods regarding the estimation of net cash flows from outstanding claim files as of 31 December 2021 and 2020 are as follows:

31 December 2021			
Branches	Gross Outstanding Claim^(*)	Discount on Outstanding Claim	Gross Outstanding Claim after Discount^(*)
Compulsory traffic	727.413.784	(163.787.855)	563.625.929
Suretyship	179.863.748	(46.661.572)	133.202.176
Fire and natural disaster	60.252.282	(4.436.230)	55.816.052
General liability	15.427.247	(4.115.051)	11.312.196
Motor vehicles	65.441.079	(2.370.769)	63.070.310
Facultative public liability	9.369.291	(2.132.360)	7.236.931
Accident	5.236.523	(780.426)	4.456.097
General losses	84.903.512	(9.023.085)	75.880.427
Medical malpractice	14.833.300	(2.383.155)	12.450.145
Financial losses	15.755	(1.483)	14.272
Health	427.417	(9.690)	417.727
Legal Protection	149.165	(29.511)	119.654
Water vehicles	708.673	54.030	762.703
Transportation	10.227.696	409.878	10.637.574
Total (Note 17)	1.174.269.472	(235.267.279)	939.002.193

31 December 2020			
Branches	Gross Outstanding Claim^(*)	Discount on Outstanding Claim	Gross Outstanding Claim after Discount^(*)
Compulsory traffic	467.072.217	(74.100.748)	392.971.469
Suretyship	92.040.180	(16.963.284)	75.076.896
Fire and natural disaster	24.852.557	(1.249.296)	23.603.261
General liability	25.738.401	(4.164.632)	21.573.769
Motor vehicles	23.696.972	(587.798)	23.109.174
Facultative public liability	6.686.264	(1.069.177)	5.617.087
Accident	17.177.604	(1.777.693)	15.399.911
General losses	9.594.831	(698.913)	8.895.918
Financial losses	15.170	(971)	14.199
Health	400.846	(6.017)	394.829
Legal Protection	(6.112)	844	(5.268)
Water vehicles	(1.726)	(104)	(1.830)
Transportation	4.385.627	140.615	4.526.242
Total (Note 17)	671.652.831	(100.477.174)	571.175.657

(*) Consist of case reserves, winning ratio deductions and IBNR.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions (continued)****Outstanding Claims Reserve (continued)**

The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the IBNR calculations with a homogeneous data. In order to make calculations with a more homogeneous dataset, the peak claims which is considered as great damage, has been removed by Box-Plot method. In the compulsory traffic branch IBNR calculation, the growth coefficients calculated according to the large damage factor, taking into account the 99.85% percentile of the maximum damage, were fitted to the Weibull distribution and this development pattern was calculated by applying the triangle with no improvement.

Updating of open files, reopening of closed files and reopening of closed files and realized but not reported, starting from the 2016 damage year due to the decision of the Constitutional Court dated 17 July 2020, the basis of 2019/40 and numbered 2020/40, which was published in the Official Gazette dated 9 October 2020 and numbered 31269. It is predicted that a possible increase may occur in return for compensation. For these impacts, a gross reserve of TL 6.962.371 and a net TL 6.509.477 were reserved. In addition, it is foreseen that the company may face a possible increase in return for the update of the open files regarding the minimum wage increase made at the end of 2021 and the compensation that has been realized but not reported. Gross TL 62.664.024 TL and net TL 56.825.152 reserves have been reserved for these impacts.

The peak claim limits which are used for the elimination in branch basis are as follow:

Line of Business	31 December 2021	31 December 2020
Facultative public liability	80.322.292	117.844.380
Accident	53.747.712	53.747.712
Transportation	28.405.259	7.890.552
General liability	154.104	977.172
Financial losses	484.388	466.227
Suretyship (Breach of trust)	9.896.816	1.167.841
Motor vehicles	3.037.559	2.421.230
Fire and natural disasters	315.905	196.871
General losses	1.448.721	2.407.944
Water vehicles	7.999.197	8.083.042
Legal protection	168.617	53.742

Republic of Turkey Ministry of Treasury and Finance has issued the Circular No: 2011/23 "Basis of Incurred But Not Reported Provision Calculation" as of 26 December 2011. The sections included in the Circular titled "Reflecting the negatively incurred but not reported test results fully" and "Reflecting the accrued subrogation, salvage and other claims to incurred but not reported test results" have come into effect as of 1 January 2012; and "Income from on trial litigations" have come into effect as of 31 December 2011.

1. For every branch an additional triangle regarding accrued subrogation, salvage and similar income items will be included in the actuarial chain ladder method table, and the necessary calculations will be made automatically. In this calculation the receivables in relation to these income items as well as the doubtful provision for these receivables will be considered.
2. According to the article no 7 of Communiqué on Technical Reserves for Insurance, Reinsurance and Individual Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves, without evaluating the winning or losing probability, for the claims that lawsuits are filed against the Company, outstanding claim reserve amount should be determined primarily according to the amount of lawsuit or despite the lawsuit amount, the reserve amount should be determined according to certain proofs like an expert report or the expertise report an invoice.
3. In accordance with Turkish Financial Reporting Standards issued by Turkish Accounting Standards Board ("TASB"), provision should be provided for the lawsuits filed by evaluating the winning or losing of the probability court in order to give a true view of the financial statements.

2. Summary of Significant Accounting Policies (continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)

b. Technical Provisions (continued)

Outstanding Claims Reserve (continued)

In this context, for giving an actual view of the financial statements prepared by the companies, outstanding claims reserve can be provided based on items stated below:

- a. It is possible that a winning ratio over the cases filed against the Company is calculated for each sub-branch for the previous five years. This winning ration can be used to reduce the outstanding claims reserve for the files that are under legal process. The calculations are performed quarterly.
- b. The winning ratio is calculated based on the proportion of the litigation amount concluded in favor of the Company (increased litigation amount) compared to the lawsuits concluded in favor of the Company through the completion of all proceedings phases (including the revision of decision) or the conciliation or dismissal and the lawsuits concluded in favor of the Company through the system of arbitration to the total of all of the lawsuits concluded as explained above (irrespective of finalized against off in favor of the Company).
- c. The calculations are performed over the amount of the files; therefore some portion of this amount which corresponds to the unpaid amount due to partially accepted files should be considered as won case.
- d. During the winning ratio calculation, only the principal amount of claim should be included in the calculation; additional costs like; interest, attorneys' fee, expert fee, litigation costs should not be taken into account. However, the total reserve amount including all costs that are related to the file is considered during the calculation of reduction in the reserve amount.
- e. The case files are considered as non-deductible while calculating IBNR.
- f. The reduction amount in outstanding claim provision should not be more than 25% of the total outstanding claims provision provided for the case files. As indicated in the first article, the companies which do not have five-year data for the sub-branch, the wining ratio can be calculated based on the years they have operated not exceeding 15%. The same principle is applied for the new branches.
- g. Ratio can be calculated separately for each file or can be calculated for the files in aggregate. However, total reduction amount cannot exceed the upper limits mentioned in Article 6.
- h. Regarding with the winning ratio, periodic reports and detailed explanations in the footnotes must be prepared for the Turkish Republic Ministry of Treasury and Finance. In addition, all information and documentation should be ready for auditing related to calculation of winning ratio.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions (continued)****Outstanding Claims Reserve (continued)**

According to the method described above, as of 31 December 2021 the reduction amount for the case files for outstanding claims provision is amounting to TL 24.146.382 (31 December 2020: TL 18.264.615) in the accompanying financial statements. According to the last five-years data, using the winning ratios, Company have deducted the following amounts from outstanding claims, are as follows:

31 December 2021		
Branches	Gross	Net
Motor vehicles liability	19.930.690	18.849.864
General liability	1.921.901	694.191
Motor vehicles	2.374.709	2.374.709
Accident	507.788	157.101
Fire and natural disaster	3.264.853	1.371.718
General losses	285.005	33.797
Financial losses	5.252	-
Transportation	99.863	16.328
Suretyship	31.732.812	22.768
Discretionary liability	623.544	623.544
Legal protection	2.362	2.362
Total	60.748.779	24.146.382

31 December 2020		
Branches	Gross	Net
Motor vehicles liability	16.651.287	15.569.991
General liability	1.653.338	498.255
Motor vehicles	769.304	769.304
Accident	234.302	58.432
Fire and natural disaster	2.539.656	1.341.089
General losses	108.052	2.551
Financial losses	5.045	-
Transportation	61.582	3.349
Suretyship	16.242.385	21.644
Total	38.264.951	18.264.615

2. Summary of Significant Accounting Policies (continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)

b. Technical Provisions (continued)

Outstanding Claims Reserve (continued)

New regulation about treatment costs of traffic accidents that is under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts”

59th substance of 6111 numbered Law, enacted in Official Gazette that is 25 February 2011 dated and 27857 numbered, “The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislation” and 98th substance of 2918 numbered “Highways Traffic Law” have been changed.

59th substance of proper Law, as of 25 February 2011, health guarantee provided by mandatory insurance on traffic accident; not exceed of 15 percent of premium set by insurance company, the amount specified by Undersecretariat of Treasury is charged to Social Security Institution (SSI) and liability of treatment expenses as result of the accident is reflected to SSI. Also, as temporary 1st article and 59th article of the same law, not exceed of 20 percent of the chargeable amount, treatment services of injuries because of traffic accidents incurred before 25 February 2011 will be covered by SSI.

On this context, procedures and principles of treatment expense payments related with Mandatory Traffic Insurance, Mandatory Transportation Insurance and Mandatory Personal Accident Insurance are arranged in regulation about “Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents” which is published on notice of official journal numbered: 28038 of 27 August 2011 and circular numbered 2011/17. Procedures and principles regarding to accounting of such applications are clarified under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts”.

According to the Circular Numbered 2011/18, all data regarding to treatment costs under the scope of Law has been removed from ACLM development triangles because the Company has not been responsible for payment of treatment costs related to guarantees given in related branches, anymore. Based on same circular, according to temporary 1st substance of the law, regarding to traffic accidents that had occurred before publish of law, the Company needs to book IBNR that is going to be liquidated under accounts of claims paid regarding such treatment costs and outstanding claim files related to claims occurred before effective date of law, regarding to treatment costs accounted by the Company. For conservatism purposes, the Company had not liquidated files that had ongoing legal process under mentioned scope previously, however after related circular, by closing these files, the Company has transferred payables to Social Security Institution. IBNR amount to be liquidated is discussed as both data related to treatment costs and difference between the two calculations done except for these data in the table of ACLM prepared as of 31 March 2011. In accordance with Circular numbered 17, the difference between obligations declared by Ministry of Treasury and Finance and relevant parts of the amounts that are obtained from calculation stated over the related periods have been reflected to balance sheet.

In accordance with circular no 2011/18 The Company, separated treatment costs associated with death and disability benefits and prepare financial statements only subject to calculation of treatment costs.

Under the scope of the Mandatory Traffic Insurance, for year 2011, amounts to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 and parameters to be used for calculation of amount to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 has been declared by Ministry of Treasury and Finance.

In accordance with this, according to explanations in Circular numbered 2011/18, the Company has transferred amounts declared and calculated for before and after of the publication date of the Law to financials.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)****b. Technical Provisions (continued)****Outstanding Claims Reserve (continued)**

In accordance with laws and regulations mentioned above, because of transfers to Social Security Institution as of 31 December 2021, the Company has reflected TL 32.721.668 as expense (31 December 2020: TL 31.331.691) in its income statement as to the premiums to be transferred to SSI. Net effect of this treatment in the next years is going to be clarified depending on declarations of Undersecretariat of Treasury.

In accordance with 2 May 2012 dated, 28280 numbered and published Official Gazette that the first clause of the legislation "Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents (Health Services Legislation) " with the headline "Appendix 1 – Calculation Method" in "a-) Mandatory Traffic Insurance" section, it is stated that 10% of each written Premium, for the year 2012 and the ongoing years in respect to the year 2012 calculation, is transferred to Social Security Institution (SSI). In 2nd clause of Health Services Legislation, it is mentioned that the implementation date is 1 January 2012. For this reason, this application is implemented on 2 May 2012 instead of the date of the publication of Health Services Legislation which is 1 January 2012.

Turkey Insurance Association ("TIA") applied to state council fifteenth board for the suspension of the related execution, however; the board rejected this apply with the decision dated 10 December 2013 and E:2013/10984 numbered. TIA forwarded this subject to Plenary Session of Administrative Law Divisions of the Council of State and the Council suspended the execution by accepting the request of TIA with the majority of votes on 11 June 2014.

Equalization Reserve

In accordance with Article 9 of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 27655 on 28 July 2010, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods. 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 recorded in equity can be classified as reserve, used for capital increase or used in claim payments. Where there is an earthquake or a technical claim in any branch in the related period, reserves for credit and earthquake coverage can be used for claim payments and 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 Number 2012/1, "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.

As of December 31, 2021, the Company used a gross equalization provision of TL 1.512.569 for the damage payments due to the Izmir Earthquake in 2020. As of December 31, 2021, the Company's equalization reserve amount is TL 18.718.263 in accordance with the above-mentioned calculation (31 December 2020: TL 13.865.585).

2. Summary of Significant Accounting Policies (continued)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)

b. Technical Provisions (continued)

Subrogation Income Accruals

Republic of Turkey Ministry of Treasury and Finance Treasury issued Circular No: 2010/13 "Subrogation and Salvage Income" as at 20 September 2010.

1. Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations; accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.
2. For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as of period-end.
3. Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance company or third parties. However, insurance companies should provide allowance for receivables, if the related amount cannot be collected from the other insurance company within six months following the claim payment or from third parties within four months.
4. Accrual transactions are performed by at the date of which subrogation is required means of legal litigation and execution and allowance for doubtful receivables is provided for the related amount as of this date.
5. For subrogation income accrual, the entire insurance amount of the partially damaged goods should be paid and they should be accrued in the related periods like subrogation receivables of sale proceeds of such goods if the ownership of these goods is transferred to the insurance company or the insurance company has secondary possession on them. In this regard, subrogation income should also be accrued and should not be deducted against claims paid or outstanding claims when the company goods in derivative possession are disposed of through a third party (real/legal) or are ceded to the policyholder or disposed of by the company itself.
6. Accrued and collected subrogation and salvage income for each segment are disclosed separately in notes to the financial statements.

As of 31 December 2021 the Company has accounted its' total subrogation receivables amounting to TL 32.415.826 (31 December 2020: TL 14.263.166) and reinsurer's share amounting to TL 6.117.392 (31 December 2020: TL 1.550.564) in the receivables from operating activities and technical income, respectively. The Company has also provided allowance amounting to TL 74.041.507 regarding to the subrogation receivables in legal proceedings (31 December 2020: 52.484.908). The related amount has accounted in doubtful receivables from main operations and technical income.

d. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis. 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 loss provisions are off-set against these reserves.

e. Receivables from Insurance Operations

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely. The Company has provided allowance for the receivables that are subject to legal follow-up and which are closely monitored by the management. As of 31 December 2021 the Company has set allowance amounting to TL 76.731.008 for these receivables (31 December 2020: TL 54.771.741). TL 74.041.507 (31 December 2020: TL 52.484.908) of this provision is provided for subrogation transactions under litigation.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (continued)***f. Discount of Receivables and Payables*

Receivables and payables are discounted in the accompanying financial statements. As of the balance sheet date, the Company has used 15,75% discount rate (31 December 2020: 16,75%) for receivables and payables in Turkish Lira. The labor rates used to discount receivables and payables in foreign currencies vary on the currency type.

g. Financial Leasing Agreements

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The payment of the operational lease is charged to the income statement on a straight-line basis over the lease period (The incentives received or to be received from the lessor are also charged to the income statement on a straight-line basis over the lease period). Contingent rents are recorded as costs in the period they are created.

h. Impact of exchange rate differences

The Company values its foreign currency assets and liabilities based on Republic of Turkey Central Bank currency buying rate as of the balance sheet date. The foreign exchange gains and losses arising from these transactions are presented in income statement.

i. Earnings per share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

j. Subsequent events

Subsequent events cover the events between the balance sheet date and the date of issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information. The Company adjusts its financial statements in the occurrence of any adjusting subsequent events.

k. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If provision is measured using the cash flows estimated to settle the present obligation, it carries amount will be equal to the present value of such cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. All accounting policies are explained in Note 2.1.1. and the following notes numbered 2.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1. and the following notes numbered 2.

2.1.3 Functional currency

The Company's financial statements are presented in the currency of the primary economic environment in which the Company operates. The results and financial position of the Company are expressed in Turkish Lira, which is the functional and presentation currency of the Company.

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL).

2. Summary of Significant Accounting Policies (continued)**2.1.5 Valuation method(s) used in the presentation of financial statements**

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 New and Revised International Financial Reporting Standards**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 Bereket Sigorta 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.

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

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.

Bereket Sigorta 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****2 Summary of significant accounting policies (continued)****2.1.6 New standards and interpretations not yet adopted (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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements resulting from the application of the amendments to TFRS 4.

2 Summary of significant accounting policies (continued)

2.1.6 New standards and interpretations not yet adopted (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.

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 unconsolidated 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 is assessing the potential impact on its unconsolidated financial statements resulting from the application of the amendments to Amendments to TAS 12.

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.

Bereket Sigorta 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****2 Summary of significant accounting policies (continued)****2.1.6 New standards and interpretations not yet adopted (continued)****Standards issued but not yet effective and not early adopted (continued)****Definition of Accounting Estimates (Amendments to TAS 8) (continued)**

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 is assessing the potential impact on its unconsolidated financial statements resulting from the application of the amendments to Amendments to TAS 8.

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 unconsolidated 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 unconsolidated financial statements.

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.

2 Summary of significant accounting policies (continued)

2.1.7 Accounting Policies, Changes and Mistakes in Accounting Estimates

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policy and no significant accounting errors detected in the current period.

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods, if they are related to future periods. The accounting estimates have not been changed in the current period.

The 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.

2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Turkish Treasury 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.

Bereket Katılım Sigorta A.Ş. which is dominated by the Company has started to insurance operations as of 3 February 2020 by receiving their license from Ministry of Treasury and Finance.

2.3 Segment Reporting

The Company has no different operations which require the segment reporting. Activities in different geographic segments are presented in Note 4.1.2.2.

2.4 Translation of Foreign Currencies

For the purpose of the financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. 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 income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit and loss in the period in which they are incurred.

2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss. Assets held for use in the construction, or leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs.

Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight-line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful Life
Investment Properties	50 years
Furnitures and Fixtures	3-5 years
Vehicles	5 years
Other Fixed Assets	5-10 years
Right of Use Assets	2-10 years

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment using shorter of the term of the relevant lease and useful life of the assets.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

Bereket Sigorta 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****2. Summary of the Accounting Policies (Continued)****2.6 Investment Properties**

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis. Depreciation period for investment property is 50 years for buildings, lands are not subject to depreciation.

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

2.7 Intangible Assets

Intangible assets acquired are initially measured at cost value. Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. These costs will be redeemed in terms of their estimated useful lives (15 years). Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3-5 years).

2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "held-to-maturity investments", "available for sale" ("AFS") financial assets and "loans and receivables".

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit and loss

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method. Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

Held to maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available for sale financial assets

Investments are classified as available-for-sale that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

2. Summary of Significant Accounting Policies (continued)

2.8 Financial Assets (continued)

Loans and receivables

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 recognized at cost plus transaction costs that reflect their fair value and after deducting the cost, if any, from the cost values, provision is made for impairment. Fees paid for the assets received as collateral for related receivables and other similar expenses are not recognized as transaction costs and reflected in the expense accounts.

Subsidiaries, are reflected in the separate financial statements with their costs, after deducting the provision for impairment, if any, in the Company's separate financial statements.

2.9 Impairment on Assets

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.10 Derivative Financial Instruments

None (31 December 2020: None).

2.11 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 14).

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.13 Share Capital**

As of December 31, 2021, the Company's nominal capital is TL 150.000.000 (31 December 2020: TL 100.000.000). TL 150.000.000 (31 December 2020: TL 100.000.000) of the paid-in capital consists of 150.000.000 shares (31 December 2020: 100.000.000 shares) having a nominal amount of TL 1 each.

With the Board of Directors Decision dated July 6, 2021 and numbered 1235, the company's capital was decided to be increased to TL 150.000.000 by increasing its current capital from TL 50.000.000 in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 5.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

The Company is not subject to the registered capital system.

2.14 Insurance and Investment Contracts – Classification*Insurance Contracts*

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts. Insurance contracts are accounted when the insurance risk is transferred and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts

The Company has no investment contracts as of 31 December 2021 (31 December 2020: None).

2.15 Insurance and Investment Contracts with Discretionary Participation Features

The Company neither has investment contracts nor insurance contracts with discretionary participation feature as of 31 December 2021 (31 December 2020: None).

2.16 Investment Contracts Without Discretionary Participation Features

The Company has no investment contracts as of 31 December 2021 (31 December 2020: None).

2.17 Borrowings

The Company has no short term and long-term borrowings as of 31 December 2021 (31 December 2020: None).

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 (2020: 22%). 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.

2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Corporate Tax (continued)

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 TL 61.026.807 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 finding.

Deferred Tax

Deferred tax assets and liabilities are recognized according to TAS 12 – *Income Taxes* standard, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. Deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity. If transactions and events are recorded in the statement of operations, then the related tax effects are also recognized in the statement of operations. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation. According to relevant communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2.19 Financial Leases – The Company As Lessee

As of December 31, 2021, the Company has a debt of TL 7.407.405 from lease transactions within the scope of TFRS 16 standard. (31 December 2020: TL 13.689.510).

2.20 Employee Benefits

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan in accordance with TAS 19 "Employee Benefits". The retirement benefit obligation recognized in the balance sheet represents the net present value of the total defined benefit obligation due to retirement of all employees. Recognized actuarial gains and losses are presented in the other comprehensive income under shareholders' equity.

Bereket Sigorta 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****2. Summary of Significant Accounting Policies (continued)****2.21 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows. Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated. Liabilities 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 entity are classified as contingent liabilities and not included in the financial statements. As of the balance sheet date, total amount of lawsuits filed against the entity for claim payments is TL 345.442.845 (31 December 2020: TL 221.785.600) Outstanding claim reserves were provided for lawsuits filed against the Company. Other lawsuits filed against to the Company is amounting to TL 309.947 (31 December 2020: 730.050 TL The company has provided provision for all these lawsuits.

2.22 Accounting of Income*Premium and Commission Income*

Premium income represents premiums on policies written during the year. Unearned premium reserve is provided for the period of risk extending beyond the end of the financial year, are determined from premiums written during the year on a daily basis. Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

Interest Income and Expense

Interest income and expense are accounted in the income statement in the related period on an accrual basis.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.23 Profit Share Distribution

The Ordinary General Assembly meeting for 2020 was held on June 15, 2021, and it was decided to transfer the profit obtained for 2020 to legal reserves.

2.24 Related Parties

Parties are considered related to the Company if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. Summary of Significant Accounting Policies (continued)

2.24 Related Parties (continued)

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A transaction with related parties is charged its price regardless of the transfer of resources, services or liabilities between related parties

2.25 Earnings per share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share according to TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

2.26 Going Concern

Financial statements are prepared in accordance to the historical cost base and going concern assumption.

2.27 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 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 the lease contracts is a maximum of 5 years. Tangible fixed assets acquired through leasing are recorded as assets in the Company's assets and as liabilities from leasing transactions in liabilities. In determining the amounts included in the balance sheet as assets and liabilities, based on the lower of the fair values of the assets and the present value of the lease payments, the financing costs arising from the lease are spread over the periods to form a fixed interest rate throughout the lease term.

The maximum period of the financial lease contracts is 5 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate. Lease liability is measured at the present value of unpaid lease payments at the commencement date in accordance with TFRS 16. Lease payments are discounted using alternative borrowing interest rate. The calculated duration weighted average of alternative borrowing interest rates applied by the Company to TL lease liabilities reflected on its balance sheet as of December 31, 2021 is 13.25%. The relevant ratio has been determined by considering the duration on a contract basis.

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.

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.

Bereket Sigorta 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****3. Significant Accounting Estimates and Requirements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note 4.1 – Insurance and financial risk management

Note 4.2 – Financial risk

Note 6 – Tangible assets

Note 7 – Investment properties

Note 8 – Intangible assets

Note 11 – Financial assets

Note 12 – Receivables and payables

Note 21 – Deferred income taxes

Note 22 – Retirement benefits

Note 23 – Other liabilities and expense accruals

4. Insurance and Financial Risk Management**4.1 Insurance Risk****4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks**

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance)**4.1.2.1 Sensitivity to insurance risk**

There are many reasons for the risk tolerance. One of the most important one is the increases in the amount of indemnity to be paid for the damages occurred. The main reason for these increases is the increase in the overdue interest calculated for the pending lawsuits for claims or the increase in claim after the claim amount finalizes subsequently. Company manages these risks based on the policy production strategy, adequate reinsurance commitments and effective clearance and payment transactions.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance commitments include claims surplus, quota surplus reinsurance, excess loss reinsurance and insurance coverage. Outstanding claims are revised and updated periodically by the claims department specialist.

Bereket Sigorta 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****4. Insurance and Financial Risk Management (continued)****4.1. Insurance Risk (continued)****4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)****4.1.2.2. Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration**

The Company makes insurance agreements on non-life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

31 December 2021	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	563.625.929	33.367.456	530.258.473
Suretyship	133.202.176	133.069.705	132.471
Fire and natural disasters	55.816.052	44.463.536	11.352.516
General losses	75.880.427	53.968.467	21.911.960
Motor vehicles	63.070.310	(2.480)	63.072.790
General liability	11.312.196	5.962.958	5.349.238
Medical malpractice	12.450.145	477.163	11.972.982
Transportation	10.637.574	8.618.251	2.019.323
Discretionary responsibility	7.236.931	4.393	7.232.538
Accident	4.456.097	1.762.195	2.693.902
Health	417.727	417.727	-
Water vehicles	762.703	679.419	83.284
Legal Protection	119.654	-	119.654
Financial losses	14.272	14.272	-
Total (Note 17)	939.002.193	282.803.062	656.199.131

31 December 2020	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	398.588.556	23.773.075	374.815.481
Suretyship	75.076.897	74.976.855	100.042
Fire and natural disasters	23.603.261	16.132.986	7.470.275
General liability	21.573.768	7.544.419	14.029.349
Motor vehicles	23.109.174	8.566	23.100.608
Accident	15.399.910	4.057.278	11.342.632
Transportation	4.526.242	2.867.415	1.658.827
General losses	8.895.919	4.535.143	4.360.776
Health	394.829	394.829	-
Financial losses	14.200	14.200	-
Legal Protection	(5.268)	-	(5.268)
Water vehicles liability	(1.831)	26.302	(28.133)
Total (Note 17)	571.175.657	134.331.068	436.844.589

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on geographical regions are summarized as below:

Incurred and reported claims (*)			
31 December 2021	Gross	Reinsurance share	Net
Turkey	559.502.296	333.675.745	225.826.551
Total	559.502.296	333.675.745	225.826.551

Incurred and reported claims (*)			
31 December 2020	Gross	Reinsurance share	Net
Turkey	298.886.027	147.455.960	151.430.067
Total	298.886.027	147.455.960	151.430.067

(*)The figures exclude net incurred but not reported claims amounting to TL 534.773.110 (31 December 2020: TL 341.109.303), winning ratio deductions on reserves for the files which are under legal follow up amounting to TL 24.146.382 (31 December Aralık 2020: TL 18.264.615) and discount effect of net cash flow from outstanding claim files amounting to TL 166.802.922 (31 December 2020: TL 75.717.090).

Bereket Sigorta 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

4. Insurance and Financial Risk Management (continued)**4.1 Insurance Risk (continued)****4.1.2 Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)****4.1.2.2 Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration (continued)**

Total claims liability of the Company based on geographical regions in Turkey is as follows:

Incurred and reported claims			
31 December 2021	Gross	Reinsurance share	Net
South East Anatolian Region	21.185.043	926.969	20.258.074
Marmara Region	420.968.326	322.332.475	98.635.851
Aegean Region	23.096.113	1.299.730	21.796.383
Black Sea Region	11.462.354	651.441	10.810.913
Middle Anatolian Region	30.495.063	4.574.580	25.920.483
Mediterranean Region	52.295.397	3.890.550	48.404.847
Total (*)	559.502.296	333.675.745	225.826.551

Incurred and reported claims			
31 December 2020	Gross	Reinsurance share	Net
South East Anatolian Region	12.157.572	926.519	11.231.053
Marmara Region	184.954.866	134.615.244	50.339.622
Aegean Region	21.133.321	1.011.699	20.121.622
Black Sea Region	10.401.242	976.431	9.424.811
Middle Anatolian Region	26.540.015	4.714.615	21.825.400
Mediterranean Region	43.699.011	5.211.452	38.487.559
Total (*)	298.886.027	147.455.960	151.430.067

(*) As of 31 December 2021, greencard pool retro account in motor vehicles responsibility has TL 1.164.454, traffic pool outstanding damage has TL 32.087.983 and medical pool in general responsibility has TL 13.756.554, Tarsim pool outstanding damage TL 12.236.993 not included in the table not included in the table. (31 December 2020: greencard pool retro account in motor vehicles responsibility has TL 1.017.269, traffic pool outstanding damage has TL 22.022.619 and medical pool in general responsibility has TL 9.128.369, Tarsim pool outstanding damage TL 5.749.219 not included in the table).

Gross and net (reinsurance deducted) insurance risk concentrations of the Company based on the type of currency are summarized as below:

Incurred and reported claims			
31 December 2021	Gross	Reinsurance Share	Net
TL	559.502.296	333.675.745	225.826.551
Total	559.502.296	333.675.745	225.826.551

Incurred and reported claims			
31 December 2020	Gross	Reinsurance Share	Net
TL	298.886.027	147.455.960	151.430.067
Total	298.886.027	147.455.960	151.430.067

4.1.2.3 Comparison of incurred claims with past estimations

		31 December 2021				31 December 2020	
	Effect on Current Period (Net)	Total Gross Claim Liability	Total Claim Liability Reinsurer Share	Net Total Claim Liability	Total Gross Claim Liability	Total Claim Liability Reinsurer Share	Net Total Claim Liability
Unpaid Claims	(122.658.333)	648.856.260	336.480.936	312.375.324	337.573.798	147.856.807	189.716.991
Claim Provisions (*)	(96.696.209)	290.145.933	(53.677.874)	343.823.807	233.601.859	(13.525.739)	247.127.598
Total	(219.354.542)	939.002.193	282.803.062	656.199.131	571.175.657	134.331.068	436.844.589

(*) Claim reserves include all of the additional reserves except unpaid claims stated under the total outstanding claim reserve and its discount as of the balance sheet date.

4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk (continued)

4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

4.1.2.3 Comparison of incurred claims with past estimations (continued)

	31 December 2021		
	Total gross claim liability ^(***)	Total claim liability reinsurer share	Net total claim liability
Beginning of the Period - 1 January	298.886.026	147.455.959	151.430.067
Opening within the period ^(*)	476.208.625	167.926.390	308.282.235
Payment for current period (-)	(477.037.301)	(99.516.552)	(377.520.749)
Payment for previous periods (-)	(109.064.556)	(22.080.100)	(86.984.456)
Collection of Subrogation and Salvage	66.857.540	6.261.045	60.596.495
Cancelled and corrected amount ^(**)	303.651.962	133.629.003	170.022.959
Claims reported at the end of the period ^(****)	559.502.296	333.675.745	225.826.551

	31 December 2020		
	Total gross claim liability ^(***)	Total claim liability reinsurer share	Net total claim liability
Beginning of the Period - 1 January	236.731.620	125.348.785	111.382.835
Opening within the period ^(*)	229.426.618	33.783.373	195.643.245
Payment for current period (-)	(243.230.723)	(27.717.970)	(215.512.753)
Payment for previous periods (-)	(68.386.241)	(14.090.072)	(54.296.169)
Collection of Subrogation and Salvage	28.445.419	264.183	28.181.236
Cancelled and corrected amount ^(**)	115.899.333	29.867.660	86.031.673
Claims reported at the end of the period ^(****)	298.886.026	147.455.959	151.430.067

(*) Total gross claim liability ceded to the reinsurer in health branch amounting to TL 427.417 (31 December 2020: TL 400.846) and reinsurance share of outstanding claims amounting to TL 427.417 (31 December 2020: TL 400.846) are excluded from the figures on the table above. Outstanding claim reserve for green card pool retro account in motor vehicle liability branch amounting to TL 1.919.383 (31 December 2020: TL 1.002.092), for traffic pool amounting to TL 57.480.022 (31 December 2020: TL 24.466.946 and medical pool in general liability branch amounting to TL 16.959.760 (31 December 2020: TL 10.558.300) are excluded as well. Tarsim pool outstanding damage is TL 1.968.734 (31 December 2020: TL 2.259.586) not included in the tables.

(**) Cancelled portion of unpaid outstanding claim files included in the ceded outstanding claim reserve is presented in this row.

(***) Paid claims of gross payment of TL 84.342.094 (31 December 2020: TL 53.402.379) and reinsurance share of TL 4.408.557 (31 December 2020: TL 6.965.899) for health and motor vehicle liability branches are excluded from the figures on the table above.

(****)The figures exclude net incurred but not reported claims amounting to TL 534.773.110 (31 December 2020: 341.109.303) and deductions on reserves for the files which are under legal follow up amounting to TL 24.146.382 (31 2020: TL 18.264.615) and discount effect of net cash flow from outstanding claim files amounting to TL 166.802.922 (31 December 2020: TL 75.717.090).

Bereket Sigorta 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

4. Insurance and Financial Risk Management (continued)

4.1.2. Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance) (continued)

4.1.2.3. Comparison of incurred claims with past estimation

Claims Development Table

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2015 - 31 December 2015	43.389.943	11.125.867	3.533.520	2.618.012	2.816.878	3.129.916	2.156.228	68.770.364
1 January 2016 - 31 December 2016	43.412.309	9.516.507	2.429.437	2.806.031	1.201.010	2.848.436	-	62.213.730
1 January 2017 - 31 December 2017	45.018.822	18.650.653	6.871.333	1.994.630	1.923.563	-	-	74.459.001
1 January 2018 - 31 December 2018	97.503.082	33.109.622	7.736.453	5.757.865	-	-	-	144.107.022
1 January 2019 - 31 December 2019	175.548.942	51.274.756	13.283.899	-	-	-	-	240.107.597
1 January 2020 - 31 December 2020	194.594.602	92.947.921	-	-	-	-	-	287.542.523
1 January 2020 - 31 December 2021	407.581.227	-	-	-	-	-	-	407.581.227
Total Payment (*)	1.007.048.927	216.625.326	33.854.642	13.176.538	5.941.451	5.978.352	2.156.228	1.284.781.464

(*) In 2021, collection of subrogation and salvage amounting to TL 62.685.351 is presented in the income statement as a deduction from the paid claims. The table above excludes the figures related to the claims paid in 2021 amounting to TL 4.992.028 of which the date of claims are in or before the date 1 January 2011; and the claims paid in 2021 amounting to TL 967.153 for the green card pool retro account in motor vehicle liability branch and the claims amounting to TL 52.034.457 for the traffic and medical pool accounts, health branch amounting TL 26.661.928 and the claims paid in 2021 amounting to 4.408.557 for TARSİM pool account.

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2014 - 31 December 2014	41.279.840	17.083.860	2.749.686	2.942.891	2.283.747	1.887.500	2.130.272	70.357.796
1 January 2015 - 31 December 2015	43.389.943	11.125.867	3.533.520	2.618.012	2.816.878	3.129.916	-	66.614.136
1 January 2016 - 31 December 2016	43.412.309	9.516.507	2.429.437	2.806.031	1.201.010	-	-	59.365.294
1 January 2017 - 31 December 2017	45.018.822	18.650.653	6.871.333	1.994.630	-	-	-	72.535.438
1 January 2018 - 31 December 2018	97.503.082	33.109.622	7.736.453	-	-	-	-	138.349.157
1 January 2019 - 31 December 2019	175.548.942	51.274.756	-	-	-	-	-	226.823.698
1 January 2020 - 31 December 2020	192.641.467	-	-	-	-	-	-	192.641.467
Total Payment (*)	638.794.405	140.761.265	23.320.429	10.361.564	6.301.635	5.017.416	2.130.272	826.686.986

(*) In 2020, collection of subrogation and salvage amounting to TL 42.283.595 is presented in the income statement as a deduction from the paid claims. The table above excludes the figures related to the claims paid in 2020 amounting to TL 4.402.555 of which the date of claims are in or before the date 1 January 2011; and the claims paid in 2020 amounting to TL 802.671 for the green card pool retro account in motor vehicle liability branch and the claims amounting to TL 31.003.846 for the traffic and medical pool accounts, health branch amounting TL 6.965.899 and the claims paid in 2020 amounting to TL 14.629.962 for TARSİM pool account.

4. Insurance and Financial Risk Management (continued)

4.1.2.4. Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

None (31 December 2020: None).

4.2 Financial Risk

4.2.1 Capital structure and management

While the Company maintains to continue its capital management on a going concern basis, it expects to boost its earnings by optimizing its technical reserve and equity balance. In accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 262761 on January 19, 2008, all insurance and reinsurance companies and pension funds should provide adequate equity for their current liabilities and possible losses that may arise from their potential risks. The present amount of shareholders' equity of the company satisfies minimum capital requirements of both of the methods mentioned in the regulatory framework. Capital adequacy tables prepared as of 31 December 2021 and 2020 are stated below. As of 31 December 2021, the amount of required share capital for the first method is TL 106.472.806 (31 December 2020: TL 56.495.936), and for the second method it is TL 321.755.555 (31 December 2020: TL 218.310.367). As of 31 December 2021, the Company's capital is TL 84.565.187 lower than required capital amount (31 December 2020: TL 35.345.364 less). In order to complete the unrequited capital, the company decided at the General Assembly meeting held on 28 December 2021 to increase the company's capital by TL 50.000.000 to TL 200.000.000. The company's main shareholder, the Türkiye Tarım Kredi Kooperatifleri Merkez Birliği has declared it would take the necessary actions to complete the remaining unpaid capital. The Company's capital structure is reviewed by the Board of Directors annually in order to determine the amount of dividends paid to shareholders and the value of shares to be issued. Based on the recommendations of the council, the company aims to balance the fund structure by profit payments, dismissal of new shares, and buying the shares back.

CAPITAL ADEQUACY TABLES

	31 December 2021	31 December 2020
1. METHOD		
Required capital for non-life branches	106.472.806	56.495.936
Required capital for life branches	-	-
Required capital for retirement branch	-	-
TOTAL REQUIRED CAPITAL	106.472.806	56.495.936
2.METHOD		
Required capital for asset risk	124.676.807	111.379.893
Required capital for reinsurance risk	12.929.422	6.376.606
Required capital for outstanding claims risk	55.623.534	37.123.915
Required capital for underwriting risk	105.772.596	60.378.011
Required capital for interest and exchange rate risk	2.080.869	3.051.942
TOTAL REQUIRED CAPITAL	301.083.228	218.310.367
CAPITAL	216.518.041	182.965.002
REQUIRED CAPITAL	301.083.228	218.310.367
CAPITAL ADEQUACY RESULT	(84.565.187)	(35.345.364)

4.2.2 Financial Risk Factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk due to its assets and liabilities as well as reinsurance assets and liabilities at a specific time. The Company risk management program generally focuses on minimizing the potential negative effects of the uncertainty of financial markets on the Company financial performance. The Company is subject to interest rate risk because of its financial investments and to liquidity risk because of insurance receivables.

Bereket Sigorta 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**

4. Insurance and Financial Risk Management (continued)**4.2.2 Financial Risk Factors (continued)**

The risk management department is directed by a central treasury department according to the policies approved by Board of Directors. Related to risk policies, financial risk is determined and evaluated by the Company's treasury department and some implementations are used in order to reduce the risk providing working with Company operation units. A documented policy related to risk management or written procedures comprising various risks such as the foreign currency risk, interest rate risk, credit risk, use of derivative and other non-derivative financial instruments, and the evaluation of liquidity surplus is formed by Board of Directors.

Credit Risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Risk management under this group is maintained by considering the due receivables, doubtful receivables, guarantees received for receivables, technical performances of the debtors and related parties with deposit and partnership relations. The Company's credit risk is mainly in Turkey where it operates. The carrying values of assets subject to credit risk are presented in the following table:

	31 December 2021	31 December 2020
Cash and cash equivalents (Note 14)	969.659.647	692.865.479
Receivables from main operations (Note 12)	306.575.783	147.072.618
Financial assets (Note 11) (*)	-	3.507.786
Outstanding claims reserve, ceded (Note 10), (Note 17)	282.803.062	134.331.068
Receivables from related parties (Note 12)	17.930	3.135.121
Other receivables (Note 12)	115.470.207	174.481.075
Prepaid taxes and funds (Note 35)	7.095.878	6.197.968
Other current assets	37.805	25.171
Total	1.681.660.312	1.161.616.286

(*) As of 31 December 2021 shares amounting to TL 92.514.058 is excluded (31 December 2020: TL 1.668.000).

As of 31 December 2021, TL 76.731.008 (31 December 2020: TL 54.771.741) of receivables from main operations is classified as doubtful receivable. As of balance sheet date there is TL 76.731.008 under administrative follow-up (31 December 2020: TL 54.771.741). The total amount of the receivable is unsecured. (31 December 2020: The total amount of the receivable is unsecured.) of such receivable amount is guaranteed. A provision is not settled for the guaranteed portion of receivables. All of the guarantees received for doubtful receivables is real estate mortgage.

Provision for doubtful receivables	Total Receivable TL	Guaranteed Portion TL
Agency receivables under legal follow-up	819.855	-
Other receivables under legal follow-up	1.869.646	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	74.041.507	-
Total (Note 12)	76.731.008	-

Provision for doubtful receivables	Total Receivable TL	Guaranteed portion TL
Agency receivables under legal follow-up	696.339	-
Other receivables under legal follow-up	1.590.494	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	52.484.908	-
Total (Note 12)	54.771.741	-

Aging table of due receivables and movement table of doubtful receivables past due but not impaired and guarantees received for not impaired receivables as of 31 December 2021 and 2020 are presented in Note 12.

Interest rate risk

Interest rate risk is not calculated because the Company has no asset with yielding interest classified as a financial asset in the balance sheet, and no liability requiring interest payment.

4. Insurance and Financial Risk Management (continued)

4.2.2 Financial Risk Factors (continued)

Market risk

The stock price risks of the company were determined on the reporting date. Accordingly, if there is a 10% increase/decrease in BIST Stock Market indexes as of December 31, 2021 and all other variables are kept constant, the profit/loss of the Company is TL 9.251.406 (31 December 2020: TL 166.800) there will be an increase/decrease.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company management manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds. As of 31 December 2021, the distribution of the Company's assets and liabilities into remaining maturities are presented in the below table:

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistributed	Total
Cash and cash equivalents	17.908.679	545.610.297	365.122.871	41.017.800	-	-	-	969.659.647
Financial assets ^(*)	-	-	-	-	-	-	118.888.287	118.888.287
Receivables from main operations	29.050.264	49.617.467	97.374.839	130.533.213	-	-	-	306.575.783
Receivables from related parties	17.930	-	-	-	-	-	-	17.930
Other receivables	6.944.296	6.032.458	9.456.474	93.036.979	-	-	-	115.470.207
Deferred expense and income accruals	-	-	670.759	2.735.704	-	-	147.373.586	150.780.049
Other current assets	528.362	-	7.095.878	-	-	-	-	7.624.240
Total assets	54.449.531	601.260.222	479.720.821	267.323.696	-	-	266.261.873	1.669.016.143
Payables from main operations	14.060.008	-	82.369.017	100.227.345	-	-	-	196.656.370
Payables to related parties	34.388	-	-	-	-	-	-	34.388
Other liabilities	2.245.849	-	10.929.396	-	-	-	6.339.342	19.514.587
Provisions for outstanding claims ^(*)	-	-	-	656.199.131	-	-	-	656.199.131
Taxes and funds payable and related provisions	-	20.143.433	790.116	-	-	-	-	20.933.549
Income and expense accruals	-	-	435.052	-	-	-	103.898.630	104.333.682
Other liabilities	-	-	-	1.825.310	2.546.471	-	-	4.371.781
Financial liabilities	-	589.666	979.338	2.301.412	3.536.989	-	-	7.407.405
Total liabilities	16.340.245	20.733.099	95.502.919	760.553.198	6.083.460	-	110.237.972	1.009.450.893

(*) All outstanding claims and compensation provisions are classified as short term in the balance sheet.

(**) Bereket Katılım Sigorta A.Ş. amounting to TL 25.498.809. company value is included.

As of 31 December 2020, the distribution of the Company's assets and liabilities into remaining maturities are presented in the below table:

	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Undistributed	Total
Cash and cash equivalents	5.374.630	258.376.652	429.114.197	-	-	-	-	692.865.479
Financial assets	1.668.000	3.507.786	-	-	-	-	-	5.175.786
Receivables from main operations	7.507.687	29.972.288	44.137.618	65.455.025	-	-	-	147.072.618
Receivables from related parties	3.135.121	-	-	-	-	-	-	3.135.121
Other receivables	62.498.329	61.930.251	5.355.856	44.472.483	224.156	-	-	174.481.075
Deferred expense and income accruals	-	-	-	12.786.950	-	-	71.811.209	84.598.159
Other current assets	25.171	292.595	-	-	-	-	6.197.968	6.515.734
Total assets	80.208.938	354.079.572	478.607.671	122.714.458	224.156	-	78.009.177	1.113.843.972
Payables from main operations	-	-	43.898.863	52.854.138	497.134	-	-	97.250.135
Payables to related parties	2.127	14.993	-	-	-	-	-	17.120
Other liabilities	3.480.909	-	7.275.246	-	-	-	4.219.107	14.975.262
Provisions for outstanding claims	-	-	436.844.589	-	-	-	-	436.844.589
Taxes and funds payable and related provisions	-	6.444.140	13.578.140	-	-	-	-	20.022.280
Income and expense accruals	-	-	11.047.383	-	-	-	37.053.486	48.100.869
Provisions related to other risks	-	-	-	-	6.872.372	-	-	6.872.372
Financial liabilities	-	-	-	4.612.108	4.058.408	-	-	8.670.516
Total liabilities	2.728.405	6.459.133	512.644.221	58.220.877	11.427.914	-	41.272.593	632.753.143

Bereket Sigorta 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****4. Insurance and Financial Risk Management (continued)****4.2.2 Financial Risk Factors (continued)****Exchange rate risk**

Exchange rate risk is defined as the loss risk exposure due to changes from exchange rates based on the differences between the Company's foreign currency denominated assets and liabilities. On the other hand, value changes of different currency types compared to each other is another aspect of an exchange rate risk. Exchange rate risk is managed by keeping the net foreign currency position close. Foreign currency rates used for the translation of foreign currency as of balance sheet date, are as follows:

	31 December 2021	31 December 2020
USD	13,3290	7,3405
EUR	15,0867	9,0079
GBP	17,9667	9,9438
CHF	14,5602	8,2841

The details of foreign currency denominated assets and liabilities as of 31 December 2021 and 2020 are presented below:

		31 December 2021	31 December 2020
A. Foreign currency dominated assets		186.859.596	54.640.929
B. Foreign currency dominated liabilities		(22.644.138)	(14.041.473)
Net foreign currency position (A-B)		164.215.458	40.599.456

31 December 2021	Currency type	Amount in original currency	Amount in TL
Banks	USD	7.448.912	99.286.542
	EUR	2.886.279	43.544.432
			142.830.974
Receivables	USD	1.625.294	21.663.543
	EUR	1.482.264	22.362.465
	CHF	175	2.546
	GBP	4	68
			44.028.622
Payables	USD	1.150.699	15.365.283
	EUR	475.681	7.189.388
	GBP	4.708	85.032
	CHF	303	4.435
			22.644.138

31 December 2020	Currency type	Amount in original currency	Amount in TL
Banks	USD	4.761.834	34.954.242
	EUR	435.888	3.926.437
			38.880.679
Receivables	USD	1.719.785	12.624.081
	EUR	348.112	3.135.758
	GBP	41	411
			15.760.250
Payables	USD	1.513.336	11.128.620
	EUR	317.595	2.866.008
	GBP	4.681	46.785
	CHF	7	60
			14.041.473

Bereket Sigorta 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**

4. Insurance and Financial Risk Management (continued)

4.2.2 Financial Risk Factors (continued)

Exchange rate risk (continued)

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD, Euro and GBP currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

31 December 2021

Currency	Net Asset / (Liability) Amount	Increase in income /expense before taxation	Decrease in income /expense before taxation
USD	105.584.802	10.558.480	(10.558.480)
EUR	58.717.509	5.871.751	(5.871.751)
GBP	(84.964)	(8.496)	8.496
CHF	(1.889)	(189)	189
Total	164.215.458	16.421.546	(16.421.546)

31 December 2020

Currency	Net Asset /	Increase in income /expense before	Decrease in income /expense before
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Bereket Sigorta 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

4. Insurance and Financial Risk Management (continued)

4.2.2. Financial Risk Factors (continued)

Other Risks

Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

As of 31 December 2021, The Company has no held to maturity financial assets. (31 December 2020: TL 3.507.786).

Categories of Financial Assets:

31 December 2021

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	92.514.058	92.514.058	-	-
Financial assets	-	-	-	25.498.809
Total (Note 11), (Note 9)	92.514.058	92.514.058	-	25.498.809

31 December 2020

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	1.668.000	1.668.000	-	-
Financial assets held for trading	3.507.786	3.507.786	-	-
Financial assets	-	-	-	10.498.809
Total (Note 11), (Note 9)	5.175.786	5.175.786	-	10.498.809

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

Financial liabilities

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short-term nature.

5. Segment Information

The Company has no operational or geographical segments in order to present information on segmental reporting. Activities in different geographic segments are disclosed in Note 4.1.2.2 although these are insignificant.

6. Tangible Assets

Movement in tangible assets in the period from 1 January to 31 December 2021 is presented below:

	Investment Properties (*)	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
Cost						
1 January 2021	81.829	-	10.839.496	856.607	13.689.510	25.467.442
Additions	-	-	3.489.246	40.343	2.357.491	5.887.080
Disposals	(81.829)	-	(283.486)	-	-	(365.315)
31 December 2021	-	-	14.045.256	896.950	16.047.001	30.989.207
Accumulated depreciation						
1 January 2021	14.723	-	4.637.830	527.815	5.872.568	11.052.936
Current year charge	960	-	2.144.065	141.589	3.614.100	5.900.714
Disposals	(15.683)	-	(239.334)	-	-	(255.017)
31 December 2021	-	-	6.542.561	669.404	9.486.668	16.698.633
Net book value	-	-	7.502.695	227.546	6.560.333	14.290.574

(*) Information about Investment Properties is presented in Note 7.

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

	Investment Properties (*)	Motor vehicles	Furniture and fixtures (leasing included)	Other properties (Leasehold Improvements)	Right of Use Assets	Total
Cost						
1 January 2020	96.829	24.000	8.704.472	815.012	10.678.568	20.318.881
Additions	-	-	2.307.239	41.595	3.010.942	5.359.776
Disposals	(15.000)	(24.000)	(172.215)	-	-	(211.215)
31 December 2020	81.829	-	10.839.496	856.607	13.689.510	25.467.442
Accumulated depreciation						
1 January 2020	13.088	24.000	3.184.039	413.451	3.864.188	7.498.766
Current year charge	1.635	-	1.567.825	114.364	2.008.380	3.692.204
Disposals	-	(24.000)	(114.034)	-	-	(138.034)
31 December 2020	14.723	-	4.637.830	527.815	5.872.568	11.052.936
Net book value	67.106	-	6.201.666	328.792	7.816.942	14.414.506

(*) Information about Investment Properties is presented in Note 7.

As of the balance sheet date, there is no mortgage on tangible assets (31 December 2020: None).

7. Investment Properties

	1 January – 31 December 2021	1 January – 31 December 2020
Cost		
Opening balance as of January 1	81.829	96.829
Cancellation of impairment	-	-
Additions	-	-
Disposals	(81.829)	(15.000)
Closing balance as of December 31 (Note 6)	-	81.829
Accumulated Depreciation		
Opening balance as of January 1	14.723	13.088
Current year charge	960	1.635
Disposals	(15.683)	-
Closing balance as of December 31 (Note 6)	-	14.723
Net book value	-	67.106

There is no realized rent income from the Company's investment properties in the current period (1 January - 31 December 2020: TL None).

The total fair value of the 2 investment properties in the valuation report of the Company dated December 24, 2020 prepared by Anka Gayrimenkul Değerleme ve Danışmanlık A.Ş. is TL 280.000. The fair value of the real estates obtained according to the valuation performed in December 2020 by an independent expertise company that is not affiliated with the Company. The company making the valuations with an independent valuation company authorized by the Prime Ministry Capital Markets Board. The valuation has been determined by taking the market transaction prices for similar properties as a reference.

Bereket Sigorta 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**

8. Intangible Assets

Movement in intangible assets in the period from 1 January to 31 December 2021 is presented below:

Cost	Rights	Other Intangible Assets (*)	Total
1 January 2021	770.426	4.707.741	5.478.167
Additions	3.751	3.212.918	3.216.669
Disposals	-	-	-
31 December 2021	774.177	7.920.659	8.694.836
Accumulated amortization			
1 January 2021	137.042	909.391	1.046.433
Current year charge	51.458	2.180.524	2.231.982
Disposal	-	-	-
Transfers	-	-	-
31 December 2021	188.500	3.089.915	3.278.415
Net book value	585.677	4.830.744	5.416.421

(*) Other intangible assets consist of software and computer programs.

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

Cost	Rights	Other Intangible Assets (*)	Total
1 January 2020	761.892		
Additions	8.534		
Disposals	-		
31 December 2020	770.426	4.707.741	5.478.167
Accumulated amortization			
1 January 2020	87.129	303.407	390.536
Current year charge	50.944	604.953	655.897
Disposal	-	-	-
Transfer	(1.031)	1.031	-
31 December 2020	137.042	909.391	1.046.433
Net book value	633.384	3.798.350	4.431.734

(*) Other intangible assets consist of software and computer programs.

9. Investment in Subsidiaries

The company decided to establish Bereket Katılım Hayat A.Ş. with a capital of TL 10.000.000 on May 30, 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 TL 2.500.000 on July 17, 2019 and TL 7.500.000 on 27 August 2019.

The company made an appraisal by Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. on 25 January 2021 regarding the financial value of Bereket Katılım Sigorta A.Ş. In the company valuation, the addition method, the discounted cash flow method and the guiding equivalents method in the stock market are used. According to the valuation, the fair value of the company has been determined as TL 10.498.809.

Bereket Katılım Sigorta A.Ş., at the General Assembly meeting held on June 15, 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 June 17, 2021 by the Company, which is the main shareholder of Bereket Katılım Sigorta A.Ş., and the capital increase was registered on July 3, 2021.

	31 December 2021	31 December 2020
Bereket Katılım Hayat Anonim Şirketi	25.498.809	10.498.809
Subsidiaries, net	25.498.809	10.498.809

10. Reinsurance Assets

As at 31 December 2021 and 2020, outstanding reinsurance assets and liabilities of the Company in accordance with existing reinsurance contracts is presented below:

Reinsurance assets	31 December 2021	31 December 2020
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	282.803.062	134.331.068
Unearned Premium reserve, ceded (Note 17)	517.370.696	261.915.520
Receivables from reinsurance companies	20.403.552	19.703.362
Deferred acquisition cost	127.118.723	71.811.209
Total	947.696.033	487.761.159

Reinsurance liabilities	31 December 2021	31 December 2020
Payables to be paid on premiums written to reinsurance companies (Note 19)	43.509.401	22.085.301
Deferred commission income (Note 19)	83.811.483	39.972.872
Total	127.320.884	62.058.173

Gain and losses recognized in income statement of the Company in accordance with existing reinsurance contracts is presented below:

	31 December 2021	31 December 2020
Premiums ceded during the period (Note 17)	(1.274.653.793)	(825.269.022)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(261.915.520)	(138.072.399)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	517.370.696	261.915.520
Premiums earned, ceded (Note 17)	(1.019.198.617)	(701.425.901)
Claims paid, ceded during the period (Note 17)	114.986.934	48.347.874
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(134.331.068)	(109.557.132)
Provision for outstanding claims, ceded at the end of the period (Note 17)	282.803.062	134.331.068
Claims incurred, ceded (Note 17)	263.458.928	73.121.810
Commission income accrued from reinsurers during the period	121.598.484	90.524.745
Deferred commission income at the beginning of the period (Note 19)	(39.972.872)	(20.709.750)
Deferred commission income at the end of the period (Note 19)	83.811.483	39.972.872
Commission income earned from reinsurers (Note 32)	165.437.095	109.787.867
Total	(590.302.594)	(518.516.224)

11. Financial Assets

As at 31 December 2021 and 2020, the details of the Company's financial assets are as follows:

Financial assets	31 December 2021	31 December 2020
Financial assets available for sale	92.514.058	1.668.000
Held to maturity investments	-	3.507.786
Total (Note 4.2)	92.514.058	5.175.786

Detail of financial assets is presented below:

	31 December 2021		
Financial assets available for sale	Cost Value	Market Value	Book Value
Equity shares (*)	90.918.224	92.514.058	92.514.058
Total (Note 4.2)	90.918.224	92.514.058	92.514.058

Bereket Sigorta 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**

11. Financial Assets (continued)

	31 December 2020		
	Cost Value	Market Value	Book Value
Financial assets available for sale			
Equity shares	1.946.400	1.668.000	1.668.000
Total (Note 4.2)	1.946.400	1.668.000	1.668.000

As of December 31, 2021, the Company does not have any financial assets to be held to maturity (31 December 2020: TL 3.507.786).

	31 December 2020			
	Maturity	Nominal	Weighted average effective profit share rate	Balance
Held to maturity financial assets				
Ziraat Katılım Bankası A.Ş. (**)	22.01.2021	3.500.000	10,15%	3.507.786
Total (Note 4.2)		3.500.000		3.507.786

(**) The lease certificate issued by Ziraat Katılım Bankası A.Ş., which is included in the securities group, has been accounted for under the financial assets to be held to maturity in the records. As of 31 December 2020, the redemption date of 1 lease certificate amounting to TL 3.500.000 is 22 January 2021.

	31 December 2021	31 December 2020
Other Financial Assets		
Tarım Sigortaları Havuz İşletmesi A.Ş. (***)	875.420	684.773
Total	875.420	684.773

(***) The Company's Tarım Sigortaları Havuz İşletmesi A.Ş. and the shares it owns.

Value increases/(decreases) of financial assets in the last three periods:

Type of financial asset	31 December 2021	31 December 2020	31 December 2019
Financial assets held for trading	1.595.834	(278.400)	1.741.756
Total	1.595.834	(278.400)	1.741.756

	31 December 2021	31 December 2020	31 December 2019
Held to maturity investments	-	7.786	-
Total	-	7.786	-

There is no blockage on financial assets of the company (31 December 2020: None).

Tarım Sigortaları Havuz İşletmeleri A.Ş. TL 62.000.724 in favor, TL 1.208.611 for various lawsuits and T.C. There is no mortgage or collateral other than a blockage of TL 106.000.000 in favor of the Ministry of Treasury and Finance (31 December 2020: There are no mortgages or collaterals on the assets of the company other than TL 55.500.000, TL 1.683.814 for various lawsuits, TL 66.000.000 in favor of the Ministry of Treasury and Finance and TL 261.924 in Birleşik Fon Bankası A.Ş.).

12. Receivables

	31 December 2021	31 December 2020
Receivables from insurance operations (Note 4.2)	291.109.793	128.406.721
Provision for receivables from insurance operations (Note 4.2)	(4.937.562)	(1.037.465)
Receivables from reinsurance operations (Note 4.2)	20.403.552	19.703.362
Doubtful receivables from operating and insurance operations (Note 4.2)	76.731.008	54.771.741
Provision for doubtful receivables from operating and insurance operations (-) (Note 4.2) (Note 2.1.1)	(76.731.008)	(54.771.741)
Other receivables (Note 47.1)	115.367.603	174.256.919
Given deposits and guarantees – long term	102.604	224.156
Receivables from other related parties (Note 4.2)	17.930	3.135.121
Total	422.063.920	324.688.814

12. Receivables (continued)

Aging of past due but not impaired receivables from insurance and reinsurance operations are stated below:

Overdue receivables	31 December 2021	31 December 2020
Undue receivables	227.908.051	109.594.400
0-30 days	68.559.669	25.484.303
31-60 days	3.769.913	2.286.417
61-90 days	1.778.950	8.255.664
91 days and above	4.559.200	1.451.834
Total	306.575.783	147.072.618

Guarantees for undue receivables and past due but not impaired receivables are stated below:

	31 December 2021	31 December 2020
Letters of guarantees	9.404.000	5.607.000
Mortgages	1.287.000	1.494.000
Cash, cheque and note amounts	12.851.951	8.510.000
Total	23.542.951	15.611.000

For warranty calculations, agency-based amount of warranty is calculated as checking account debts. %30 of mortgages is taken (31 December 2020: %30). The details and movement of provisions for doubtful receivables resulting from insurance operations is stated below:

	31 December 2021	31 December 2020
Provisions for receivables from sellers	80.000	80.000
Provisions for receivables from insured	707.712	428.561
Provisions for receivables from agencies	1.901.789	1.778.272
Provision for subrogation receivables under litigation (Note 2.1.1.c), (Note 4.2)	74.041.507	52.484.908
Total	76.731.008	54.771.741

	2021	2020
Opening balance, January 1	54.771.741	40.417.797
Current year charge	74.019.782	538.361.570
Collections	-	-
Evaluation of foreign exchange	424.393	119.035
Amounts written off during the year	(52.484.908)	(524.126.661)
Closing balance, December 31	76.731.008	54.771.741

Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

	31 December 2021	
Foreign currency receivables	Amount in original currency	Amount TL
Receivables from insurance companies		
USD	1.080.165	14.397.520
EUR	1.163.878	17.559.073
CHF	175	2.546
GBP	4	68
Total		31.959.207
Receivables from insurance companies		
USD	1.205	18.210
Total		18.210
Receivables from reinsurance companies		
USD	545.129	7.266.023
EUR	318.386	4.803.392
Total		12.069.415
Total foreign currency receivables		44.046.832

Bereket Sigorta 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**

12. Receivables (continued)

	31 December 2020	
	Amount in original currency	Amount TL
Foreign currency receivables		
Receivables from insurance companies		
USD	1.694.261	12.436.964
EUR	467.223	4.208.891
GBP	41	411
Total		16.646.266
Receivables from insurance companies		
USD	43.887	322.155
EUR	106.809	962.122
CHF	6	46
Total		1.284.323
Total foreign currency receivables		17.930.589

13. Derivative Financial Instruments

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

14. Cash and Cash Equivalents

	31 December 2021	31 December 2020
Cash at banks	815.653.725	598.609.436
Demand deposits	17.908.679	5.374.630
Profit sharing accounts	797.745.046	593.234.806
Bank guaranteed credit card receivables with maturity less than three months	154.005.922	94.256.043
Total	969.659.647	692.865.479
Income accrual (-)	(8.701.051)	(3.711.780)
Blocked amounts	(169.240.636)	(123.183.814)
Total for cash flow purposes	791.717.960	565.969.885

Information about guarantees given in the name of Republic of Turkey Ministry of Treasury and Finance is presented in Note 17.1.

The maturity details of profit-sharing accounts as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Up to 1 month	391.604.376	258.366.479
1-3 month	365.122.870	334.868.327
3+ month	41.017.800	-
Total	797.745.046	593.234.806

As of 31 December 2021 and 2020, cash and cash equivalents denominated in foreign currency are disclosed in Note 4.2.2 "Foreign Exchange Risk".

15. Share Capital

As of balance sheet date the capital structure of the Company is disclosed in Note 1.1.

As of December 31, 2021, the Company's nominal capital is TL 150.000.000 (31 December 2020: TL 100.000.000). TL 150.000.000 (31 December 2020: TL 100.000.000) of the paid-in capital consists of 150.000.000 shares (31 December 2020: 100.000.000 shares) having a nominal amount of TL 1 each. The Company is not subject to the registered capital system.

With the Board of Directors Decision dated 6 July 2021 and numbered 1235, the company's capital was decided to be increased to TL 150.000.000 by increasing its current capital from TL 50.000.000 in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

The Company does not possess its own stock. There are not any stock sales required by future contracts. As of December 31, 2021 the related party transactions have been disclosed in Note 45.

15. Share Capital (continued)

Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a., until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. The movement table for legal reserves is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Legal reserves at the beginning of the year	5.310.794	5.310.794
Transfer to profit and other reserves	2.717.781	-
Legal reserves at the end of the period	8.028.575	5.310.794

Extraordinary reserves

The movement table for extraordinary reserves is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Extraordinary reserves at the beginning of the year	17.103.363	17.103.363
Transfer to profit and other reserves	-	-
Extraordinary reserves at the end of the period	17.103.363	17.103.363

Special funds

The movement table for special funds is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Special funds at the beginning of the term	2.277.746	2.277.746
Reserves allocated during the period	-	-
Special funds at the end of the term	2.277.746	2.277.746

16. Other Provisions and Capital Component of Discretionary Participation

16.1. Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

TAS 19 states that actuarial gains/losses resulting from the changes in actuarial presumptions within the scope of the amendments effective as of January 1, 2013 shall be recognized under equity. Within this scope, the Company has evaluated the impact of the amendment on the financials. The current year actuarial loss amounting to TL 273.111 calculated as of 31 December 2021 (31 December 2020: TL (7.128) (actuarial loss)), net of the deferred tax effect of TL 54.622 (31 December 2020: TL 1.426 actuarial loss), net TL 218.489 expense was recognized as (31 December 2020: TL 5.702 income) under other profit reserves account under equity in the balance sheet.

16.2. Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (31 December 2020: None).

16. Other Provisions and Capital Component of Discretionary Participation (continued)

16.3. Hedging for forecasted transactions and net investment hedging

None (31 December 2020: None).

16.4. Hedging transactions

None (31 December 2020: None).

16.5. Income and loss related to the affiliates recognized directly in equity in the current period

None (31 December 2020: None).

16.6. Revaluation increases in tangible fixed assets

None (31 December 2020: None).

16.7. Current and deferred tax in relation to debit and credit items directly charged to equity

These disclosures in Note 16.1.

Bereket Sigorta 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****17. Insurance Liabilities and Reinsurance Assets****17.1 Guarantees to be provided for life and non-life insurances and guarantees provided for life and non-life insurances based on assets**

	31 December 2021	31 December 2020
Current Blockage		
Minimum guarantee to be provided for non – life branches	83.249.916	76.416.543
Current blockage	107.286.644	66.809.363

Guarantees provided for non-life branches consist of profit share accounts.

17.2. Number of life insurance policies, additions, disposals in the current period, and current life insurers and their mathematical reserves

None (31 December 2020: None).

17.3. Insurance Guarantees given to non-life insurances based on branches

	31 December 2021	31 December 2020
Motor vehicles liability	2.129.773.565.000	1.975.284.328.000
Fire and natural disasters	640.868.691.209	353.410.805.046
General liability	26.071.563.159	12.860.290.383
Accident	6.868.358.889	4.302.615.281
Transportation	33.082.860.879	11.859.810.960
General losses	163.201.216.224	63.841.482.729
Motor vehicles	180.120.927.654	15.724.852.918
Financial losses	5.814.066.962	1.547.276.214
Legal protection	1.691.521.000	926.853.000
Illness	336.326.847	268.312.266
Water Vehicles	3.081.699.448	1.716.872.449
Suretyship	1.093.672.351	116.411.781
Credit	9.000.000	-
Total	3.192.013.469.622	2.441.859.911.027

17.4. Pension investment funds established by the Company and their unit prices

None (31 December 2020: None).

17.5. Number and amount of participation certificates in portfolio and circulation

None (31 December 2020: None).

17.6. Numbers and portfolio amount of additions, disposals, reversals and current individual and group pension participants

None (31 December 2020: None).

17.7. Valuation methods used in profit share calculation for life insurances with profit shares

None (31 December 2020: None).

17.8. Number of additions and their group or individual gross and net share participations in the current period

None (31 December 2020: None).

17.9. Number of additions from the other companies and their group or individual gross and net share participations in the current period

None (31 December 2020: None).

17.10. Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (31 December 2020: None).

17.11. Number of transfers from the Company's individual pension portfolio to other company or not, and together their personal and corporate allocation and gross and net share participations

None (31 December 2020: None).

17.12. Number of additions of life insurances and their group or individual allocation and gross and net premiums

None (31 December 2020: None).

17.13. Number of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves

None (31 December 2020: None).

17. Insurance Liabilities and Reinsurance Assets (continued)

17.14. Profit share distribution rate of life insurances in the current period

None (31 December 2020: None).

17.15. Amounts from insurance contracts in the financial statements

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 – *Summary of significant accounting policies*. As of 31 December 2021 and 2020, the details of the Company's technical provisions are as follows:

	31 December 2021	31 December 2020
Reserve for unearned premiums, gross	1.008.417.098	578.913.567
Reserve for unearned premiums, ceded (Note 10)	(497.478.861)	(244.965.115)
Reserve for unearned premiums, SGK (Note 10)	(19.891.835)	(16.950.405)
Reserve for unearned premiums, net	491.046.402	316.998.047
Provision for outstanding claims, gross	939.002.193	571.175.657
Provision for outstanding claims, ceded (Note 10)	(282.803.062)	(134.331.068)
Provision for outstanding claims, net	656.199.131	436.844.589
Provision for unexpired risks, gross	158.149.618	3.067.963
Provision for unexpired risks, cede	(127.750.240)	(1.490.605)
Provision for unexpired risks, net	30.399.378	1.577.358
Equalization provision, net	18.718.263	13.865.585
Other technical provisions, net	18.718.263	13.865.585
Mathematical provisions, gross	2.290.683	3.646.421
Mathematical provisions, ceded	(30.122)	(55.809)
Mathematical provisions, net	2.260.561	3.590.612
Total technical provisions, net	1.198.623.735	772.876.191

The movement of outstanding claim reserve:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	571.175.657	134.331.068	436.844.589	394.133.022	109.557.132	284.575.890
Net Change	132.559.257	80.007.637	52.551.620	76.565.461	13.852	76.551.609
Discount Effect ⁽¹⁾	235.267.279	68.464.357	166.802.922	100.477.174	24.760.084	75.717.090
Ending Balance	939.002.193	282.803.062	656.199.131	571.175.657	134.331.068	436.844.589

The movement of unearned premium reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	578.913.567	261.915.520	316.998.047	403.501.333	138.072.399	265.428.934
Net Change	429.503.531	255.455.176	174.048.355	175.412.234	123.843.121	51.569.113
Ending Balance	1.008.417.098	517.370.696	491.046.402	578.913.567	261.915.520	316.998.047

The movement of ongoing risks reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	3.067.963	1.490.605	1.577.358	22.822	18.919	3.903
Net Change	155.081.655	126.259.635	28.822.020	3.045.141	1.471.686	1.573.455
Ending Balance	158.149.618	127.750.240	30.399.378	3.067.963	1.490.605	1.577.358

Bereket Sigorta 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****17. Insurance Liabilities and Reinsurance Assets (continued)****17.15. Amounts from insurance contracts in the financial statements (continued)**

The movement of total Equalization provision reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	36.498.514	22.632.929	13.865.585	28.227.893	16.161.739	12.066.154
Net Change	21.846.161	16.993.483	4.852.678	8.270.621	6.471.190	1.799.431
Ending Balance	58.344.675	39.626.412	18.718.263	36.498.514	22.632.929	13.865.585

The movement of provision for actuarial mathematical reserve:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	3.646.421	55.809	3.590.612	5.350.701	90.961	5.259.740
Net Change	(1.355.738)	(25.687)	(1.330.051)	(1.704.280)	(35.152)	(1.669.128)
Ending Balance	2.290.683	30.122	2.260.561	3.646.421	55.809	3.590.612

(*) Income statement and note difference regarding the net change amounts Bereket Katılım Sigorta A.Ş. due to the transfer. Detailed explanation of the transfer effect 46 Events after the balance sheet date are disclosed in the note.

17.16. Assets, liabilities, income and expense and cash flows from insurance contracts recognized when the insurer is a ceding company

Reinsurance agreements income and expenses	1 January- 31 December 2021	1 January- 31 December 2020
Ceded premium to reinsurers (-) (*)	(1.274.653.793)	(825.269.022)
Reinsurance commissions received	165.437.095	109.787.867
Reinsurance share of claims paid	114.986.934	48.347.874
Reinsurance share of unearned premiums reserve (**)	517.370.696	261.915.520
Reinsurance share of unearned premiums reserve carried forward (-) (***)	(261.915.520)	(138.072.399)
Reinsurance share of unexpired risks reserve carried forward (-)	127.750.240	1.490.605
Reinsurance share of outstanding claim reserve	282.803.062	134.331.068
Reinsurance share of outstanding claim reserve carried forward (-)	(134.331.068)	(109.557.132)
Reinsurance share of equalization reserve	16.993.483	6.471.190
Reinsurance share of mathematical reserve	30.122	55.809
Reinsurance share of mathematical reserve carried forward (-)	(55.809)	(90.961)
Reinsurance share of accrued subrogation and salvage income	19.382.896	2.227.366
Total	(426.201.662)	(508.362.215)

(*) TL 32.721.668 of ceded Premium to Social Security Institution ("SSI") is included in the total ceded Premium to reinsurers (31 December 2020: TL 31.331.691).

(**) TL 19.891.835 of SSI share is included in reinsurance share of unearned premiums reserve (31 December 2020: TL 16.950.405).

(***) TL 16.950.405 of SSI share is included in the reinsurance share of unearned premiums reserve carried forward (31 December 2020: TL 12.339.071).

17.17. Comparison of the incurred claims with past estimates

Disclosed in Note 4.1.2.3.

17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in Note 4.1.2.4.

17.19. Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs

None (31 December 2020: None).

18. Investment Contract Liabilities

The Company has no investment contracts (31 December 2020: None).

19. Trade and Other Payables, Deferred Income

	31 December 2021	31 December 2020
Payables for insurance operations ^(*)	73.600.794	30.656.015
Other payables for main activities	123.055.576	66.594.120
Payables to SSI related to treatment expenses ^(**)	10.938.446	7.528.181
Guarantees and deposits received (Note 47.1)	6.339.342	4.219.104
Other payables ^(***)	2.236.799	3.227.977
Deferred income (short term) (Not 10)	83.811.483	39.972.872
Allowance for cost expenses ^(****)	1.825.310	4.258.548
Expense accruals	20.522.199	8.127.997
Other payables to affiliates	34.388	17.120
Other short-term liabilities	9.051	-
Total	322.373.388	164.601.934

(*) As of 31 December 2021, Liabilities to reinsurance companies amounting to TL 43.509.401 (31 December 2020: TL 22.085.301) is classified under this amount.

(**) Since the treatment cost payment obligation related to the guarantees given under the "Compulsory Land Transportation Liability", "Compulsory Traffic" and "Compulsory Personal Seat Bus Accident" branches by the insurance companies in accordance with the Circular No: 2011/17 has been revoked, there is no possibility for any claims demand for indemnification in relation to treatment costs. The amounts calculated based on the related context should be transferred to the Social Security Institution ("SSI") simultaneously with the written premiums. The related amounts should be followed under the "Due to SSI Treatment Expenses" account to the extent that the related payment is made in cash to the SSI.

(***) Other Payables are composed of payables to suppliers.

(****) Provisions for cost expenses consist of TL 1.515.363 of personnel leave provisions, TL 309.947 of provisions for personnel lawsuits filed against the Company (31 December 2020: Provisions for cost expenses consist of TL 609.112 of personnel leave provisions, TL 730.050 of provisions for personnel lawsuits filed against the Company).

Transactions between the Company and its related parties and their balances as of the period-end are presented in "Related Parties".

	31 December 2021	
Foreign currency payables	Amount in original currency	Amount TL
Insured and agency payables	78.482	1.047.970
USD	59.327	896.663
EUR	416	7.516
GBP	297	4.354
CHF	78.482	1.047.970
Total		1.956.503
Reinsurance Companies		
USD	836.059	11.163.896
EUR	330.494	4.995.048
CHF	6	81
Total		16.159.025
Other payables ^(*)		
USD	236.158	3.153.416
EUR	87.065	1.315.887
GBP	4.292	77.516
Total		4.546.819
Total foreign currency payables		22.662.347

Bereket Sigorta 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****19. Trade and Other Payables, Deferred Income (continued)**

	31 December 2020	
	Amount in original currency	Amount TL
Foreign currency payables		
Insured and agency payables		
CHF	2	14
GBP	389	3.884
Total		3.897
Insurance Companies		
EUR	622	5.610
Total		5.610
Reinsurance Companies		
USD	1.295.184	9.524.396
EUR	115.363	1.041.047
Total		10.565.443
Other payables (*)		
USD	225.490	1.658.187
EUR	213.912	1.930.362
GBP	4.292	42.902
Total		3.631.451
Total foreign currency payables		14.206.401

(*) Includes guarantees received, outstanding claims and deferred expense payables.

20. Payables

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 16.047.001 (31 December 2020: TL 13.689.510) of right of use assets and TL 7.047.405 lease liabilities as at 31 December 2021 (31 December 2020: TL 8.670.516).

21. Deferred Income 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 that are not subject to accounting and taxation.

Deferred tax assets/(liabilities)	31 December 2021	31 December 2020
Insurance technical provisions	8.803.927	2.438.832
Retirement pay provision	509.294	522.765
Depreciation differences of tangible assets/amortization differences of intangible assets	(569.425)	421.210
Recourse	913.419	185.557
Provisions for lawsuits	71.288	146.010
Provisions for unused vacations	348.534	121.822
Premium receivables reserves	222.220	21.936
Financial assets	367.042	(55.675)
Other income-expense, accruals	100.061	37.196
Rental expense	194.827	170.715
Deductible financial losses	12.205.217	-
Deferred tax asset, net	23.166.404	4.010.368
Unrecognized deferred tax asset, net	(12.205.217)	-
Deferred tax asset / (liability), net	10.961.187	4.010.368

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate earnings, provided that they do not exceed 5 years. The company has TL 61.026.087 deductible financial losses as of 31 December 2021 (31 December 2020: None). As of 31 December 2021 and 31 December 2020, the details of the Company's unused financial losses and expiration dates are as follows:

Expiration date	31 December 2021	31 December 2020
2026	61.026.087	-
Total	61.026.087	-

21. Deferred Income Tax (continued)

Movement of deferred tax assets/ (liabilities) as of 31 December 2021 is stated below:

Movement of deferred tax assets/(liabilities)	31 December 2021	31 December 2020
Opening balance at January 1	4.010.368	3.154.825
Charge to income statement	7.005.441	861.245
Charge to other comprehensive income	(54.622)	(5.702)
Closing balance at December 31	10.961.187	4.010.368

22. Retirement Benefits

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

Retirement pay liability is not subject to any funding requirement legally. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 23% and a discount rate of 18%, resulting in a real discount rate of approximately 4,24% (31 December 2020: 3,96%). As the maximum liability is updated semiannually, the maximum amount of TL 8.285 (31 December 2020: TL 7.117) effective from 1 January 2021 has been taken into consideration in calculation of provision from employment termination benefits.

Retirement pay provision	31 December 2021	31 December 2020
Provision at January 1	2.613.824	2.081.104
Service cost	304.262	407.659
Interest cost	437.850	234.591
Payment/diminishing benefits/ gain/ (loss) due to dismissal	222.788	107.068
Retirement pay paid	(759.142)	(223.726)
Actuarial loss/(gain)	(273.111)	7.128
Provision at December 31	2.546.471	2.613.824

23. Other liabilities and expense accruals

23.1. Provisions related to employee benefits and others

	31 December 2021	31 December 2020
Performance premium provision ^(*)	-	2.919.386
Unused vacation provision	1.515.363	609.112
Social security withholdings payable	790.116	634.327
Other provisions ^(**)	309.947	730.050
Unused vacation provision	31 December 2021	31 December 2020
Opening at January 1	609.112	496.764
Current year charge (Note 47.4)	906.251	112.348
Closing at December 31	1.515.363	609.112

(*) Consists of personnel premium reserves.

(**) Consists of personnel lawsuit provisions.

Bereket Sigorta 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**

23. Other liabilities and expense accruals**23.2. Off-balance sheet commitments**

As of 31 December 2021, TL 89.385.219 (31 December 2020: TL 57.034.923) of given commitments amounting to TL 73.330.331 (31 December 2020: TL 46.161.831) consists of commitments given for lawsuits and enforcement offices.

As of the balance sheet date, total amount of litigations filed against the Company for claim payments is TL 345.442.845 (31 December 2020: TL 221.785.600). Outstanding claims reserve is provided for the litigations filed against the Company, except these cases, lawsuits filed against the Company are amounting to TL 309.947 (31 December 2020: TL 730.050). The Company opened provisions for all these cases.

24. Net Insurance Premium Income

	1 January- 31 December 2021	1 January- 31 December 2020
Motor vehicles liability	662.460.898	497.014.983
State supported agriculture and animal farming	46.914.069	32.011.928
Fire and natural disasters	35.464.470	25.020.076
General liability	34.936.509	24.385.989
General losses	7.077.117	4.486.766
Transportation	8.179.165	4.680.696
Financial losses	3.910.683	1.850.443
Motor vehicle	2.966.357	2.164.085
Accident	3.611.257	2.036.728
Suretyship	372.848	317.478
Sickness/health	296.602	893
Legal protection	(3.449)	(2.441)
Total	806.186.526	593.967.624

Net amounts are calculated by subtracting reinsurance share amount from gross premiums.

25. Fee Income/(Expense)

	1 January- 31 December 2021	1 January- 31 December 2020
Service Income/(Expense)		
Commissions received from reinsurers	165.437.095	109.787.867
Commissions paid to agencies (-)	(196.072.473)	(162.244.833)
Total	(30.635.378)	(52.456.966)

26. Investment Income/ (Expense)

	1 January- 31 December 2021	1 January- 31 December 2020
Financial assets held-for-trading		
Dividend income	4.896.802	68.655.262
Value increase/(decrease)	10.575.284	3.441.166
Held to maturity investments		
Realized sukuk income	21.412	4.313.013
Investment management expenses	(12.005.278)	(6.271.949)
Foreign exchange gain	88.354.567	16.844.127
Foreign exchange loss	(28.250.187)	(13.597.709)
Profit shares of participation accounts	93.612.223	43.448.284
Other Financial Assets		
Dividend Income	3.362	3.470
Other investment expenses	-	(7.500)
Total (*)	157.208.185	116.828.164

(*) Investment income/ (expense) also exclude investment income and expenses and depreciation expense transferred from non-technical part.

27. Net Income Accrual on Financial Assets

In Note 26, the profit-sharing income amounting to TL 93.612.223 (31 December 2020: TL 43.448.284) reported under investment income account, includes accrued income amounting to TL 8.701.051 (31 December 2020: TL 3.711.780).

Held to maturity financial assets revaluation amounting to TL 21.412 (31 December 2020: TL 4.313.013). There is no accrued income (31 December 2020 TL 7.786).

Bereket Sigorta 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****28. Assets Held at Fair Value Through Profit and Loss**

Net profit of financial assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 10.575.284 net profit (31 December 2020: TL 3.441.166 net profit).

29. Insurance Rights and Demands

The subrogation income/ (expense) for the period between 1 January-31 December 2021 and 1 January-31 December 2020 based on each branch are presented in the below table:

	1 January- 31 December 2021	1 January- 31 December 2020
Motor vehicles	5.767.075	590.340
Fire and natural disasters	598.686	(321.446)
Motor vehicles liability	2.540.703	2.286.691
Breach of safety	(591)	590
Discretionary earthquake	-	(2.000)
Motor road vehicles optional discretion	144.913	(7.150)
Electronic device	(530)	5.631
Machine breakage	27.421	14.244
Natural disasters other than earthquakes and floods	(32.961)	32.961
Total (*)	9.044.716	2.599.861

(*) The above amounts are presented as gross accruals less reinsurance shares.

30. Investment Agreement Rights

None (31 December 2020: None).

31. Other expenses

Grouping of expenses based on qualifications and functions within the company is disclosed in Note 32.

32. Types of expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel wages and expenses (Note 33)	(41.734.173)	(33.454.908)
Commission expense	(196.072.473)	(162.244.833)
Rent expenses	(1.486.127)	(1.254.343)
Transportation expenses	(4.132.324)	(3.459.238)
Communication expense	(1.498.317)	(992.016)
Advertising expenses	(84.014)	(5.343)
Administrative expenses	(9.486.567)	(6.261.671)
Marketing expenses	(8.425.055)	(3.837.241)
Outsourced benefits and services	(18.773.664)	(14.099.740)
Reinsurance commissions (+)	165.437.095	109.787.867
Assistance service expense	(349.913)	(605.393)
Other operating expenses	(19.938.031)	-
Total	(136.543.563)	(116.426.859)

Depreciation and amortization expenses, assistance and other technical expenses are included separately in the income statement.

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	264.000	160.000
Total	264.000	160.000

Bereket Sigorta 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**

33. Employee benefit expenses

	31 December 2021	31 December 2020
Salary, bonus and premium payments	(28.073.940)	(22.702.476)
Insurance payment	(8.036.946)	(6.876.677)
Meal and transportation expenses	(3.240.968)	(2.755.943)
Severance and notice pay	(1.163.362)	(1.205.294)
Other payments	(1.218.957)	85.482
Total (Note 32)	(41.734.173)	(33.454.908)

Total salaries and benefits paid to the members of the Board of Directors, General Manager, and General Coordinator, Assistant General Manager and other executive management are explained in Note 1.6.

The Company has no share based payments within the scope of TFRS 2 in the current year (1 January – 31 December 2020: None).

34. Finance Costs

Intermediary commissions and brokerage fees directly expensed in the year amounting to TL (12.005.278) (1 January – 31 December 2020: TL (6.271.949)).

35. Income Tax

Corporate tax liability:	31 December 2021	31 December 2020
Corporate tax liability provision	-	(16.607.760)
Prepaid taxes and funds	(7.095.878)	(16.361.588)
Total	(7.095.878)	246.172

Income tax expense:	31 December 2021	31 December 2020
Corporate tax expense	-	(16.607.760)
Deferred tax expense/ (income)	7.005.441	861.245
Total tax expense/ (income)	7.005.441	(15.746.515)

Provision for tax and other liabilities

Reconciliation of tax and other liabilities with profit for the year is as below:

	31 December 2021	31 December 2020
	Tax Rate(%)	Tax Rate (%)
Profit before tax	(77.927.070)	(%)
Income tax provision based on statutory tax rate	19.481.768	(25,00)
Current year financial losses unrecognized under deferred tax	(15.585.414)	20,00
Net impact of non-taxable income and expenses	3.109.087	16,01
Tax Expense/(Income)	7.005.441	(8,99)
		(15.746.515)
		(17,51)

36. Net Foreign Exchange Gains

Recognized in profit/loss	31 December 2021	31 December 2020
Foreign exchange gains	88.354.567	16.844.127
Foreign exchange losses	(28.250.187)	(13.597.709)
Total	60.104.380	3.246.418

37. Earnings per Share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share per TAS 33. Since the Company's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

38. Dividend per Share

	31 December 2021	31 December 2020
Profit/ (loss) for the period	(84.932.511)	73.334.650
Weighted average number of shares	124.520.548	100.000.000
Earnings per share (TL)	(0,6821)	0,7333

39. Cash Generated from the Operations

The cash flow statement is presented within the accompanying financial statements. Net cash generated from the operating activities and cash flows from the investing activities are, respectively, TL 234.204.796 and TL (106.052.840) (January 1 – 31 December 2020: TL 69.200.349 and TL 9.099.143).

40. Bonds convertible into Common Stock

None (31 December 2020: None).

41. Preferred Stocks Convertible into Cash

None (31 December 2020: None).

42. Risks

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

For allowance for doubtful receivables, the Company has provided provision for receivables that are subject to legal follow-up and for receivables which are closely monitored by the management. As of 31 December 2021, the Company provided TL 76.731.008 provision for the impaired receivables (31 December 2020: TL 54.771.741). TL 74.041.507 (31 December 2020: TL 52.484.908) of this provision is provided for subrogation transactions under litigation, TL 1.901.789 (31 December 2020: TL 1.778.272) is provided for receivables from agencies, remaining part amounting to TL 707.712 (31 December 2020: TL 428.561) is provided for receivables from insured.

Moreover the Company has set a provision amounting to TL 4.937.562 (31 December 2020: TL 1.037.465) for the receivables from agencies which has no guarantee.

Disclosed in Note 2.1.1.

43. Commitments

As of 31 December 2021, commitments given amounting to TL 89.385.219 (31 December 2020: TL 54.034.923) is given for lawsuits and foreclosure out of the total commitments of TL 73.330.331 (31 December 2020: TL 46.161.831). The Company has no tangible and intangible assets held for commitment (31 December 2020: None).

44. Business Combinations

None (31 December 2020: None).

Bereket Sigorta 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**

45. Related Parties**Receivables from related parties**

Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü
Bereket Katılım Sigorta A.Ş.
Bereket Emeklilik ve Hayat A.Ş.

Total

31 December 2021 31 December 2020

151.555.036 135.618.630
- 1.605.258
- 10.167.494

151.555.036 147.391.382

Other receivables from related parties

Bereket Emeklilik ve Hayat A.Ş.

Toplam

31 December 2021 31 December 2020

16.634 -

16.634 -

Payables to related parties

Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü

Total

31 December 2021 31 December 2020

183.234 117.902

183.234 117.902

Due to related parties

Tarım Kredi Holding A.Ş.
Tarım Kredi Yem San. Ve Tic. A.Ş.
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.
Tareks Hayvancılık A.Ş.
TK Taşımacılık ve Lojistik A.Ş.
Tarım Kredi Holding Hizmetleri A.Ş.
Şirket ortakları (Diğer)(*)
TK Pazarlama ve Market A.Ş.
Bereket Emeklilik ve Hayat A.Ş.

Total

31 December 2021 31 December 2020

415.256 799.122
184.808 277.982
95.152 -
21.744 -
19.849 -
15.805 7.080
2.560 2.510
2.127 -
1.414 -
80 -

758.795 1.086.694

(*) The Company has payable to shareholders amounting to TL 2.127 due to the dividends cannot be paid (31 December 2020: None).

Premiums from related parties

Tarım Kredi Koop.Merkez Birliği
Gübre Fabrikaları T.A.Ş.
Tareks Hayvancılık A.Ş.
TK Pazarlama ve Marketçilik A.Ş.
TK Taşımacılık ve Lojistik A.Ş.
T.Kredi Bir. Tarım Ür. Hay. İth. İhr. San. ve Tic. A.Ş.
Tarım Kredi Yem San. ve Tic. A.Ş.
Tarım Kredi Holding Hizmetleri A.Ş.
Tarkim Bitki Koruma San. ve Tic. A.Ş.
Tarım Kredi Tarım Ürünleri Lisanslı Depoculuk A.Ş.
İmece Plas.Tarım İnş. T. P. Ür. ve Gıda San. Tic. A.Ş.
Tareks Tarım Ürün. Araç-Gereç İth. İhr. ve Tic. A.Ş.
Gübretaş Madencilik A.Ş.
TK Hayvancılık A.Ş.
Tarım Kredi Holding A.Ş.
Tarım Kredi Gıda San.ve Tic. A.Ş.
Tareks Tuzla Et A.Ş.
TK Kooperatifleri Sera A.Ş.
TKT Hayvancılık ve Tarım Ürünleri A.Ş.
Bereket Katılım Hayat A.Ş.
Bereket Emeklilik ve Hayat A.Ş.

**1 January-
31 December 2021 1 January-
31 December 2020**

442.585.766 672.002.101
11.494.296 7.626.020
4.155.934 3.206.455
4.128.408 -
3.720.893 2.280.010
3.124.126 2.833.718
1.425.502 1.170.448
419.793 286.869
416.528 188.379
405.610 362.719
296.997 214.397
267.172 223.602
155.112 -
130.368 -
82.433 18.258
61.814 116.639
17.289 -
1.270 26.080
- 76.856
- 21.020
- 385.112

Paid commissions to related parties

Tarım Kredi Koop.Merkez Birliği
Bereket Katılım Sigorta A.Ş.
Bereket Emeklilik ve Hayat A.Ş.

**1 January-
31 December 2021 1 January-
31 December 2020**

95.874.608 71.958.601
- 346.664
- 3.150.763

45. Related Parties (continued)

	1 January- 31 December 2021	1 January- 31 December 2020
Claims paid to related parties		
TK Taşımacılık ve Lojistik A.Ş.	1.272.459	655.472
Gübre Fabrikaları T.A.Ş.	816.177	423.126
Tarım Kredi Yem Sanayi ve Ticaret A.Ş.	332.208	385.620
TK Pazarlama ve Market A.Ş.	84.029	-
Tareks Tarım Ürün. Araç-Gereç İth. İhr. ve Tic. A.Ş.	64.100	40.739
Tarım Kredi Gıda Sanayi ve Ticaret A.Ş.	43.000	83.286
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	35.239	48.949
Tarım Kredi Tarım Ürünleri Lisanslı Depoculuk A.Ş.	9.121	10.000
Tarım Kredi Kooperatifleri Merkez Birliği	4.667	-
TK Hayvancılık A.Ş.	2.907	-
Tarım Kredi Bilişim ve İletişim Hiz. San. Ve Tic. A.Ş.	1.274	-
Tareks Hayvancılık A.Ş.	-	2.000
Bereket Emeklilik ve Hayat A.Ş.	-	6.392.190
Tarım Kredi Holding A.Ş.	-	1.781
	1 January- 31 December 2021	1 January- 31 December 2020
Other expenses paid to related parties		
Tarım Kredi Merkez Birliği	7.058.307	49.066
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	4.757.154	4.182.862
Bereket Katılım Sigorta A.Ş.	752.264	793.635
Tarım Kredi Holding A.Ş.	198.881	479.443
TK Pazarlama ve Market A.Ş.	187.918	-
TK Taşımacılık Ve Lojistik A.Ş.	171.716	24.032
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.	75.794	-
Bereket Katılım Hayat A.Ş.	48.947	204.671
Bereket Emeklilik ve Hayat A.Ş.	9.079	4.542
Tarım Kredi Bilişim Hizm. A.Ş.	30.720	25.525
Tareks Hayvancılık A.Ş.	19.569	-
Tarım Kredi Birlik A.Ş.	-	111.037
	1 January- 31 December 2021	1 January- 31 December 2020
Other income from related parties		
Bereket Katılım Sigorta A.Ş.	555.520	305.699
Tarım Kredi Kooperatifleri Merkez Birliği	378.177	-
Bereket Emeklilik ve Hayat A.Ş.	18.482	1.167.741
Bereket Katılım Hayat A.Ş.	8.227	32.633
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. Ve Tic. A.Ş.	2.700	-
	1 January- 31 December 2021	1 January- 31 December 2020
Reinsurance premiums received from related parties		
Bereket Katılım Sigorta A.Ş.	-	1.215.385
Bereket Emeklilik ve Hayat A.Ş.	-	7.876.907
	1 January-31 December 2021	1 January-31 December 2020
Reinsurance damages received from related parties		
Bereket Emeklilik ve Hayat A.Ş.	4.060.650	-

Bereket Sigorta Anonim Şirketi
Notes to the Unconsolidated Financial Statements
As at 31 December 2021
(Currency: Turkish Lira (TL))

46. Subsequent events
At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 200,000,000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

At the Board of Directors of the Company dated 14 October 2021, it was decided to transfer it to Bereket Sigorta A.Ş., which is the main shareholder. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth Fund (TWF) Financial Investments A.Ş. after the transfer. The transfer of the Company to Bereket Sigorta A.Ş. took place on November 15, 2021. As of the date of transfer, the entire portfolio of the Company has been transferred to Bereket Sigorta A.Ş. with guarantees and provisions. The sale of the Company to TVF 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 Sigorta 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		
	Reinsurance share			Transfer amount			Reinsurance share		
	Gross	before transfer	Net	Gross	before transfer	Net	Gross	before transfer	Net
Reserve for equalization	55.661.006	37.379.037	18.281.969	2.683.670	2.247.376	436.294	58.344.675	39.626.413	18.718.263
Gross	55.661.006	37.379.037	18.281.969	2.683.670	2.247.376	436.294	58.344.675	39.626.413	18.718.263
Re	-	-	-	-	-	-	-	-	-
Reserve for unearned premium	971.289.530	502.625.118	468.664.412	37.127.568	14.745.578	22.381.990	1.008.417.098	517.370.696	491.046.402
Gross	971.289.530	502.625.118	468.664.412	37.127.568	14.745.578	22.381.990	1.008.417.098	517.370.696	491.046.402
Re	-	-	-	-	-	-	-	-	-
Reserve for unexpired risks	157.334.663	127.046.022	30.288.641	814.955	704.218	110.737	158.149.618	127.750.241	30.399.378
Gross	157.334.663	127.046.022	30.288.641	814.955	704.218	110.737	158.149.618	127.750.241	30.399.378
Re	-	-	-	-	-	-	-	-	-
Provision for outstanding claims	922.289.726	278.163.424	644.126.302	16.712.467	4.639.638	12.072.829	939.002.193	282.803.062	656.199.131
Gross	922.289.726	278.163.424	644.126.302	16.712.467	4.639.638	12.072.829	939.002.193	282.803.062	656.199.131
Re	-	-	-	-	-	-	-	-	-

(*) Related transfer amounts have been transferred from Bereket Katılım Sigorta A.Ş. to Bereket Sigorta A.Ş.

47. Other

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

	31 December 2021	31 December 2020
Other receivables		
Receivables from TARSİM	125.060.868	117.002.350
Receivables from DASK	955.365	879.431
Marketable securities receivables	444.044	61.807.164
Other receivables rediscount	(11.092.674)	(5.432.026)
Total (Note 12)	115.367.603	174.256.919

	31 December 2021	31 December 2020
Other deferred expenses		
Deferred assistance expense	20.048.186	7.731.095
Advertising expenses	855.094	3.160.152
Prize/gift expenses	666.602	-
Maintenance and repair expenses	561.009	459.112
Insurance expenses	422.972	240.281
IT expenses	330.638	90.765
Consulting expenses	253.441	560.396
XOL premiums	206.677	-
Other	203.133	98.173
Rent expenses	112.482	87.018
Promotion expenses	1.092	43.660
Dues expenses	-	316.298
Total	23.661.326	12.786.950

	31 December 2021	31 December 2020
Other current assets		
Prepaid taxes and funds	7.095.878	6.197.968
Business advances	490.557	292.595
Other current assets	37.805	25.171
Total	7.624.240	6.515.734

	31 December 2021	31 December 2020
Other short-term payables		
Payables to SSI related to treatment expenses	10.938.446	7.528.181
Payables to suppliers	2.236.799	3.227.977
Total	13.175.245	10.756.158

	31 December 2021	31 December 2020
Provisions for other current liabilities		
Employee termination benefits	2.546.471	2.613.824
Unused vacation provision	1.515.363	609.112
Litigations provision	309.947	730.050
Performance premium provision	-	2.919.386
Total	4.371.781	6.872.372

	31 December 2021	31 December 2020
Other technical reserves		
Equalization reserve , net	18.718.263	13.865.585
Equalization reserve , gross	58.344.675	36.498.514
Equalization reserve , reinsurance share (-)	(39.626.412)	(22.632.929)
Total (Note 17)	18.718.263	13.865.585

	31 December 2021	31 December 2020
Long term provisions for other risks		
Deposits and guarantees received (Note 19)	6.339.342	4.219.104
Total	6.339.342	4.219.104

Bereket Sigorta 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

47. Other (continued)

- 47.1. Items and amounts classified under the “other” account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet (continued)**

	1 January- 31 December 2021	1 January- 31 December 2020
Other income and profits		
Other	824.578	234.207
Fixed asset sales profit	247.803	75.900
Reconciliation difference	3	-
Total	1.072.384	310.107

	1 January- 31 December 2021	1 January- 31 December 2020
Other expenses and losses		
Donations	(511.200)	(851.671)
Special communication tax	(62.344)	(40.935)
Fixed asset sales loss	(42.918)	(16.618)
Other	(19.174)	(38.581)
Total	(635.636)	(947.805)

- 47.2. Total amount of each due to/from personnel items classified under “Other Receivables” and “Other Short- and Long-Term Payables” exceeding one percent of total assets in the balance sheet**

None (31 December 2020: None).

- 47.3. Subrogation receivables followed under the off-balance sheet accounts**

There are no subrogation receivables followed under the off-balance sheet accounts. (31 December 2020: None)

- 47.4. Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods**

None (31 December 2020: None).

For the year ended 31 December 2021 and 2020, details of discount and provision expenses are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Other expenses and losses		
Unused vacation provision income/(expense)	(906.251)	(112.348)
Retirement pay provision income/(expense)	(205.758)	(532.720)
Doubtful receivables provision income/(expense)	(832.800)	(104.304)
Other provision income/(expense)	(249.073)	(2.697)
Litigation expense	420.103	222.934
Personnel bonus provision(*)	2.919.386	(2.919.386)
Total	1.145.607	(3.448.521)

(*) It consists of the performance bonus provision allocated to the personnel for the 2020 fiscal year, taking into account the working hours and performance.

	1 January- 31 December 2021	1 January- 31 December 2020
Receivable discount (expense)/income from insurance operations	(13.044.383)	(6.208.219)
Payable discount income/(expense) to reinsurance and insurance companies	5.881.013	5.487.446
Payable rediscount (expense)/income from other operations	(671.336)	(539.131)
Total	(7.834.706)	(1.259.904)

**3.6 31 DECEMBER 2021
CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS'
REPORT THEREON**

Contents	Pages
Balance sheet	166-170
Statement of income	171-173
Statement of cash flows	174
Statement of changes in shareholders' equity	175
Statement of profit distribution	176
Notes to the financial statements	177-230



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INDEPENDENT AUDITOR'S REPORT

To the Board of Director of Bereket Sigorta Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated balance sheet of Bereket Sigorta 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.



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 1.198.623.735 and constitute 71 percent of total liabilities. The Group recognises provisions for outstanding claims amounting to TL 656.199.131. There are also incurred but not reported provisions ("IBNR") amounting to TL 534.773.110, 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 SİGORTA A.Ş.

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BEREKET SİGORTA 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



Orhan Emre Çelik

Actuary



Bereket Sigorta Anonim Şirketi
Consolidated 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			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I- Current Assets			
A- Cash and Cash Equivalents	2.12.14	985.148.656	710.733.402
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12.14	831.140.518	615.399.830
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2.12.14	154.008.138	95.333.572
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	11	92.514.058	5.175.786
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	4.2.11	-	3.507.786
3- Financial Assets Held for Trading	4.2.11	92.514.058	1.668.000
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations	12	306.575.783	155.453.783
1- Receivables from Insurance Operations	12	291.109.793	136.590.206
2- Provision for Receivables from Insurance Operations	12	(4.937.562)	(1.049.035)
3- Receivables from Reinsurance Operations	12	20.403.552	19.912.612
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2.12	76.731.008	54.771.741
10- Provision for Doubtful Receivables from Main Operations	4.2.12	(76.731.008)	(54.771.741)
D- Due from Related Parties	4.2	17.930	2.378.848
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures	4.2	16.634	2.376.532
5- Due from Personnel	4.2	1.296	2.316
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
E- Other Receivables	12.47.1	115.367.603	174.256.919
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	12.47.1	115.367.603	174.256.919
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		150.780.049	90.991.961
1- Deferred Acquisition Costs	2.1.1	127.118.723	76.815.031
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	23.661.326	14.176.930
G- Other Current Assets	4	7.801.766	6.640.763
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	4	7.273.404	6.322.997
3- Deferred Tax Assets		-	-
4- Job Advances	4	490.557	292.595
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets	4	37.805	25.171
8- Provision for Other Current Assets		-	-
I- Total Current Assets		1.658.205.845	1.145.631.462

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Consolidated 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			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables	12	102.604	224.156
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	102.604	224.156
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	11	875.420	684.773
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	11	875.420	684.773
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	6	14.290.574	14.484.065
1- Investment Properties	6,7	-	81.829
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	14.045.256	10.918.403
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	896.950	856.607
8- Tangible Assets Acquired Through Finance Leases	6	16.047.001	13.689.510
9- Accumulated Depreciation	6	(16.698.633)	(11.062.284)
10- Advances Paid for Tangible Assets (Including Construction in		-	-
F- Intangible Assets	8	5.416.421	4.620.664
1- Rights	8	774.177	938.310
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	7.920.659	4.761.965
6- Accumulated Amortization	8	(3.278.415)	(1.079.611)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-Current Assets	21	10.961.187	4.243.016
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	10.961.187	4.243.016
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		31.646.206	24.256.674
Total Asset		1.689.852.051	1.169.888.136

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirket
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*

LIABILITIES			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
III- Short-Term Liabilities			
A- Financial Liabilities	20	3.870.416	4.612.108
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	3.870.416	5.361.267
3- Deferred Leasing Costs	20	-	(749.159)
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- Payables Arising from Main Operations	19	196.656.370	104.745.779
1- Payables Arising from Insurance Operations	19	73.600.794	38.046.697
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	123.055.576	66.699.082
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties	19	34.388	17.860
1- Due to Shareholders	19	2.127	2.127
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures	19	-	392
5- Due to Personnel	19	32.261	15.341
6- Due to Other Related Parties		-	-
D- Other Payables	19,47.1	13.175.245	11.035.305
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution Related to Treatment Expenses	19,47.1	10.938.446	7.528.181
3- Other Miscellaneous Payables	19,47.1	2.236.799	3.507.124
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions	17	1.177.644.911	769.444.463
1- Reserve for Unearned Premiums - Net	2.1.1, 17	491.046.402	329.114.479
2- Reserve for Unexpired Risks- Net	2.1.1, 17	30.399.378	2.432.149
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	656.199.131	437.897.835
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	4,2.2	21.032.449	20.515.718
1- Taxes and Funds Payable		20.232.770	13.382.015
2- Social Security Premiums Payable	23	799.679	689.743
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	35	-	16.607.760
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	35	-	(10.163.800)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	19	1.825.310	4.642.153
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	19	1.825.310	4.642.153
H- Deferred Income and Expense Accruals	2.1.1,10,19	104.333.682	51.638.713
1- Deferred Commission Income	2.1.1,10,19	83.811.483	42.714.899
2- Expense Accruals	19	20.522.199	8.923.814
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		9.051	2.235
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		9.051	2.235
III – Total Short-Term Liabilities		1.518.581.822	966.654.334

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirket
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*

LIABILITIES			
	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
IV- Long-Term Liabilities			
A- Financial Liabilities	20	3.536.989	4.058.408
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	3.536.989	4.397.712
3- Deferred Leasing Costs		-	(339.304)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables	19, 47.1	6.339.342	4.273.467
1- Deposits and Guarantees Received	19, 47.1	6.339.342	4.273.467
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions	17	20.978.824	17.640.770
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	17	2.260.561	3.590.612
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	2.1.1,17	18.718.263	14.050.158
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	22, 47	2.546.471	2.715.510
1- Provisions for Employment Termination Benefits	22, 47	2.546.471	2.715.510
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV - Total Long-Term Liabilities		33.401.626	28.688.155

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirket
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	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Paid in Capital	1.1, 2.13, 15	150.000.000	100.000.000
1- (Nominal) Capital	1.1, 2.13, 15	200.000.000	100.000.000
2- Unpaid Capital (-)		(50.000.000)	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
B- Capital Reserves		3.414.382	-
1- Share Premiums		3.414.382	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		27.339.730	24.322.111
1- Legal Reserves	15	8.036.499	5.318.718
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	17.253.928	17.253.928
4- Special Funds	15	2.277.746	2.277.746
5- Valuation of Financial Assets		-	-
6- Other Profit Reserves	16.1	(228.443)	(528.281)
D- Retained Earnings		51.637.856	-
1- Retained Earnings		51.637.856	-
E- Accumulated Losses		(4.132.101)	(18.979.013)
1- Accumulated Losses		(4.132.101)	(18.979.013)
F-Net Profit/(Loss) for the Year		(90.391.264)	69.202.549
1- Net Profit for the Year		-	69.202.549
2- Net Loss for the Year		(90.391.264)	-
V- Total Equity		137.868.603	174.545.647
Total Equity And Liabilities		1.689.852.051	1.169.888.136

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Income Statement
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*

	Note	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
I-TECHNICAL SECTION			
A- Non-Life Technical Income		747.675.711	649.453.465
1- Earned Premiums (Net of Reinsurer Share)		633.859.433	543.841.335
1.1- Written Premiums (Net of Reinsurer Share)	24	823.758.585	609.955.126
1.1.1- Written Premiums, gross		2.150.654.183	1.447.038.859
1.1.2- Written Premiums, ceded	10,17	(1.294.173.930)	(805.752.042)
1.1.3- Written Premiums, SSI share	17	(32.721.668)	(31.331.691)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(161.931.923)	(63.685.545)
1.2.1- Reserve for Unearned Premiums, gross	17	(408.266.440)	(196.649.325)
1.2.2- Reserve for Unearned Premiums, ceded	17	243.393.087	128.352.446
1.2.3- Reserve for Unearned Premiums SSI share	17	2.941.430	4.611.334
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(27.967.229)	(2.428.246)
1.3.1- Reserve for Unexpired Risks, gross	17	(154.225.000)	(3.901.796)
1.3.2- Reserve for Unexpired Risks, ceded	17	126.257.771	1.473.550
2- Investment Income - Transferred from Non-Technical Section	1.7	103.371.272	102.496.253
3- Other Technical Income (Net of Reinsurer Share)		153.374	265.415
3.1- Other Technical Income, gross		153.374	265.415
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	29	10.291.632	2.850.462
4.1- Accrued Salvage and Subrogation Income Net (+)		34.880.465	17.082.469
4.2- Provision for Receivables from Salvage and Subrogation Operations (-)		(24.588.833)	(14.232.007)
B- Non-Life Technical Expense		(890.791.220)	(570.326.024)
1- Incurred Losses (Net of Reinsurer Share)		(725.969.999)	(429.994.079)
1.1- Claims Paid (Net of Reinsurer Share)		(507.668.703)	(276.672.134)
1.1.1- Claims Paid, gross		(626.926.594)	(325.456.203)
1.1.2- Claims Paid, ceded	10,17	119.257.891	48.784.069
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(218.301.296)	(153.321.945)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(366.293.716)	(178.575.455)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	147.992.420	25.253.510
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(4.668.105)	(1.984.004)
4- Operating Expenses	32	(151.529.964)	(121.786.115)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	1.330.051	1.669.128
5.1- Mathematical Provisions	17	1.355.738	1.704.280
5.2- Mathematical Provisions, ceded	17	(25.687)	(35.152)
6- Other Technical Expense		(9.953.203)	(18.230.954)
C- Net Technical Income-Non-Life (A – B)		(143.115.509)	79.127.441
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Income Statement
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*

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

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Income Statement
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*

	Note	Audited Current Period 1 January- 31 December 2021	Audited Prior Period 1 January- 31 December 2020
II-NON-TECHNICAL SECTION			
C- Net Technical Income – Non-Life (A-B)		(143.115.509)	79.127.441
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		(143.115.509)	79.127.441
K- Investment Income		206.218.103	137.919.488
1- Income from Financial Assets		101.898.745	117.224.258
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	10.595.039	3.619.788
4- Foreign Exchange Gains	26,36	93.720.957	17.071.972
5- Income from Associates	26	3.362	3.470
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(153.855.575)	(127.019.112)
1- Investment Management Expenses (Include Interest)	26	(12.182.832)	(6.315.699)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(103.371.272)	(102.496.253)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26,36	(30.094.293)	(13.809.033)
7- Depreciation and Amortization Expenses	6,8	(8.207.178)	(4.390.627)
8- Other Investment Expenses		-	(7.500)
M- Income and Expenses From Other and Extraordinary Operations		361.717	(4.217.508)
1- Provisions	47.4	1.262.518	(3.689.375)
2- Rediscounts	47.4	(8.014.875)	(1.305.683)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	21,35	6.677.045	1.113.490
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income	47.1	1.076.538	615.806
8- Other Expenses and Losses	47.1	(639.509)	(951.746)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		(90.391.264)	69.202.549
1- Profit for the Year		(90.391.264)	85.810.309
2- Corporate Tax Provision and Other Fiscal Liabilities	35	-	(16.607.760)
3- Net Profit for the Year		(90.391.264)	69.202.549
4- Monetary Gains and Losses		-	-

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Cash Flows
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*

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A. Cash flows from operating activities			
1. Cash provided from insurance activities		1.276.729.724	914.977.213
2. Cash provided from reinsurance activities		209.250	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(1.082.287.110)	(612.326.302)
5. Cash used in reinsurance activities		(700.190)	(3.504.861)
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		193.951.674	299.146.050
8. Interest paid		-	-
9. Income taxes paid	35	(897.910)	(8.496.911)
10. Other cash inflows		197.680.230	84.053.990
11. Other cash outflows		(178.229.022)	(296.015.114)
12. Net cash provided from operating activities	39	212.504.972	78.688.015
B. Cash flows from investing activities		-	
1. Proceeds from disposal of tangible assets	6,7,8	887.584	211.215
2. Acquisition of tangible assets	6,7,8	(6.967.512)	(6.841.853)
3. Acquisition of financial assets	11	(75.918.224)	-
4. Proceeds from disposal of financial assets	11	51.373.692	-
5. Interests received		112.493.784	120.844.046
6. Dividends received		3.362	3.470
7. Other cash inflows		41.527.110	27.118.649
8. Other cash outflows		(160.272.859)	(143.305.631)
9. Net cash provided by / (used in) investing activities	39	(36.873.063)	(1.970.104)
C. Cash flows from financing activities		-	
1. Equity shares issued	15	100.000.000	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(5.818.263)	(7.489.179)
4. Dividends paid		-	-
5. Other cash inflows		3.414.382	-
6. Other cash outflows		(50.000.000)	-
7. Net cash provided by financing activities		47.596.119	(7.489.179)
D. Effect of exchange rate fluctuations on cash and cash equivalents		-	-
E. Net increase /(decrease) in cash and cash equivalents		223.228.028	69.228.732
F. Cash and cash equivalents at the beginning of the year	14	572.959.186	503.730.455
G. Cash and cash equivalents at the end of the year	14	796.187.214	572.959.186

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Changes In Equity
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*

Audited Changes in Equity – 31 December 2020												
	Note	Paid-in capital	Capital Reserves	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2019	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,211,158	(28,031,682)	115,430,149
II- Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances (I+II) 1 January 2020	15	100,000,000	-	-	-	-	5,310,794	-	18,939,879	9,211,158	(28,031,682)	105,430,149
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
I- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	(87,051)	-	-	(87,051)
D- Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	69,202,549	-	69,202,549
I - Other reserves and transfers from retained earnings		-	-	-	-	-	7,924	-	150,565	(9,211,158)	9,052,669	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2020		100,000,000	-	-	-	-	5,318,718	-	19,003,393	69,202,549	(18,979,013)	174,545,647
Audited Changes in Equity – 31 December 2021												
	Note	Paid-in capital	Capital Reserves	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – 31 December 2020	15	100,000,000	-	-	-	-	24,850,392	-	(528,281)	69,202,549	(18,979,013)	174,545,647
II- Correction		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances (I+II) 1 January 2021	15	100,000,000	-	-	-	-	24,850,392	-	(528,281)	69,202,549	(18,979,013)	174,545,647
A- Capital increase		50,000,000	-	-	-	-	-	-	-	-	-	50,000,000
I- In cash		50,000,000	-	-	-	-	-	-	-	-	-	50,000,000
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	3,414,382	-	-	-	-	-	-	-	-	3,414,382
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		-	-	-	-	-	-	-	299,838	-	-	299,838
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	(90,391,264)	-	(90,391,264)
I - Other reserves and transfers from retained earnings		-	-	-	-	-	2,717,781	-	-	(69,202,549)	66,484,768	-
J- Dividends paid		-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – 31 December 2021	15	150,000,000	3,414,382	-	-	-	27,568,173	-	(228,443)	(90,391,264)	47,505,755	137,868,603

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

Bereket Sigorta Anonim Şirketi
Statement of Consolidated Profit Distribution
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*

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I. DISTRIBUTION OF THE PERIOD PROFIT			
1.1. PERIOD PROFIT (*)		(90.391.264)	69.202.549
1.2. TAXES AND DUTIES PAYABLE	35	6.677.045	1.113.490
1.2.1. Corporate Tax (Income Tax)		-	-
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties	35	6.677.045	1.113.490
A. CURRENT PERIOD PROFIT (1.1 – 1.2)		(83.714.219)	70.316.039
1.3. ACCUMULATED LOSSES (-)		(4.132.101)	(18.979.013)
1.4. FIRST LEGAL RESERVES (-)		4.185.711	(3.515.802)
1.5. OTHER STATUTORY RESERVES (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION		83.660.609	47.821.224
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 owners of 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 (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders' profit-sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	(2.717.781)
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	(45.103.443)
II. DISTRIBUTION OF RESERVES		-	-
2.1. APPROPRIATED 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 owners of redeemed shares		-	-
2.3.4. To holders of profit-sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE (**)		-	-
3.1. TO OWNERS OF ORDINARY SHARES		(0,7259)	0,6920
3.2. TO OWNERS OF ORDINARY SHARES (%)		(72,59)	69,2025
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) 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.

(**) Profit per share rate was calculated over the unconsolidated net profit for the period.

The accompanying policies and explanatory notes on pages 12 through 65 form an integral part of these consolidated financial statements.

1. General Information

1.1 Parent Company and the Ultimate Owner of the Company

Bereket Sigorta A.Ş. (the "Group" or the "Entity"), operating since 20 December 1995, as of 9 March 2017 the company registered to the Trade Registry Gazette with their new title of Bereket Sigorta Anonim Şirketi (the "Group" or the "Entity"), is the subsidiary of Türkiye Tarım Kredi Kooperatifleri Merkez Birliği and its capital structure is detailed below:

	31 December 2021		31 December 2020	
	Participation Amount (TL)	Participation Rate (%)	Participation Amount (TL)	Participation Rate (%)
Türkiye Tarım Kredi Kooperatifleri Merkez Birliği	131.028.622	87,35	81.826.469	81,83
Tarım Kredi Koop. ve Birlikleri Personeli Sosyal Yardım Vakfı	14.850.000	9,90	9.900.000	9,90
Other	4.121.378	2,75	8.273.531	8,27
Paid capital	150.000.000	100,00	100.000.000	100,00

As of 31 December 2021, the Group's nominal capital is TL 150.000.000 (31 December 2020: TL 100.000.000). TL 150.000.000 (31 December 2020: TL 100.000.000) of the paid-in capital consists of 150.000.000 shares (31 December 2020: 100.000.000 shares) having a nominal amount of TL 1 each.

With the share transfer made with the Board of Directors Decision dated 5 May 2020 and numbered 1221, the share rate of the Central Union of Agricultural Credit Cooperatives of Turkey became 83.03%. With the share transfers made with the Board of Directors Decisions dated 26 August 2020 and numbered 1249 and dated 29 September 2020 and numbered 1259, the share rate of the Central Union of Agricultural Credit Cooperatives of Turkey became 86.13%.

With the Board of Directors Decision dated 6 July 2021 and numbered 1235, the company's capital was decided to be increased to 150.000.000 TL by increasing its current capital from 50.000.000 TL in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

1.2 The Group's address and legal structure and address of its registered country and registered office (or if the Group's address is different from its registered office, the original location where the Company's actual operations are performed)

Bereket Sigorta A.Ş. locates at Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi B Blok No:8 Kat: 1-2 Ümraniye, İstanbul is a corporation established in accordance with the requirements of Turkish Commercial Code. The Group operates in accordance with the principles determined by Insurance Law No: 5684.

1.3 Main Operations of the Group

The Group's main operation is insurance business on non-life insurance branches.

1.4 Details of the Group's operations and nature of activities

Principles of operations are determined based on the Insurance Law No: 5684 and standards and policies set out in applicable regulations.

1.5 Average number of the Group's personnel based on their categories

	31 December 2021	31 December 2020
Top management personnel	4	4
Directors	57	52
Marketing and sales personnel	26	31
Other	98	83
Total	185	170

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

1. General Information (continued)

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 2.272.875 (January 1–31 December 2020: TL 1.883.831).

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

The procedures and principles related to the keys used in the financial statements to be prepared by the companies are determined with the 4 January 2008 dated "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Undersecretariat of the Treasury.

In accordance with that circular, companies can distribute the operating expenses of the technical department to the insurance departments by the method proposed by the Undersecretariat of Treasury or by a method that they can determine with the condition of obtaining approval from the Undersecretariat of Treasury. In that context, known and exactly distinguishable operating expenses are distributed to related branches directly. For the expenses recorded not directly under the related segment, Undersecretariat of the Treasury issued 9 August 2010 and 2010/9 numbered "Communiqué Related to the Changes in Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" effective from 1 January 2011. The distribution amount for the year ended 31 December 2021 is TL 103.371.272 (31 December 2020: TL 102.496.253).

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 Sigorta A.Ş. ("Bereket Katılım Sigorta") have been consolidated according to the full consolidation method.

The actual field of activity of Bereket Katılım Sigorta is to carry out interest-free insurance activities in non-life branches within the framework of interest-free finance and participation insurance principles.

1.9. Name and other information of the reporting Group and subsequent changes to the prior balance sheet 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 Subsequent events

The Group decided to transfer Bereket Katılım Sigorta A.Ş., of which it is the main shareholder, at the Board of Directors dated October 14, 2021. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth (TWF) Fund Financial Investments A.Ş. after the transfer. The transfer of the Company to Bereket Sigorta A.Ş. took place on November 15, 2021. As of the date of transfer, the entire portfolio of the Company has been transferred to Bereket Sigorta A.Ş. with guarantees and provisions. 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 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.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Group operates subject, to its own legislation, in the fields of establishment, surveillance, accounting and independent auditing standards, in accordance with the by operation of part of VIII, paragraph 5 of article 136 of the Capital Market 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 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. 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").

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.

2.1.2 Other Related Accounting Policies For The Understanding of Financial Statements

Preparation of Financial Statements in Hyperinflationary Periods

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.

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.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.3 Functional currency

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

2.1.4 Rounding degree used 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 Accounting Policies, Changes and Mistakes in Accounting Estimates

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.

2.2 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;

	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 Sigorta A.Ş.	100,00%	15.666.535	15.567.635	(5.458.753)	100,00%	34.108.041	5.945.039	(4.132.101)

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. Summary of Significant Accounting Policies (Continued)

2.4 Translation of 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 reflected in the records with their remaining values after deduction of costs such as foreign exchange differences and financing expenses.

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:

	<u>Useful Life</u>
Investment Properties	50 years
Furnitures and Fixtures	3-5 years
Vehicles	5 years
Other Fixed Assets	5-10 years
Right of Use Assets	2-10 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

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis. Depreciation period for investment property is 50 years for buildings, lands are not subject to depreciation.

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

2.7 Intangible Assets

Intangible assets acquired are initially measured at cost value. Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. These costs will be redeemed in terms of their estimated useful lives (15 years). Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3-5 years).

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

2. Summary of Significant Accounting Policies (continued)

2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" ("FVTPL"), "held-to-maturity investments", "available for sale" ("AFS") financial assets and "loans and receivables".

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit and loss

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

Held to maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis. The Group does not have any held-to-maturity financial assets in its consolidated financial statements (31 December 2020: 3.507.785).

Available for sale financial assets

Investments are classified as available-for-sale that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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 any available-for-sale financial assets (31 December 2020: None).

2. Summary of Significant Accounting Policies (continued)

2.8 Financial Assets (continued)

Financial assets held for trading purpose

These are assets that are obtained for the purpose of making profit from fluctuations in prices and similar factors occurring in the short term in the market, or that are part of a portfolio for short-term profit, independently of the reason for which they were acquired. After the first recording date, financial assets held for trading purposes are followed at fair value, taking into account the best purchase order among the current orders in the stock exchange. All realized and unrealized profits and losses related to the financial asset for trading are included in the consolidated income statement in the relevant period. As of 31 December 2021 and 31 December 2020, the Group has TL 92.514.058 of financial assets held for trading purposes in its portfolio (31 December 2020: TL 1.668.000).

Loans and receivables

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 recognized at cost plus transaction costs that reflect their fair value and after deducting the cost, if any, from the cost values, provision is made for impairment. Fees paid for the assets received as collateral for related receivables and other similar expenses are not recognized as transaction costs and reflected in the expense accounts.

2.9 Impairment on Assets

Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Group assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.10 Derivative Financial Instruments

None (31 December 2020: None).

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.11 Offsetting

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 include demand and time deposits cash and credit card amounts in cash and banks. Cash equivalents are short-term highly liquid investments that do not have the risk of losing value, with a maturity not exceeding 3 months and easily convertible into cash. Cash and cash equivalents are shown with the sum of acquisition costs and accrued interests.

Statement of cash flow

Cash and cash equivalents in the cash flow statement are shown below:

	31 December 2021	31 December 2020
Cash in bank accounts	831.140.518	615.399.830
Demand deposits	18.075.718	9.686.402
Participation account	813.064.800	605.713.428
Bank guaranteed credit card receivables with maturity less than three months	154.008.138	95.333.572
Total	985.148.656	710.733.402
Income accruals (-)	(8.720.806)	(3.890.402)
Blocked amounts	(180.240.636)	(133.883.814)
Cash and cash equivalents in cash flow statement	796.187.214	572.959.186

2.13 Share Capital

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 86,13% 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	131.028.622	%87,35	81.826.469	%81,83
Tarım Kredi Kooperatifleri ve Birlikleri Personeli Sosyal Yardım Vakfı	14.850.000	%9,90	9.900.000	%9,90
Other	4.121.378	%2,75	8.273.531	%8,27
Paid in Capital	150.000.000	%100,00	100.000.000	%100
Equity adjustment positive/negative differences	-	-	-	-
Paid in Capital	150.000.000	%100	100.000.000	%100

As of December 31, 2021, the nominal capital of the Group is TL 150.000.000 (31 December 2020: TL 100.000.000) and consists of 150.000.000 shares (31 December 2020: 100.000.000), each of which is 1 TL, of which 150.000.000 (31 December 2020: 100.000.000) has been paid.

With the Board of Directors Decision dated 6 July 2021 and numbered 1235, the company's capital was decided to be increased to TL 150.000.000 by increasing its current capital from TL 50.000.000 in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the Group decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

Privileges on common shares representing share capital

None.

Registered capital system in the Company

None.

Other information about the capital of the Group is disclosed in Note 15.

2. Summary of Significant Accounting Policies (continued)

2.14 Insurance and Investment Contracts – Classification

Insurance Contracts

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Group makes reinsurance agreements in which the Group (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Group under which the contract holder is another insurer (reinsurance) are included with insurance contracts. Insurance contracts are accounted when the insurance risk is transferred and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts

The Group has no investment contracts as of 31 December 2021 (31 December 2020: None).

2.15 Insurance and Investment Contracts with Discretionary Participation Features

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 Discretionary Participation Features

The Group has no investment contracts as of 31 December 2021 (31 December 2020: None).

2.17 Borrowings

Contractual financial liabilities:

- Anticipating giving cash or other financial asset to another business, or
- Contractual obligations that require an entity to change financial instruments with another entity in a way that mutual is unfavorable to the entity.

As of December 31, 2021 and December 31, 2020, there are no loans received.

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 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 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. This 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 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.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Corporate Tax (continued)

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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 Group has a financial loss of TL 61.026.087 to be deducted (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 institutions for at least two full years and the founding certificates of the real estates (immovables) that they own for the same period, 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 for 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.

2. Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Deferred Tax (continued)

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.

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 via 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 the Labor Law in effect, the Group has to pay indemnity to the personnel in case of dismissals and retirement except for resignations and justified reasons. As of 31 December 2021, this indemnity is equivalent to 30 days' wage, provided that it does not exceed the ceiling wage based on SSI premium for each year worked until the date of dismissal or retirement. Compensation to be paid is up to one month's salary for each year of service (Note 22).

Liabilities related to provision for severance pay "Turkey on the Benefits Employee Accounting Standards" ("IAS 19") of all employees using actuarial estimates in accordance with the provisions should be calculated on the net present value of the estimated provision for possible future liability. As of 31 December 2021 and 31 December 2020, for the related liabilities the group made actuarial calculations and recorded.

Pension rights and defined benefit pension plan

The Group pays premiums to the Fund for the said employees. The technical financial statements of the Fund are audited by an actuary registered in the register of actuaries in accordance with Articles 1, 21, 28 and 31 of the Insurance Law No. 5684.

The first paragraph of the provisional article 23 of the Banking Law, published in the Official Gazette numbered 25983 on 1 November 2005, ruled that the bank funds were transferred to the Social Security Institution ("SSI") within 3 years from the date of the publication of the Banking Law and regulated the principles of this transfer. The said law article regarding the transfer was made by the Constitutional Court, pursuant to the application made by the President of the Republic on 2 November 2005, it was annulled with the decision no E. 2005/39, K. 2007/33 dated March 22, 2007, published in the Official Gazette dated 31 March 2007 and numbered 26479, and its enforcement was suspended as of the publication date of the decision.

The reasoned decision of the Constitutional Court regarding the annulment of the said article was published in the Official Gazette dated December 15, 2007 and numbered 26372. Following the publication of reasoned decisions Grand National Assembly of Turkey ("TGNA"), the fund has started to work on new legal arrangements regarding the transfer to SSI. On 17 July 2008, the relevant articles of the "Law on the Amendment of the Social Insurance and General Health Insurance Law and Certain Laws and Statutory Decrees" ("New Law"), numbered 5754, which regulate the principles regarding the transfer, were approved by the General Assembly of the Turkish Grand National Assembly. The New Law entered into force after being published in the Official Gazette dated May 8, 2008 and numbered 26870.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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**

2. Summary of Significant Accounting Policies (continued)

2.19 Employee Termination Benefits (continued)

Pension rights and defined benefit pension plan (continued)

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011 and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years. With the Law No. 6283 on the Amendment of the Social Insurance and General Health Insurance Law published in the Official Gazette dated March 8, 2012, the authority to increase the 2-year extension period to 4 years was given to the Council of Ministers. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. However, the authority to determine the date of transfer was given to the Council of Ministers with article 51 of the Law No.6645 published in the Official Gazette dated 23 July 2015 and numbered 29335, and in this way, the transfer of the ballot boxes was postponed to an unknown date.

SSI, Republic of Turkey Ministry of Treasury and Finance, the Undersecretariat of the State Planning Organization, the BRSA, SDIF, one member representing the Fund whose account is made separately for each fund and one member representing the Fund participants; Regarding the persons transferred as of the date of transfer, including the participants who left the fund for each fund, with the income and expenses of the funds in terms of insurance branches within the scope of the Law, and if the salaries and incomes paid by the funds are above the salaries and incomes under the SSI regulations, taking into account the differences in question, it stipulates that the cash value of the liability will be calculated using the technical interest rate of %9,80.

Pursuant to the New Law, Fund participants and those who have pension and / or income and their right holders, after their transfer to SSI, other social rights and payments that are not covered even though these persons are subject to the deed of trust it will continue to be covered by funds and organizations that employ ballot box participants.

The Law No. 6283 Amending the Social Insurance and General Health Insurance Law, known as the "adjustment law" in the public, was published in the Official Gazette as of 8 March 2012 (Note 23).

2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities 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 entity are classified as contingent liabilities and not included in the unconsolidated financial statements.

a. Technical Provisions

As of 31 December 2021, the Group has calculated its insurance technical reserves, and reflected to the financial statements within the framework of the "Regulations on the Technical Reserves of the Insurance and Reinsurance and Pension Companies and on which Assets These Reserves are to be Deposited" ("Technical Reserves Regulations") which have been issued within the framework of the Insurance Law No.5684 and first entered into force after being published in the Official Gazette dated 28 July 2010 and numbered 27655, as well as the Official Gazette dated 17 July 2012 and numbered 28356 following the relevant amendments, and within the framework of the other relevant legislation.

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Unearned Premium Reserve

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 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.

According to the Industry Announcement on the Implementation of Legislation on Technical Provisions, published by Republic of Turkey Ministry of Treasury and Finance dated July 27, 2009 and numbered 2009/9, 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 Regulation on Technical Reserves, in the calculation of unearned premium reserves of foreign currency indexed insurance contracts, unless an exchange rate stated in the insurance contract, the selling exchange rate of accrual date of related premium declared by Central Bank of the Republic of Turkey in Official Gazette.

As of 31 December 2021, the Group's net unearned premium reserves amount is TL 491.046.402 (31 December 2020: TL 329.114.479) in its financial statements.

Deferred Commission Expense and Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium after 1 January 2008, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement.

Commissions paid to intermediaries, commissions received due to the premiums ceded to reinsurers, the amounts paid for the non-proportional reinsurance treaty agreements and receipts which extend to the next fiscal period or periods are recorded as deferred income and deferred expense or a related account only if accrued based on the premium production. In this context, the Group has calculated deferred commission expense amounting to TL 127.118.723 (31 December 2020: deferred commission expense TL 76.815.031) and deferred commission income amounting to 83.811.483 at 31 December 2021 (31 December 2020: deferred commission income amounting TL 42.714.899).

Provision for Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, effective from January 1, 2008, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch starting from 2009 is higher than 95%, the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch.

In accordance with the Republic of Turkey Ministry of Treasury and Finance's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Group has recalculated the prior period claims provision with new method to calculate unexpired risk reserve. Turkish Treasury allows insurance companies with the circular 2016/37 to calculate their unexpired risks reserve on Motor Own Damage, Motor Third Party Liability (Compulsory and Facultative separately) and General Liability by considering only the last 4 accident quarters' loss ratios. According to this new method, loss ratios exceeding 95% in 2016, 90% in 2017 and 85% in 2018 and later years, will be multiplied by unearned premiums reserve. The company's direct production founded in 100% of Turkey make separate calculations for the work has been delegated to the pool, the 100% of the gross loss ratio, gross unearned premium is multiplied by the equivalent of the excess is for other work exceeding 85% of the gross loss ratio, the net provision for unexpired risks is calculated by multiplying the gross provision for unexpired risks and the net provision for unearned premiums.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Provision for Unexpired Risk Reserve (continued)

As of December 31, 2021, the Group has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance, The company has calculated its Unexpired Risks. As a result of this new method, there is TL 30.399.378 risk reserve in this line of business (31 December 2020: TL 2.432.149).

In accordance with amendment made with the circular numbered 2020/1 issued by Republic of Turkey Ministry of Treasury and Finance, in case of making separate calculation for the activities which are 100% of the production is transferred to pools established in Turkey, unexpired risk reserve is calculated if the gross loss premium rate is above 100%, and for other activities the provision is calculated if the gross loss premium rate is above 85%. For the Risky Insurance Pool and Greencard branches, if the gross loss premium rate exceeds 100%, the gross ongoing risks provision is calculated by multiplying the excess with the gross unearned premium provision, and the net unearned premiums reserve amount by multiplying the net unearned premium reserve amount.

In accordance with the circular numbered 2021/31 of the Republic of Turkey Ministry of Treasury and Finance, the 95% rate used for the URR calculation method in the 3rd paragraph of the 6th article of the Technical Reserves Regulation is used as 100% in the Land Vehicles Liability branch. In case of using the URR calculation method specified in the 2019/5 URR circular, if a separate calculation is made for the works in which 100% is transferred to the pools established in Turkey, the gross damage premium rate of 100% is set as 105%, and for other works the gross loss premium rate is calculated. rate of 85% has been updated to 90%. In addition, if a separate calculation is not made for the works, 100% of which are transferred to the pools established in Turkey, the rate of 85% used as 90% is used to calculate the provision for ongoing risks.

Outstanding Claims Reserve

The Group allocates provision for outstanding claims for the claims that were accrued and determined on account, but not actually paid in the previous account periods or current account period, or if this amount was not calculated, for their estimate amounts and for the claims that were realized but not reported. During the calculation of the provision for outstanding claims that was accrued and determined on account; in accordance with expert report, salvage and similar income items are not deducted in the relevant calculations.

The difference between accrued and determined on account outstanding claims reserve and the amount determined by using methods of actuarial chain which content and implementation principles is specified in Technical Provisions Regulation and "Circular of Outstanding Claims Reserve" dated 1 January 2015 and numbered 2014/16 and related regulations is recognized as realized but not reported claims amounts.

In accordance with the Circular which is effective from 1 January 2015; companies should make the Actuarial Chain Ladder Method ("ACLM") calculation via using one of the 6 different methods mentioned in the Circular, when calculating ACLM and the calculations should be based on the incurred claims (total of outstanding claims and paid claims). According to the Circular, companies are intitled to apply the most appropriate method mentioned in the Circular. Moreover, companies are also intitled to apply a different method as long as the method has an actuarial basis and the calculation result is over the amount calculated by ACLM methods. The Group eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Circular in order to perform the ACLM calculations with a homogeneous data. ACLM calculations are performed as gross amounts. Net amounts are determined in accordance with the terms of ongoing reinsurance agreements. Also, companies are allowed to interfere the development factors in ACLM tables.

Actuarial calculations are performed on a quarterly basis, for compulsory traffic insurance by using past 10 years data of gross paid claims, for other branches by using past 7 years data of gross paid claims outstanding claims, subrogation receivables accrued and collected subrogation income. The amounts related to the treatment files are excluded from these calculations. The Group's Actuary determined the peak claims on maximum incurred claims and by using Box-Plot method for other line of businesses.

2 Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Outstanding Claims Reserve (continued)

AZMM calculation in all branches was made with the standard method. When provision for incurred but not reported outstanding claims are calculated, the base should be the total amount with respect to the Turkish Treasury Decree. As of 31 December 2021 and 2020, IBNR result should be additionally reserved, and when the result is negative, then, it should be deducted from the current reserve amount.

According to circular issued by Treasury dated 10 June 2016, numbered 2016/22 regarding "Discount of Net Cash Flows Form Outstanding Claim Files", best estimate regarding net cash flows that are expected to occur during the transition of outstanding claim reserves to claim payments, as of periods, is calculated by the Group actuary. Net cash flows are forecasted as per main branch basis that is determined via the template Table 57 (ACLM) provided by the Treasury and with the time limit that is no more than the time frame used by IBNR calculation considering legal warranty period of assurance. Nevertheless, it is essential that time frame of cash flows to not exceed the time frame that is used for IBNR calculation. Whereas the forecast of net cash flows performed quarterly, reinsurance companies might use longer time period for their forecasts with the condition that time period does not exceed a year. Legal interest rate published on Official Gazette as of the financial reporting date is used, with the condition of rate being up to date, for the discount of future net cash flows to present value. Discount amount calculated is distributed to sub-branches using the distribution ratio of outstanding claim reserve to sub-branches.

The Group eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communiqué in order to perform the IBNR calculations with a homogeneous data. In order to make calculations with a more homogeneous dataset, the peak claims which is considered as great damage, has been removed by Box-Plot method. In the compulsory traffic branch IBNR calculation, the growth coefficients calculated according to the large damage factor, taking into account the 99.85% percentile of the maximum damage, were fitted to the Weibull distribution and this development pattern was calculated by applying the triangle with no improvement.

Updating of open files, reopening of closed files and reopening of closed files and realized but not reported, starting from the 2016 damage year due to the decision of the Constitutional Court dated 17 July 2020, the basis of 2019/40 and numbered 2020/40, which was published in the Official Gazette dated 9 October 2020 and numbered 31269. It is predicted that a possible increase may occur in return for compensation.

In addition, it is foreseen that the company may face a possible increase in return for the update of the open files regarding the minimum wage increase made at the end of 2021 and the compensation that has been realized but not reported. Gross TL 62.664.024 and net TL 56.825.152 reserves have been reserved for these impacts.

Republic of Turkey Ministry of Treasury and Finance has issued the Circular No: 2011/23 "Basis of Incurred But Not Reported Provision Calculation" as of 26 December 2011. The sections included in the Circular titled "Reflecting the negatively incurred but not reported test results fully" and "Reflecting the accrued subrogation, salvage and other claims to incurred but not reported test results" have come into effect as of 1 January 2012; and "Income from on trial litigations" have come into effect as of 31 December 2011.

1. For every branch an additional triangle regarding accrued subrogation, salvage and similar income items will be included in the actuarial chain ladder method table, and the necessary calculations will be made automatically. In this calculation the receivables in relation to these income items as well as the doubtful provision for these receivables will be considered.
2. According to the article no 7 of Communiqué on Technical Reserves for Insurance, Reinsurance and Individual Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves, without evaluating the winning or losing probability, for the claims that lawsuits are filed against the Company, outstanding claim reserve amount should be determined primarily according to the amount of lawsuit or despite the lawsuit amount, the reserve amount should be determined according to certain proofs like an expert report or the expertise report an invoice.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Outstanding Claims Reserve (continued)

3. In accordance with Turkish Financial Reporting Standards issued by Turkish Accounting Standards Board ("TASB"), provision should be provided for the lawsuits filed by evaluating the winning or losing of the probability court in order to give a true view of the financial statements.

In this context, for giving an actual view of the financial statements prepared by the companies, outstanding claims reserve can be provided based on items stated below:

- It is possible that a winning ratio over the cases filed against the Group is calculated for each sub-branch for the previous five years. This winning ration can be used to reduce the outstanding claims reserve for the files that are under legal process. The calculations are performed quarterly.
- The winning ratio is calculated based on the proportion of the litigation amount concluded in favor of the Group (increased litigation amount) compared to the lawsuits concluded in favor of the Group through the completion of all proceedings phases (including the revision of decision) or the conciliation or dismissal and the lawsuits concluded in favor of the Group through the system of arbitration to the total of all of the lawsuits concluded as explained above (irrespective of finalized against off in favor of the Group).
- The calculations are performed over the amount of the files; therefore some portion of this amount which corresponds to the unpaid amount due to partially accepted files should be considered as won case.
- During the winning ratio calculation, only the principal amount of claim should be included in the calculation; additional costs like; interest, attorneys' fee, expert fee, litigation costs should not be taken into account. However, the total reserve amount including all costs that are related to the file is considered during the calculation of reduction in the reserve amount.
- The case files are considered as non-deductible while calculating IBNR.
- The reduction amount in outstanding claim provision should not be more than 25% of the total outstanding claims provision provided for the case files. As indicated in the first article, the companies which do not have five-year data for the sub-branch, the wining ratio can be calculated based on the years they have operated not exceeding 15%. The same principle is applied for the new branches.
- Ratio can be calculated separately for each file or can be calculated for the files in aggregate. However, total reduction amount cannot exceed the upper limits mentioned in Article 6.
- Regarding with the winning ratio, periodic reports and detailed explanations in the footnotes must be prepared for the Turkish Republic Ministry of Treasury and Finance. In addition, all information and documentation should be ready for auditing related to calculation of winning ratio.

New regulation about treatment costs of traffic accidents that is under scope of "2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts"

59th substance of 6111 numbered Law, enacted in Official Gazette that is 25 February 2011 dated and 27857 numbered, "The Re-Configuration of Some Receivables, Legislation of Social Insurance and General Health Insurance and Some Other Legislations and Legislation Regarding to the Changes in Legislation" and 98th substance of 2918 numbered "Highways Traffic Law" have been changed.

59th substance of proper Law, as of 25 February 2011, health guarantee provided by mandatory insurance on traffic accident; not exceed of 15 percent of premium set by insurance company, the amount specified by Undersecretariat of Treasury is charged to Social Security Institution (SSI) and liability of treatment expenses as result of the accident is reflected to SSI. Also, as temporary 1st article and 59th article of the same law, not exceed of 20 percent of the chargeable amount, treatment services of injuries because of traffic accidents incurred before 25 February 2011 will be covered by SSI.

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Outstanding Claims Reserve (continued)

New regulation about treatment costs of traffic accidents that is under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts” (continued)

On this context, procedures and principles of treatment expense payments related with Mandatory Traffic Insurance, Mandatory Transportation Insurance and Mandatory Personal Accident Insurance are arranged in regulation about “Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents” which is published on notice of official journal numbered: 28038 of 27 August 2011 and circular numbered 2011/17. Procedures and principles regarding to accounting of such applications are clarified under scope of “2011/18 Numbered Circular about Accounting of Payments made to Social Security Institution related to Treatment Costs and Opening New Account Code in Insurance Chart of Accounts”.

According to the Circular Numbered 2011/18, all data regarding to treatment costs under the scope of Law has been removed from ACLM development triangles because the Group has not been responsible for payment of treatment costs related to guarantees given in related branches, anymore. Based on same circular, according to temporary 1st substance of the law, regarding to traffic accidents that had occurred before publish of law, the Group needs to book IBNR that is going to be liquidated under accounts of claims paid regarding such treatment costs and outstanding claim files related to claims occurred before effective date of law, regarding to treatment costs accounted by the Group. For conservatism purposes, the Group had not liquidated files that had ongoing legal process under mentioned scope previously, however after related circular, by closing these files, the Group has transferred payables to Social Security Institution. IBNR amount to be liquidated is discussed as both data related to treatment costs and difference between the two calculations done except for these data in the table of ACLM prepared as of 31 March 2011. In accordance with Circular numbered 17, the difference between obligations declared by Ministry of Treasury and Finance and relevant parts of the amounts that are obtained from calculation stated over the related periods have been reflected to balance sheet. In accordance with circular no 2011/18 The Company, separated treatment costs associated with death and disability benefits and prepare financial statements only subject to calculation of treatment costs.

Under the scope of the Mandatory Traffic Insurance, for year 2011, amounts to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 and parameters to be used for calculation of amount to be transferred to Social Security Institution in terms of traffic accidents occurred before the publication of Law numbered 6111 has been declared by Ministry of Treasury and Finance. In accordance with this, according to explanations in Circular numbered 2011/18, the Group has transferred amounts declared and calculated for before and after of the publication date of the Law to financials.

In accordance with laws and regulations mentioned above, because of transfers to Social Security Institution as of 31 December 2021, the Group has reflected TL 21.762.820 as expense (31 December 2020: TL 31.331.691) in its income statement as to the premiums to be transferred to SSI. Net effect of this treatment in the next years is going to be clarified depending on declarations of Undersecretariat of Treasury.

In accordance with 2 May 2012 dated, 28280 numbered and published Official Gazette that the first clause of the legislation “Procedures and Principles regarding to Collection of Health Service Cost that is resulted from the traffic accidents (Health Services Legislation)” with the headline “Appendix 1 – Calculation Method” in “a-) Mandatory Traffic Insurance” section, it is stated that 10% of each written Premium, for the year 2012 and the ongoing years in respect to the year 2012 calculation, is transferred to Social Security Institution (SSI). In 2nd clause of Health Services Legislation, it is mentioned that the implementation date is 1 January 2012. For this reason, this application is implemented on 2 May 2012 instead of the date of the publication of Health Services Legislation which is 1 January 2012.

Turkey Insurance Association (“TIA”) applied to state council fifteenth board for the suspension of the related execution, however; the board rejected this apply with the decision dated 10 December 2013 and E:2013/10984 numbered. TIA forwarded this subject to Plenary Session of Administrative Law Divisions of the Council of State and the Council suspended the execution by accepting the request of TIA with the majority of votes on 11 June 2014.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Equalization Reserve

In accordance with Article 9 of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 27655 on 28 July 2010, insurance companies are required to provide equalization reserves for earthquake and credit insurances in order to equalize the possible fluctuations in the claims compensation rates and to cover the catastrophic risks in subsequent periods. Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods. 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 recorded in equity can be classified as reserve, used for capital increase or used in claim payments. Where there is an earthquake or a technical claim in any branch in the related period, reserves for credit and earthquake coverage can be used for claim payments and 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 2012/1, "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.

As of December 31, 2021, the Group used a gross equalization provision of 1.512.569 TL for the damage payments due to the Izmir Earthquake in 2020. As of 31 December 2021, the Company's equalization reserve amount is TL 18.718.263 in accordance with the above-mentioned calculation (31 December 2020: TL 14.050.158).

Subrogation Income Accruals

Republic of Turkey Ministry of Treasury and Finance Treasury issued Circular No: 2010/13 "Subrogation and Salvage Income" as at 20 September 2010.

1. Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations; accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.
2. For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as of period-end.
3. Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance Group or third parties. However, insurance companies should provide allowance for receivables, if the related amount cannot be collected from the other insurance Group within six months following the claim payment or from third parties within four months.
4. Accrual transactions are performed by at the date of which subrogation is required means of legal litigation and execution and allowance for doubtful receivables is provided for the related amount as of this date.

2. Summary of Significant Accounting Policies (continued)

2.20 Provisions (continued)

a. Technical Provisions (continued)

Equalization Reserve (continued)

5. For subrogation income accrual, the entire insurance amount of the partially damaged goods should be paid and they should be accrued in the related periods like subrogation receivables of sale proceeds of such goods if the ownership of these goods is transferred to the insurance Group or the insurance Group has secondary possession on them. In this regard, subrogation income should also be accrued and should not be deducted against claims paid or outstanding claims when the Group goods in derivative possession are disposed of through a third party (real/legal) or are ceded to the policyholder or disposed of by the Group itself.
6. Accrued and collected subrogation and salvage income for each segment are disclosed separately in notes to the financial statements.

d. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

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 loss provisions are off-set against these reserves.

e. Receivables from Insurance Operations

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

The Group has provided allowance for the receivables that are subject to legal follow-up and which are closely monitored by the management. As of 31 December 2021 the Group has set allowance amounting to TL 76.731.008 for these receivables (31 December 2020: TL 54.771.741). TL 74.041.507 (31 December 2020: TL 52.484.908) of this provision is provided for subrogation transactions under litigation.

f. Discount of Receivables and Payables

Receivables and payables are discounted in the accompanying financial statements. As of the balance sheet date, the Group has used 15,75% discount rate (31 December 2020: 16,75%) for receivables and payables in Turkish Lira. The libor rates used to discount receivables and payables in foreign currencies vary on the currency type.

g. Impact of exchange rate differences

The Group values its foreign currency assets and liabilities based on Republic of Turkey Central Bank currency buying rate as of the balance sheet date. The foreign exchange gains and losses arising from these transactions are presented in income statement.

2.21 Accounting of Income

Premium and Commission Income

Premium income represents premiums on policies written during the year. Unearned premium reserve is provided for the period of risk extending beyond the end of the financial year, are determined from premiums written during the year on a daily basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

Interest Income and Expense

Interest income and expense are accounted in the income statement in the related period on an accrual basis.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.22 Leasing Transactions

The duration of the lease contracts is a maximum of 5 years. Tangible fixed assets acquired through leasing are recorded as assets in the Company's assets and as liabilities from leasing transactions in liabilities. In determining the amounts included in the balance sheet as assets and liabilities, based on the lower of the fair values of the assets and the present value of the lease payments, the financing costs arising from the lease are spread over the periods to form a fixed interest rate throughout the lease term. 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 carrying 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. Lease liability is measured at the present value of unpaid lease payments at the commencement date in accordance with TFRS 16. Lease payments are discounted using alternative borrowing interest rate. 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.

2.23 Dividend Distribution

Regarding the distribution principles of the profits obtained from the activities of 2009 on January 27, 2010 by the CMB; For joint stock companies whose shares are traded on the stock exchange, no minimum profit distribution obligation is imposed, within this scope, the principles of the Board's Dividend Communiqué numbered II-19.1, the provisions in the articles of association of the companies and the profit distribution disclosed to the public by the companies, it has been decided to implement it within the framework of its policies.

2.24 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)

2. Summary of Significant Accounting Policies (continued)

2.24 Related parties (continued)

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.

2.25 Earnings per share

Earnings per share is calculated by dividing the net profit for the period that can be distributed to the shareholders by the weighted average number of shares in the year. In case of capital increase from internal resources during the period, it is accepted that the newly found value is valid as of the beginning of the period while calculating the weighted average of the number of shares.

2.26 Other monetary balance sheet items

They are reflected in the balance sheet with their registered values.

2.27 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.

2.28 New and Revised International Financial Reporting Standards

Standards issued but not yet effective and not early adopted

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.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2. Summary of Significant Accounting Policies (continued)

2.28 New and Revised International Financial Reporting Standards (continued)

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

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.

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.

2 Summary of significant accounting policies (continued)

2.28 New standards and interpretations not yet adopted (continued)

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

First Application of TFRS 17 and TFRS 9 - Comparative Information (Amendments 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 Group is assessing the potential impact on its unconsolidated 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 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.

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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

2 Summary of significant accounting policies (continued)

2.28 New standards and interpretations not yet adopted (continued)

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

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. 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.

2 Summary of significant accounting policies (continued)

2.28 New standards and interpretations not yet adopted (continued)

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

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.

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)

Bereket Sigorta Anonim Şirketi
 Notes to the Consolidated 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**

3. Significant Accounting Estimates and Requirements

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. Insurance and Financial Risk Management

Insurance Risk

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

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Group bears is limited to the coverage amount specified in the insurance contract.

Group has adopted central risk assessment policy and this policy is applied in relation to the Group's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

Information about insurance risk including the information about the followings (before and after the reduction of risk through reinsurance)

Sensitivity to insurance risk

There are many reasons for the risk tolerance. One of the most important one is the increases in the amount of indemnity to be paid for the damages occurred. The main reason for these increases is the increase in the overdue interest calculated for the pending lawsuits for claims or the increase in claim after the claim amount finalizes subsequently. Group manages these risks based on the policy production strategy, adequate reinsurance commitments and effective clearance and payment transactions.

The Group's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance commitments include claims surplus, quota surplus reinsurance, excess loss reinsurance and insurance coverage. Outstanding claims are revised and updated periodically by the claims department specialist.

4. Insurance and Financial Risk Management (continued)

Insurance risk concentration including the explanation of management method of how to determine concentration and common characteristics (nature of the event insured, geographical region or currency unit) determining each concentration

The Group makes insurance agreements on non-life branches. The Group's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

31 December 2021			
	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Compulsory traffic	563.625.929	33.367.456	530.258.473
Motor vehicles liability	133.202.176	133.069.705	132.471
General losses	75.880.427	53.968.467	21.911.960
General liability	63.070.310	(2.480)	63.072.790
Suretyship	55.816.052	44.463.536	11.352.516
Medical malpractice	12.450.145	477.163	11.972.982
Fire and natural disasters	11.312.196	5.962.958	5.349.238
Transportation	10.637.574	8.618.251	2.019.323
Discretionary liability	7.236.931	4.393	7.232.538
Motor vehicles	4.456.097	1.762.195	2.693.902
Marina vehicles	762.703	679.419	83.284
Health	417.727	417.727	-
Legal protection	119.654	-	119.654
Financial losses	14.272	14.272	-
Total	939.002.193	282.803.062	656.199.131

31 December 2020			
	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Motor vehicles liability	398.588.556	23.773.075	374.815.481
Suretyship	75.077.077	74.977.005	100.072
Fire and natural disasters	24.063.949	16.464.935	7.599.014
Motor vehicles	23.322.508	8.567	23.313.941
General liability	22.348.992	7.617.404	14.731.588
Accident	15.406.707	4.062.717	11.343.990
General losses	8.965.079	4.597.629	4.367.450
Transportation	4.530.636	2.871.370	1.659.266
Health	394.829	394.829	-
Financial losses	15.451	15.375	76
Theft	(1.831)	26.302	(28.133)
State supported agriculture and animal farming	(3.476)	1.434	(4.910)
Total	572.708.477	134.810.642	437.897.835

The claim development table of the Group prepared as of December 31, 2021 is included in note 17.

Financial risk management

The main financial instruments used by the Group are cash, term bank deposits, reverse repo transactions, stocks and government bonds, and receivables and loans from main activities. The Group is faced with various financial risks due to the financial instruments it uses and the insurance contract liabilities. Risks arising from the used instruments are market risk, foreign currency risk, liquidity risk and credit risk. Group management manages these risks as stated below.

a. Market risk

i) Interest rate risk

The interest rate risk has not been calculated since Group do not have liabilities that cause interest payment in variable interest assets and liabilities items that are classified as financial assets and from which they generate interest income in balance sheet.

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

4. Insurance and Financial Risk Management (continued)

b. Market risk (continued)

ii) Exchange rate risk

Exchange rate risk is defined as the loss risk exposure due to changes from exchange rates based on the differences between the Group's foreign currency denominated assets and liabilities. On the other hand, value changes of different currency types compared to each other is another aspect of an exchange rate risk. Exchange rate risk is managed by keeping the net foreign currency position close. Foreign currency rates used for the translation of foreign currency as of balance sheet date, are as follows:

	31 December 2021	31 December 2020
USD	13,3290	7,3405
EUR	15,0867	9,0079
GBP	17,9667	9,9438

The details of foreign currency denominated assets and liabilities as of 31 December 2021 and 2020 are presented below:

	31 December 2021	31 December 2020
A. Foreign currency dominated assets	186.859.596	56.823.078
B. Foreign currency dominated liabilities	(22.644.138)	(14.864.643)
Net foreign currency position (A-B)	164.215.458	41.958.435

As of 31 December 2021 and 31 December 2020, the Group's foreign currency position is as follows:

31 December 2021				31 December 2020		
	Currency	Currency Amount	Amount of TL	Currency	Currency Amount	Amount of TL
Banks	USD	7.448.912	99.286.542	ABD Doları	4.809.111	35.305.011
	EUR	2.886.279	43.544.432	Avro	504.378	4.550.822
			142.830.974	39.855.833		
Receivables	USD	1.625.294	21.663.543	ABD Doları	1.824.026	13.397.483
	EUR	1.482.264	22.362.465	Avro	395.674	3.569.351
	GBP	4	68	GBP	41	411
	CHF	175	2.546	CHF	-	-
			44.028.622	16.967.245		
Payables	USD	1.150.699	15.365.283	ABD Doları	1.585.080	11.656.203
	EUR	475.681	7.189.388	Avro	350.350	3.161.596
	GBP	4.708	85.032	GBP	4.681	46.785
	CHF	303	4.435	CHF	7	60
			22.644.138	14.864.644		
Foreign currency position, net			164.215.458	41.958.434		

The table below shows the effect of a 10% increase / (decrease) in the value of foreign currencies against TL in the Group's portfolio on the profit before tax, provided that all other variables remain constant:

31 December 2021

Currency	Net asset/ (liability) amount	Increase in income/ expense before taxation	Decrease in income/ expense before taxation
USD	105.584.802	10.558.480	(10.558.480)
EUR	58.717.509	5.871.751	(5.871.751)
GBP	(84.964)	(8.496)	8.496
CHF	(1.889)	(189)	189
Toplam	164.215.458	16.421.546	(16.421.546)

31 December 2020

Currency	Net asset/ (liability) amount	Increase in income/ expense before taxation	Decrease in income/ expense before taxation
USD	37.046.291	3.704.629	(3.704.629)
EUR	4.958.577	495.858	(495.858)
GBP	(46.374)	(4.637)	4.637
CHF	(60)	(6)	6
Toplam	41.958.434	4.195.844	(4.195.844)

4. Insurance and Financial Risk Management (continued)

c. Credit Risk

Credit risk refers to the situation that the Group will face due to the failure of third parties with whom the Group has mutual relations to fulfill their obligations fully or partially on time by not complying with the contract requirements. The Group tries to manage the credit risk by constantly evaluating the dependability of the parties with which it is involved. The Group manages the credit risk, taking into account its field of activity, by obtaining collateral when it deems necessary.

Credit risk refers to the situation that the Group will face due to the fact that the third parties with which the Group has mutual relations do not comply with the contractual requirements and fail to fulfill their obligations in full or in part. The Group tries to manage its credit risk by constantly evaluating the reliability of the parties it is in contact with. The Group manages the credit risk, which will take into account its field of activity, by taking collateral when it deems necessary.

Financial assets subject to credit risk included in Group financial instruments mainly consist of receivables containing cash and cash equivalents except cash accounts, reverse repo transactions, government bonds, from main operations receivables, receivables consisting of credit risk in other assets of the Group. The book values of assets exposed to credit risk are shown in the table below.

	31 December 2021	31 December 2020
Cash and cash equivalents (Note 14)	985.148.656	710.733.402
Receivables from main operations (Note 12)	306.575.783	155.453.783
Other receivables (Note 12)	115.470.207	174.481.075
Outstanding claims reserve, ceded (Note 10), (Note 17)	282.803.062	134.810.642
Prepaid taxes and funds	7.273.404	6.322.997
Other current assets (Note 47)	37.805	25.171
Receivables from related parties (Note 12)	17.930	2.378.848
Financial assets (Note 11) (*)	-	3.507.786
Total	1.697.326.847	1.187.713.704

(*) As of 31 December 2021 shares amounting to 92.514.058 is excluded. (31 December 2020: shares amounting to 1.668.000 is excluded).

As of 31 December 2021, TL 76.731.008 (31 December 2020: TL 54.771.741) of receivables from main operations is classified as doubtful receivable. As of balance sheet date there are no under administrative follow-up (31 December 2020: None). The total amount of the receivable is unsecured (31 December 2020: The total amount of the receivable is unsecured) of such receivable amount is guaranteed. A provision is not setted for the guaranteed portion of receivables. All of the guarantees received for doubtful receivables is real estate mortgage.

Provision for doubtful receivables - 31 December 2021	Total Receivable TL	Guaranteed Portion TL
Agency receivables under legal follow-up	819.855	-
Other receivables under legal follow-up	1.869.646	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	74.041.507	-
Total	76.731.008	-

Provision for doubtful receivables - 31 December 2020	Total Receivable TL	Guaranteed portion TL
Agency receivables under legal follow-up	696.339	-
Other receivables under legal follow-up	1.590.494	-
Subrogation receivables under litigation and execution (Note 2.1.1.e), (Note 12)	52.484.908	-
Total	54.771.741	-

Aging table of due receivables and movement table of doubtful receivables past due but not impaired and guarantees received for not impaired receivables as of 31 December 2021 and 2020 are presented in Note 12.

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

4. Insurance and Financial Risk Management (continued)

4.2.2 Financial Risk Factors (continued)

Liquidity risk

Liquidity risk is the risk that a group cannot meet its funding needs. The Group measures and evaluates the liquidity risk periodical within the framework of compliance with the liquidity risk policies of the group to which it is affiliated.

The distribution of the Group's monetary assets and liabilities by their remaining maturities as of December 31, 2021 and 2020 are as follows:

31 December 2021	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	Undistributed	Total
Cash and cash equivalents	18.075.717	545.612.513	380.442.626	41.017.800	-	-	985.148.656
Financial assets	-	-	-	-	-	93.389.478	93.389.478
Receivables from main operations	29.050.264	49.617.467	97.374.839	130.533.213	-	-	306.575.783
Receivables from related parties	17.930	-	-	-	-	-	17.930
Other receivables	6.944.296	6.032.458	9.456.474	92.934.375	102.604	-	115.470.207
Deferred expense and income accruals	-	-	670.759	2.735.704	-	147.373.586	150.780.049
Other current assets	528.362	177.526	7.095.878	-	-	-	7.801.766
Total assets	54.616.569	601.439.964	495.040.576	267.221.092	102.604	240.763.064	1.659.183.869
Financial liabilities	-	589.666	979.338	2.301.412	3.536.989	-	7.407.405
Payables from main operations	14.060.008	-	82.369.017	100.227.345	-	-	196.656.370
Payables to related parties	34.388	-	-	-	-	-	34.388
Other payables	2.245.849	-	10.929.396	-	-	6.339.342	19.514.587
Provisions for outstanding claims ^(*)	-	-	-	656.199.131	-	-	656.199.131
Taxes and funds payable and related provisions	-	20.242.333	790.116	-	-	-	21.032.449
Income and expense accruals	-	-	435.052	-	-	103.898.630	104.333.682
Provisions related to other risks	-	-	-	1.825.310	2.546.471	-	4.371.781
Total liabilities	16.340.245	20.831.999	95.502.919	760.553.198	6.083.460	110.237.972	1.009.549.793

31 December 2020	No maturity	Up to one month	1-3 Months	3-12 Months	1 - 5 Years	Undistributed	Total
Cash and cash equivalents	9.686.403	268.145.047	432.901.952	-	-	-	710.733.402
Financial assets	1.668.000	3.507.786	-	-	-	-	5.175.786
Receivables from main operations	6.841.213	30.816.422	47.459.810	70.336.338	-	-	155.453.783
Receivables from related parties	2.378.848	-	-	-	-	-	2.378.848
Other receivables	62.498.329	61.930.251	5.355.856	44.472.483	224.156	-	174.481.075
Deferred expense and income accruals	-	-	-	14.176.930	-	76.815.031	90.991.961
Other current assets	25.171	292.595	-	-	-	6.322.997	6.640.763
Total assets	83.097.964	364.692.101	485.717.618	128.985.751	224.156	83.138.028	1.145.855.618
Financial liabilities	-	-	-	4.612.108	4.058.408	-	8.670.516
Payables from main operations	-	-	47.683.255	56.565.390	497.134	-	104.745.779
Payables to related parties	2.475	14.993	392	-	-	-	17.860
Other payables	3.480.909	279.148	7.275.248	-	-	4.273.467	15.308.772
Provisions for outstanding claims ^(*)	-	-	437.897.835	-	-	-	437.897.835
Taxes and funds payable and related provisions	-	6.937.578	13.578.140	-	-	-	20.515.718
Income and expense accruals	-	-	11.843.200	-	-	39.795.513	51.638.713
Provisions related to other risks	-	-	-	-	6.872.372	485.291	7.357.663
Total liabilities	3.483.384	7.231.719	518.278.070	61.177.498	11.427.914	44.554.271	646.152.856

^(*) All outstanding claims and compensation provisions are classified as short term in the balance sheet.

4. Insurance and Financial Risk Management (continued)

4.2.2. Financial Risk Factors (continued)

Other Risks

Capital structure and management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the technical reserve and equity balance in the most efficient way.

The required equity capital for the Group is calculated for each financial statement period in accordance with the Regulation on the Measurement of Capital Adequacy of Insurance, Reinsurance and Pension Companies, published in the Official Gazette dated 19 January 2008 and numbered 262761. The current equity capital of the Group meets the minimum capital requirement calculated according to both methods within the framework of the specified regulation. The tables regarding the capital adequacy calculated as of 31 December 2021 and 31 December 2020 are presented below. As of 31 December 2021, the required capital amount has been calculated as 106.472.806 TL for the first method (31 December 2020: 56.495.936 TL) and 321.755.555 TL for the second method (31 December 2020: 218.310.367 TL). As of 31 December 2021, the Group's equity is TL 84.565.187 less than the minimum required equity (31 December 2020: TL 35.345.364 less).

In order to complete the unrequited capital, the Group decided at the General Assembly meeting held on 28 December 2021 to increase the company's capital by TL 50.000.000 to TL 200.000.000. The main shareholder of the company, Central Union of Agricultural Credit Cooperatives of Turkey, also declares that it will take the necessary actions to complete the unrequited capital.

The Group's Board of Directors reviews the capital structure once a year. During these reviews, the Board evaluates the risks associated with each capital class along with the cost of capital. Based on the recommendations of the Board, the Group aims to balance its capital structure through dividend payments, new share issuance and share repurchase.

CAPITAL ADEQUACY TABLES

	31 December 2021	31 December 2020
1. METHOD		
Required capital for non-life branches	106.472.806	56.495.936
Required capital for life branches	-	-
Required capital for retirement branch	-	-
TOTAL REQUIRED CAPITAL	106.472.806	56.495.936
2.METHOD		
Required capital for asset risk	124.676.807	111.379.893
Required capital for reinsurance risk	12.929.422	6.376.606
Required capital for outstanding claims risk	55.623.534	37.123.915
Required capital for underwriting risk	105.772.596	60.378.011
Required capital for interest and exchange rate risk	2.080.869	3.051.942
TOTAL REQUIRED CAPITAL	301.083.228	218.310.367
CAPITAL	216.518.041	182.965.002
REQUIRED CAPITAL	301.083.228	218.310.367
CAPITAL ADEQUACY RESULT	(84.565.187)	(35.345.364)

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

4. Insurance and Financial Risk Management (continued)

4.2.2. Financial Risk Factors (continued)

Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Group determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Group in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

As of 31 December 2021, The Group has no held to maturity financial assets. (31 December 2020: 3.507.786).

Categories of Financial Assets:

31 December 2021

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	92.514.058	92.514.058	-	-
Financial assets	-	-	-	-
Total (Note 11),	92.514.058	92.514.058	-	-

31 December 2020

Categories of financial assets	Book value	Category 1	Category 2	Category 3
Financial assets available for sale	1.668.000	1.668.000	-	-
Financial assets held for trading	3.507.786	3.507.786	-	-
Financial assets	-	-	-	-
Total (Note 11),	5.175.786	5.175.786	-	-

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

Financial liabilities

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short-term nature.

5. Segment Information

It is explained in note 2.3.

6. Tangible Assets

Movement in tangible assets in the period from 1 January to 31 December 2021 is presented below:

	Investment Properties (*)	Furniture and fixtures	Other properties (Leasehold Improvements)	Right of Use Assets	Total
Cost					
1 January 2021	81.829	10.918.403	856.607	13.689.510	25.546.349
Additions	-	3.528.779	40.343	2.357.491	5.926.613
Disposals	(81.829)	(401.926)	-	-	(483.755)
31 December 2021	-	14.045.256	896.950	16.047.001	30.989.207
Accumulated depreciation					
1 January 2021	14.723	4.647.178	527.815	5.872.568	11.062.284
Current year charge	960	2.124.433	141.589	3.614.100	5.881.082
Disposals	(15.683)	(210.354)	-	-	(226.037)
31 December 2021	-	6.542.561	669.404	9.486.668	16.698.633
Net book value	-	7.502.695	227.546	6.560.333	14.290.574

(*) Information about Investment Properties is presented in Note 7.

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

	Investment Properties (*)	Motor vehicles	Furniture and fixtures	Other properties (Leasehold Improvements)	Right of Use Assets	Total
Cost						
1 January 2020	96.829	24.000	8.704.472	815.012	10.678.568	20.318.881
Additions	-	-	2.386.146	41.595	3.010.942	5.438.683
Disposals	(15.000)	(24.000)	(172.215)	-	-	(211.215)
31 December 2020	81.829	-	10.918.403	856.607	13.689.510	25.546.349
Accumulated depreciation						
1 January 2020	13.088	24.000	3.184.039	413.451	3.864.188	7.498.766
Current year charge	1.635	-	1.577.173	114.364	2.008.380	3.701.552
Disposals	-	(24.000)	(114.034)	-	-	(138.034)
31 December 2020	14.723	-	4.647.178	527.815	5.872.568	11.062.284
Net book value	67.106					14.484.065

(*) Information about Investment Properties is presented in Note 7.

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).

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

7. Investment Properties

	1 January – 31 December 2021	1 January – 31 December 2020
Cost		
Opening balance as of January 1	81.829	96.829
Cancellation of impairment	-	-
Additions	-	-
Disposals	(81.829)	(15.000)
Closing balance as of December 31	-	81.829
Accumulated depreciation		
Opening balance as of January 1	14.723	13.088
Current year charge	960	1.635
Disposals	(15.683)	-
Closing balance as of December 31	-	14.723
Net book value	-	67.106

There is no realized rent income from the Group's investment properties in the current period (1 January - 31 December 2020: TL None). The total fair value of 2 investment properties held by the Group on December 31, 2020 is TL 280.000. The fair value of the real estates obtained according to the valuation performed in December 2020 by an independent expertise company that is not affiliated with the Group. The company making the valuations with an independent valuation company authorized by the Prime Ministry Capital Markets Board. The valuation has been determined by taking the market transaction prices for similar properties as a reference.

8. Intangible Assets

Movement in intangible assets in the period from 1 January to 31 December 2021 is presented below:

	Rights	Other Intangible Assets ^(*)	Total
Cost			
1 January 2021	938.310	4.761.965	5.700.275
Additions	166.135	3.232.255	3.398.390
Disposals	(330.268)	(73.561)	(403.829)
31 December 2021	774.177	7.920.659	8.694.836
Accumulated amortization			
1 January 2021	158.170	921.441	1.079.611
Current year charge	89.740	2.197.092	2.286.832
Disposal	(59.410)	(28.618)	(88.028)
31 December 2021	188.500	3.089.915	3.278.415
Net book value	585.677	4.830.744	5.416.421

^(*) Other intangible assets consist of software and computer programs.

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

	Rights	Other Intangible Assets ^(*)	Total
Cost			
1 January 2020	761.892	524.271	1.286.163
Additions	176.418	4.237.694	4.414.112
Disposals	-	-	-
31 December 2020	938.310	4.761.965	5.700.275
Accumulated amortization			
1 January 2020	87.129	303.407	390.536
Current year charge	72.072	617.003	689.075
Disposal	-	-	-
Transfers	(1.031)	1.031	-
31 December 2020	158.170	921.441	1.079.611
Net book value	780.140	3.840.524	4.620.664

^(*) Other intangible assets consist of software and computer programs.

9. Investment in Subsidiaries

None (31 December 2020: None).

10. Reinsurance Assets

As at 31 December 2021 and 2020, outstanding reinsurance assets and liabilities of the Group in accordance with existing reinsurance contracts is presented below:

Reinsurance assets	31 December 2021	31 December 2020
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	282.803.062	134.810.642
Unearned premium reserve, ceded (Note 17)	517.370.696	271.036.179
Receivables from reinsurance companies (Note 10), (Note 12)	20.403.552	19.912.612
Deferred acquisition cost	127.118.723	76.815.031
Total	947.696.033	502.574.464

Reinsurance liabilities	31 December 2021	31 December 2020
Payables to be paid on premiums written to reinsurance companies (Note 19)	43.509.401	29.339.762
Deferred commission income (Note 19)	83.811.483	42.714.899
Total	127.320.884	72.054.661

Gain and losses recognized in income statement of the Group in accordance with existing reinsurance contracts is presented below:

	31 December 2021	31 December 2020
Premiums ceded during the period (Note 17)	1.326.895.598	(838.299.118)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(271.036.179)	(138.072.399)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	517.370.696	271.036.179
Premiums earned, ceded (Note 17)	1.573.230.115	(705.335.338)
Claims paid, ceded during the period (Note 17)	119.257.891	48.784.069
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(134.810.642)	(109.557.132)
Provision for outstanding claims, ceded at the end of the period (Note 17)	282.803.062	134.810.642
Claims incurred, ceded (Note 17)	267.250.311	74.037.579
Commission income accrued from reinsurers during the period	132.050.284	88.825.656
Deferred commission income at the beginning of the period (Note 19)	(42.714.899)	(20.709.750)
Deferred commission income at the end of the period (Note 19)	83.811.483	42.714.899
Commission income earned from reinsurers (Note 17), (Note 32)	173.146.868	110.830.805
Total	2.013.627.294	(520.466.954)

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

11. Financial Assets

As at 31 December 2021 and 2020, the details of the Group's financial assets are as follows:

<u>Financial assets</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Financial assets available for sale	92.514.058	1.668.000
Held to maturity investments	-	3.507.786
Total	92.514.058	5.175.786

Detail of financial assets is presented below:

	<u>31 Aralık 2021</u>			<u>31 Aralık 2020</u>		
<u>Financial assets available for sale</u>	<u>Cost value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Cost value</u>	<u>Fair value</u>	<u>Book value</u>
Shares	90.918.224	92.514.058	92.514.058	1.946.400	1.668.000	1.668.000
Total	90.918.224	92.514.058	92.514.058	1.946.400	1.668.000	1.668.000

The details of securities classified as financial assets to be held to maturity as of 31 December 2021 and 2020 are given below.

	<u>31 Aralık 2021</u>			<u>31 Aralık 2020</u>		
<u>Held to maturity financial assets</u>	<u>Cost value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Cost value</u>	<u>Fair value</u>	<u>Book value</u>
Ziraat Katılım Bankası A.Ş. (*)	-	-	-	3.500.000	3.507.786	3.507.786
Total	-	-	-	3.500.000	3.507.786	3.507.786

(*) The lease certificate issued by Ziraat Katılım Bankası A.Ş., which is included in the securities group, has been accounted for under the financial assets to be held to maturity in the records. As of 31 December 2020, the redemption date of 1 lease certificate amounting to 3.500.000 TL is 22 January 2021.

<u>Other Financial Assets</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Tarım Sigortaları Havuz İşletmesi A.Ş. (**)	875.420	684.773
Total	875.420	684.773

(**) The Company's Tarım Sigortaları Havuz İşletmesi A.Ş. and the shares it owns.

<u>Type of financial asset</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial assets held for trading	1.595.834	(278.400)	1.741.756
Total	1.595.834	(278.400)	1.741.756
Held to maturity investments	-	7.786	-
Total	-	7.786	-

There is no blockage on financial assets of the Group (31 December 2020: None).

12. Receivables

	31 December 2021	31 December 2020
Receivables from insurance operations (Note 4.2)	291.109.793	136.590.206
Provision for receivables from insurance operations (Note 4.2)	(4.937.562)	(1.049.035)
Receivables from reinsurance operations (Note 4.2)	20.403.552	19.912.612
Doubtful receivables from operating and insurance operations (Note 4.2)	76.731.008	54.771.741
Provision for doubtful receivables from operating and insurance operations (-) (Note 2.1.1)	(76.731.008)	(54.771.741)
Other receivables (Note 47.1)	115.367.603	174.256.919
Given deposits and guarantees – long term	102.604	224.156
Receivables from other related parties	17.930	2.378.848
Total	422.063.920	332.313.706

As of December 31, 2021 and December 31, 2020, forward and retrospective aging of the receivables from insurance operations that are undue and overdue are as follows:

Overdue receivables	31 December 2021	31 December 2020
Undue receivables	227.908.051	116.949.018
0-30 days	68.559.669	26.269.932
31-60 days	3.769.913	2.520.268
61-90 days	1.778.950	8.260.604
91 days and above	4.559.200	1.453.961
Total	306.575.783	155.453.783

Guarantees for undue receivables and past due but not impaired receivables are stated below:

	31 December 2021	31 December 2020
Letters of guarantees	9.404.000	5.647.000
Mortgages	1.287.000	1.494.000
Cash, cheque and note amounts	12.851.951	8.510.000
Total	23.542.951	15.651.000

For warranty calculations, agency-based amount of warranty is calculated as checking account debts. %30 of mortgages is taken (31 December 2020: %30).

The details and movement of provisions for doubtful receivables resulting from insurance operations is stated below:

	31 December 2021	31 December 2020
Provisions for receivables from sellers	80.000	80.000
Provisions for receivables from insured	707.712	428.561
Provisions for receivables from agencies	1.901.789	1.778.272
Provision for subrogation receivables under litigation (Note 2.1.1.c), (Note 4.2)	74.041.507	52.484.908
Total	76.731.008	54.771.741

	2021	2020
Opening balance, January 1	54.771.741	40.417.797
Current year charge	73.636.474	538.361.570
Collections	2.871.989	-
Evaluation of foreign exchange	424.393	119.035
Amounts written off during the year	(54.973.589)	(524.126.661)
Closing balance, December 31	76.731.008	54.771.741

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

12. Receivables (continued)

Details of the Group's foreign currency denominated receivables without exchange rate guarantees are presented below:

		31 December 2021	
		Amount in original currency	Amount TL
Foreign currency receivables			
Receivables from insurance companies			
USD	1.080.165		14.397.520
EUR	1.163.878		17.559.073
GBP	4		67
CHF	175		2.546
Total			31.959.206
Receivables from insurance companies			
EUR	1.205		18.210
Total			18.210
Receivables from reinsurers			
USD	545.129		7.266.023
EUR	318.386		4.803.392
Total			12.069.415
Total foreign currency receivables			44.046.831

		31 December 2020	
		Amount in original currency	Amount TL
Foreign currency receivables			
Receivables from agencies			
USD	1.799.622		13.210.366
EUR	515.358		4.642.484
GBP	41		411
Total			17.853.261
Receivables from insurance companies			
USD	43.887		322.155
EUR	(107.073)		964.507
GBP	6		46
Total			1.286.708
Total foreign currency receivables			19.139.969

13. Derivative Financial Instruments

As of the balance sheet date, 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
Cash at banks	831.140.518	615.399.830
Demand deposits	18.075.718	9.686.402
Profit sharing accounts	813.064.800	605.713.428
Bank guaranteed credit card receivables with maturity less than three months	154.008.138	95.333.572
Total	985.148.656	710.733.402
Income accrual (-)	(8.720.806)	(3.890.402)
Blocked amounts	(180.240.636)	(133.883.814)
Total for cash flow purposes	796.187.214	572.959.186

The maturity details of profit-sharing accounts as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Up to 1 month	391.604.376	258.366.479
1-3 month	380.442.625	347.346.949
3+ month	41.017.799	-
Total	813.064.800	605.713.428

As of 31 December 2021 and 2020, cash and cash equivalents denominated in foreign currency are disclosed in Note 4.2.2 "Foreign Exchange Risk".

15. Share Capital

As of balance sheet date the capital structure of the Group is disclosed in Note 1.1.

As of 31 December 2021, the Group's nominal capital is TL 150.000.000 (31 December 2020: TL 100.000.000). TL 150.000.000 (31 December 2020: TL 100.000.000) of the paid-in capital consists of 150.000.000 shares (31 December 2020: 100.000.000 shares) having a nominal amount of TL 1 each. The Group is not subject to the registered capital system.

With the Board of Directors Decision dated 6 July 2021 and numbered 1235, the company's capital was decided to be increased to 150.000.000 TL by increasing its current capital from 50.000.000 TL in cash in order to strengthen its equity structure.

At the General Assembly meeting held on December 28, 2021, the company decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

The Group does not have share sales to be made in accordance with futures and contracts. There are not any stock sales required by future contracts. As of 31 December 2021 the related party transactions have been disclosed in Note 45.

Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a., until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The movement table for legal reserves is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Legal reserves at the beginning of the year	5.318.718	5.310.794
Transfer to profit and other reserves	2.717.781	7.924
Legal reserves at the end of the period	8.036.499	5.318.718

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

15. Share Capital (continued)

Extraordinary reserves

The movement table for extraordinary reserves is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Extraordinary reserves at the beginning of the year	17.253.928	17.103.363
Transfer to profit and other reserves	-	150.565
Extraordinary reserves at the end of the period	17.253.928	17.253.928

Special funds

The movement table for special funds is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Special funds at the beginning of the term	2.277.746	2.277.746
Reserves allocated during the period	-	-
Special funds at the end of the term	2.277.746	2.277.746

Equity Movement

As of 31 December 2021 and 31 December 2020, the Group's paid-in capital consists of 150.000.000 shares with a unit nominal value of 1 TL.

Other detailed information about the capital of the Group is given in note 2.13.

16. Other Provisions and Capital Component of Discretionary Participation

16.1. Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

TAS 19 states that actuarial gains/losses resulting from the changes in actuarial presumptions within the scope of the amendments effective as of January 1, 2013 shall be recognized under equity. Within this scope, the Group has evaluated the impact of the amendment on the financials. The current year actuarial loss amounting to TL 273.111 calculated as of 31 December 2021 (31 December 2020: 94.558 TL (actuarial loss), net of the deferred tax effect of TL 62.816 (31 December 2020: 21.763 TL actuarial loss), net 210.295 TL expense was recognized as (31 December 2020: 87.051 TL income) under other profit reserves account under equity in the balance sheet.

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided for life and non-life insurances and guarantees provided for life and non-life insurances based on assets

	31 December 2021	31 December 2020
Current Blockage		
Minimum guarantee to be provided for non – life branches(**)	114.166.743	86.450.853
Current blockage (*)	118.499.027	77.681.133
Total	255.443.360	164.131.986

(*) Pursuant to Article 4 of the "Regulation on the Financial Structure of Insurance and Reinsurance and Pension Companies" issued pursuant to the Insurance Law and published in the Official Gazette dated 7 August 2007 and numbered 26606, minimum guaranty fund of insurance companies and pension companies operating in life and personal accident branches its fund cannot be less than one-third of the total minimum capital amounts. For non-life insurance branches, the minimum guarantee fund is established as collateral in the capital adequacy calculation period. The amount of collateral to be established and the amount of collateral established in relation to the consolidated financial statements of the Group as of December 31, 2021 and December 31, 2020 are indicated in the table above.

(**) As of 31 December 2021, the difference between the amount of guarantee that the company has to establish and the amount of guarantee that has been established is Bereket Katılım Sigorta A.Ş. due to its share. Relevant amount Türkiye Katılım Sigorta A.Ş. will be borne by.

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurers and their mathematical reserves

None (31 December 2020: None).

17. Insurance Liabilities and Reinsurance Assets (continued)

17.3 Insurance Guarantees given to non-life insurances based on branches

	31 December 2021	31 December 2020
Motor vehicles liability	2.129.773.565.000	1.404.775.137.000
Fire and natural disasters	640.868.691.209	266.226.390.487
Motor vehicles	180.120.927.654	11.102.920.183
General losses	163.201.216.224	62.538.271.008
Transportation	33.082.860.879	6.509.593.344
General liability	26.071.563.159	10.525.328.761
Accident	6.868.358.889	4.404.957.057
Financial losses	5.814.066.962	1.697.950.238
Water vehicles	3.081.699.448	514.677.174
Legal protection	1.691.521.000	-
Suretyship	1.093.672.351	105.157.457
Illness	336.326.847	397.869.382
Credit	9.000.000	-
Blessing	-	639.071.233
Total	3.192.013.469.622	1.769.437.323.324

17.4 Pension investment funds established by the Group and their unit prices

None (31 December 2020: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (31 December 2020: None).

17.6 Numbers and portfolio amount of additions, disposals, reversals and current individual and group pension participants

None (31 December 2020: None).

17.7 Valuation methods used in profit share calculation for life insurances with profit shares

None (31 December 2020: None).

17.8 Number of additions and their group or individual gross and net share participations in the current period

None (31 December 2020: None).

17.9. Number of additions from the other companies and their group or individual gross and net share participations in the current period

None (31 December 2020: None).

17.10. Number of transfers from the Group's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (31 December 2020: None).

17.11. Number of transfers from the Group's individual pension portfolio to other Group or not, and together their personal and corporate allocation and gross and net share participations

None (31 December 2020: None).

17.12. Number of additions of life insurances and their group or individual allocation and gross and net premiums

None (31 December 2020: None).

17.13. Number of disposals of life insurances and their group or individual allocation and gross net premiums and net mathematical reserves

None (31 December 2020: None).

17.14. Profit share distribution rate of life insurances in the current period

None (31 December 2020: None).

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

17. Insurance Liabilities and Reinsurance Assets (continued)

17.15. Amounts from insurance contracts in the financial statements

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Group. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Group makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 – *Summary of significant accounting policies*. As of 31 December 2021 and 2020, the details of the Company's technical provisions are as follows:

	31 December 2021	31 December 2020
Reserve for unearned premiums, gross	1.008.417.098	600.150.658
Reserve for unearned premiums, ceded (Note 10)	(497.478.861)	(254.085.774)
Reserve for unearned premiums, SSI (Note 10)	(19.891.835)	(16.950.405)
Reserve for unearned premiums, net	491.046.402	329.114.479
Provision for outstanding claims, gross	939.002.193	572.708.477
Provision for outstanding claims, ceded (Note 10)	(282.803.062)	(134.810.642)
Provision for outstanding claims, net	656.199.131	437.897.835
Provision for unexpired risks, gross	158.149.618	3.924.618
Provision for unexpired risks, cede	(127.750.240)	(1.492.469)
URR, net	30.399.378	2.432.149
Equalization provision, net	18.718.263	14.050.158
Other technical provisions, net	18.718.263	14.050.158
Mathematical provisions, gross	2.290.683	3.646.421
Mathematical provisions, ceded	(30.122)	(55.809)
Mathematical provisions, net	2.260.561	3.590.612
Total technical provisions, net	1.198.623.735	787.085.233

The movement of outstanding claim reserve:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	572.708.477	134.810.642	437.897.835	394.133.022	109.557.132	284.575.890
Net Change	130.251.316	79.230.362	51.020.954	77.954.995	453.114	77.501.881
Discount Effect ⁽¹⁾	236.042.400	68.762.058	167.280.342	100.620.460	24.800.396	75.820.064
Ending Balance	939.002.193	282.803.062	656.199.131	572.708.477	134.810.642	437.897.835

The movement of unearned premium reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	600.150.658	271.036.179	329.114.479	403.501.333	138.072.399	265.428.934
Net Change	408.266.440	246.334.517	161.931.923	196.649.325	132.963.780	63.685.545
Ending Balance	1.008.417.098	517.370.696	491.046.402	600.150.658	271.036.179	329.114.479

The movement of ongoing risks reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	3.924.618	1.492.469	2.432.149	22.822	18.919	3.903
Net Change	154.225.000	126.257.771	27.967.229	3.901.796	1.473.550	2.428.246
Ending Balance	158.149.618	127.750.240	30.399.378	3.924.618	1.492.469	2.432.149

17. Insurance Liabilities and Reinsurance Assets (continued)

17.15. Amounts from insurance contracts in the financial statements (continued)

The movement of total Equalization provision reserve is as follows:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	37.366.274	23.316.116	14.050.158	28.227.893	16.161.739	12.066.154
Net Change	20.978.401	16.310.296	4.668.105	9.138.381	5.788.003	1.984.004
Ending Balance	58.344.675	39.626.412	18.718.263	37.366.274	21.949.742	14.050.158

The movement of provision for actuarial mathematical reserve:

	1 January- 31 December 2021			1 January- 31 December 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Opening Balance	3.646.421	55.809	3.590.612	5.350.701	90.961	5.259.740
Net Change	(1.355.738)	(25.687)	(1.330.051)	(1.704.280)	(35.152)	(1.669.128)
Ending Balance	2.290.683	30.122	2.260.561	3.646.421	55.809	3.590.612

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

Bereket Sigorta Anonim Şirketi
Notes to the Unconsolidated Financial Statements
As at 31 December 2021
(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

17.15. Amounts from insurance contracts in the financial statements (continued)

The Group's claim development table as of December 31, 2021 with the final damage cost estimates is as follows:

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2015 - 31 December 2015	43.389.943	11.125.867	3.533.520	2.618.012	2.816.878	3.129.916	2.156.228	68.770.364
1 January 2016 - 31 December 2016	43.412.309	9.516.507	2.429.437	2.806.031	1.201.010	2.848.436	-	62.213.730
1 January 2017 - 31 December 2017	45.018.822	18.650.653	6.871.333	1.994.630	1.923.563	-	-	74.459.001
1 January 2018 - 31 December 2018	97.503.082	33.109.622	7.736.453	5.757.865	-	-	-	144.107.022
1 January 2019 - 31 December 2019	175.548.942	51.274.756	13.283.899	-	-	-	-	240.107.597
1 January 2020 - 31 December 2020	196.547.736	93.996.869	-	-	-	-	-	290.544.605
1 January 2020 - 31 December 2021	429.175.067	-	-	-	-	-	-	429.175.067
Total Payment^(*)	1.030.595.901	217.674.274	33.854.642	13.176.538	5.941.451	5.978.352	2.156.228	1.309.377.386

(*) Recourse and salvage collections are TL 65.364.036 in 2021, and they are included in the income statement as deducted from paid damages. In addition, from the files with the damage date of January 1, 2011 and before, TL 4.992.028 in 2021, with the amount of claims paid, within the green card pool retro accounts in the motor vehicles liability branch TL 1.002.334 in 2021, with the amount of paid damage and damage to traffic and medical pools TL 52.304.457, Tarsim pool damage is TL 26.661.928, health branch TL 4.408.557 is not included in the table.

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Paid in after 6 period following the incurred period	Total Payment
1 January 2014 - 31 December 2014	41.279.840	17.083.860	2.749.686	2.942.891	2.283.747	1.887.500	2.130.272	70.357.796
1 January 2015 - 31 December 2015	43.389.943	11.125.867	3.533.520	2.618.012	2.816.878	3.129.916	-	66.614.136
1 January 2016 - 31 December 2016	43.412.309	9.516.507	2.429.437	2.806.031	1.201.010	-	-	59.365.294
1 January 2017 - 31 December 2017	45.018.822	18.650.653	6.871.333	1.994.630	-	-	-	72.535.438
1 January 2018 - 31 December 2018	97.503.082	33.109.622	7.736.453	-	-	-	-	138.349.157
1 January 2019 - 31 December 2019	175.548.942	51.274.756	-	-	-	-	-	226.823.698
1 January 2020 - 31 December 2020	192.641.467	-	-	-	-	-	-	192.641.467
Total Payment^(*)	638.794.405	140.761.265	23.320.429	10.361.564	6.301.635	5.017.416	2.130.272	826.686.986

(*) Recourse and salvage collections are TL 42.283.595 in 2020, and they are included in the income statement as deducted from paid damages. In addition, from the files with the damage date of January 1, 2011 and before, 4.402.555 TL in 2020, with the amount of claims paid, within the green card pool retro accounts in the motor vehicles liability branch TL 802.671 in 2020, with the amount of paid damage and damage to traffic and medical pools TL 31.003.846, Tarsim pool damage is TL 14.629.962, is not included in the table.

18. Investment Contract Liabilities

The Group has no investment contracts (31 December 2020: None).

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 for insurance operations ^(*)	73.600.794	38.046.697
Other payables for main activities	123.055.576	66.699.082
Payables to SSI related to treatment expenses ^(**)	10.938.446	7.528.181
Guarantees and deposits received (Note 47.1)	6.339.342	4.273.467
Other payables ^(***)	2.236.799	3.507.124
Deferred income (short term) (Not 10)	83.811.483	42.714.899
Allowance for cost expenses ^(****)	1.825.310	4.642.153
Expense accruals	20.522.199	8.923.814
Other payables to affiliates	34.388	17.860
Other short-term liabilities	9.051	2.235
Total	322.373.388	176.355.512

(*) As of 31 December 2021, Liabilities to reinsurance companies amounting to TL 43.509.401 (31 December 2020: TL 29.339.762) is classified under this amount.

(**) Since the treatment cost payment obligation related to the guarantees given under the "Compulsory Land Transportation Liability", "Compulsory Traffic" and "Compulsory Personal Seat Bus Accident" branches by the insurance companies in accordance with the Circular No: 2011/17 has been revoked, there is no possibility for any claims demand for indemnification in relation to treatment costs. The amounts calculated based on the related context should be transferred to the Social Security Institution ("SSI") simultaneously with the written premiums. The related amounts should be followed under the "Due to SSI Treatment Expenses" account to the extent that the related payment is made in cash to the SSI.

(***) Other Payables are composed of payables to suppliers.

(****) Provisions for cost expenses consist of TL 1.515.363 of personnel leave provisions, 309.947 TL of provisions for personnel lawsuits filed against the Group (31 December 2020: 663.317 TL of personnel leave provisions, 730.050 TL of provisions for personnel lawsuits filed against the Company).

Transactions between the Group and its related parties and their balances as of the period-end are presented in "Related Parties".

20. Financial Payables

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 7.407.405 (31 December 2020: TL 8.670.516) of right of use assets and TL 16.047.001 lease liabilities as at 31 December 2021 (31 December 2020: 13.689.510).

21. Deferred Income Tax

As of December 31, 2021 and December 31, 2020, the temporary differences subject to deferred tax and the distribution using effective tax rates of deferred tax assets and liabilities are as follows:

Deferred tax assets/(liabilities)	31 December 2021	31 December 2020
Insurance technical provisions	8.803.927	2.626.941
Provision for employee termination benefits	509.294	543.102
Depreciation differences of tangible assets/amortization differences of intangible assets	(569.425)	430.471
Revocation	913.419	187.830
Provisions for lawsuits	71.288	146.010
Provisions for unused vacations	348.534	132.663
Premium receivables reserves	222.220	21.977
Financial assets	367.042	(55.675)
Other expense-income accruals	100.061	38.982
Rental expense	194.827	170.715
Deductible financial losses	12.205.217	-
Net deferred tax asset	23.166.404	4.243.016
Net deferred tax asset not recorded	(12.205.217)	-
Total	10.961.187	4.243.016

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

21. Deferred Income Tax (continued)

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate earnings, provided that they do not exceed 5 years. As of 31 December 2021 and 31 December 2020, the details of the Group's unused financial losses and expiration dates are as follows:

Expiration date	31 December 2021	31 December 2020
2026	61.026.087	-
Total	61.026.087	-

Movement of deferred tax assets/ (liabilities) as of 31 December 2021 is stated below:

Movement of deferred tax assets/(liabilities)	2021	2020
Opening balance at January 1	4.243.016	3.155.565
Charge to income statement	6.677.045	1.113.490
Charge to other comprehensive income	41.126	(26.039)
Closing balance at December 31	10.961.187	4.243.016

22. Retirement Benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002. Retirement pay liability is not subject to any funding requirement legally. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the relevant balance sheet dates have been calculated by using the real discount rate of approximately 4,24% (31 December 2020: 3,96%) based on the discount rate assumptions using annual interest rates of 23% and inflation rates of 18%. The maximum severance pay is revised semi-annually, and the severance pay to be paid as of 31 December 2021 is subject to a monthly ceiling of 8.285 TL (31 December 2020: 7.117 TL). Provisions for severance pay movements for the accounting periods ending between 1 January - 31 December 2021 and 2020 are as follows:

Retirement pay provision	31 December 2021	31 December 2020
Provision at January 1	2.715.510	2.081.104
Service cost	304.262	407.659
Interest cost	437.850	234.591
Retirement pay paid	(273.111)	(223.726)
Actuarial loss/(gain)	(759.142)	108.814
Termination cost	222.788	107.068
Effect of transfer (*)	(101.686)	-
Provision at December 31	2.546.471	2.715.510

(*) Detail of the transfer effect is explained in footnote 46, events occurring after the reporting period.

23. Other Liabilities and Expense Accruals

23.1. Provisions related to employee benefits and others

	31 December 2021	31 December 2020
Performance premium provision	-	3.248.786
Unused vacation provision	1.515.363	663.317
Social security withholdings payable	799.679	689.743
Other provisions (*)	309.947	730.050
Unused vacation provision	31 December 2021	31 December 2020
Opening at January 1	663.317	496.764
Current year charge (Note 47.4)	852.046	58.143
Effect of change in group structure (**)	-	108.410
Closing at December 31	1.515.363	663.317

(*) Consists of personnel lawsuit provisions.

(**) The deserved leave fee due to personnel transfer from Bereket Sigorta A.Ş. has been paid to the transferred personnel and the amount paid was reflected to Bereket Katılım Sigorta A.Ş.

23.2. Off-balance sheet commitments

As of 31 December 2021, TL 89.385.219 (31 December 2020: TL 57.034.923) of given commitments amounting to TL 73.330.331 (31 December 2020: TL 46.161.831) consists of commitments given for lawsuits and enforcement offices.

As of the balance sheet date, total amount of litigations filed against the Group for claim payments is TL 345.442.845 (31 December 2020: TL 221.785.600). Outstanding claims reserve is provided for the litigations filed against the Group. Except these cases, lawsuits filed against the Group are amounting to TL 309.947 (31 December 2020: TL 730.050). The Group opened provisions for all these cases.

24. Net Insurance Premium Income

The details of the Group's net insurance premiums for the accounting periods ending on December 31, 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Motor vehicles liability	662.460.898	164.937.794
State supported agriculture and animal farming	46.914.069	32.011.928
Fire and natural disasters	36.517.513	28.432.136
General liability	34.936.509	25.188.507
Motor insurance	14.954.592	-
Transportation	8.179.165	4.698.460
General losses	7.077.117	4.712.719
Financial losses	3.910.683	1.856.123
Accident	3.611.257	2.138.654
Motor vehicles	2.966.357	12.757.296
Suretyship	372.848	318.206
Optional financial responsibility	365.437	-
Compulsory automobile liability insurance regarding medical malpractice	301.980	-
Illness/Health	296.602	893
Discretionary earthquake	256.853	-
Machine breakage	212.259	-
Personal accident	94.383	-
Commodity	79.924	-
Electronic device	39.647	-
Financial liability to third parties	39.033	-
Theft	38.877	-
Construction	38.773	-
Glass breakage	30.057	-
Legal protection	20.837	22.298
Employer liability	21.509	-
Flood	9.861	-
Natural disasters other than earthquakes and floods	9.206	-
Loss of profit	1.575	-
Direct surety	764	-
Water vehicles	-	332.880.112
Total (*)	823.758.585	609.955.126

(*) The amounts are calculated by deducting the reinsurer's shares from the gross premiums.

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

25. Fee Income/(Expense)

<u>Service income/(expense)</u>	<u>1 January- 31 December 2021</u>	<u>1 January- 31 December 2020</u>
Commissions received from reinsurers	173.146.868	110.830.805
Commissions paid to agencies (-)	(209.805.333)	(164.794.116)
Total	(36.658.465)	(53.963.311)

26. Investment Income/ (Expense)

The details of the Group's investment income and expenses for the accounting periods ending on December 31, 2021 and 2020 are as follows:

	<u>1 January- 31 December 2021</u>	<u>1 January- 31 December 2020</u>
Financial assets held-for-trading		
<i>Dividend income</i>	4.896.802	68.655.262
<i>Value increase/(decrease)</i>	10.595.039	3.619.788
Held to maturity investments	21.412	4.313.013
<i>Realized sukook income</i>	(12.182.832)	(6.315.699)
<i>Investment management expenses</i>	93.720.957	17.071.972
Foreign exchange gain	(30.094.293)	(13.809.033)
Foreign exchange loss	96.980.531	44.255.983
Profit shares of participation accounts		
Other Financial Assets		
<i>Dividend income</i>	3.362	3.470
<i>Other</i>	-	(7.500)
Total (*)	163.940.978	117.787.256

(*) Investment income/ (expense) also exclude investment income and expenses and depreciation expense transferred from non-technical part.

27. Net Income Accrual on Financial Assets

In Note 26, the profit-sharing income amounting to TL 96.980.531 (31 December 2020: TL 44.255.983) reported under investment income account, includes accrued income amounting to TL 8.720.806 (31 December 2020: TL 3.890.402).

28. Assets Held at Fair Value Through Profit and Loss

Net profit of financial assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TL 10.595.039 net profit (31 December 2020: TL 3.619.788 net profit).

29. Insurance Rights and Demands

The subrogation income/ (expense) for the period between 1 January – 31 December 2021 and 2020 based on each branch are presented in the below table:

	<u>1 January- 31 December 2021</u>	<u>1 January- 31 December 2020</u>
Motor vehicles liability	2.540.703	2.286.691
Motor vehicles	7.019.006	820.976
Fire and natural disasters	593.269	(301.481)
Motor road vehicles optional discretion	144.913	(7.150)
Machine breakage	27.421	14.244
Glass breakage	402	-
Discretionary earthquake	-	(2.000)
Breach of safety	(591)	-
Electronic device	(530)	5.631
Natural disasters other than earthquakes and floods	(32.961)	32.961
Total (*)	10.291.632	2.850.462

(*) The above amounts are presented as gross accruals less reinsurance shares.

30. Investment Agreement Rights

None (31 December 2020: None).

31. Other Expenses

Grouping of expenses based on qualifications and functions within the Group is disclosed in Note 32.

32. Expense by nature

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel wages and expenses (Note 33)	(46.139.477)	(35.048.143)
Commission expense	(209.805.333)	(164.794.116)
Rent expenses	(1.486.127)	(1.494.343)
Transportation expenses	(4.132.619)	(3.459.258)
Communication expense	(1.779.646)	(1.004.646)
Advertising expenses	(727.409)	(242.203)
Administrative expenses	(9.805.227)	(6.878.014)
Marketing expenses	(8.543.113)	(3.896.126)
Outsourced benefits and services	(21.262.579)	(15.101.205)
Reinsurance commissions (+)(Note 10), (Note 17)	173.146.868	110.830.805
Assistance service expense	(367.363)	(671.092)
Bank expenses	(689.908)	(27.774)
Other operating expenses	(19.938.031)	-
Total (*)	(151.529.964)	(121.786.115)

(*) Depreciation and amortization expenses, assistance and other technical expenses are included separately in the income statement.

The fee details for independent audit services for the accounting periods ending in 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Expenses related to independent audit services	264.000	160.000
Total	264.000	160.000

33. Employee benefit expenses

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel salary and expenses	(31.016.736)	(23.900.351)
Insurance payments	(8.899.568)	(7.146.667)
Food and transportation expenses	(3.524.966)	(2.857.437)
Severance and notice pay	(1.163.362)	(1.205.294)
Other payments	(1.534.845)	61.606
Total (Note 32)	(46.139.477)	(35.048.143)

Total salaries and benefits paid to the members of the Board of Directors, General Manager, and General Coordinator, Assistant General Manager and other executive management are explained in Note 1.6.

34. Finance Costs

Intermediary commissions and brokerage fees directly expensed in the year amounting to TL 12.182.832 (1 January – 31 December 2020: TL 6.315.699).

35. Income Tax

Corporate tax liability:	31 December 2021	31 December 2020
Corporate tax liability provision	-	16.607.760
Prepaid taxes and funds	(7.273.404)	(16.486.797)
Total	(7.273.404)	120.963

Income tax expense:	31 December 2021	31 December 2020
Corporate tax expense	-	(16.607.760)
Deferred tax expense/ (income)	6.677.045	1.113.490
Total tax expense/ (income)	6.677.045	(15.494.270)

Provision for tax and other liabilities

Reconciliation of tax and other liabilities with profit for the year is as below:

	31 December 2021	31 December 2020
	Tax Rate(%)	Tax Rate (%)
Profit before tax	(83.714.219)	(%)
Income tax provision based on statutory tax rate	20.928.555	(25,00)
Current year financial losses unrecognized under deferred tax	(16.655.698)	20,00
Net impact of non-taxable income and expenses	2.404.188	(2,87)
Tax Expense/(Income)	6.677.045	(7,87)
		(15.494.270)
		(17,82)

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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

36. Net Foreign Exchange Gains

<u>Recognized in profit/loss</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Foreign exchange gains	93.720.957	17.071.972
Foreign exchange losses	(30.094.293)	(13.809.033)
Total	63.626.664	3.262.939

37. Earnings per Share

The companies whose equity shares are not traded on the stock exchange are not obliged to present earnings per share per TAS 33. Since the Group's shares are not traded in the stock market, earnings per share are not calculated in the accompanying financial statements.

38. Dividend per Share

	<u>31 December 2021</u>	<u>31 December 2020</u>
Profit/ (loss) for the period	(90.391.264)	69.202.549
Weighted average number of shares	124.520.548	100.000.000
Earnings per share (TL)	(0,7259)	0,6920

39. Cash Generated from the Operations

Cash flows from operating activities are shown in the attached cash flow statements.

40. Bonds Convertible into Common Stock

None (31 December 2020: None).

41. Preferred Stocks Convertible into Cash

None (31 December 2020: None).

42. Risks

Reserve for receivables are required if any evidence exists about uncollectibility of the receivables from insurance operations. When collection of receivables is not possible, they are written off completely.

For allowance for doubtful receivables, the Group has provided provision for receivables that are subject to legal follow-up and for receivables which are closely monitored by the management. As of 31 December 2021, the Group provided TL 76.731.008 provision for the impaired receivables (31 December 2020: TL 54.771.741). TL 74.041.507 (31 December 2020: TL 52.484.908) of this provision is provided for subrogation transactions under litigation, TL 1.901.789 (31 December 2020: TL 1.728.509) is provided for receivables from agencies, remaining part amounting to TL 707.712 (31 December 2020: TL 428.561) is provided for receivables from insured. Moreover the Group has set a provision amounting to TL 1.598.187 (31 December 2020: TL 1.049.035) for the receivables from agencies which has no guarantee.

43. Commitments

As of 31 December 2020, commitments given amounting to TL 89.385.219 (31 December 2020: TL 57.034.923) is given for lawsuits and foreclosure out of the total commitments of TL 73.330.331 (31 December 2020: TL 46.161.831). The Group has no tangible and intangible assets held for commitment (31 December 2020: None).

44. Business Combinations

None (31 December 2020: None).

45. Related Parties

	<u>31 December 2021</u>	<u>31 December 2020</u>
Receivables from related parties		
Tarım Kredi Koop. Merkez Birliği Genel Müdürlüğü (*)	151.555.036	135.618.630
Bereket Emeklilik ve Hayat A.Ş.	-	12.538.076
Total	151.555.036	148.156.706

(*) The relevant amount consists of the main activities carried out through the Merkez Birliği Genel Müdürlüğü.

	<u>31 December 2021</u>	<u>31 December 2020</u>
Payables to related parties		
Tarım Kredi Bilgi ve Tic. A.Ş.	183.234	-
Total	183.234	-

45. Related Parties (continued)

Other miscellaneous receivables from related parties	31 December 2021	31 December 2020
Bereket Emeklilik ve Hayat A.Ş.	16.634	-
Total	16.634	-

Other miscellaneous payables to related parties	31 December 2021	31 December 2020
Tarım Kredi Kredi Bilişim Ve İletişim Hiz. Ve Tic. A.Ş.	415.256	855.864
Tarım Kredi Holding A.Ş.	184.808	277.982
Tarım Kredi Yem San. ve Tic. A.Ş.	95.152	-
Tarım Kredi Birlik Tarım Ür. Hay. İth. İhr. San. ve Tic. A.Ş.	21.744	-
Tareks Hayvancılık A.Ş.	19.849	-
TK Taşımacılık ve Lojistik A.Ş.	15.805	7.080
Tarım İletişim Hizmetleri A.Ş.	2.560	2.510
Grup ortakları (Diğer) (*)	2.127	-
TK Pazarlama ve Market A.Ş.	1.414	-
Bereket Emeklilik ve Hayat A.Ş.	80	392
Tarım Kredi Koop. Merkez Birliği Genel Müdürlüğü	-	118.157
Total	758.795	1.261.985

(*) As of 31 December 2021, the Group has a debt of TL 2.127 due to undistributed dividends (31 December 2021: None).

	1 January- 31 December 2021	1 January- 31 December 2020
Premiums from related parties		
Tarım Kredi Koop. Merkez Birliği	442.760.868	672.216.844
Gübre Fabrikaları T. A.Ş.	11.494.296	7.626.020
Tareks Hayvancılık A.Ş.	4.155.934	3.206.455
TK Pazarlama ve Market A.Ş.	4.128.408	-
TK Taşımacılık ve Lojistik A.Ş.	3.720.893	2.280.010
Tarım Kredi Birlik Tarım Ürün. Hay. Amb. Petrol. İth. İhr. San. ve Tic. A.Ş.	3.124.126	2.833.718
Tarım Kredi Yem San. ve Tic. A.Ş.	1.425.502	1.170.448
Tarım Kredi Kredi Bilişim Ve İletişim Hiz. San ve Tic. A.Ş.	419.793	286.869
Tarım Bitki Koruma San. ve Tic. A.Ş.	416.528	188.379
Tarım Kredi Tarım Ürünleri Lisanslı Depoculuk A.Ş.	405.610	362.719
İmece Plas. Tarım İnş. T. P. Ü. ve Gıda San. Tic. A.Ş.	296.997	214.397
Tareks Tarım Ürünleri Araç Gereç İth. İhr. ve Tic. A.Ş.	267.172	223.602
Gübretaş Madencilik A.Ş.	155.112	-
TK Hayvancılık A.Ş.	130.368	76.856
Tarım Kredi Holding A.Ş.	82.433	18.258
Tarım Kredi Gıda San. ve Tic. A.Ş.	61.814	116.639
Tareks Tuzla Et A.Ş.	17.289	-
TK Kooperatifleri Sera A.Ş.	1.270	26.080
Bereket Katılım Hayat A.Ş.	-	21.020
Bereket Emeklilik ve Hayat A.Ş.	-	385.112

	1 January- 31 December 2021	1 January- 31 December 2020
Paid claims to related parties		
TK Taşımacılık ve Lojistik A.Ş.	1.272.459	655.472
Gübre Fabrikaları T. A.Ş.	816.177	423.126
Tarım Kredi Yem Sanayi ve Ticaret A.Ş.	332.208	385.620
TK Pazarlama ve Market A.Ş.	84.029	-
Tareks Tarım Ürünleri Araç Gereç İth. İhr. ve Tic. A.Ş.	64.100	-
Tarım Kredi Gıda Sanayi ve Ticaret A.Ş.	43.000	83.286
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık		
Ambalaj Petrol Nak. İth. İhr. San. ve Tic. A.Ş.	35.239	48.949
TK Tarım Ürünleri Lisanslı Depoculuk A.Ş.	9.121	10.000
Tarım Kredi Koop. Merkez Birliği Genel Müdürlüğü	4.667	-
TK Hayvancılık A.Ş.	2.907	-
Tarım Kredi Kredi Bilişim Ve İletişim Hiz. San. Ve Tic. A.Ş.	1.274	-
Tareks Hayvancılık A.Ş.	-	2.000
Tarım Kredi Holding A.Ş.	-	1.781
Bereket Emeklilik ve Hayat A.Ş.	-	6.392.190
İmece Plastik Tarım İnş. Taah. Pet. Ürn. ve Gıda San. A.Ş.	-	40.739

Bereket Sigorta Anonim Şirketi
Notes to the Consolidated 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**

45. Related Parties (continued)

	1 January- 31 December 2021	1 January- 31 December 2020
Other expenses paid to related parties		
Tarım Kredi Merkez Birliği	7.058.307	49.066
Tarım Kredi Bilişim ve İlt. Hiz. San. Tic. A.Ş.	4.873.713	4.300.117
Bereket Emeklilik ve Hayat A.Ş.	399.022	4.934
Tarım Kredi Holding A.Ş.	198.881	479.443
TK Pazarlama ve Marketçilik A.Ş.	187.918	-
TK Taşımacılık Ve Lojistik A.Ş.	171.716	24.032
Tarım Kredi Birlik Tarım Ürünleri Hayvancılık		
Ambalaj Petrol Nak. İht. İhr. San. ve Tic. A.Ş.	75.794	111.037
Bereket Katılım Hayat A.Ş.	53.512	204.671
Tarım İletişim Hizm.A.Ş.	30.720	25.525
Tareks Hayvancılık A.Ş.	19.569	-
Other income from related parties		
Bereket Emeklilik ve Hayat A.Ş.	496.382	1.837.703
Tarım Kredi Kooperatifleri Merkez Birliği	378.177	-
Bereket Katılım Hayat A.Ş.	167.527	191.933
Tarım Kredi Birlik Tarım Ür. Hay. İth.		
İhr. San. Ve Tic. A.Ş.	2.700	-
Reinsurance claims received from related parties		
Bereket Emeklilik ve Hayat A.Ş.	4.060.650	7.876.907
Paid commissions to related parties		
Tarım Kredi Koop.Merkez Birliği Genel Müdürlüğü	95.911.870	72.071.129
Bereket Emeklilik ve Hayat A.Ş.	-	3.150.763
Tareks Tarım Ürünleri Araç Gereç İth.İhr.Ve Tic. A.Ş.	-	346.664

46. Subsequent events

At the Board of Directors meeting held on July 6, 2021, the Group decided to increase its current capital to TL 150.000.000 by increasing its current capital from TL 50.000.000 in cash in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

At the General Assembly meeting held on December 28, 2021, the Group decided to increase its current capital by TL 50.000.000 to TL 200.000.000 in order to strengthen its equity structure. The capital increase will be finalized after registration in the trade registry.

Bereket Katılım Sigorta A.Ş., a subsidiary of the Group, was decided to be transferred to Bereket Sigorta A.Ş., which is the main shareholder, at the Board of Directors dated 14 October 2021. At the meeting held on the same date, it was decided to sell all of the company shares to Turkey Wealth Fund (TWF) Financial Investments A.Ş. after the transfer. The transfer of the company to Bereket Sigorta A.Ş. took place on 15 November 2021. As of the date of transfer, the entire portfolio of the Company has been transferred to Bereket Sigorta A.Ş. with guarantees and provisions.

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 transfer amounts regarding the technical provisions transferred to Bereket Sigorta A.Ş. are presented below:

	1 January-31 December 2021		
	Transfer amount		
	Gross	Reinsurance share	Net
Equalization reserve	2.683.670	2.247.376	436.294
Reserve for unearned premiums	37.127.568	14.745.578	22.381.990
Provision for continuing risks	814.955	704.218	110.737
Outstanding compensation provision	16.712.467	4.639.638	12.072.829
Total	57.338.660	22.336.810	35.001.850

47. Other

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

Other receivables	31 December 2021	31 December 2020
Receivables from TARSİM	125.060.868	117.002.350
Receivables from DASK	955.365	879.431
Marketable securities receivables	444.044	61.807.164
Other receivables rediscount	(11.092.674)	(5.432.026)
Total (Note 12)	115.367.603	174.256.919
Other deferred expenses	31 December 2021	31 December 2020
Deferred assistance expense	20.048.186	8.517.981
XOL expenses	206.677	325.000
Other	203.133	103.823
Advertising expenses	855.094	3.160.152
Consulting expense	253.441	832.840
Prize/gift expenses	666.602	-
Maintenance and repair expenses	561.009	459.112
Dues expenses	-	316.298
Insurance expenses	422.972	240.281
Rent expenses	112.482	87.018
Promotion expenses	1.092	43.660
IT expenses	330.638	90.765
Total	23.661.326	14.176.930
Other current assets	31 December 2021	31 December 2020
Prepaid taxes and funds	7.273.404	6.322.997
Business advances	490.557	292.595
Other current assets	37.805	25.171
Total	7.801.766	6.640.763
Other short-term payables	31 December 2021	31 December 2020
Payables to SSI related to treatment expenses	10.938.446	7.528.181
Payables to suppliers	2.236.799	3.507.124
Total	13.175.245	11.035.305
Provisions for other current liabilities	31 December 2021	31 December 2020
Employee termination benefits	2.546.471	2.715.510
Unused vacation provision	1.515.363	663.317
Litigations provision (excluding those for main operations)	309.947	730.050
Performance premium provision	-	3.248.786
Total	4.371.781	7.357.663

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47. Other (continued)

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

	31 December 2021	31 December 2020
Long term provisions for other risks		
Deposits and guarantees received (Note 19)	6.339.342	4.273.467
Total	6.339.342	4.273.467

	1 January- 31 December 2021	1 January- 31 December 2020
Other income and profits		
Other	828.732	234.223
Fixed asset sales profit	247.803	75.900
Reconciliation difference	3	305.683
Total	1.076.538	615.806

	1 January- 31 December 2021	1 January- 31 December 2020
Other expenses and losses		
Donations	(511.200)	(851.671)
Special communication tax	(62.344)	(40.935)
Fixed asset sales loss	(42.918)	(16.618)
Other	(23.047)	(42.522)
Total	(639.509)	(951.746)

47.2. Total amount of each due to/from personnel items classified under “Other Receivables” and “Other Short- and Long-Term Payables” exceeding one percent of total assets in the balance sheet

None (31 December 2020: None).

47.3. Subrogation receivables followed under the off-balance sheet accounts

There are no subrogation receivables followed under the off-balance sheet accounts. (31 December 2020: None)

47.4. Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (31 December 2020: None).

47.5. Other notes

Provision and rediscount expenses for the period:

	1 January- 31 December 2021	1 January- 31 December 2020
Unused vacation provision income/(expense)	(1.109.092)	(58.143)
Employee termination benefits provisions income/(expense)	(222.570)	(431.034)
Doubtful receivables provision income/(expense)	(832.800)	(104.304)
Other provision income/(expense)	(250.840)	(64.477)
Litigation expense	420.103	222.934
Personnel promotion provision(*)	3.248.786	(3.248.786)
BSMV provisions	8.931	(5.565)
Total provision expenses	1.262.518	(3.689.375)

(*) It consists of the performance premium provision allocated to the personnel for the 2020 fiscal year, taking into account the working hours and performance.

	1 January- 31 December 2021	1 January- 31 December 2020
Receivable discount (expense)/income from insurance operations	(13.274.395)	(6.614.767)
Payable discount income/(expense) to reinsurance and insurance companies	5.930.856	5.848.215
Payable rediscount (expense)/income from other operations	(671.336)	(539.131)
Total	(8.014.875)	(1.305.683)

3.2 CONTACT DETAILS

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Bereket Sigorta A.Ş. is a company of
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