

2021 ANNUAL REPORT



SOMPO SIGORTA





Overview of Sompo Sigorta 02

About Sompo Sigorta	02
• Capital and Shareholder Structure	
• Articles of Association Amendments During Accounting Period, If Any, and Their Reasons	
• Our Vision, Mission, Principles, Purpose, Promise	
Sompo Holdings and Sompo International	06
Financial and Operational Indicators	08
Milestones of Sompo Sigorta	10
Core Strengths of Sompo Sigorta	12
Explanations on Private Audits and Public Audits During Accounting Period	14
Number of Employees, Regional Offices, Liaisons and Branches, Company's Service Offerings and Operating Activities, and Resulting Assessment of Company's Position in the Sector	15

From Management 16

Chairman's Message	18
Board of Directors	22
Chief Executive Officer's Message.....	24
Senior Management	28

2021 Operations 32

Operating Fields and Products	34
• Personal Product Lines and Health Insurances	
• Corporate Product Lines and Corporate Sales	
• Claims	
Human Resources, Academy and Internal Communication	42
Social Responsibility	50
Marketing Activities	52
Distribution Channels	58
Innovation Efforts	60
Information Technologies	62

Corporate Governance 64

Information about Chairman, Directors, CEO, Deputy Managers, and Internal Audit Managers (Full Names, Terms of Duty, Assigned Responsibilities, Educational Backgrounds, Career Backgrounds)	66
Information on Members of the Board of Directors.....	69
Information on the General Assembly	70
Summary Report of The Board of Directors Submitted to the General Assembly	71

Financial Position and Risk Management 72

Information on Intragroup Transactions of the Company with the Company's Risk Group	74
Information on Internal Audit Activities	75
Information on Financial Statements and Financial Structure, and Assessments on Financial Position, Profitability and Indemnity Solvency	76
Managing Body Assessments and Findings on Capital Erosion and Debt Insolvency	77
Assessment of Prior Period Targets.....	77
Information on Risk Management Policies Implemented by Risk Types	78
Summary Financial Information for 5-Year Period Including the Reporting Period	80
Information on Dividend Distribution Policy and If Undistributed, Reasons and Proposed Use of Undistributed Profit.....	81
Other Matters	82
Affiliation Report	83

Financial Information 84

31 December 2021 Financial Statements Together with Independent Auditors' Report Thereon	86
Contact Information	168

About Sampo Sigorta



Sampo Sigorta was established in 2001 with Fiba Sigorta business title and started operating in 2002 after amendment of its title as Finans Sigorta. Following the sales of QNB Finansbank stocks by Fiba Group to NBB Group, the Company's title became Fiba Sigorta A.Ş. once again in 2007.

With stable growth and success, the Company drew attention of Japan's Leading Insurance Group Sampo Insurance, and Fiba Sigorta's stocks were acquired by Sampo Insurance Inc. in 2010.

After being renamed as Sampo Japan Sigorta, the Company maintained its rising success graphic. Among Sampo Group affiliates, the Company accomplished global success by being selected as the "Excellence Center" of the Group in motor vehicle insurances.

On October 31, 2016, Sampo Japan Nipponkoa Insurance Inc. became the sole shareholder. Entire stocks of the Company, whose title was amended to Sampo Sigorta Anonim Şirketi

on May 15, 2019, were acquired by Sampo International Holdings Ltd. on November 7, 2019.

Sampo Sigorta moves ahead confidently by drawing on the strength and support of its main shareholder, and continues its activities in order to provide the best experience to its customers.

International knowledge, local experience Sampo Sigorta serves in all non-life insurance branches with its knowledge in international insurance and local market experience. By offering the highest quality insurance products and services, Sampo Sigorta conducts its business with a philosophy of promoting the safety, health and happiness of its customers and the society as a whole.

Sampo Sigorta possesses strong competitive advantages thanks to its experienced professional workforce, innovative vision, customer focus, stable pricing policy, effectiveness of claims processes and digital transformation capabilities.

Visionary and Leading Company of the Sector



The first
quick sales
screen



The first
virtual POS
application



The first
and **sole**
climate
insurance



Being
the first
insurance
company to
centralize
claims



The first
agency portal
application

Wide Product Range

By offering the highest quality insurance products and services, Sompo Sigorta conducts its business with a philosophy of promoting the safety, health and happiness of its customers and the society as a whole.



Health Insurance



Financial Losses Insurance



General Liability Insurance



Motor Vehicles Insurances



Credit and Support Insurance



Legal Protection Insurance



Marine Cargo Insurance



Marine Hull Insurance



Fire and Natural Disasters Insurances



Travel Insurances



Agriculture Insurance



Engineering Insurance

About Sampo Sigorta

Capital and Shareholder Structure

Shareholder's Name	Shareholding Amount (TL)	Shares Outstanding	Shareholding Rate (%)
Sampo International Holdings Ltd.	190,000,000	19,000,000,000	100.00
Paid-in Capital	190,000,000	19,000,000,000	100.00

The Company has 190 million TL paid-in capital.

Shareholders do not own any preferred stocks.

No stocks are held by Chairman, Directors, CEO and Deputy Managers.

The Company does not hold any treasury stocks.

Articles of Association Amendments During Accounting Period, If Any, and Their Reasons

There were no amendments in the Articles of Association.



Our Vision

BEST SERVICE

To provide the best service to our customers anytime & anywhere

Our Mission

TO RAISE STANDARDS

TO PIONEER

To raise the standards in Turkish insurance sector and to pioneer innovation in the sector

Our Promise

We understand you.

Our Purpose

To provide the best services to our customers and business partners anytime & anywhere

Our Principles

In order to provide top quality of services to our customers:

- We treat our customers frankly. We as individuals know that our every move builds the Company's reputation.
- We take initiative, set high targets, and learn from our actions.
- We always act openly and fast.
- We act with adherence to high ethical values.

Our Management Philosophy

We always carefully protect the interests of our customers in making decisions to manage our business.

We strive to contribute to the health, safety and happiness of our customers and the society as a whole by offering top quality insurance products and services.



Sompo Holdings



30

COUNTRY



228

CITY



80,000

EMPLOYEES

Sompo International



Total Assets

35.8

BILLION USD



Net Premium Production

8.0

BILLION USD



Gross Premium Production

12.9

BILLION USD

Sompo Holdings and Sompo International



Sompo Japan Insurance Inc. and Nipponkoa Insurance Company Limited, rooted back to late 1800s, merged under the name of Sompo Japan Nipponkoa Insurance Inc. on September 1, 2014. The Group name was amended as Sompo Holdings since October 1, 2016.

Sompo International Holdings Ltd., a global insurance and reinsurance provider, was established in March 2017 as a result of the acquisition of Endurance Specialty Holdings Ltd. by Sompo Holdings Inc.

Sompo Holdings, which established Real Estate and Liability Insurance, Life Insurance, Nursing and Health Services, International Insurance Activities, Asset Management, and Home Renovations respectively as core operating areas, demonstrates sustainable and profitable growth as a business group acting with a global and competitive perspective.

Sompo Holdings, a leading Insurance group from the world's second largest insurance market Japan, include the largest real

estate and casualty insurance groups in the Japanese domestic market.

Sompo Holdings, which achieve steady global growth by capital investments across several countries besides Turkey and insurance company acquisitions, has a wide global scope spanning 80 thousand employees in 228 cities in 30 countries.

Sompo's financial strength, broad licensing capabilities, product diversity, expansive distribution channels and market-leading technological solutions all make Sompo a preferred partner for customers around the world.

Corporate insurance and reinsurance operations outside Japan are merged under Sompo International's Commercial Property & Casualty (P&C) platform. Remaining Sompo Holdings affiliates are located out of Japan by the end of 2020 under a new and retail insurance focused Retail Insurance Platform which will be subordinate to Sompo International's supervision.

* Sompo International key statistics are valid for the twelve-month period ending 30 June 2021.

Strengths



Sompo International's subsidiaries have balance sheets with high quality assets and strong liquidity.



The Group maintains excellent financial strength, as indicated by superior ratings.



The group operates with a strong presence in private markets and expert teams. The group, which effectively directs highly knowledgeable and experienced actuarial and claims specialists, provides special solutions for risk management to its customers by offering management services.



As an accessible and reliable partner, the group operates within a culture based on ethics and integrity, and focuses on its core values of accountability, cooperation and agility.

Sompo's financial strength, broad licensing capabilities, product diversity, expansive distribution channels and market-leading technological solutions all make Sompo a preferred partner for customers around the world.

Credit Ratings

A.M. Best

A+ (SUPERIOR)

Standard & Poor's

A+ (STRONG)

Moody's

A1



Financial and Operational Indicators

Summary Financial Information on the 2021 Operation Results

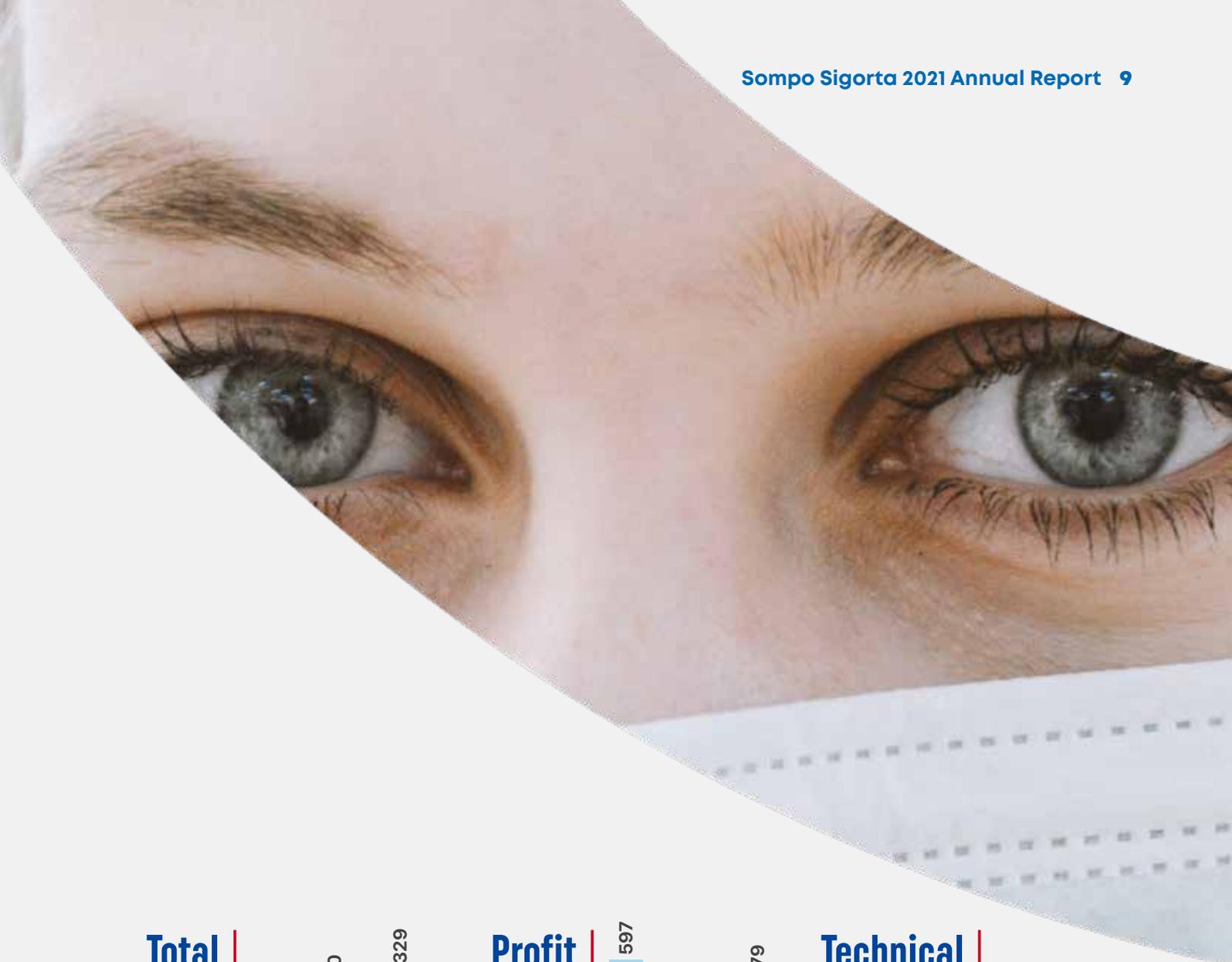
TL, thousand	2019	2020	2021
Gross Written Premiums	3,363,088	3,332,713	3,455,290
Technical Part Balance	410,277	417,017	193,943
Profit Before Tax	596,755	516,955	578,963
Net Profit	470,543	382,592	323,549
Shareholders' Equity	1,617,305	1,968,442	2,064,293
Total Assets	5,178,935	5,999,685	7,329,146

Sampo Sigorta's 2021 year-end profit before tax was recorded as

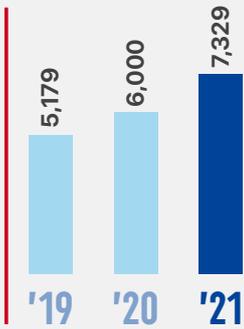
TL
579
million

Gross Written Premiums By Branches

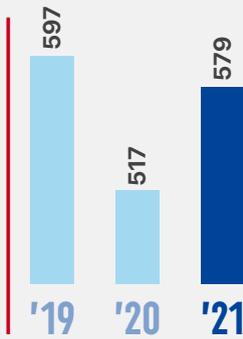
TL, thousand	2019	2020	2021
Turkish Catastrophe Insurance Pool (TCIP)	38,542	49,049	47,811
General Support	-	-	50
Surety Bond	8,611	15,313	17,762
Financial Losses	13,881	20,952	24,896
General Liability	40,995	59,398	83,685
General Damages	197,945	252,524	372,142
Disease/Health	114,625	157,294	128,358
Air Vehicles	1,080	343	-
Legal Protection	5,594	5,114	11,960
Motor Vehicles	858,267	730,305	884,684
Motor Vehicles Liability	1,716,811	1,598,442	1,236,241
Accident	13,999	11,683	16,722
Marine	36,171	52,554	77,874
Sea Vehicles	6,175	4,563	9,421
Sea Vehicles Liability	3,599	7,213	8,985
Fire and Natural Disasters	306,793	367,966	534,701
Total	3,363,088	3,332,713	3,455,290



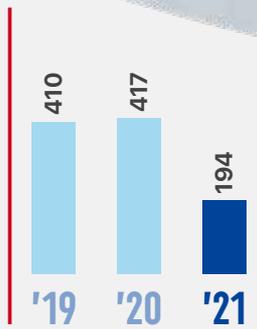
Total Assets
(TL, million)



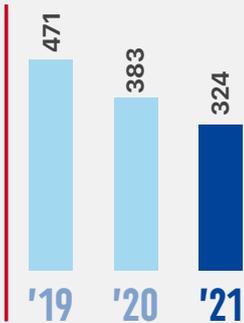
Profit Before Tax
(TL, million)



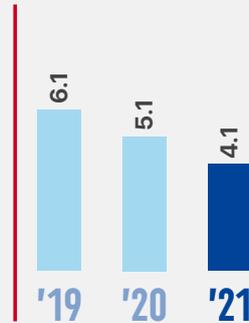
Technical Part Balance
(TL, million)



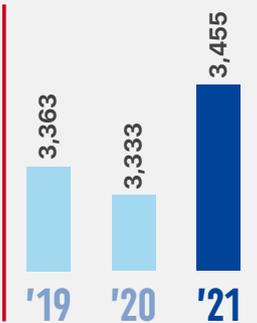
Net Profit
(TL, million)



Market Share
(%)



Gross Written Premiums
(TL, million)



Milestones of Sompo Sigorta

Fiba Sigorta A.S. was established.

2001

Company title amended as Fiba Sigorta A.Ş.

2007

Company title amended as Sompo Japan Sigorta A.Ş.

2011

2002

Obtained operating license.

Issued first policy.

Established first agency.

Amended Company title as Finans Sigorta A.Ş.

Made first claims payment.

2010

Majority shares transferred to SJNK Insurance Inc.*

SJNK Insurance Inc.* transferred 9.99% of shares to the EBRD**.

2013

Sompo Japan Asia Holdings Pte. Ltd., Sompo Japan Insurance (Singapore) Pte. Ltd., Sompo Japan Insurance Company of America, Sompo Japan Insurance Company of Europa companies each respectively transferred 0.02% of their shares to SJNK Insurance Inc.*

The Company's Articles of Association was amended at the General Assembly Meeting on March 28, 2013, in order to comply with Turkish Commercial Code no. 6102. The company's amended Articles of Association was published in the trade registry gazette on June 7, 2013.

* Sompo Japan Nipponkoa Insurance Incorporated: Sompo Japan Insurance Inc. merged with Nipponkoa Insurance Co. Ltd. in September 2014 and Sompo Japan Nipponkoa Insurance Inc. was amended as its title. Since October 1, 2016, "Sompo Holdings" was designated as its business title.

Received **Center of Excellence** award in the motor branch from Sompo Holdings.

Ranked 8th among 38 companies in non-life insurance premium generation.

2015

2016

EBRD** shares were transferred to SJNK Insurance Inc.

SJNK Insurance Inc. became the sole shareholder.

Ranked 6th among 38 companies in non-life insurance premium generation.

Considering the sustainable growth and profitability performance of Sompo Japan Sigorta, Sompo Group decided to assemble its worldwide retail operations under Mr. Recai Dalaş, the founding CEO of Sompo Japan Sigorta.

2018

2019

All the shares of the company, whose title was amended to Sompo Sigorta Anonim Sirketi on May 15, 2019, were acquired by Sompo International Holdings Ltd. on November 7, 2019.

Ranked 5th with a market share of 6.1% in non-life insurance premium generation.

Made a difference in the sector by taking an important step towards sustainability through "Respect for Earth" social responsibility project.

Sompo Sigorta, which introduced the first "International Travel Insurance Covering Covid-19" in Turkey, extended Covid-19 coverage to International Education Travel Insurance for students travelling abroad to study.

Innovative products and services developer Sompo Sigorta, which raised awareness in global climate change by "Respect for Earth" project in 2019, introduced the Solar Power Plant (SPP) Insurance product for SMEs to support renewable energy systems.

Ranked 7th in non-life insurance premium generation with 5.1% market share.

2020

2021

Sompo Sigorta moved to its new headquarters building with LEED green building certification in April 2021. The new headquarters building was designed according to the answers given by the employees in the surveys, and the needs and expectations of the employees were completely taken into consideration.

** European Bank for Reconstruction and Development

Core Strengths Of Sompo Sigorta



International Experience and Financial Strength

Representing a deeply rooted service culture and experience with its subsidiaries in 30 countries in five continents, Sompo Holdings' long-established international insurance know how, strong financial structure and reinsurance support provide Sompo Sigorta a significant competitive advantage.

Innovative Company Vision

With its innovative vision, Sompo Sigorta aims to be a company to pioneer change rather than follow. The company, which has its signature on many "firsts" in the sector, aims to be a long-term direction setter insurance company by maintaining its pioneering practices.

Stable Pricing Policy

Sompo Sigorta acts beyond a conventional insurance approach by protecting both its agents and customers in the long-term with stable and competitive pricing policy.



Management Stability and Trust

Along with rising performance among leading companies of the sector, Sompo Sigorta has been growing successfully and reassuring customer confidence with its stable management team and superior service mindset since its foundation.





Fast and Effective Communication

Sompo Sigorta is focused on providing the right solutions through its quick and effective communication capability with its customers, business partners and employees.



Effective Claims Handling Processes

Sompo Sigorta provides fast solutions in both motor vehicle and non-motor branches by effectively managing files of customers' claims with specialized claims desks.



Agency and Customer Oriented Sales Management

Sompo Sigorta accurately identifies the needs of its agents and customers, and ensures that its agents develop alternative solutions suitable for their customer portfolios, thanks to effective sales management.



Experience and Expertise

Sompo Sigorta aims to improve customer experience continuously with its experienced and expert staff, professional service approach and solution-oriented systematic service model.



Product Diversity and Campaign Management

Through cross-selling and up-selling opportunities and campaigns supplied to agencies, Sompo Sigorta translates its extensive choice of products, fashioned by its knowledge and expertise, into greater added value and benefits for its customers.

A Pioneer of Digital Change

Sompo Sigorta is quickly adapting digital transformation around the world. It reflects its digitally emerging simplicity and rapid solutions creation based superior technological capabilities onto agency screens, online platforms and system infrastructure.



EXPLANATIONS ON PRIVATE AUDITS AND PUBLIC AUDITS DURING ACCOUNTING PERIOD

Our company was audited for tax within three months intervals by Yetkin Yeminli Mali Müşavirlik A.Ş. (KPMG), and received independent audit at the end of June and the end of the year from Güney Independent Auditing and Free Accountant Mali Müşavirlik A.Ş. (Ernst & Young) .



NUMBER OF EMPLOYEES, REGIONAL OFFICES, LIAISONS AND BRANCHES, COMPANY'S SERVICE OFFERINGS AND OPERATING ACTIVITIES, AND RESULTING ASSESSMENT OF THE COMPANY'S POSITION IN THE SECTOR

Number of Regional Offices, Liaisons and Branches

Company's Trade Registry Number is 455439. Company's headquarters is located in Istanbul and operates at Beykoz Kavacık Rüzgarlıbahçe Mahallesi, Çam Pınarı Sokak, No: 10 Istanbul address.

Company's sales structure is organized as branches and regional offices throughout the country and the number of these units are increased in line with Company's growth needs.

We have following 10 Regional Offices;

- Istanbul European Side,
- Istanbul Asian Side,
- Istanbul Anatolia- East Side,
- Western Istanbul and Thrace,
- Mediterranean,
- Marmara,
- Black Sea,
- Aegean,
- Southern Anatolia and
- Central Anatolia Region,

and have three branches in;

- Denizli,
- Samsun and
- Gaziantep.

Company's Service Offerings and Operating Activities

Our company operates in all non-life branches (Fire and Natural Disasters, Financial Losses, Marine, Sea Vehicles, Sea Vehicles Liability, Motor Vehicles, Motor Vehicles Liability, Accidents, Railway Vehicles, Aerial Vehicles, Aerial Vehicles Liability, General Damages, General Liability, Surety Bond, Legal Protection, Credit, Disease/Health, Support).

Number of Employees

As of the end of 2021, our company had 672 employees.



In 2021, there has been a change in customer habits in insurance products due to global pandemic. Customers' needs and demands were taken into consideration in potential developments on products.

From Management



Chairman's Message



Katsuyuki TAJIRI
Chairman

2021 was a year in which Covid-19 measures continued to significantly affect economic and social life across the world. With increasing vaccination rates around the world and the lifting of restrictive measures, global markets entered a quick recovery period, particularly in the second half of the year.

Geopolitical Risks and Uncertainties over the Global Economy

Following 3.2 percent contraction of global economy in 2020, the IMF's January 2022 Economic Outlook Report predicts global economic growth by 5.9 percent in 2021 and 4.9 percent in 2022. While quick economic recovery in 2021 brought supply chain problems, global raw material and commodity prices increased significantly. Rising energy and food prices and expansionary monetary policies of central banks brought inflationary pressures. Annual inflation in the USA climbed to its highest level in 40 years, and inflationary pressures in European countries increased.

The increase in inflation caused central banks to make changes in their monetary policies. In this global high inflation environment, Bank of England was the first to raise interest rates. The US Federal Reserve (FED) abandoned its stance and signaled more tapering to reduce their asset purchases until the end of March and interest rate hikes as soon as second quarter. Inflation and monetary policy topics are expected to be on top of the world economics agenda in 2022.

In addition to all these developments, continuing epidemic with new variants and increasing geopolitical risks further increase uncertainties in the global economy. The extent of the negative effects of Russia's military operation in Ukraine on February 24 on the global economy remains unclear.

In 2021, Turkey started Covid normalization process especially after extensive vaccination efforts in June. Increasing domestic demand and recovering global demand after Covid normalization led to very high economic growth level and the country's economy grew by 11 percent in 2021. The driving force in strong

In the second year under the shadow of Covid-19 pandemic, global insurance industry registered a rapid recovery and returned growth in real terms. In the Sigma 5 report published by Swiss Re, it is estimated that the global insurance market grew by 3.4 percent in real terms in 2021, and will grow 3.2 percent in 2022, and 3.1 percent in 2023.

Rapid Growth in Turkish Economy

growth observed in 2021 was the increase in exports by 33 percent.

While the country's economy was also affected by the increases in global food and energy prices, annual inflation and Producer Price Index respectively rose to 36.1 and 79.7 percent in December. The ripple effect of increases on producer costs caused by exchange rate shocks create upward inflationary expectations in 2022.

The Central Bank of the Republic of Turkey (CBRT) kept the policy rate at 19 percent in July and August as part of its tight monetary policy, and started reducing interest rates in September. The policy rate was reduced by 500 basis points in total to 14 percent. After the interest rate cut in November, the depreciation of TL gained momentum. In order to avoid increases in exchange rates, the government took financial measures such as currency

protected deposits and other supportive decisions. The potential effects of government measures and the negative effects of Russia-Ukraine war on Turkish economy in 2022 remain uncertain. Due to all these uncertainties and the increases in global raw material and commodity prices, 2022 is expected to be difficult for Turkish economy.

Strong Growth in Global Insurance Industry

In the second year under the shadow of Covid-19 pandemic, global insurance industry registered a rapid recovery and returned growth in real terms. In the Sigma 5 report published by Swiss Re, it is estimated that the global insurance market grew by 3.4 percent in real terms in 2021, and will grow 3.2 percent in 2022, and 3.1 percent in 2023.

Chairman's Message

The Transformation in Insurance Industry in the Post-Pandemic

As Sompo Sigorta, we continue our technology investments in 2021 as well. We invest in digital arrangements in order to provide better and faster services and customer-oriented applications.

After the recession created by the pandemic, 2021 has been a year in which transformations began in the global insurance industry. The increase in risk awareness in cyber security issues together with climate change and digitalization, and the increase in health risk perception after the pandemic, create growth opportunities despite increasing the risks in the global insurance sector. According to EY 2022 Global Insurance Outlook Research Report, the pandemic points to the need for insurance companies to clarify their strategies on climate change and sustainability.

Another big change brought by the pandemic was in digitalization. Similar to other sectors, the journey of digitalization was accelerated in insurance sector. The increase in the use of digital channels by consumers with the pandemic caused companies in the sector to increase their investments in this area. In addition to digital sales processes, customer expectations are met more effectively with the increases in speed and efficiency provided by digitalization in all business processes involving customer contact. Virtual customer interactions are increasing significantly, especially in claims processes. The increases in remote working and virtual customer interactions also increase cyber security risks.

A closer look at Turkish insurance sector developments in 2021 reveals that, according to 2021 data of Turkish Insurance Association, the premium generated by non-life insurance companies at year end reached 84.4 billion TL, marking a year on year increase of 29%.

Considering the inflation, the sector contracted in real terms. In terms of profitability, a decrease is observed compared to 2020. As of the third quarter of 2021, the total net profit of non-life companies dropped by 33.4 percent to 3.8 billion TL.

We Aim to Turn Sompo Sigorta into a Technology Company

As Sompo Sigorta, we continue our technology investments in 2021 as well. We invest in digital arrangements in order to provide better and faster services and customer-oriented applications. Our digitalization journey, which started years ago with these investments, continues to make life easier for both our customers and agencies.

In 2022, as in previous years, we will continue to make the right moves on behalf of all our customers and employees against rapidly changing contingencies, and to prioritize innovation principle in our products and systems. I would like to express my sincere thanks to all our stakeholders who are with us and trust us.

Kind regards,

Katsuyuki Tajiri
Chairman

The premium generated by non-life insurance companies at year end reached 84 billion TL, marking a year over year increase of

29%.

As of the third quarter of 2021, the total net profit of non-life insurance companies dropped by 33.4 percent to 3.8 billion TL.



Board of Directors



Katsuyuki Tajiri
Chairman

Born in 1967, Mr. Katsuyuki Tajiri is a graduate of Sophia University, Department of English Language and Studies. Tajiri who joined Sampo Nipponkoa Insurance, Inc. (formerly Yasuda Fire Marine Insurance Co. Ltd.) in 1990, served initially in the Marketing Department, and subsequently in Corporate Planning and Global Business Planning Departments respectively as a manager between 2006 and 2013. Tajiri, who was promoted to Executive Manager at Sampo Holdings (Asia) Pte. Ltd., South Asia & Pacific Regional Director at Sampo Holdings, Inc. and South Asia & Pacific Regional Director at Sampo Japan Insurance Inc. respectively in 2013, has served as executive manager at Sampo International Retail, Sampo Holdings, Inc. and Sampo Japan Nipponkoa Insurance Inc. since 2018. Appointed as a Board Member in March 2019, Tajiri served as the Chairman of the Board of Directors at Sampo Sigorta in 2021.



Recai Dalaş
Vice Chairman and CEO

Born in 1956, Mr. Recai Dalaş graduated from Istanbul University, Faculty of Business Administration where he also completed his MS degree in Accounting and Auditing. Mr. Dalaş, who joined Oyak Sigorta in 1985, was promoted to General Manager in 1999. Since 2001, he has served as CEO of Sampo Sigorta Anonim Şirketi (formerly Fiba Sigorta A.Ş.-Sampo Japan Sigorta A.Ş.). Mr. Dalaş served as Vice Chairman of the Board at Sampo Sigorta in 2021.



Besim Ergün
Board Member

Born in 1965, Mr. Besim Ergün is a graduate of Boğaziçi University, Department of Civil Engineering. Mr. Ergün worked as Deputy General Manager at Axa Oyak Sigorta between 1991 - 2001 and Deputy General Manager at Meteksan Sistem ve Bilgisayar Teknolojileri between 2001 - 2004. Ergün who joined Sompo Sigorta A.Ş. in 2004, served as Deputy General Manager between 2004 - 2013 and Board Member between 2010 - 2013. Acting as a Business Development Consultant at our Company since 2013, Ergün was promoted to Board Member in March 2019.



Kemal Beceren
Board Member

Born in 1967, Mr. Kemal Beceren graduated from Boğaziçi University, Department of Computer Engineering where he also completed his MBA degree at the same university. Mr. Beceren worked as IT Group Manager at QNB Finansbank between 1991 - 2000 and as IT Group Manager at CarrefourSA between 2001 - 2007. Mr. Beceren, who joined Sompo Sigorta Anonim Şirketi as a Coordinator in 2007, has served as Deputy General Manager since 2010. Mr. Beceren was promoted to Board Member in March 2019.



Fahri Uğur
Board Member

Born in 1977, Mr. Fahri Uğur completed his undergraduate education in Hacettepe University, Department of Finance and his MBA education in New York University. Mr. Uğur started his professional career in 2002 as Insurance Audit Specialist Candidate at Turkish Treasury and promoted to Insurance Audit Specialist in 2006. Mr. Uğur worked at Halk Sigorta as Deputy General Manager of Technical Affairs between 2013 - 2015, and served as a Board Member in Türk P&I Sigorta between 2013 - 2014. Mr. Uğur, who joined Sompo Sigorta family as Deputy General Manager of Financial Affairs in 2015, was promoted to Board Member in February 2021.

Chief Executive Officer's Message



Recai Dalaş
Vice Chairman and CEO

2021 was overshadowed by the pandemic in our country just as the rest of the world, and it became a year of economic recovery for the country and the world after taking a hit in 2020. In 2021, our strategy as Sampo Sigorta once again has been sustainable profitability.

Competition, New Businesses, and Price Hikes Were All on the Agenda in 2021.

Despite 29 percent growth in non-life insurance sector in 2021, insurance business is not as good as growth numbers suggest, considering the annual inflation rate of 36.1 percent. The effects of price competition in the market became more visible during the two-year pandemic period and a serious profitability problem emerged. In some branches, unit-based growth is higher than premium-based growth. This indicates that policy prices could not reach desired levels due to competition. In 2021, several newly established insurance companies were extremely competitive

especially in motor branches to capture market share, and this situation affected the whole market.

During the two major crises periods in the last ten years in the insurance industry, we have witnessed that excessively competitive companies made losses which in turn caused an ensuing trend of rising policy prices. In this context, we predict that excessive price competition triggered in the pandemic period will create a third breaking point in the sector in 2022.

In 2021, Sampo Sigorta increased premium production by 3.7 percent, reached to TL 3.455 million and ranked 7th in non-life insurance market with 4.1 percent market share, despite not being in this excessive price competition particularly in motor branches. By the end of 2021, Sampo recorded 324 million TL profit after tax to become one of the most profitable companies in the sector. Our return on equity was 16 percent. Besides profitability, Sampo is among the leading companies in the sector both in terms of total assets and shareholders' equity. During the year, shareholders' equity of Sampo Sigorta has reached to 2.1 billion TL.

As Sompo Sigorta, we keep consolidating and improving our successful position in the sector as a profitable and growth-oriented company that effectively observes change, supports human resources with technological means, and takes customer experience to a higher level. In the last 20 years, we have come out of every crises stronger.

Sompo Sigorta is Among The Most Profitable Companies

Motor vehicle and motor vehicle liability accounted for 62% of Sompo Sigorta's premium production for the year. In 2021, motor vehicle insurance generated premiums totaling TL 885 million while motor vehicle liability premium production amounted to TL 1,236 million. Sompo Sigorta completed the year ranked seventh in motor vehicle branch.

The profitability in motor branches, which increased in 2020 due to pandemic, adversely affected technical profitability as Covid 19 measures were eased.

Along with increasing frequency levels after easing restrictions, rising auto industry costs due to chip crisis, low production and rising exchange rates in 2021 have led to substantial increases in claim costs. At the end of the year, number of claims increased by 22 percent as opposed to an increase of just 14 percent in number of insured vehicles. Despite all

these uncertainties on claim side, we aimed to make a difference in competition in 2021 thanks to our effective pricing structure, strong claims organization and technological claims management processes. In terms of sustainability, we made improvements in our existing services and damage processes by using technology more effectively.

Among non-motor branches, 30.5 percent growth in health branch in non-life insurance sector in 2021 stands out. Particularly, we believe that complementary health will be a growth area in 2022. Similarly, as Sompo Sigorta, we focused on improving our company's business capabilities and organization in 2021, especially in non-motor branches. In the upcoming period, we aim to increase our market share in non-motor branches. In motor branches, we can summarize our strategy as shrinking in low profitability periods and growing in periods when profitability increases again.



Motor Vehicle Insurance

885

TL, MILLION
PREMIUM GENERATION



Motor Vehicle Liability Insurance

1,236

TL, MILLION
PREMIUM GENERATION



Total Premium Generation

3,455

TL, MILLION

Chief Executive Officer's Message

We Continued Our Success with Innovative Products

We continued to invest in technology as Sompo Sigorta in 2021 as well. In order to deliver better and faster service to customer-oriented applications, we invest in digital formations.

Since its establishment, Sompo Sigorta has been a growth and profit-oriented company that adapts rapidly to change, sets an example for the sector with its digital progress, adopts efficient human resources practices and always aims to enhance customer experience to a higher level.

We are aware that in order to make a difference in insurance market, it is necessary to focus on areas untapped by competitors rather than on the products and services that everyone focuses on. In this context, in order to respond to changing needs at the beginning of the pandemic, we have developed monthly motor vehicle insurance, foreign travel insurance with Covid-19 coverage, and student travel health insurance products with Covid-19 coverage for our students who will go abroad. As Sompo, we are a competitive, innovative and data and technology oriented company with a strong management approach. We try to preserve these values that we have every time and under every circumstances.

We Stand Out in Agency and Employee Satisfaction

As in previous years, our company continued to be one among companies with highly satisfied stakeholders in 2021, both with its employee oriented HR policies and professional agency relations. According to a satisfaction survey among 1,913 agencies across Turkey for 2021, the satisfaction rate of Sompo Sigorta was 4.19 out of 5. As Sompo Sigorta, we stand out

among leading companies that agencies are most satisfied to work with. Satisfaction of our business partners is extremely important for us and we will continue to develop our cooperation by adding value to our agencies in following years.

Similar success also revealed itself in our HR policy that focuses on employee happiness and employee satisfaction. Embracing the philosophy that "The most valuable treasure is human resources", Sompo Sigorta has displayed efforts showing the emphasis it places on its employees throughout the year. Sompo Sigorta's HR efforts aimed at employee happiness enabled Sompo Sigorta Human Resources and Academy Deputy General Manager Işın Mengenli to be among the "50 Most Admired CHROs (HR Managers)" and win Golden Leader Award. Sompo Sigorta became the only insurance company to receive this award in HR category.

As Sompo Sigorta, we continued to contribute to Turkish sports by supporting sports and athletes in 2021 as well. After being the name sponsor of Beşiktaş JK Basketball Men's A Team for many years, we endorsed shorts and socks sponsorship of Beşiktaş JK A National Football Team in the Super League 2021-2022 season.

Our Digitalization Attack Continued in 2021

Being aware of the importance of digitalization, which has gained momentum especially during pandemic, we have rapidly proceeded our technology investments in 2021 that were continuing for many years. We invest in digital practices in order to provide better and faster services with customer-oriented applications. Analyzing data correctly is very essential

in insurance market, which is why we perceive being a technology company as an obligation of our age. In 2022, we aim to provide innovative products, services, processes and business models that will add high value for our business partners and customers.

As the Sompo family, we aim to make both our customers' and business partners' lives easier, and we strive to get better every single day to achieve this goal. After a successful year in 2021, I would like to express my sincere thanks to all our employees, business partners, agencies, customers and all our stakeholders, who move forward with Sompo Sigorta toward the same goal.

Kind Regards,

Recai Dalaş
Chief Executive Officer

**By the end of 2021,
our after-tax profit
amounted to TL**

324
million.

Senior Management





From left to right;

Ataman Kalkan
Deputy General Manager

Kemal Beceren
Deputy General Manager

Mustafa Orhan
Acting Deputy General Manager

Işın Mengenli
Deputy General Manager

Fahri Uğur
Deputy General Manager

Recai Dalaş
CEO

Ayhan Arslan
Deputy General Manager

Uğur Özer
Deputy General Manager

Hasan Bayata
Deputy General Manager

Senior Management

Recai Dalaş

Vice Chairman & CEO
(Appointed on December 11, 2001)

Mr. Recai Dalaş graduated from Istanbul University, Faculty of Business Administration where he also completed his MS degree in Accounting and Auditing. Mr. Dalaş, who joined Oyak Sigorta in 1985, was promoted to General Manager in 1999. Since 2001, he has served as CEO of Sompo Sigorta. Mr. Dalaş served as Vice Chairman of the Board at Sompo Sigorta in 2021.

Ataman Kalkan

Deputy General Manager
Personal Product Lines and Health (Appointed on June 1, 2017)

Mr. Ataman Kalkan graduated from Boğaziçi University, Department of Computer Engineering. Mr. Kalkan started his career at Escort Yazılım in 1997 and later worked at SFS Danışmanlık and Gima/CarrefourSA. Mr. Kalkan, who joined Sompo Sigorta family in 2007, has served as Deputy General Manager since 2017.

Kemal Beceren

Deputy General Manager
Information Technologies and Operations
Board Member
(Appointed on April 2, 2010 – March 26, 2019)

Mr. Kemal Beceren graduated from Boğaziçi University, Department of Computer Engineering and he also completed his MBA degree at the same university. Mr. Beceren started his career at QNB Finansbank in 1991 and later worked as IT Group Manager at CarrefourSA. Mr. Beceren, who joined Sompo Sigorta family as a Coordinator in 2007, has served as Deputy General Manager since 2010.

Mustafa Orhan

Acting Deputy General Manager
Marketing (Appointed on February 1, 2021)

Mr. Mustafa Orhan graduated from Orta Doğu Technical University (ODTÜ) Department of Political Science and Public Administration. Mr. Orhan started his career at Anadolu Sigorta in 1991 and later worked at Nordstren İmtaş Sigorta and Axa Sigorta. Mr. Orhan, who joined Sompo Sigorta family in 2002 and accepted various positions, has served as Acting Deputy General Manager since 2021.

Işın Mengenli

Human Resources and Academy (Appointed on February 16, 2015)

Ms. Işın Mengenli graduated from Boğaziçi University English Language Education Department, and received Management and Organization education in New York University. Ms. Mengenli started her career at Yapı Kredi Bank in 1995 and later worked at Dışbank, Deloitte, Hay Group and Mercer. Ms. Mengenli, who joined Sompo Sigorta family in 2015, has served as Deputy General Manager since then.

Fahri Uğur

Deputy General Manager
Financial Affairs
Board Member
(Appointed on July 1, 2015 - February 25, 2021)

Mr. Fahri Uğur graduated from Hacettepe University Finance Department, and completed his MBA degree in New York University. Mr. Uğur started his career at Turkish Treasury in 2002 and later worked at Türk P&I Sigorta and Halk Sigorta. Mr. Uğur, who joined Sompo Sigorta family in 2015, has served as Deputy General Manager since then.

Ayhan Arslan

Deputy General Manager
Claims
(Appointed on October 1, 2021)

Mr. Ayhan Arslan graduated from Uludağ University İİBF Business Administration Department. Mr. Arslan started his career at Allianz Sigorta in 1999 and later worked at Mapfre Sigorta, Ergo Sigorta and Axa Sigorta. Mr. Arslan, who joined Sompo Sigorta family in 2019, serves as Deputy General Manager in our Company.

Hasan Bayata

Deputy General Manager
Sales
(Appointed on October 1, 2021)

Mr. Hasan Bayata graduated from İstanbul University SBF Public Administration Department. Mr. Bayata started his career at Interbank in 1998 and later worked at Ak Sigorta. Mr. Bayata, who joined Sompo Sigorta family in 2017, serves as Deputy General Manager in our Company.

Uğur Özer

Deputy General Manager
Corporate Product Lines and
Corporate Sales
(Appointed on August 1, 2013)

Mr. Uğur Özer graduated from Marmara University Economics Department, completed Accounting and Financial Control MS Degree in İstanbul University, and completed his MS and Phd degrees in Economics in the University of East Anglia. Mr. Özer started his career at Turkish Treasury in 1991 and later worked at Generali Sigorta. Mr. Özer, who joined Sompo Sigorta family in 2013, has served as Deputy General Manager at various functions since then.

Sompo Sigorta carries out its activities with the philosophy of contributing to the safety, health and happiness of its customers and society as a whole by providing the highest quality insurance products and services.

2021 Operations





Operating Fields And Products

Personal Product Lines and Health

While Covid-19 outbreak persisted with different variants in 2021 and caused great changes in all aspects of life, this process also changed the perception of insurance products. In an environment where cross-country borders were closed and travel insurance generation collapsed for a while, Sampo Sigorta has come to the spotlight with products developed by a needs-driven approach.

Complementary Health

While Sampo Sigorta, as part its Complementary Health Insurance product, was offering free check-up and difference-making unique practises and coverages such as hospital stay compensation and favorable tooth treatment package, it also expanded its healthcare business partnerships by providing more than

550

institutions to serve its customers.

Despite causing many troubles worldwide, Covid-19 pandemic helped raise awareness considerably in health insurance.

The Company continued to develop complementary health products in line with our aspiration of “Being a strong and respectable healthcare player which creates value for its stakeholders”.

Sampo Sigorta made its presence and philosophy in health insurance closely felt by primarily customers as well as healthcare partners and agencies through its practices of not only endorsing Covid-19 coverage but also extending coverage to all potential future pandemics.

While Sampo Sigorta, as part its Complementary Health Insurance product, was offering free check-up and difference-making unique practises and coverages such as hospital stay compensation and favorable tooth treatment package, it also expanded its healthcare business partnerships by providing more than 550 institutions to serve its customers.

Additionally, two more option plans in its no-waiting “Complementary Health Childbirth Package” are created as “Childbirth” and

“Childbirth + Pregnancy Examination” to allow customers most convenient childbirth coverage options without a waiting period.

Along with Complementary Health and Complementary Health Childbirth Package products, customers are also offered ‘Life Therapy’ products to cover 9 critical diseases. Customers may choose any of 30 thousand TL, 50 thousand TL ve 100 thousand TL coverage plans with fixed premiums regardless of variables such as age and gender. Although this product is offered separately, it can also be bundled with Complementary Health Insurance to benefit more favorable premiums.

Sampo Sigorta, with a vision of being a solution partner with stakeholders, continued a series of “Agency Health Information Sharing Meetings” in 2021, which started in 2020. 32 health meetings brought together 607 agencies. Thanks to these meetings, which helped communicate Company’s approach to health branch, products, services and implementation practices, needs and demands of agencies could be evaluated closely.

Sampo Sigorta achieved a growth rate well above industry in Complementary Health between 2016 – 2021. Company will continue to expand its products portfolio and diversify its coverages and services in health branches in 2022 with the same vision and aspiration.

Motor Vehicle Insurance

Sompo Sigorta's personal product line offers a wide array of vehicle insurance options to meet customer demands in various coverage and premium combinations. Among offered options, minimum, monthly and comprehensive vehicle insurances are available.

As Covid normalization began at the end of 2020, demand for insurance products have risen in 2021 due to increases in exchange rates and inflating vehicle prices. Accordingly, competitive minimum vehicle insurance product is updated with expanded coverage to meet changing customer needs.

Motor Vehicle Liability Insurance

Considering customer needs besides mandatory insurance, additional coverages such as discretionary liability coverage, roadside assistance and legal protection are supplementary options offered. Customers may demand supplementary options to be included in their mandatory insurance policy contracts.

Sompo Sigorta's aspiration to be on top of the list in product and coverage diversity will continue in 2022. In a business climate with ever changing customer needs, efforts to provide the coverages needed in different aspects of life and to make a difference for customers will continue.



Operating Fields And Products

Sompo Sigorta digitalized all possible actions at a maximum level to accelerate claims processes in line with customer and supplier demands during the pandemic.

Special Products

Just as it was in 2020, online education was prioritized in 2021. Travel health insurance education was offered in five education sessions to 146 agencies, of which 40% were new agencies.

There was a new regulation announcement requiring a change in Foreigner Health Insurance products about waiting periods, renewals and coverage limits. Following the legal announcement, this product is revised as required.

Auto chip crises and volatility in used-car markets were developments negatively affecting automotive industry. In the circumstances, Sompo Sigorta developed a new promotion model for auto insurance agencies and provided agency employees additional income based on growth performance. Consequently, agency loyalty to the Company increased. Moreover, markets were closely watched with auto agency visits.

The pandemic which started early 2020 impacted tourism sector most, and thus travel insurances lost huge business volumes. In this situation, Sompo Sigorta made a difference in the sector by developing a product covering Covid-19. As of 2021, travel insurance premium generation increased along with border openings and increases in vaccination requiring tourism travels.

Products that Sompo Sigorta offers in “Special Products” line are:

- Travel Insurances
- Foreigner Health Insurances
- Natural Gas Conversion Package Policy
- Agriculture Insurance
- Transportation Full Damage

Household

Sompo Sigorta offers innovative Non-Motor personal products involving different coverages and services in line with customer needs and industry dynamics. These products are Household (Plus Household, Bank Household, Household Furnishing Plan, Minimum Household etc.) Digital Security, Climate Insurance, Personal Accident, Mandatory Quake Insurance, Complementary Health Insurance.

In 2021, there has been a change in customer habits in insurance products due to global pandemic. Customers’ needs and demands were taken into consideration in potential developments on products. Additionally, many improvements are made on household portfolio utilizing past experiences. These improvements allowed more competitive pricing capabilities.



Corporate Product Line and Corporate Sales

Sompo Sigorta digitalized all possible actions at a maximum level to accelerate claims processes in line with customer and supplier demands during the pandemic. Sompo Sigorta continued to serve Corporate Product Lines for customers and businesses of all sizes against local and international risks by offering products as follows.

- Fire (along with Machinery Breakdown, Electronic Device, Employer & 3rd Party Liability, Cash in Transit, Fidelity and Personal Accident),
- Engineering (Machinery Breakdown, Electronic Device, Leasing All Risk, Construction/ Assembly All Risk),
- Liability (Employer Liability, 3rd Party Liability, Personal Accident, Cash in Transit, Fidelity, Product Liability, Professional Liability and all Mandatory Liability Products),
- Marine (Cargo and hull product groups) and
- Agriculture branches.

In addition to these products, it offers special solutions by designing package products (SPP Package for Solar Power Plants, Pharmacy Package for Pharmacies, Jewelers Package, etc.) with wide coverages in line with different customer needs for specific operating fields.

Economic recession which was observed during first year of pandemic, started to ease by late 2020 and was mostly recovered by the end of 2021. Consequently, additional pandemic measures for business criteria encumbered in 2020, gradually phased out in 2021 to return to ordinary flow of operations. Thus, maximum protection was provided against the risks posed by indirect effects of the pandemic.

In line with Company's corporate objective, significant steps are taken towards increasing both the operational and process efficiency and digitalization since 2018 within the scope of transformation initiated in Corporate Product Lines. Efforts to support this strategic approach steadily continued in 2021.

Moreover, in line with "Business Ownership Model" initiated three years ago, extensive channels contact and business development actions continued by gaining momentum in 2021. Business development oriented regular meeting plans with Banks were organized and this process as well as potential tasks were constantly observed throughout the year.

Agencies

On the agency side, several actions took place throughout the year. Corporate Product Line and Corporate Sales Deputy General Manager visited all regional offices as well as Underwriting – UW Managers' visits to high potential agency areas and one-on-one communication was built with agencies in these visits. Besides, new meetings were organized between UW Managers and promising new agencies in Corporate Product Lines. Another cooperation process similar to one developed with agencies, was also underway with broker channels, which helped develop relations with high potential brokers at solutions partnership level to benefit both current year and following years. Therefore, both Business Ownership Model's acceptance by technical staff and its penetration in all distribution channels were accomplished.

Efforts to boost efficiency and support the strategic approach to digitization remained unabated in 2021.

Operating Fields And Products

Greatest post pandemic premium generation recovery happened in construction insurances. Postponed projects from previous year and current year projects together created an opportunity and great growth momentum was achieved.

Efforts to increase automation in business criteria continued in 2021. Agency authorizations in SME Insurances and Marine products were increased in order to improve customer and agency satisfaction as well as operational efficiency. Moreover, efforts to authorize agencies for the first time in Construction/Renovation area are completed.

Particularly after increasing vaccination in 2021, more physical contact with the channels benefited both business development and process improvement. Efforts were made to eliminate the negative impact of the pandemic on business development processes by regional visits of Corporate Product Line and Corporate Sales Deputy General Manager and UW Managers.

Greatest post pandemic premium generation recovery happened in construction insurances. Postponed projects from previous year and current year projects together created an opportunity and great growth momentum was achieved.

2022 Targets

Service quality improvement and extension of Business Ownership Model, which stood out as the most important factor in 2021, will be among the main targets of 2022. In addition to process efforts, product portfolio development efforts will also continue.



Claims

A Year Overshadowed by Pandemic

Automobile and spare-parts manufacturing and after-sales services were all negatively impacted by the pandemic, which in turn reflected on insurance claims processes.

Fluctuating damage claims and auto industry caused delays in vehicle repair times adversely affected vehicle owners. To minimize the burden of this adversity for sales channels and Company employees, more effective communication is arranged with other field components of claims processes. In this way, claims processes were fulfilled at an optimum level. On the other hand, significant economic developments occurred in the last quarter of the year and vehicle repair costs and used car market prices have changed as a result of the circumstances in auto industry. These developments and changes in value were considered by Sompo Sigorta. Damaged car repairs and write-off decisions were made considering these circumstances to achieve maximum claims process satisfaction with optimum costs for our customers.

During pandemic our field staff were mobilized and shifted to remote work model. Our field work continued without interruption, and progress was made in hybrid working model through coordinated efforts of research team.

2021 Projects and Efforts

The most important project in the Digital Claims Department is the "Digital Claims Phase-2 Project", which is planned for the first half of 2021 and whose opening meeting was held at the beginning of July 2021. With this project, detailed review was planned for all business processes of all units (except Value Loss Calculation) operating under the umbrella of Digital Claims. Thus, both improvement of existing processes and creation of necessary systematic infrastructure to achieve planned project outputs were aimed.

In addition, studies were carried out in the unit that performs file management with the noncontractual services under Document Management Unit. It is aimed to directly integrate all conversations into the Icap claims system by communicating directly and exchanging information and documents via WhatsApp over the Connexease application. In respective studies, testing phase has been completed by the end of the year.

The process of establishing and running the systematic infrastructure of Digital Claims Control Function, which is another important development topic, was completed by the end of July 2021. The existence of this unit and its proper functioning as a well-established structure are of great importance, and it is expected to play an important role in realization of the target of direct payments from Digital Claims.

During pandemic our field staff were mobilized and shifted to remote working model. Our field work continued without interruption, and progress was made in hybrid working model through coordinated efforts of research team.

Operating Fields And Products

In case of catastrophic damages such as floods and storms experienced throughout Turkey in 2021, customer losses were settled as quickly as possible by establishment of a catastrophe team and practical and fast claims practices.

One of the important activities introduced in the first 6 months of 2021 was the application of Digital Claims Bonus system. With the strength of the existing assessment criteria available thanks to the bonus system, a powerful motivation tool was provided for better results by rewarding the team based on the results they achieve.

Almost all of the improvements within the scope of the "Standard Motor Claims Transformation Project", which is the first of our major transformation projects to improve claims processes, were implemented and utilization of motor claims personnel, began.

Another one of our projects within this scope, "Motor Heavy Damage Transformation Project", continues to be developed; and as the project reaches the stage of "pilot testing in real environment", the usage of improvements and implementation of necessary updates began.

Field inspection and research processes also continued throughout the year. The process of transferring bodily injury files to the risk engine, a first in the sector in Non-Motor branch, where risk analysis is carried out, was completed and included in the systemic flow.

Non-Motor Claim

In management of claims in corporate and personal Non-Motor lines, we met with our channels in various platforms and site visits throughout 2021 with better quality and faster and solution-oriented service approach. Our claims processes were continuously improved in line with the needs and expectations of our customers and agencies at the time of damage. A high level of customer and channel satisfaction was achieved particularly in housing claims with digital management.

Within the scope of transparency, process traceability and operational efficiency, system improvements in claims management continued in 2021 in line with current technological developments. Customer communication with competent employees was emphasized, employees were offered advanced technical training in Non-Motor claims management, and similar Non-Motor claims training was provided to agency employees.

The "Non-Motor Transformation Projects", which started as of 2019-2020, continued in 2021 in order to continuously increase customer and channel satisfaction by paying the right claims easily and quickly through advanced claims solutions and management.

In case of catastrophic damages such as floods and storms experienced throughout Turkey in 2021, customer losses were settled as quickly as possible by establishment of a catastrophe team and practical and fast claims practices. In this context, a new "Catastrophic Claims Management Project" was initiated in order to provide uninterrupted and faster service.

A Proactive Claims Communication Model with Customers and Agencies was adopted. Developing technology and current conditions allowed meetings with our customers on digital platforms discussions about file management processes.

2022 Targets

As Motor Claims Unit, our target for 2022 is; completion of ongoing claims transformation projects and monitoring their outputs, maturation of the process by necessary revisions, and improvement of our claims processes by enhancing our reports.

Our biggest target in Digital Claims Department is the completion of Digital Claims Phase/2 Project, which involves all processes of the Digital Claims Department.

Our Quality Management 2022 target is to activate and digitize all controls using artificial intelligence with the support of the system.



Human Resources, Academy and Internal Communication

Human Resources

Our Policies and Targets

By the end of 2021, our
Company employed a
total of

672

employees, including
137 managers.

Our Human Resources policy; is to employ qualified human resources in line with the Company's goals and strategies and to ensure their most efficient employment. Objectives of Human Resources are;

- To create an inclusive, collaborative and continuous improvement system within the framework of company culture and values,
- To support the professional and personal development of employees,
- To provide internal communication,
- To create a working environment supporting innovation, leadership and quality,
- To be a solution partner of other departments.

Employee Engagement

Employee engagement is constantly measured, and Sompo Sigorta ranks high in terms of employee engagement among worldwide Sompo Group companies. Many human resources activities and actions are carried out in order to increase employee engagement.

The company believes that the impact of manager development on increasing employee engagement is significant and it values manager development within this framework. Accordingly, the performance system, in which managers evaluate

employees on the basis of their targets, competencies and development, as well as the 360-degree manager evaluation system in which employees evaluate their managers, have been implemented since Company's inception. The evaluation results play an active role in determining the needs for improvement and career planning.

In 2020, a Flexible Benefits Program named "As You Like!", in which employees can determine their fringe benefits, was introduced as part of practices to increase employee engagement. The Program continued in 2021 with increased participation. Changing working conditions and especially the introduction of remote working during the pandemic period, changed employee needs. With this program, Sompo employees can choose the benefits they wish or need instead of benefits they do not need. A completely personalized and meaningful package has been created and all employees were able to choose flexibly from alternative benefits offered within the scope of the program such as food allowance, private health insurance, New Year's gift, vehicle and gas allowances as they wish. Employees are allowed to choose a more comprehensive upper plan using the budget created from their existing fringe benefits, or to choose a lower plan according to their needs and thus create additional budget from this to consider alternative supplementary health packages such as critical diseases insurance and dental treatments.

Recruitment

There are practices such as a face-to-face "First Impression Meeting" with new employees in the 5th month after their employment to talk with new employees about their satisfied



areas and requested changes, and face-to-face “We’re Listening to You” meetings with old employees working for over a year to know them and listen to their thoughts and feedback and to take action.

Career Planning

Talent management practices are employed in our company that focus on strengths and aim to reveal these talents and increase success. Career paths are open, clear and explicit. According to the qualifications of the individuals, horizontal transfers between departments are possible. In addition to their managerial career, employees can develop themselves as specialists and pursue a technical career.

In promotion and recruitment to positions with team management responsibility, we have “Evaluation Center” practices in order to use an objective tool when evaluating candidates, to evaluate all candidates fairly

based on same criteria, to give feedback on tangible data and observations, and to invest in development based on accurate data.

Business Life During Pandemic

During pandemic, remote working period started by extensive technology and digitalization investments. 90 percent of the employees switched to remote working model with the pandemic, and employee preferred hybrid work model was introduced permanently as of December 2021. While preparing the hybrid model, instead of creating a single model for all employees, the office attendance requirements of all positions in our Company including managers were analyzed one by one, and the preferences of the employees were also taken into account. While implementing this model, a systemic infrastructure was created in which concerns such as meals, transportation and office spacing can easily be managed.

Human Resources, Academy and Internal Communication

Sompo Sigorta Moved to Its New Building in April 2021

Sompo Sigorta moved to its new headquarters in April 2021. The new building was designed to promote employee happiness, health and working efficiency. The new headquarters building, which has the LEED green building certificate, was designed according to the employees' responses in the employee surveys, and employees' needs and expectations were completely taken into consideration. A total of 8 floors of the building were arranged as open offices. On each of the office floors, certain areas were allocated where employees can get drinks and spend short breaks as they want. Apart from the office floors, there is also the Active Learning Floor for Sompo Academy, the restaurant/cafeteria floor and the Social Area Floor that can be used as a living space featuring a fitness room, basketball court, squash game room, yoga/pilates room and music room.





Human Resources, Academy and Internal Communication

Academy and Internal Communication

The purpose of Sampo Academy is to train professionals who create value not only in Turkish insurance sector but also in global markets. Under the umbrella of Sampo Academy, our employees from all levels are always provided with the opportunity for continuous improvement with task-oriented academic programs, managerial trainings, in-house mentoring practices, on-the-job training, and tailor-made boutique training solutions that support our goals and strategies.

In our company, all training and development activities are carried out under the roof of Sampo Academy. Since its establishment, Sampo Academy has adopted a boutique development approach that serves the goals of the Company and its departments. Instead of standard solutions and off-the-rack and mass trainings, tailor made solutions are promoted.

At Sampo, training and development process starts on the first working day of employees and continues throughout their employment. In this sense, Sampo Sigorta is like a school. Employees who freshly start working, quickly adapt to both the Company and their new duties, and integrate into Sampo culture, thanks to their buddies who never leave them alone from day one, e-training package created for newcomers and comprehensive mixed orientation program.

In order to develop the managerial competencies of the managers, a two-phase "Sampo Style Management" program is implemented. The first phase of the program is "Managing the Team, the Business and the

Future at Sampo"; and the second phase is "Multidimensional Leadership at Sampo". Both phases of the training program are aimed to substantiate learning through follow-up and practice sessions. In addition to management training, there is also an in-house "Mentoring Program" to support managerial development.

Besides to all these, overseas education opportunities are offered thanks to the advantages of being a global company. Our employees participate in employee exchange programs organized by our shareholder Sampo Holdings, and mini-MBA programs organized in cooperation with the University of Singapore (NUS), whereas managers participate in "Global Leadership" and "Global Executive" programs. Such programs, which are realized in unison with different cultures, make significant contributions to both our employees and our company.

2021 Activities

Orientation and adaptation programs for newly recruited employees were completely shifted to virtual environment and carried out online. Videos recorded by executives at home in the early stages of the pandemic in 2020 were enhanced in 2021 with more professional content and higher quality format. These videos enabled new employees to quickly comprehend business processes and to get to know their managers in the lack of opportunity to meet personally during remote working period.

The long-term academic program "Claims Development Workshop", which started in March 2018 and designed to offer deep expertise for each claims employee, delivered its graduates in July 2021. In order to maintain this program and other claims trainings through a sustainable learning model, "Claims Internal Trainer Program" has begun. In order

to make our development sustainable with our internal trainers, volunteers among employees who meet our criteria for trainers are included in the “Internal Trainer Development” process. Employees involved in the process initially participated in the applied “Trainer’s Training”.

Sompo Sigorta acts with “If you can’t measure, you can’t know, if you don’t know, you can’t manage” philosophy. In this regard, “Advanced Analytical Transformation Program”, which was initiated in 2020, continued in 2021. A comprehensive training program was created to develop people with analytical awareness and competence, to promote Advanced Analytics, which is an

essential component of digital transformation movement, within the organization, to transform value by joining our process knowledge and experience with Advanced Analytics, and to increase employee productivity by automating routine processes. At the end of the training program, the participants invented project ideas for the problems they encountered regarding their own business processes and implemented their projects through data modeling. Participants who received Beginner Level Analytical Techniques Training were entitled to receive Citizen Data Scientist certificates after completing Citizen Data Scientist Program regarding their projects in the second phase.



Human Resources, Academy and Internal Communication

Sompo Agency Academy and Agency Development Journey

The “Agency Development Journey” program first started in July 2020, and efforts continued in 2021. Trainings were provided to improve training capabilities of employees who will provide training to agencies. Thanks to these trainings, our trainers also improved their skills in offering training on digital platforms.

We endeavored to deliver trainings for agencies across all regions from the beginning of the pandemic. Driven by these trainings, our online learning platform “Sompo Agency Academy” came to life for our agencies. The development opportunities offered to agencies became more systematic and diverse thanks to this learning platform. Single point of control was established for different learning processes such as both e-learning and classroom training. Trainings became accessible regardless of time and place thanks to the platform, which allows access via smartphones, tablets and mobile devices.

Internal Communication

The platform SompoConnect, which was introduced to improve internal communication and cooperation, is used effectively to increase sharing between employees and departments, and all kinds of information regarding employees are shared on this platform. In 2021, various competitions were held on SompoConnect and interaction between employees was increased.

Sompo Unite

Developments regarding Sompo Sigorta are shared as news on a regular basis on Sompo Unite, the communication platform of the Sompo Holding Retail Platform, and news content is produced for “Global Retail News” to reach all Retail Platform companies.



Social Responsibility

“Sompo Memorial Forest” was created through social responsibility activities initiated by donating a sapling to TEMA for each seniority year of employees at employment anniversary celebrations starting from 2019 - 2020 period. This practice carried on with Hope Foundation for Children with Cancer (KAÇUV) in 2021, one room in the KAÇUV Family House was adopted by Sompo Sigorta, and one day’s worth of expenses of the room in the Family House were endorsed for each seniority year of the employees. This practice continued with Turkish Education Association (TED). For each seniority year of employees, one day’s worth of TED Scholar’s qualified education scholarship was endorsed on behalf of our employees.

Following an employee switch from desktop to laptop computers during remote working period, desktop computers were donated in 2021 to support the distance learning of schools in need, in cooperation with the Village Schools Communication Association. Similar to book campaigns, priority was given to schools in regions affected by floods and wildfires in our country.

Sompo Sigorta, which was posting obituaries in the last two years for deceased agency employees and their relatives, decided a donation to an NGO instead of an obituary would be more effective, and cooperated with Hope Foundation for Children with Cancer (KAÇUV). Donations were made to KAÇUV on behalf of Sompo Sigorta’s agents and their relatives who lost their lives in 2021, and their names were kept alive in children. Donation certificates were sent to the agents’ relatives digitally.



Marketing Activities

While reaching out to all agencies and customers through internet and social media campaigns, communication processes were effectively managed and TV, radio and print media were actively used.

Strong Brand Contribution with Marketing Communication

Sompo Sigorta efficiently used all communication channels in 2021 to promote its brands and products through special content productions for connecting agency distribution channels and customers. In addition to ongoing trainings, meetings and campaigns for agencies, activities of the “Samurai Club”, a prestige and loyalty club created for agencies, actively continued as well. While reaching out to all agencies and customers through internet and social media campaigns, communication processes were effectively managed and TV, radio and print media were actively used.

Advertising Campaigns and Press Communication

Despite the Covid-19 pandemic, which has affected our country and the world for the last two years, Sompo Sigorta’s communication campaigns carried on steadily with even stronger emphasis in 2021. TV, radio and print media were used efficiently to raise brand awareness, support sales, and promote products and services. Important developments, which may draw interest of agencies and customers, were shared regularly in print and digital media.

Sompo Sigorta, which has been a long time name sponsor of Beşiktaş JK Men’s Basketball Team, became shorts and socks sponsor of Beşiktaş JK Football Team-A in the Super

League 2021-2022 season. Sponsorship efforts were announced in every media through press releases and #BizBuAşkıAnlıyoruz (We Understand This Love) tagged advertising and communication activities.

Effective campaigns were launched in order to support the transformation of the insurance demand, which stood out because of the pandemic, into permanent awareness. Hence, press communication was underway to broadcast “Complementary Health Insurance” product to a wider customer base. Comprehensive content was released to all print and online media channels, indicating suitability of Sompo Sigorta’s Complementary Health Insurance for every need during the pandemic process, where health became increasingly important and healthcare expenditures have risen. This content was also supported by ads posted in national media.

In the agency satisfaction survey covering 2021, Sompo Sigorta earned its place among the companies that agents are most satisfied working with. A news bulletin about this success was released to all media and positive reflections were received.

Continuing its actions that add value to its employees in 2021, Sompo Sigorta carried on implementing projects focusing on employee happiness. A comprehensive content for HR practices was produced and released to print and online media. The content was promoted with advertisements. At the same time, Sompo Sigorta’s effective HR practices brought an award to Işın Mengenli, Deputy General Manager of Sompo Sigorta Human Resources and Academy. Mengenli was voted among “50 Most Admired CHROs” with 35 thousand votes and won the Golden Leader Award. A news bulletin was released on this topic and positive reflections were received.

Along with the increase in remote working and digitalization processes that started

in all sectors and institutions due to the pandemic, the “Digital Security Insurance” product, designed for individual customers against technological and cyber threats, was promoted with news and communication activities across different channels.

As every year, the contribution of all communication activities to Sompo Sigorta brand, as well as the development areas for agencies and customers, were measured in 2021 with “Brand Health Survey”. In the Ipsos Research Company conducted survey, Sompo Sigorta brand perception was measured through the eyes of both Sompo Sigorta’s customers and potential customers. According to the survey among 1221 people over the age of 25, Sompo Sigorta ranked among top 5 brands in the sector in terms of top of mind and total spontaneous brand awareness.

Digital Communication Channels

As part of digital communication activities, all social media channels and the Google search network are actively used to bolster Sompo Sigorta’s image and brand awareness. Informative content plans were created to introduce the Company and its products in line with growing trends suitable to the dynamics of each social media channel. While preparing remarkable informative content about products, sales were supported with content that would promote the sales channels exclusive to online products. Brand awareness was improved by customized ads for target audience. Effective posts were made properly on LinkedIn, mentioning employees, corporate achievements, news on media and innovations.

In order to provide a better user experience, improvements are continuously made on Sompo Sigorta website. The site ownership map, created for this purpose, was shared every month with related units and update requests were collected. Appealing content and visuals for customers and agencies were prepared and posted on corporate website. Each featuring in visual or print media, was also posted on the web site simultaneously in order to reach out to more people and raise brand awareness.

Sponsorship Efforts

Sompo Sigorta continued to support Turkish sports and athletes in 2021. Sompo Sigorta, shorts and socks sponsor of Beşiktaş JK Football Team-A in the Super League 2021-2022 season, launched a campaign tagged #BizBuAşkınıAnlıyoruz (We Understand This Love) to support the passion of Beşiktaş JK fans.

The sponsorship announcement was made in a meeting closed to press but supported by bulletin releases. Positive reflections were received across all media. Related introductory film was shared on social media channels and all digital channels. The film has quickly reached approximately one and a half million viewers.

Value chains of various branches in Sompo Sigorta were analyzed end-to-end through a customer-oriented perspective and improvement areas were identified.

Marketing Activities

“Whatsapp Claims Line” and “Claims Payment with Camera” applications made the lives of customers easier and praised during pandemic.

Customer Experience and Superior Service Mindset

Sompo Sigorta steadily continued its efforts in 2021 to improve customer experience and to provide excellent service to its customers. Value chains of various branches in Sompo Sigorta were analyzed end-to-end through a customer-oriented perspective and improvement areas were identified. In this context, “Personal Motor Vehicle Insurance Renewal Experience Survey”, “Personal Vehicle Motor Insurance Claims Experience Survey” and “Replacement Vehicle Experience Improvement Project” were carried out in 2021.

Customer Satisfaction Assessment

Improvement and development efforts were undertaken to design Sompo Sigorta’s satisfaction assessment framework, which will provide the most accurate customer feedback, and to turn the assessment scores into improvement actions. Satisfaction survey scores and assessments were reported monthly. As part of satisfaction assessments, transition to new methodology, competition analysis and measurement panel studies were underway.

Effective Customer and Agent Communication

Sompo Sigorta always cares about the opinions of its customers and agents. Within the scope of marketing activities in 2021, customers who received service were surveyed via Interactive Voice Response (IVR) to assess their satisfaction and experience about services they received in different areas.

The purpose of the surveys is to enable understanding of the service experience through customers’ eyes. With the help of these surveys, customer dissatisfaction areas and areas requiring improvement were identified, and solution-oriented practices were implemented.

In order to improve the business processes of the agencies that are in constant contact with their customers, and to measure agents’ opinions about the company and increase their loyalty, Sompo Sigorta continued to regularly assess agents’ opinions on services and support offered to them with “Agent Satisfaction Survey”. Sompo Sigorta has ranked among top companies that agents are most satisfied working with, by scoring 4.19 points in 2021 Agent Satisfaction Survey. Contingent on survey results, efforts were made to improve agency related processes.

Digital Transformation in Product Management

As part of digitalization vision and targets, product performances per distribution channels were regularly monitored. Campaigns and product development activities to highlight the Company were implemented, and new product studies were supported by training activities and campaigns.

In the pandemic period that has affected our country and the whole world for the last two years, Sompo Sigorta’s penchant for the digital and the digitalization projects it has implemented for years have minimized the negative effects of the pandemic. In particular, “Whatsapp Claims Line” and “Claims Payment with Camera” applications made the lives of customers easier and praised during pandemic.

Innovation and Technology as Key to Development

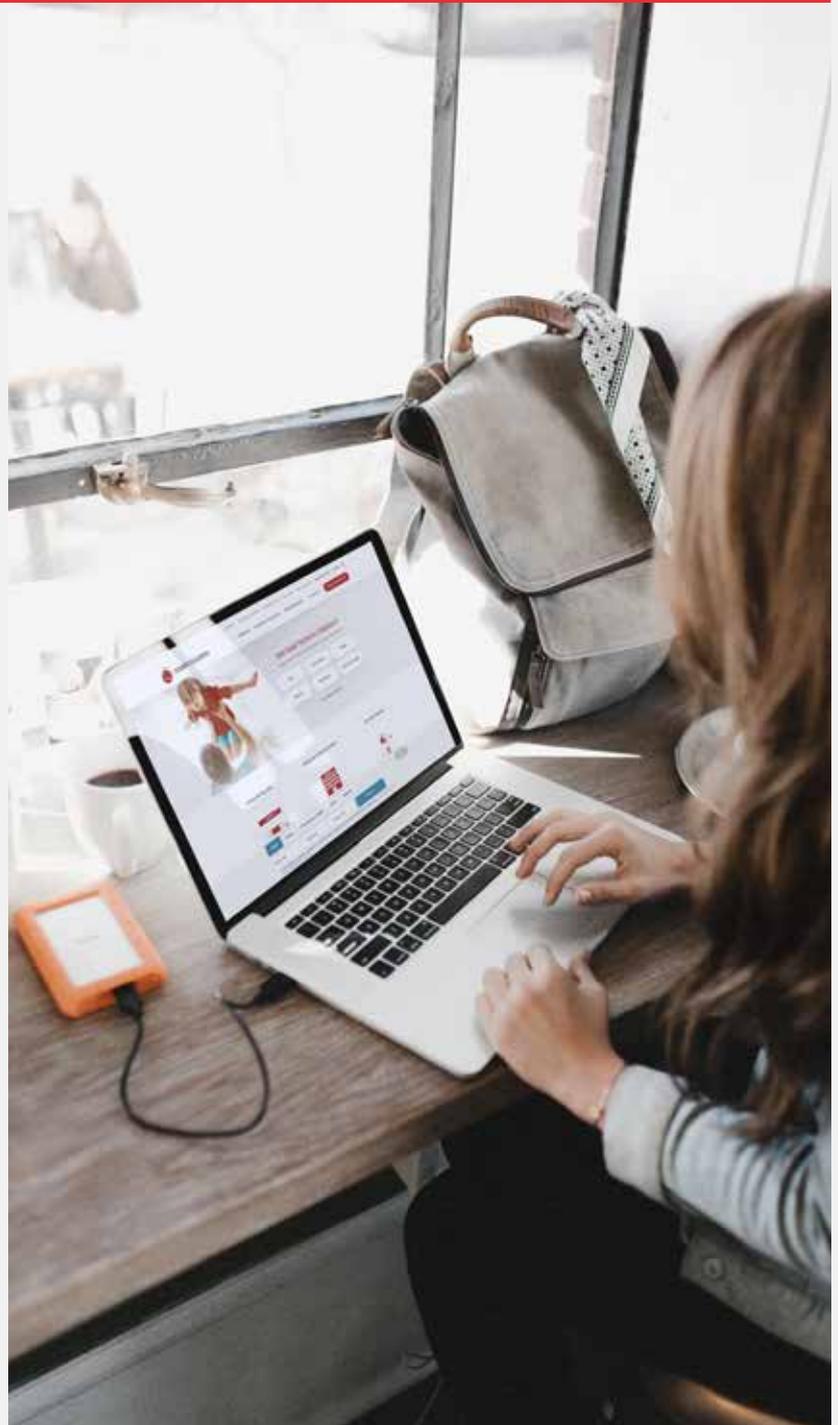
Sompo Sigorta embraces innovation as part of its corporate culture and establishes itself as a pioneer with its innovative products that the industry follows.

In a market landscape with constantly changing customer needs, the Company continued its difference making efforts for customers in 2021 with a commitment to offer top ranking diversity in products and coverages needed in different areas of life. In addition to coverages offered to customers with a customer-oriented vision, Sompo Sigorta aims to boost customer loyalty by providing fast, easy and high quality experiences in claims and assistance service processes. The Company continued pioneering in the sector with its practices centered around digitalization.

Sompo Sigorta implemented pioneering and innovative applications in the sector such as;

- The first agency portal application,
- Being the first insurance company to centralize claims,
- The first virtual POS application,
- The first quick sales screen.

Sompo Sigorta offers products, which stand out in terms of content, price and operational convenience, such as auto vehicles liability, motor insurance, housing, plus personal accident, business package, complementary health and dangerous diseases. In addition, Climate Insurance, which is first and one of a kind in Turkey, offers coverage to people and their assets for four seasons. With this product, which was launched alongside "Respect for Earth" project, Sompo Sigorta aims to draw attention to global warming and climate change, which are among the biggest threats of our time.



Marketing Activities

In 2021, Sampo Sigorta continued to support its customers and agencies with both the digital insurance platform Ejento Web and the mobile insurance application Ejento Mobil.

Sampo Sigorta's Focus is on Digitalization

The impact of pandemic on consumer behavior, combined with evolving technological solutions, has made it more obvious that digitalization is not a short-term trend. Digital transformation pervasive in all areas of life, continued to increase its momentum drastically in the insurance sector.

The journey of digitalization, which started years ago with foresighted vision of Sampo Sigorta, has continued to facilitate the lives of both customers and agencies. Sampo Sigorta, which offers analytical and customer-focused insurance experience by promoting effective use of evolving technology to both its customers and agents, continued to consider maximization of user experience as its main strategic goal.

Digital Solutions for Insurance Customers

Changing consumer preferences demanding easier and faster access to products and services, thanks to advancing digital technologies, continued to influence insurance sector in 2021. Accordingly, Sampo Sigorta continued to use digital channels effectively in 2021 and enabled its policyholders to easily complete their transactions on digital platforms. With a focus on user experience, the processes in corporate insurance web portal of Sampo Sigorta, which are offered to customers in order to meet various insurance needs such as purchasing insurance products on the corporate website, accessing insurance

policy details, tracking and renewing claims information, were updated. With the mobile application "Sampo Mobilo", several insurance services such as policy purchasing, accessing policy details, claims processing and tracking, and assistance requests were offered for all customers without disruptions and with enriched new functions in 2021.

Digital Solutions for Agencies

In 2021, Sampo Sigorta continued to support its customers and agencies with both the digital insurance platform Ejento Web and the mobile insurance application Ejento Mobil. One of the most important goals that the Company focused on throughout the year was to create a better user experience with digital solutions offered to business partners. Solutions were created that will allow continuous and quick responses to meet the needs of agencies and customers, and these solutions were timely and conveniently offered for users' experience.



Distribution Channels

Comprehensive product trainings and seminars were organized online for agencies in 2021. Additionally, all sorts of communication support were provided to agencies through 10 regional offices.

Sompo Sigorta serves its customers with about 2,500 agencies across Turkey. Agency channels represent a crucial place in sales and production of the Company. For this reason, organizations and trainings tailored to agencies are arranged to support them better understand Sompo Sigorta and increase their motivation.

Although organizations and trainings could not be held face-to-face in 2021 due to Covid-19, comprehensive product trainings and seminars were organized online for agencies. Additionally, all sorts of communication support were provided to agencies through 10 regional offices. Agency requests such as corporate identity, branding and training were answered at a highest level.

Agencies surely played a critical role in Sompo Sigorta's current status with its sustainable profitability and growth performance in a journey that started in 2002. In order to further enhance this partnership with the agencies, a club was formed with a commercial purpose as well as a philosophical view. While doing this, the philosophy of the birthplace of Japanese Sompo Group, the main shareholder of Sompo Sigorta, was used as a model. This special club was named "Samurai Club", inspired by samurai warrior, which initially meant a respectable warrior in history but later evolved into a philosophy of life after being imbued with Buddhism and Confucianism. Special trips, organizations, trainings and several different services and gifts were offered also in 2021 to the members of the Club, which started operating actively in 2019.



Channel Distribution as of 2021 Year-end

Agency	2,493
QNB Finansbank	451
Anadolubank	114
Fibabanka	48
ICBC Bank	39
Broker	94
Captive	20

Channel Based Production

Sales Channel	Gross Written Premiums (Thousand, TL)
Agency	2,437,750
Anadolubank	384
Broker	342,305
Captive	105,450
Direct	372,298
Fibabanka	6,585
Finans Leasing	52,849
QNB Finansbank	136,657
ICBC Bank	1,013
TOTAL	3,455,290

Innovation Efforts

Meetings were held with more than

15

15 start-ups and technology providers in 2021.

2021 Digital Transformation Efforts

Digital transformation activities continued ceaselessly in 2021 with the efforts to discover and adapt new technologies and modern practices into business processes. Ecosystem interaction was emphasized in order to increase the user experience of in-house applications and to establish stronger bonds with insurance technology start-up ecosystem, with an innovativeness that fits a technology promoting insurance company.

Continuing its efforts to provide the best service to Company stakeholders with high user experience providing systems, Sompo Sigorta has carried out studies to improve user experience in internal applications to meet modern needs. The usefulness and visual experience of various interfaces have been increased by using in-house resources and value is added to existing applications.

The interface and usability of other applications used within the company were examined, and efforts to renew their visuals and user experience continued. In addition to these applications, the design and integration of the tools used in Livechat/Chatbot Project and Digital Claims Management related

projects continued, and studies were carried out for different application scenarios of these platforms.

In line with its innovation vision, Sompo Sigorta continued to diversify its solutions by receiving services from start-ups that offer successful solutions, and to assist innovation environment of the country and the sector by supporting these companies. In this context, meetings were held with more than 15 start-ups and technology providers in 2021. "Proof of Concept" studies were completed with 8 startups on artificial intelligence, chatbot and video assistant, and an agreement was made with 1 startup to integrate into the Company's internal processes. In addition, meetings were held with various initiatives in order to carry out joint projects that will add value to the Company's digital transformation.

Utilizing the competencies of new ventures and technology companies is considered one of the foundations of sustainable success. In this context, the Sompo Dojo Platform was established in order to further increase contact and cooperation opportunities with entrepreneurs and to improve presence in the entrepreneurship ecosystem. Through the platform, it is aimed to increase the partnerships that entrepreneurs can make with Sompo Sigorta, and to discover innovative solutions faster and make them available to Company stakeholders.

Studies on Analytical Modeling and Machine Learning

In 2021, artificial intelligence studies were carried out to include non-intuitive approaches in decision-making processes. An unsupervised and non-parametric approach has been established. With this approach, anomalies, that cannot be detected by definitive rules under normal conditions, are successfully detected and appropriate actions are triggered.

In this context, trends and inconsistencies in insurance areas were successfully identified. On the other hand, the results of rule-based and scenario-based systems were taken into consideration whenever necessary without excluding the experiences accumulated over the years, and hybrid working methods were designed. In this way, quick actions were enabled in a way that minimizes operational costs. With the identification of doubtless, directly applicable and clean transactions, running transactions became faster and customer satisfaction was increased. At the same time, the operational workload is reduced to a minimum.



Information Technologies

As Sampo Sigorta, our focus in 2021 is updating our technological infrastructure in a way that will provide the best experience for both our customers and our business partners, and to enable a framework that will help us achieve the main target of being the best insurance company in Turkey.

Strong Processes and Strong Technological Infrastructure

As Sampo Sigorta, our focus in 2021 is updating our technological infrastructure in a way that will provide the best experience for both our customers and our business partners, and to enable a framework that will help us achieve the main target of being the best insurance company in Turkey. In line with this strategic target, our projects were implemented in 2021 without losing momentum.

Sampo Digital Project

As part of the project, all web and mobile platforms were reconsidered within the framework of customer experience. On the insurance web platform and Sampo Mobilo platforms, the following elements were redesigned based on user experiences and put into online service:

- End-to-end offer/policy processes,
- Renewal processes,
- Claims processes,
- Assistance applications and
- Product information and guidance.

Projects Put Into Effect

As part of the Claims Transformation Program, the “Motor Claims Processes Project” in the first quarter of 2021, and the “Heavy Claims Processes” and “Bodily Injury Claims Processes” projects in the last quarter of

2021 respectively were put into effect. With these efforts, processes and systems were implemented in which customers, business partners and employees all can have a good end-to-end experience. With the help of process changes;

- Traceability of all processes will be ensured,
- Claims files assessment speed and quality will be improved and
- Early warning mechanisms will enable early information about risky matters and enable action.

Non-Motor Claims Processes Project

Another important project carried out as part of Claims Transformation Program is “Non-Motor Claims Processes Project”. With this project, operating methods in Non-Motor claims processes were redesigned in line with customer expectations, digital file management processes were created, and decision mechanisms were transferred to the system by elimination of manual processes. The first phase of the project, “Non-Motor-Digital Claims Processes” was put into online service. With this project, appraisal processes are carried out through video, photograph or online camera connection with our customers, and file evaluation and decision processes are finalized very quickly. Online operating results of the project revealed an increase in customer satisfaction. Other major software development efforts in Non-Motor claims processes are underway and their launch is planned for the first half of 2022.

Document Management System and Correspondence Processes Project

The “Document Management System and Correspondence Processes Project” was launched as part of digitalization efforts in 2020. With the project, the following are provided for the documents flowing to Company from all channels;

- Electronic archive with meaningful data,
- Directing relevant process owner to job pool,
- Recording all important content,
- Execution and traceability of incoming-outgoing document process over the system.

In 2021, OCR technology improvements were made and launched for online service in order to automate document identification processes on the system. Starting from the first quarter of 2021, some of the critical documents required for claims processes are automatically scanned and classified by the system and directed to relevant processes. Thanks to this technology, waiting times are eliminated and the process is streamlined.

Bancassurance Transformation Program

Another essential 2021 headline is our joint work with our business partner, QNB Finansbank, within the framework of the “Bancassurance Transformation Program”. By evaluating current bancassurance processes,

strategies and performance, development areas and untapped opportunities were discovered for both QNB Finansbank and Sompo Sigorta, and a long-term joint working model was initiated. This project will continue in 2022. Projects initiated within this framework are aimed to modify both our business partners’ and our systems, processes and methods in a way that is easier, more automated and less risky.

Broker Processes Project

In order to provide a better service to brokers, one of our business partners, proposal/policy processes, addendum and printing processes were redesigned as part of “Broker Processes Project”. Increased quality and service speed and performance assessment of the whole process were aimed with the execution of the processes through the system. These systemic process improvements were put into effect in the last quarter of 2021.

Sailpoint

The necessity of organizing all authority and duty assignments from a single platform was identified, and the “Sailpoint” application, which is among platforms offering these features, was integrated with internal practices gradually. This work is planned to continue in 2022. With this improvement, duties and authorities controlled by multiple applications will no longer create an operational workload and the risk of unauthorized access will be minimized.

In 2022, we will continue with our ongoing projects on our platforms that reaches out to our customers and agencies by adding new projects with the aim of digitalization and providing a better end-to-end experience. Implementation of other process and infrastructure development projects within Claims Transformation Program framework as well as projects related to UW and risk processes are also planned.

Corporate Management





Full Names, Terms of Duty, Assigned Responsibilities, Educational Backgrounds, Career Backgrounds of Chairman and Members of Board of Directors, CEO, Deputy Managers, Officers and Internal Audit Managers

<p>Katsuyuki Tajiri</p> <p>Education</p> <p>Career</p>	<p>Chairman (Appointed on March 27, 2019)</p> <p>Sophia University / Department of English Language and Studies</p> <p>1990 – 2006 Yasuda Fire & Marine Insurance Co.</p> <p>2006 – 2013 Sompo Japan Nipponkoa Insurance Inc. – Manager</p> <p>2013 – 2018 Sompo Holdings – Manager</p> <p>2019 – present – Sompo International Retail – Manager</p>
<p>Recal Dalaş</p> <p>Education</p> <p>Career</p>	<p>Vice Chairman / CEO (Appointed on December 11, 2001)</p> <p>İstanbul University/Business Administration</p> <p>İstanbul University/MS in Accounting and Auditing</p> <p>1985 – 2001 Axa Oyak Sigorta</p> <p>2001 – present Sompo Sigorta – CEO</p>
<p>Besim Ergün</p> <p>Education</p> <p>Career</p>	<p>Business Development Consultant / Board Member (Appointed on March 26, 2019)</p> <p>Boğaziçi University/ Department of Civil Engineering</p> <p>1991 – 2001 Axa Oyak Sigorta – Deputy General Manager</p> <p>2001 – 2004 Meteksan Sistem ve Bilgisayar Teknolojileri Deputy General Manager</p> <p>2004 – 2013 Sompo Sigorta – Deputy General Manager</p> <p>2013 – present Sompo Sigorta – Business Development Consultant</p>
<p>Kemal Beceren</p> <p>Education</p> <p>Career</p>	<p>Deputy General Manager / Board Member (Appointed on April 2, 2010 / March 26, 2019)</p> <p>Boğaziçi University/Computer Engineering</p> <p>Boğaziçi University/MBA</p> <p>1991 – 2000 QNB Finansbank – IT Group Manager</p> <p>2001 – 2007 CarrefourSA – IT Group Manager</p> <p>2007 – 2010 Sompo Sigorta – Coordinator</p> <p>2010 – present Sompo Sigorta – Deputy General Manager (Information Technologies and Operations)</p>
<p>Fahri Uğur</p> <p>Education</p> <p>Career</p>	<p>Deputy General Manager/Board Member (Appointed on July 1, 2015, February 25, 2021)</p> <p>Hacettepe University/Finance</p> <p>New York University/MBA</p> <p>2002 – 2013 Turkish Treasury – Insurance Audit Specialist</p> <p>2013 – 2014 Türk P&I Sigorta – Board Member</p> <p>2013 – 2015 Halk Sigorta – Deputy General Manager (Technical)</p> <p>2015 – present Sompo Sigorta – Deputy General Manager (Financial Affairs)</p>
<p>Uğur Özer</p> <p>Education</p> <p>Career</p>	<p>Deputy General Manager (Appointed on August 1, 2013)</p> <p>Marmara University/Economics</p> <p>İstanbul University/Accounting and Financial Control – MS Degree</p> <p>University of East Anglia/Economics - MS and Phd</p> <p>1991 – 2010 Turkish Treasury – Insurance Audit Specialist</p> <p>2010 – 2013 Generali Sigorta – Deputy General Manager</p> <p>2013 – 2021 Sompo Sigorta – Deputy General Manager (Claims)</p> <p>2021 – present Sompo Sigorta – Deputy General Manager (Corporate Product Lines and Corporate Sales)</p>

İşin Mengeni

Education

Deputy General Manager (Appointed on February 16, 2015)

Boğaziçi University/English Language Education

New York University/Management and Organization

Career

1995 – 1998 Yapı Kredi Bankası – Human Resources Specialist

1998 – 2000 Dışbank – Human Resources Manager

2000 – 2005 Deloitte – Human Resources and Management Consulting Manager

2005 – 2007 Deloitte – Human Resources Director

2008 – 2010 Hay Group – Human Resources Consulting Director

2011 – 2014 Mercer – Human Resources Consulting Director

2015 – present Sompo Sigorta – Deputy General Manager (Human Resources and Academy)

Ataman Kalkan

Education

Deputy General Manager (Appointed on June 1, 2017)

Boğaziçi University/Computer Engineering

Career

1997 – 1998 Escort Yazılım – Project Manager

1999 – 2000 SFS Danışmanlık – Information Technologies Deputy Manager

2000 – 2007 Gima/CarrefourSA – Information Technologies Director

2007 – 2010 Sompo Sigorta – Technology Solutions Director

2011 – 2015 Sompo Sigorta – Personal Product Lines Group Director

2016 – 2017 Sompo Sigorta – Personal Product Lines Director

2017 – 2021 Sompo Sigorta – Deputy General Manager (Corporate Product Lines and Corporate Sales)

2021 – present Sompo Sigorta – Deputy General Manager (Personal Product Lines and Health)

Mustafa Orhan

Education

Acting Deputy General Manager (Appointed on February 1, 2021)

Orta Doğu Technical University (ODTÜ) Department of Political Science and Public Administration

Career

1991 – 1998 Anadolu Sigorta – Deputy Manager of Inspection Board

1998 – Nordstren İmtaş Sigorta

1998 – 2002 Axa Sigorta – Operations Manager

2002 – 2021 – present Sompo Sigorta

Aegean Region Manager

Sales Coordinator

Agency Sales Development Coordinator

Acting Deputy Manager (Agency Sales Management and Marketing)

Regional Sales Coordinator

2021 – present Sompo Sigorta – Acting Deputy Manager (Marketing)

Hasan Bayata

Education

Deputy General Manager (Appointed on October 01, 2021)

İstanbul University Political Sciences Faculty/Public Administration

Career

1998 – 2000 İnterbank – Sales Manager

2001 – 2017 Ak Sigorta – Sales Manager / Regional Manager / Regional Sales Group Manager

2017 – 2021 Sompo Sigorta – Regional Sales Coordinator

2021 – 2021 Sompo Sigorta – Sales Acting Deputy General Manager

2021 – present Sompo Sigorta – Deputy General Manager (Sales)

Full Names, Terms of Duty, Assigned Responsibilities, Educational Backgrounds, Career Backgrounds of Chairman and Members of Board of Directors, CEO, Deputy Managers, and Internal Audit Managers

Ayhan Arslan	Deputy General Manager (Appointed on October 01, 2021)
Education	Uludağ University Faculty of Economics and Administrative Sciences/ Business Administration
Career	1999 – 2009 Allianz Sigorta – Claims Manager 2009 – 2010 Mapfre Sigorta – Vehicle Claims Project Manager 2010 – 2013 Ergo Sigorta – Claims Logistics Manager 2013 – 2016 Axa Sigorta – Deputy Claims Director 2019 – 2021 Sompo Sigorta – Claims Coordinator 2021 (February) – 2021 (October) Sompo Sigorta Claims Acting Deputy General Manager 2021 (October) – present Sompo Sigorta – Deputy General Manager (Claims)
Bilgin Okyay	Internal Audit Manager
Education	Ankara University Faculty of Political Sciences– Economics Galatasaray University – Financial Economics Masters Program
Career	2001 – 2006 Vakıf Emeklilik ve Hayat – Internal Auditor – Assistant Internal Auditor 2006 – 2009 Garanti BBVA Emeklilik ve Hayat – Inspection Board - Inspector 2009 – 2013 Liberty Sigorta Internal Control (SoX) & Risk Manager Senior Auditor 2013 – 2015 ACE (Chubb) Insurance Group – Internal Audit Manager 2015 – 2021 Garanti BBVA GarantiBBVA Emeklilik ve Hayat A.Ş. / Inspection Board – 1st Degree Inspector (2 years) GarantiBBVA Portföy Yönetimi A.Ş. / Internal Audit Manager (2 years) GarantiBBVA Inspection Board / Agile Coach (2 years) 2021 - present Sompo Sigorta – Internal Audit Manager
Olgu Gümüş	Internal Control, Compliance and Risk Manager
Education	İstanbul Technical University Management Engineering Department
Career	2007 – 2009 Ernst & Young – Technology and Information Security Risk Services Auditor / Consultant 2009 – 2011 Ergo Sigorta – Senior Internal Auditor 2011 – 2020 Generali Sigorta Internal Control, Risk & Compliance Manager (6 years) Business Development Manager (2 years) Compliance Manager (Generali Global Health Services – Toronto / Canada) (1 year) 2020 – present Sompo Sigorta – Internal Control, Compliance and Risk Manager
Deniz Çelik	Masak Compliance Officer
Education	Doğuş University/International Relations Marmara University/International Relations and European Union – Masters Program
Career	2007 – 2008 Muhasebe ve Finans Akad. Derneği – Congress Secretary 2008 – 2012 Dubai Group Sigorta – Compliance, Internal Control & Risk Management Expert 2013 – 2018 Sompo Sigorta – Management Assistant 2018 – 2021 Sompo Sigorta – Senior Legal & Compliance Manager 2021 – present – Sompo Sigorta – Internal Control, Compliance and Risk Lead Manager

Information About Board Members

As of the end of 2021, Information on the Personal or Intermediary Transactions of the Board Members with the Company Allowed by the General Assembly and Their Activities Under Non Competition Agreements

None.

Explanations Regarding Administrative and Legal Sanctions Imposed on the Company and the Management Due to Acts Against Regulations as of the end of 2021

None.

Financial Benefits Provided to Management and Senior Executives as of the end of 2021

Financial compensations provided to top management and senior executives are disclosed in the footnote "1.6 Remuneration and similar benefits provided to senior management" in the audit report as part of the 2021 annual report.

Information on Board Members' Attendance to Relevant Meetings Held During the Accounting Period as of the end of 2021

During the accounting period, 18 Board meetings were held with the participation of the Chairman and Board Members.

INFORMATION ABOUT GENERAL ASSEMBLY

Information on the Extraordinary General Assembly, If Held Any During the Year, Including Meeting's Date, Decisions Taken and Related Transactions

No Extraordinary General Meetings were held in 2021.

Fulfillment of the General Assembly Decisions

All decisions adopted at the General Assembly Meeting held on Tuesday, March 30, 2021 were fulfilled.

SUMMARY REPORT OF THE BOARD OF DIRECTORS SUBMITTED TO THE GENERAL ASSEMBLY

In 2021, our company recorded premium generation of TL 3,455 million.

As a result of these activities, our company made a profit before tax of TL 579 million.

Shareholders' equity amounted to TL 2,064 million with paid-in capital amounting to TL 190 million, while our cash and cash equivalents amounted to TL 1,357 million and our asset volume reached TL 7,329 million.

With these results, our company posted a return on equity ratio of 16% in 2021.

Recai Dalaş

Vice Chairman and CEO



Sompo Sigorta remained profitable in 2021,
with an after-tax profit of 324 million TL.

Financial Position and Risk Management



INFORMATION ON INTRAGROUP TRANSACTIONS OF THE COMPANY WITH THE COMPANY'S RISK GROUP

Reinsurance operations of the Company are executed internally, independently of Sompo International Holdings Ltd., as applicable to third parties.

Cooperation is made with reinsurance companies that served and became part of Turkish insurance market for many years and received acceptable rating from various rating institutions as well.

Information on intragroup transactions of the company with the Company's risk group is disclosed in the "45. Transactions with related parties" footnote section of the audit report as part of 2021 annual report.



INFORMATION ON INTERNAL AUDIT ACTIVITIES

The Company's internal audit activities are conducted by Internal Audit Department, which reports to the Board of Directors, within legal regulatory framework and international audit standards. Annual audit plan and program are prepared and submitted to the Board of Directors for approval and audits are conducted according to this program.

In 2020, the risk assessment of the department processes was conducted, and the audits were focused on high risk departments and processes. In this context, risk-based audit activities were conducted in 7 units, which were the Headquarters and Regional Offices, and in 2 additional processes. Audit findings presented in the audit reports were continuously monitored through the established system.

JSOX studies, which started in 2019, also continued in 2020 and 2021, with flowing information/documents from relevant units and regular meetings with SIH. On the other hand, a global committee (Corporate Reporting Package) was formed in order to create a risk control matrix for the common benefit of audit teams in all countries within SIH, and the Company participated in its work.

Suggestions are made regarding the audit findings, requests are made to relevant units for active solutions, and ensuing developments are monitored in 3-month periods to update our reports. Consulting services are offered to senior management and company units upon request.

Internal Audit Department uses compliance audit, operational audit, system assessment and related control techniques in internal audits to attain goals such as;

- Protection of company assets,
- Adherence to Company conduct in accordance with laws, insurance regulations, company policies, procedures and instructions,
- Accuracy and reliability in financial statements, and compliance of accounting records with the generally accepted accounting principles,
- Effective and efficient use of company resources.

Internal Audit Department works in a way to maximize the benefit of existing information technology system. Audit activities are supported by controls including various built-in automated controls, restrictions and authorizations to ensure business criteria, pricing, payment and similar matters are carried out in accordance with the Company's policies and rules.

During audit activities conducted in 2021, no significant issues were identified that could adversely affect Company's financial structure.

INFORMATION ON FINANCIAL STATEMENTS AND FINANCIAL STRUCTURE, AND ASSESSMENTS ON FINANCIAL POSITION, PROFITABILITY AND INDEMNITY SOLVENCY

Capital Adequacy Ratios

	2021	2020
Gross Written Premiums/Shareholders' Equity	1.67	1.69
Shareholders' Equity/Total Assets (%)	28.2	32.8
Shareholders' Equity/Technical Reserves (%)	57.6	58.8

Asset Quality and Liquidity Ratios

	2021	2020
Liquid Assets/Total Assets (%)	18.5	25.6
Liquidity Ratio	5.1	3.8
Current Ratio	1.3	1.5
Premium and Reinsurance Receivables/Total Assets	14.2	9.1
Agency Receivables/Shareholders' Equity (%)	22.0	10.0

Operating Ratios (%)

	2021	2020
Loss Ratio (net)	85.0	70.5
Expense Ratio	29.1	24.5
Combined Ratio	114.1	95.0
Profit Before Tax/Gross Written Premiums	16.8	15.5
Technical Part Balance/Gross Written Premiums	5.6	12.5
Return on Equity	16.0	21.3

Profitability Ratios (%)

	2021	2020
Conservation Ratio	53.8	60.5
Claims Payment Ratio, Net - New Calculation*	36.7	33.0

* Claims Paid, Net / (Claims Paid, Net + Term End Outstanding Claims Reserve, Net)

MANAGING BODY ASSESSMENTS AND FINDINGS ON CAPITAL EROSION AND DEBT INSOLVENCY

Capital Adequacy Table

(TL thousand)	2021	2020
Required Equity Capital for the Company	1,075,612	819,993
Total Equity Capital	2,120,239	2,068,867
Capital Adequacy Result	1,044,628	1,248,874

The capital adequacy ratio of the Company stood at 1.97% as of the end of 2021.

ASSESSMENT OF PRIOR PERIOD TARGETS

(TL million)	Realization	Budget
Premiums	3,455	3,860
Technical Part Balance	194	280
Profit Before Tax	579	450
Net Profit	324	351

Information on Reasons If Targets Have Not Been Met, Or If Decisions Have Not Been Fulfilled, And Assessments Thereof

Sompo Sigorta did not engage in price competition in the sector in 2021, especially in the Motor Vehicle and Compulsory Traffic Insurance divisions, because its aims for a profitable growth. As a result, despite a downward deviation in premium generation from the budget, both profit before tax and net profit exceeded the budget.

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED BY RISK TYPES

In order to monitor and control its risk exposure, the Company established an adequate and effective internal systems structure within the framework of “Regulation on Internal Systems in Insurance and Private Pension Sectors”.

Internal Control and Risk Management processes within Internal Systems are managed by Internal Control, Compliance and Risk Department, while Internal Audit processes are managed by Internal Audit Function. The Internal Systems provide information to the Board of Directors on a quarterly basis through the Internal Systems Committee. Internal Systems Committee is a committee established to assist Board of Directors in effectively fulfilling its obligations regarding internal system activities.

The Company has established an Internal Control System in order to protect its assets, to provide reasonable assurance about control environment, and to ensure effective and efficient flow of activities in accordance with the regulations, internal policies and customs. The Internal Control System Policy, which includes system duties and responsibilities, was put into effect at the beginning of 2021. As part of Internal Control activities, operational risk reducing controls were defined and documented within the Company in 2021. The design and effectiveness of defined controls were evaluated by Business Unit managers. By enacting the Compliance Management System Policy in 2021, the Company has determined the standards of compliance activities within the organization and compliance risk management. As part of the Compliance Management System, the processes of defining, evaluating, managing and reporting compliance risks are completed. In order to monitor compliance risks continuously within the scope of reporting process, Key Compliance Risk Indicators were defined and reported to the Board of Directors on a quarterly basis through Internal Systems Committee. The company carries out internal control activities, which includes operating

controls and compliance controls, in line with predetermined policies. In order to manage service procurement risks, Outsourcing Policy was put into effect in 2021.

Following the regulatory amendments in 2021 on Money Laundering, Financing of Terrorism and Non-Proliferation of Weapons of Mass Destruction, another essential Company policy called “Anti-Money Laundering and Prevention of Terrorism Financing Policy” was put into effect in 2021 to enable the Company to comply with its relevant regulatory obligations, and to assess its policyholders, transactions and services with a risk-based approach. The International Sanctions Policy, which aims to define the principles and rules required to protect the reputation of the Company and to avoid transactions subject to sanctions imposed by relevant international institutions and countries, was put into effect in 2021.

The authorization and approval limits of the staff were reviewed and documented. In addition, a system has been implemented in which authorizations are periodically reviewed and necessary measures are taken to avoid a potential risk to the company.

A convenient communication channel was established to allow staff secretly report to the relevant units, management levels, internal control and compliance unit and internal audit unit about the problems they encounter and the issues they deem suspicious based on customary practices. In this context, Code of Conduct and Ethics Policy have been updated, and Concerns Reporting and Retaliation Prevention Policy has been established.

The Company’s Risk Management responsibility was transferred from the Actuarial and Risk Management Department to the Internal Control and Compliance Department as of July 2021, and thus Internal Control, Compliance and Risk Department was formed.

Various risk management policies have been determined in order to monitor, control and change the continuity of operations, the risk and return structure of future cash flows, and resulting quality and scope of operations. Through these policies, a risk management system was established that aims to identify, measure, monitor and control the exposed risks. The Risk Management Policy covers at least the following risks;

- Underwriting risk,
- Investment risk, excluding investments made under insurance policies,
- Liquidity risk,
- Density risk,
- Operational risks,
- Software and information security risk,
- Counterparty and third party risk,
- Reinsurance and other risk reduction techniques and
- Compliance risk.

As part of risk management activities, a risk management system, in which operational and compliance risks are defined, measured, and mitigation efforts are defined, monitored and

reported periodically, was launched in 2021. In this context, Operational Risk Management Policy was put into effect. Within the scope of the Operational Risk Management methodology, the Internal Loss Data Reporting Procedure was introduced in order to detect and report actual or potential operational losses.

In addition to these, certain processes were launched in order to keep quantifiable risks within predetermined limits and to monitor the usage of these limits. As part of risk management activities, various analyses were made on Company business plan in order to measure potential risks and vulnerabilities that may arise from Company-specific matters or financial markets, and to make a future assessment of the risk profile.



SUMMARY FINANCIAL INFORMATION FOR 5-YEAR PERIOD INCLUDING THE REPORTING PERIOD

(TL thousand)	2017	2018	2019	2020	2021
Gross Written Premiums	2.264.027	2.509.171	3.363.088	3.332.713	3.455.290
Technical Part Balance	302.412	187.564	410.277	417.017	193.943
Profit Before Tax	350.588	381.639	596.755	516.955	578.963
Tax	72.259	93.862	126.212	134.363	255.414
Net Profit	278.330	287.778	470.543	382.592	323.549
Paid-in Capital	190.000	190.000	190.000	190.000	190.000
Shareholders' Equity	848.229	1.135.823	1.617.305	1.968.442	2.064.293
Total Assets	3.259.004	3.917.046	5.178.935	5.999.685	7.329.146



INFORMATION ON DIVIDEND DISTRIBUTION POLICY AND IF UNDISTRIBUTED, REASONS AND PROPOSED USE OF UNDISTRIBUTED PROFIT

Sompo Sigorta, in line with company targets and company group strategy, distributes profits in accordance with Turkish Commercial Code, tax laws and insurance regulations.

The balance of interests between shareholders and the Company is maintained in dividend distribution decisions, and the adequacy of resources for distribution, profitability, cash status, capital requirements and financing policies are taken into account while making dividend distribution decisions.

Company's dividend distribution decisions are at the discretion of the General Assembly upon proposal of the Board of Directors. Annual profit of the Company is determined according to annual balance sheet. The General Assembly has authority to transfer or retain some or all of the annual net profit to next year or to extraordinary reserves accounts, to distribute cash dividends or stock dividends, and to make decisions on distributions within legally required periods. The General Assembly is not bound with the proposal of the Board of Directors and retained earnings are at its disposal after making necessary allocations in accordance with regulations and the Articles of Association.

Dividend distribution is made out of net period profit in the independently audited financial

statements prepared within the framework of applicable regulations. The amount is determined after retaining legal and optional reserves and other retentions required by the law and the provisions of the Articles of Association from the net profit for the period.

Dividend distribution, earnings retention or optional reserve decisions are not allowed without retaining mandatory legal reserves.

Accrued dividends in the process may be paid at once or in several installments. Dividend payment methods are again decided by the General Assembly, upon the proposal of the Board of Directors.

Dividend distribution matters are presented to shareholders at the General Meeting and disclosed to the public in the annual report within the framework of Information Disclosure Policy.

At the Ordinary General Assembly Meeting of the Company dated March 30, 2021, it has been decided to reserve TL 20.228.901 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 211.789.009 distribute to shareholder as gross dividend and TL 204.923.759 transfer to extraordinary reserves regarding TL 436.941.669 the net profit of 2020.

OTHER MATTERS

Information on Investments Made by the Company in the Accounting Period

Renovation work on the design of the new Headquarters building started in 2021. The activities carried out in this context are as follows:

- Building renovation works,
- Establishment of a smart building
- Automation system,
- Refurbishment of office furniture,
- Transformation of switchboard infrastructure into a mobile IP switchboard,
- Renewal of heating and cooling systems and
- Installation of audio and video systems in meeting rooms.

Information on the Company's Direct or Indirect Subsidiaries and Share Ratios

	December 31, 2021		December 31, 2020	
	Shareholding Amount	Shareholding Rate %	Shareholding Amount	Shareholding Rate %
Tarım Sigortası Havuz İřlt. A.ř.	875,420	4,34	684,773	4,54
Subsidiary, net	875,420		684,773	

Information on Lawsuits Filed Against the Company That May Affect the Company's Financial Position and Operations and Their Potential Consequences

Information on the lawsuits that may affect the financial situation and activities of the Company is disclosed in the "footnote 42" in the audit report included in 2021 annual report.

AFFILIATION REPORT

In the circumstances and conditions known to us at the time of all relevant transactions or no transactions of the Company with the controlling partner and its subsidiaries in 2021, it was concluded that each transaction is

counterbalanced, no harmful Profit Shifting and Base Erosion action or negligence is identified, and no offsetting measure is required within the affiliation framework.

**Sompo Sigorta
Shareholders**

**Shareholding
Rate**

**Sompo
International
Holdings Ltd.**

100%



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

Financial Information







Güney Bağımsız Denetim ve SMMM A.Ş.
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(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sampo Sigorta Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Sampo Sigorta Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Other Matter

The financial statements of the Company as of December 31, 2020 were audited by another audit firm whose independent auditor's report thereon dated March 12, 2021 expressed an unqualified opinion.

Within the scope of our independent audit of the financial statements for the 2021 period, we have also audited the restatements and reclassification made to change the financial statements for the 2020 period and explained in footnote 2.1.1. In our opinion, such restatements and reclassifications are appropriate and have been applied properly. Apart from these adjustments, we do not provide an audit opinion or any other assurance on the financial statements for the 2020 period as a whole, as we are not commissioned to perform the independent audit, review or any procedure regarding the financial statements of the Company for the 2020 accounting period.



4) 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.

Key audit matter	How our audit addressed the key audit matter
<p>Incurred but not reported outstanding claims reserve</p> <p>As of December 31, 2021, the Company has insurance liabilities of TL 3.581.327.302 representing 49% of the Company's total liabilities. The Company made net provision of TL 2.445.375.713 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 1.893.916.021) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team.</p> <p>These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate.</p> <p>In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review the incurred case files which selected randomly; obtained the signed lawyer letter from the Company's attorney for litigated case files; assessed the average claim amount and opening claim amounts determined by the Company's actuary; have performed the audit procedures related to the completeness of the data used in the correct calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>



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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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working world**

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

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

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

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) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

March 15, 2022
İstanbul, Turkey



**CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE
FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2021**

We confirm that the financial statements and related disclosures and footnotes which were prepared as of 31 December 2021 in accordance with the accounting principles and standards in force as per the regulations of Prime Ministry Undersecretariat of Treasury are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Individual Pension Companies" and the financial records of our Company.

Istanbul, 15 March 2022


Recai Dalaş
Member of Board of Directors',
Chief Executive Officer


Fahri Uğur
Chief Financial Officer


Günay Özkömürçü
Finance and Administrative
Affairs Coordinator


Mesrur Özkaya
Actuary
(Registry No. 178)

ASSETS			
I- Current Assets	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Cash and Cash Equivalents	2,12,14	1.357.294.397	1.538.912.069
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2,12,14	766.891.362	1.058.703.335
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2,12,14	590.403.035	480.208.734
6- Other Cash and Cash Equivalents	2,12,14	-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		4.180.013.668	3.183.053.991
1- Available-for-Sale Financial Assets	11	1.225.319.259	1.021.752.947
2- Held to Maturity Investments	11	2.954.694.409	2.161.301.044
3- Financial Assets Held for Trading		-	-
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	1.042.614.318	542.996.626
1- Receivables from Insurance Operations	12	1.058.031.020	556.843.834
2- Provision for Receivables from Insurance Operations	4,2,12	(16.609.476)	(15.039.982)
3- Receivables from Reinsurance Operations		-	-
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	12	226.933.711	172.748.647
10- Provision for Doubtful Receivables from Main Operations	4,2,12	(225.740.937)	(171.555.873)
D- Due from Related Parties	12,45	2.534.704	3.842.987
1- Due from Shareholders	12,45	2.534.704	3.842.987
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		-	-
E- Other Receivables	4,2,12	19.189.904	53.364.364
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4,2,12	293.133	260.953
4- Other Miscellaneous Receivables	4,2,12	18.896.771	53.103.411
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		300.154.153	359.849.182
1- Deferred Acquisition Costs	17	276.070.411	258.827.334
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	2,10,13	-	84.670.383
4- Other Prepaid Expenses	17	24.083.742	16.351.465
G- Other Current Assets		3.283.647	99.356.261
1- Stocks to be Used in the Following Months		19.543	-
2- Prepaid Taxes and Funds	19	-	77.839.447
3- Deferred Tax Assets		-	-
4- Job Advances	12	1.139.570	504.620
5- Advances Given to Personnel	12	175.925	213.775
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		1.948.609	20.798.419
8- Provision for Other Current Assets		-	-
I- Total Current Assets		6.905.084.791	5.781.375.480

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

92 Sompo Sigorta Anonim Şirketi
Balance Sheet As of December 31, 2021
(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Receivables from Main Operations			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables			
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	9	875.420	684.773
1- Investments in Equity Shares		-	-
2- Investments in Associates	9	875.420	684.773
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	6	225.141.217	160.485.327
1- Investment Properties	6,7	3.012.818	3.012.818
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property	6	190.667.445	128.759.019
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	47.259.277	32.035.533
6- Motor Vehicles	6	888.638	888.638
7- Other Tangible Assets (Including Leasehold Improvements)	6	3.872.777	13.191.597
8- Tangible Assets Acquired Through Finance Leases	6	13.381.704	12.847.764
9- Accumulated Depreciation	6	(33.941.442)	(32.042.262)
10- Advances Paid for Tangible Assets (Including Construction in Progress)	6	-	1.792.220
F- Intangible Assets	8	12.406.359	12.139.552
1- Rights		-	-
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	48.246.425	36.258.387
6- Accumulated Amortization	8	(35.840.266)	(24.118.835)
7- Advances Paid for Intangible Assets	8	-	-
G- Prepaid Expenses and Income Accruals			
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-Current Assets	21	185.638.691	45.000.350
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	185.638.691	45.000.350
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		424.061.487	218.310.002
Total Asset		7.329.146.278	5.999.685.482

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

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

LIABILITIES			
III- Short-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Financial Liabilities	13,20	822.307.310	192.648.118
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	5.893.794	6.402.766
3- Deferred Leasing Costs	20	(1.453.991)	(1.713.907)
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	13,20	817.867.507	187.959.259
B- Payables Arising from Main Operations	19	418.329.497	254.868.095
1- Payables Arising from Insurance Operations	19	382.694.728	230.401.542
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	35.634.769	24.466.553
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties	19	85.295	13.869
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	85.295	13.869
6- Due to Other Related Parties		-	-
D- Other Payables	19	64.348.225	52.162.087
1- Deposits and Guarantees Received		19.184.316	13.112.611
2- Payables to Social Security Institution Related to Treatment Expenses	19	28.193.913	28.574.122
3- Other Miscellaneous Payables	19,23	17.456.655	10.989.554
4- Discount on Other Miscellaneous Payables	19	(486.659)	(514.200)
E-Insurance Technical Provisions	17	3.525.381.032	3.300.778.627
1- Reserve for Unearned Premiums - Net	2,24,17	1.036.536.723	1.066.586.732
2- Reserve for Unexpired Risks- Net	2,27,17	41.394.615	4.103.984
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	2,25,17	2.445.375.713	2.228.924.200
5- Provision for Bonus and Discounts - Net	17	2.073.981	1.163.711
6- Provision for Policies Relating to Life Insurance Policyholders		-	-
7- Other Technical Provisions - Net	17	-	-
F- Provisions for Taxes and Other Similar Obligations	19	155.657.197	24.265.816
1- Taxes and Funds Payable		28.129.871	22.410.721
2- Social Security Premiums Payable		2.428.178	1.855.095
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	19,35	255.413.930	134.363.095
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	19	(130.314.782)	(134.363.095)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	33.953.055	28.634.673
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	33.953.055	28.634.673
H- Deferred Income and Expense Accruals	19	175.961.809	121.897.139
1- Deferred Commission Income	10	174.305.748	121.173.819
2- Expense Accruals		-	-
3- Other Deferred Income	19	1.656.061	723.320
1- Other Short-Term Liabilities		159.521	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		159.521	-
III - Total Short-Term Liabilities		5.196.182.941	3.975.268.424

(*) Detailed information related to restated financial statements are presented in Note 2.11 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

94 Sompo Sigorta Anonim Şirketi
Balance Sheet As of December 31, 2021
(Currency: Turkish Lira (TL))

LIABILITIES			
IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Financial Liabilities	20	5.218.163	6.240.029
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	6.007.709	7.680.670
3- Deferred Leasing Costs	20	(789.546)	(1.440.641)
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		-	-
1- Deposits and Guarantees Received		-	-
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
4- Payables to Social Security Institution		-	-
E-Insurance Technical Provisions	17	55.946.270	46.074.738
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.26,17	55.946.270	46.074.738
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	23	7.505.899	3.065.139
1- Provisions for Employment Termination Benefits	23	7.505.899	3.065.139
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals	47	-	595.238
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income	47	-	595.238
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV - Total Long-Term Liabilities		68.670.332	55.975.144

(*) Detailed information related to restated financial statements are presented in Note 2.11 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

EQUITY			
V- Equity	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Paid in Capital			
1- (Nominal) Capital	2.13,15	190.000.000	190.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves			
1- Share Premiums		100.047	100.042
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		100.047	100.042
C- Profit Reserves			
1- Legal Reserves	15	1.604.994.279	1.395.750.272
2- Statutory Reserves	15	63.006.679	42.777.778
3- Extraordinary Reserves	15	1.570.403.191	1.365.479.436
4- Special Funds	15	(1.855.992)	(1.470.628)
5- Revaluation of Financial Assets	15	(35.367.656)	(19.844.371)
6- Other Profit Reserves	15	8.808.057	8.808.057
D- Retained Earnings			
1- Retained Earnings		-	-
E- Accumulated Losses		(54.350.069)	-
1- Accumulated Losses	2.1.1	(54.350.069)	-
F-Net Profit/(Loss) for the Year		323.548.748	382.591.600
1- Net Profit for the Year		323.548.748	382.591.600
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		2.064.293.005	1.968.441.914
Total Equity And Liabilities		7.329.146.278	5.999.685.482

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

96 Sompo Sigorta Anonim Şirketi
Statement of Income For the Year Ended December 31, 2021
(Currency: Turkish Lira (TL))

I-TECHNICAL SECTION	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A- Non-Life Technical Income		2.375.405.097	2.515.710.028
1- Earned Premiums (Net of Reinsurer Share)	17	1.850.296.054	2.150.199.675
1.1- Written Premiums (Net of Reinsurer Share)	17	1.857.536.676	2.017.847.654
1.1.1- Written Premiums, gross	17,24	3.455.290.096	3.332.713.298
1.1.2- Written Premiums, ceded	10,17,24	(1.498.103.870)	(1.177.010.044)
1.1.3- Written Premiums, SSI share	24	(99.649.550)	(137.855.600)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	30.050.009	135.762.785
1.2.1- Reserve for Unearned Premiums, gross	17	(197.375.921)	90.932.017
1.2.2- Reserve for Unearned Premiums, ceded	10,17	240.537.100	61.623.166
1.2.3- Reserve for Unearned Premiums, SSI share	17	(13.111.170)	(16.792.398)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(37.290.631)	(3.410.764)
1.3.1- Reserve for Unexpired Risks, gross	17	(73.135.655)	(24.232.759)
1.3.2- Reserve for Unexpired Risks, ceded	17	35.845.024	20.821.995
2- Investment Income - Transferred from Non-Technical Section	17	465.989.269	312.109.308
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	17	59.119.774	53.401.045
B- Non-Life Technical Expense		(2.181.462.380)	(2.098.692.893)
1- Incurred Losses (Net of Reinsurer Share)	17	(1.632.651.723)	(1.569.866.605)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(1.416.200.210)	(1.099.215.082)
1.1.1- Claims Paid, gross	17	(2.071.316.259)	(1.522.869.422)
1.1.2- Claims Paid, ceded	10	655.116.049	423.654.340
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(216.451.513)	(470.651.523)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(745.265.779)	(638.778.673)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	528.814.266	168.127.150
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		(910.270)	4.313.436
2.1- Provision for Bonus and Discounts, gross	17	(910.270)	4.313.436
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	(9.871.532)	(7.173.272)
4- Operating Expenses	32	(477.419.181)	(466.846.513)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
6- Other Technical Expense	47	(60.609.674)	(59.119.939)
6.1- Other Technical Expense, gross	47	(60.609.674)	(59.119.939)
6.2- Other Technical Expense, ceded		-	-
C- Net Technical Income-Non-Life (A – B)		193.942.717	417.017.135
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)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

I-TECHNICAL SECTION	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
E- Life Technical Expense		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Mathematical Provisions, gross		-	-
3.1.1-Actuarial Mathematical Reserve		-	-
3.1.2- Profit Share Reserve (Provision for Policies Relating to Life Insurance Policyholders)		-	-
3.2- Change in Actuarial Mathematical Provisions, ceded		-	-
3.2.1- Actuarial Mathematical Reserve, ceded		-	-
3.2.2- Profit Share Reserve, ceded (Provision for Policies Relating to Life Insurance Policyholders)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- 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		-	-
I- Net Technical Income - Pension Business (G – H)		-	-

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

98 Sompo Sigorta Anonim Şirketi
Statement of Income For the Year Ended December 31, 2021
(Currency: Turkish Lira (TL))

II-NON-TECHNICAL SECTION	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
C- Net Technical Income – Non-Life (A-B)		193.942.717	417.017.135
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		193.942.717	417.017.135
K- Investment Income		1.897.742.768	1.264.891.627
1- Income from Financial Assets	4,2	263.374.842	229.295.666
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	11	1.002.293	13.074.708
4- Foreign Exchange Gains	4,2	1.597.165.826	889.537.786
5- Income from Associates	4,2	233.802	56.875
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	4,2	94.163	75.880
8- Income from Derivative Transactions	4,2	35.871.842	131.137.658
9- Other Investments	4,2	-	1.713.054
10- Income Transferred from Life Section		-	-
L- Investment Expense		(1.573.044.810)	(1.144.251.205)
1- Investment Management Expenses (inc. interest)		(12.791.858)	(8.663.995)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	17	(465.989.269)	(312.109.308)
5- Loss from Derivative Transactions	4,2	(645.738.659)	(600.692.383)
6- Foreign Exchange Losses	4,2	(420.750.234)	(204.476.052)
7- Depreciation and Amortization Expenses	6,8	(25.881.493)	(18.309.467)
8- Other Investment Expenses		(1.893.297)	-
M- Income and Expenses From Other and Extraordinary Operations		60.322.003	(20.702.862)
1- Provisions	47	(64.577.652)	(40.377.575)
2- Rediscounts	47	(9.822.232)	(2.940.831)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	134.919.959	22.015.917
6- Deferred Taxation (Deferred Tax Liabilities)	35	-	-
7- Other Income	47	2.627.121	2.640.794
8- Other Expenses and Losses	47	(2.825.193)	(2.041.167)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		323.548.748	382.591.600
1- Profit for the Year		578.962.678	516.954.695
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(255.413.930)	(134.363.095)
3- Net Profit for the Year		323.548.748	382.591.600
4- Monetary Gains and Losses		-	-

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

	Note	Audited Current Period December 31, 2021	Audited Restated (*) Prior Period December 31, 2020
A. Cash flows from operating activities			
1. Cash provided from insurance activities		4.423.087.456	3.924.270.141
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(4.303.270.127)	(3.103.364.211)
5. Cash used in reinsurance activities		-	-
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		119.817.329	820.905.930
8. Interest paid		-	-
9. Income taxes paid	19	(52.475.335)	(264.542.044)
10. Other cash inflows		64.224.814	3.075.834
11. Other cash outflows		(488.887.661)	(533.103.415)
12. Net cash provided from operating activities		(357.320.853)	26.336.305
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6,8	-	8.003.952
2. Acquisition of tangible assets	6,8	(93.143.348)	(18.959.319)
3. Acquisition of financial assets	11	(3.314.596.890)	(3.250.771.005)
4. Proceeds from disposal of financial assets	11	3.146.459.215	2.610.048.779
5. Interests received		264.938.032	186.967.320
6. Dividends received		233.802	56.875
7. Other cash inflows		493.070.230	352.292.256
8. Other cash outflows		(161.470.393)	(117.016.059)
9. Net cash provided by / (used in) investing activities		335.490.648	(229.377.201)
C. Cash flows from financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid	2,23	(211.789.009)	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash provided by financing activities		(211.789.009)	-
D. Effect of exchange rate fluctuations on cash and cash equivalents		54.502.648	3.942.238
E. Net increase / (decrease) in cash and cash equivalents		(179.116.566)	(199.098.658)
F. Cash and cash equivalents at the beginning of the year	2,12	1.545.321.729	1.744.420.387
G. Cash and cash equivalents at the end of the year	2,12	1.366.205.163	1.545.321.729

(*) Detailed information related to restated financial statements are presented in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

Audited Changes in Equity – December 31, 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 – December 31, 2020	190.000.000	-	(19.844.371)	-	-	42.777.778	-	1.372.916.907	382.591.600	-	1.968.441.914	
II- Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	
III- New Balances January 1, 2021	190.000.000	-	(19.844.371)	-	-	42.777.778	-	1.372.916.907	382.591.600	-	1.968.441.914	
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	-	-	(15.523.285)	-	-	-	-	-	-	-	(15.523.285)	
E- Currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-	
F- Other gains or losses	-	-	-	-	-	-	-	(385.363)	-	-	(385.363)	
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-	
H- Net profit for the year	-	-	-	-	-	-	-	-	323.548.748	-	323.548.748	
I – Dividends paid	2.23	-	-	-	-	-	-	-	(211.789.009)	-	(211.789.009)	
J- Other reserves and transfers from retained earnings	2.23, 15	-	-	-	-	20.228.901	-	204.923.759	(170.802.591)	(54.350.069)	-	
II - Balance at the end of the year – December 31, 2021	190.000.000	-	(35.367.656)	-	-	63.006.679	-	1.577.455.303	323.548.748	(54.350.069)	2.064.293.005	

Audited Changes in Equity – December 31, 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 – December 31, 2019	190.000.000	-	11.386.831	-	-	54.315.038	-	891.059.937	470.543.039	-	1.617.304.845	
II- Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	
III- New Balances January 1, 2020	190.000.000	-	11.386.831	-	-	54.315.038	-	891.059.937	470.543.039	-	1.617.304.845	
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	-	-	(31.231.202)	-	-	-	-	-	-	-	(31.231.202)	
E- Currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-	
F- Other gains or losses	-	-	-	-	-	-	-	(223.329)	-	-	(223.329)	
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-	
H- Net profit for the year	-	-	-	-	-	-	-	-	382.591.600	-	382.591.600	
I – Dividends paid	-	-	-	-	-	-	-	-	-	-	-	
J- Other reserves and transfers from retained earnings	-	-	-	-	-	(11.537.260)	-	482.080.299	(470.543.039)	-	-	
II - Balance at the end of the year – December 31, 2020	190.000.000	-	(19.844.371)	-	-	42.777.778	-	1.372.916.907	382.591.600	-	1.968.441.914	

(*) Detailed information related to restated financial statements are presented in Note 2.11 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

Note	Current Period December 31, 2021(**)	Prior Period December 31, 2020
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1. PROFIT FOR THE PERIOD (*)	444.042.719	562.876.364
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	(120.493.971)	(125.934.695)
1.2.1. Corporate tax (Income Tax)	(255.413.930)	(134.363.095)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Tax and Legal Liabilities	134.919.959	8.428.400
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)	323.548.748	436.941.669
1.3. PREVIOUS YEARS' LOSSES (-)	(54.350.069)	-
1.4. FIRST LEGAL RESERVE	-	-
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)	2.23 (217.294.662)	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)] (*)	51.904.017	447.015.887
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(9.500.000)
1.6.1. To Common Shareholders	-	(9.500.000)
1.6.2. To Preferred Shareholders	-	-
1.6.3. To Owners of Participating Redeemed Shares	-	-
1.6.4. To Owners Of Profit-sharing Securities	-	-
1.6.5. To Owners Of Profit And Loss Sharing Securities	-	-
1.7. DIVIDEND TO EMPLOYEES (-)	-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	(202.289.009)
1.9.1. To Common Shareholders	-	(202.289.009)
1.9.2. To Preferred Shareholders	-	-
1.9.3. To Owners of Participating Redeemed Shares	-	-
1.9.4. To Owners Of Profit-sharing Securities	-	-
1.9.5. To Owners Of Profit And Loss Sharing Securities	-	-
1.10. SECOND LEGAL RESERVE (-) (*)	-	(20.228.901)
1.11. STATUTORY RESERVE (-)	-	-
1.12. EXTRAORDINARY RESERVES (*)	-	(204.923.759)
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Common Shareholders	-	-
2.3.2. To Preferred Shareholders	-	-
2.3.3. To Owners of Participating Redeemed Shares	-	-
2.3.4. To Owners Of Profit-sharing Securities	-	-
2.3.5. To Owners Of Profit And Loss Sharing Securities	-	-
2.4. DIVIDENDS TO EMPLOYEES (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. PROFIT PER SHARE	-	-
3.1. TO COMMON SHAREHOLDERS	-	0,023
3.2. TO COMMON SHAREHOLDERS (%)	-	229,97
3.3. TO PREFERRED SHAREHOLDERS	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1. TO COMMON SHAREHOLDERS	-	0,011
4.2. TO COMMON SHAREHOLDERS (%)	-	111,47
4.3. TO PREFERRED SHAREHOLDERS	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

(*) At the Ordinary General Assembly Meeting of the Company dated March 30, 2021, it has been decided to reserve TL 20.228.901 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 211.789.009 distribute to shareholder as gross dividend and TL 204.923.759 transfer to extraordinary reserves regarding TL 436.941.669 the net profit of 2020.

(**) Authorized member for profit distribution is General Assembly and as of financial statements date General Assembly meeting did not take place yet. Since profit distribution proposal for financial year 2021 is not yet prepared by Board of Directors, in 2021 profit distribution table only distributable net income for the period is stated.

102 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021

(Currency: Turkish Lira (TL))

1. General Information

1.1 Name and Structure of the Parent Company

As of December 31, 2021 and December 31, 2020, capital group of Sompo Sigorta Anonim Şirketi (Formerly known as Sompo Japan Sigorta Anonim Şirketi) ("Company") whose capital is directly or indirectly controlled is Sompo International Holdings Inc.

The Company was established in Turkey on March 30, 2001, pursuant to the license obtained from Republic of Turkey Ministry of Treasury and Finance to engage in all types of property and casualty insurance and reinsurance business under the name of Fiba Sigorta Anonim Şirketi. The Company's legal title was changed to Finans Sigorta Anonim Şirketi from Fiba Sigorta Anonim Şirketi on June 5, 2002 and changed back to Fiba Sigorta Anonim Şirketi from Finans Sigorta Anonim Şirketi through Board of Directors' Resolution numbered 2007/150 and dated August 13, 2007.

As of June 15, 2010, Fiba Holding AŞ, the Company's main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Turkish Treasury dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc. on November 2, 2010. European Bank For Reconstruction and Development has been taken over 399.600.000 shares with nominal value of TL 3.996.000 owned by Sompo Japan Insurance Inc on December 15, 2010. It was decided to change the title of the Company to "Sompo Japan Sigorta Anonim Şirketi" at the Ordinary General Assembly Meeting held on February 21, 2011.

Sompo Japan Insurance Inc. and Nipponka Insurance Co. merged under Sompo Japan Nipponka Insurance Inc. in 2014. The Company continued its activities under joint stock company after transferring 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction to Sompo Japan Nipponkoa Insurance Inc. with the decision of Board of Directors numbered 538 dated at October 31, 2016.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş."; and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

1. General Information (continued)**1.2 Residency and legal nature of the organization, its country of incorporation and registered address (or if different than the place of the registered office, the main place of the operation)**

The Company is registered at Turkey in 2001 and has the nature of a Joint Stock Company established and organized under the provisions of the Turkish Commercial Code. The Company operates in address of Beykoz-Kavacık, Rüzgarlıbahçe Mahallesi Çam Pınarı Sokak, No: 10 in İstanbul, Turkey.

1.3 Main Operations of the Company

The Company, operates all branches including fire and natural disasters, marine, water crafts, water crafts liability, motor vehicle, third party liability for motor vehicles (MTPL), accident, rail vehicles, air crafts, air crafts liability, general losses, general liability, suretyship, legal protection, credit, illness/health, support and financial losses branches except life branch within the framework of operating licenses received from the Republic of Turkey Ministry of Finance and Treasury.

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

The Company operates in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on June 14, 2007 in Official Gazette No.26552 and the other regulations and regulations issued by the Republic of Turkey Ministry of Finance and Treasury. The Company operates in insurance branches stated in Note 1.3. As of December 31, 2021, the Company works with all authorized 2.493 agencies (December 31, 2020: 2.442 agencies).

1.5 Average number of employees during the period by category

The average number of the employees in the period in by categories are as follows:

	December 31, 2021	December 31, 2020
Senior level executives	9	7
Other personnel	641	646
Total	650	653

1.6 Salaries and similar benefits provided to senior-level executives

Total amount of salaries and similar benefits provided to senior-level executives such as chairman and members of Board of Directors and general manager, assistant general managers as of January 1, – December 31, 2021 period is TL 34.203.135 (December 31, 2020: TL 14.140.380).

104 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

1. General Information (continued)

1.7 Keys used in distribution of investment income and operating expenses (personnel, management, research & development, marketing and sales, outsourced utilities and services and other operating expenses) in the financial statements

In accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Republic of Turkey Ministry of Treasury and Finance, the number of policies generated for each sub-branch in the last 3 years is distributed according to average of 3 ratios that are proportion of gross written premium number and claim notification number to total issued policy number, proportion of gross written premium number and claim notification number to gross written premium number and proportion of gross written premium number and claim notification number to claim notification number.

The Company transferred the entire income it obtained from investment of financial assets form non-technical section to technical section and left the other investment income in the non-technical section. As of December 31, 2021, the income transferred from non-technical to technical section this way is TL 465.989.269 (December 31, 2020: TL 312.109.308).

1.8 Whether the financial statements contain a single company or a group of companies

The accompanying financial statements only contain the financial information of Sompo Sigorta Anonim Şirketi.

1.9 Name and other identification of the reporting entity and any changes occurred in this information since the previous balance sheet date

Company Legal Title:	Sompo Sigorta Anonim Şirketi
Company Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Çam Pınarı Sk. No:10, Beykoz / İstanbul
Company's Web page Address:	www.somposigorta.com.tr

The Company changed its headquarter address after previous reporting period. The address information of the Company as of the end of the previous reporting period is as follows:

Company Previous Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi, No:10 Acarlar İş Merkezi, C Blok, Beykoz / İstanbul
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1.10 Events Occurred after the Balance Sheet Date

Events occurred after the balance sheet date have been disclosed in Note 46.

2. Summary of Significant Accounting Policies**2.1. Principles of Preparation****2.1.1. Basis of Preparation of Financial Statements and Specific Accounting Policies Used**

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" as promulgated by the T.C. Ministry of Treasury and Finance based on Article 18 of the Insurance Law and Article 11 of the 4632 numbered Individual Pension Savings and Investment System Law ("Individual Retirement Law").

According to numbered 4th related law Accounting for subsidiaries, associates, joint ventures is, consolidated financial statements, financial statements which disclosed public regulated by the

T.C. Ministry of Treasury and Finance.

Insurance and Reinsurance and Pension Companies prepares financial statements according to Communiqué on Presentation of Financial Statements of the Turkish Republic Ministry of Treasury and Finance that entered into force and published on the Official Gazette dated April 18, 2008 and numbered 26851.

Financial Statements are prepared accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation

The balance sheet and the statement of income for the period ended December 31, 2021 is approved by the Company Board of Directors on March 15, 2022. The Company's General Assembly and/or legal authorities has the right to change the accompanying financial statements.

Additional paragraph for convenience translation to English

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

Comparative Financial Information ve Adjustments to Prior Year Financials

The Company presented balance sheet prepared as of December 31, 2021 in comparison with restated balance sheet dated December 31, 2020; Income statement, statement of changes in equity and statement of cash flow for the accounting period of December 31, 2021 in comparison with the restated income statement, statement of changes in equity and cash flow statement for the accounting period of December 31, 2020.

As of December 31, 2021, the Company has changed the fair value calculation method for derivative transactions. In addition, as of December 31, 2021, bank deposits with original maturity of more than three months are classified as held-to-maturity financial assets.

In this context, the balance sheet dated December 31, 2020 and the income statement for the December 31, 2020 accounting period have been restated. The effects of the relevant regulations are presented in the tables below:

106 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Principles of Preparation (continued)

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

Comparative Financial Information ve Adjustments to Prior Year Financials (continued)

	Reported Prior Period December 31, 2020	Restatement Effect	Restated Prior Period December 31, 2020
Current assets	5.804.116.088	(22.740.608)	5.781.375.480
Banks	2.156.989.743	(1.098.286.408)	1.058.703.335
Held to maturity financial assets	1.063.014.636	1.098.286.408	2.161.301.044
Income Accruals	107.410.991	(22.740.608)	84.670.383
Non-current assets	204.722.485	13.587.517	218.310.002
Deferred Tax Assets	31.412.833	13.587.517	45.000.350
Total assets	6.008.838.573	(9.153.091)	5.999.685.482
Short-Term Liabilities	3.911.470.740	63.797.684	3.975.268.424
Other Financial Liabilities	142.762.281	45.196.978	187.959.259
Deposits and Guarantees Received	-	13.112.611	13.112.611
Provisions for Costs	23.146.578	5.488.095	28.634.673
Long-Term Liabilities	74.575.850	(18.600.706)	55.975.144
Deposits and Guarantees Received	13.112.611	(13.112.611)	-
Other Long-Term Liabilities	5.488.095	(5.488.095)	-
Equity	2.022.791.983	(54.350.069)	1.968.441.914
Net Profit for the Period	436.941.669	(54.350.069)	382.591.600
Total equity and liabilities	6.008.838.573	(9.153.091)	5.999.685.482

	Reported Prior Period December 31, 2020	Restatement Effect	Restated Prior Period December 31, 2020
Investment Income	1.287.632.235	(22.740.608)	1.264.891.627
Income from Derivative Transactions	153.878.266	(22.740.608)	131.137.658
Investment Expense	(1.099.054.227)	(45.196.978)	(1.144.251.205)
Loss from Derivative Transactions	(555.495.405)	(45.196.978)	(600.692.383)
Income and Expenses From Other and Extraordinary Operations	(34.290.379)	13.587.517	(20.702.862)
Deferred Taxation (Deferred Tax Assets)	8.428.400	13.587.517	22.015.917
Net Profit for the Period	436.941.669	(54.350.069)	382.591.600

The accompanying financial statements are prepared in comparison with the previous period in order to determine the financial position, performance and cash flows of the Company. When the presentation or classification of the items of the financial statements changes, in order to ensure comparability, the financial statements of the previous period are reclassified accordingly and explained in notes.

2. Summary of Significant Accounting Policies (continued)

2.1. Principles of Preparation (continued)

2.1.2. Other accounting policies as applicable for better understanding of financial statements

Adjustment of Financial Statements in High Inflation Periods

In accordance with the Republic of Turkey Ministry of Treasury and Finance's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on January 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Republic of Turkey Ministry of Treasury and Finance. Therefore, as of March 31, 2014 and December 31, 2012, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

2.1.3. Functional Currency

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

2.1.4 Rounding grade of amounts presented in financial statements

Financial information given in TL is rounded to the nearest full TL value.

2.1.5 Finansal tabloların düzenlenmesine kullanılan ölçüm temeli

The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation accounting until December 31, 2004, which is the end of the hyperinflationary period, except for those financial assets held for trading that are measured at fair value where reliable measurement is possible.

2.1.6. Changes and errors in accounting policies

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

2. Summary of Significant Accounting Policies (continued)**2.1. Basis of Preparation (continued)****2.1.7. New Standards and Comments which are not yet adopted**

The accounting policies adopted in preparation of the financial statements as of December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2021 are as follows:

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

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

2. Summary of Significant Accounting Policies (continued)**2.1. Basis of Preparation (continued)****2.1.7. New Standards and Comments which are not yet adopted (continued)**Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

In June, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. On April 7, 2021, the POA made an amendment to extend the exemption to include concessions that cause a decrease in rental payments due on or before June 30, 2022.

Tenants will apply this change in annual accounting periods beginning on or after April 1, 2021. Early application is permitted.

Overall, the company does not expect a significant impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)**2.1. Basis of Preparation (continued)****2.1.7. New Standards and Comments which are not yet adopted (continued)**ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 ve TMS 28: Yatırımcı İşletmenin İştirak veya İş Ortaklığına Yaptığı Varlık Satışları veya Katkıları - Değişiklik

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1, 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after January 1, 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1, 2022,

to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.7. New Standards and Comments which are not yet adopted (continued)

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will enter into force for annual periods beginning on or after January 1, 2023, and early application is permitted for entities that have applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before this date. According to the amendments published by POA in December 2021, enterprises have the option to “overlap classification” in order to eliminate possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented when TFRS 17 is applied for the first time.

The Company is in the process of assessing the impact of the standard on financial position and performance of the Company.

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

On January 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 8- Definition of Accounting Estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for “accounting estimates”. The amendments published for TAS 8 are valid for annual accounting periods beginning on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, the amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate indicated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the POA. Changes will apply to accounting estimates or accounting policy changes that occur on or after the effective date, with early application permitted.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

2. Summary of Significant Accounting Policies (continued)**2.1. Basis of Preparation (continued)****2.1.7. New Standards and Comments which are not yet adopted (continued)****Amendments to TAS 1 – Disclosure of Accounting Policies**

In August 2021, POA published amendments to TAS 1 in order to provide guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. The amendments published in TAS 1 are valid for annual accounting periods beginning on or after January 1, 2023. Due to the lack of a definition of the term “significant” in TFRS, POA has decided to replace this term with “significant” in the context of disclosing accounting policy information. ‘Significant’ is a term defined in TFRS and is widely understood by users of financial statements according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

Amendments to TAS 12 – Deferred Tax on assets and liabilities arising from a single transaction

In August 2021, POA published amendments to TAS 12 that narrows the scope of the initial recognition exemption and thus ensures that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to TAS 12 are valid for annual accounting periods beginning on or after January 1, 2023. Given applicable tax law, the amendments clarify that where payments on a liability are tax-deductible, whether such deductions are attributed to the recognized liability (and interest expense) or tax-related asset component (and interest expense) is a matter of jurisdiction. This judgment is important in determining whether there is any temporary difference in initial recognition of the asset and liability. Changes apply to transactions that occur at or after the beginning of the earliest period presented comparatively. In addition, at the beginning of the earliest comparative period presented, deferred tax asset (provided there is sufficient taxable income) and deferred tax liability are recognized for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar liabilities.

The Company is in the process of assessing the impact of the amendments on financial position and performance of the Company.

2. Summary of Significant Accounting Policies (continued)**2.1. Basis of Preparation (continued)****2.1.7. New Standards and Comments which are not yet adopted (continued)****Annual Improvements – 2018–2020 Cycle**

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

The Company is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Company.

2.2. Consolidation

It is requested to publish consolidated financial statements according to “Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies” (“Consolidation Communiqué”) published by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette No: 21097 dated December 31, 2008 and insurance, reinsurance and pension companies; In accordance with the Consolidation Communiqué, consolidated financial statements have not been prepared due to the Company has no subsidiaries.

2. Summary of the Accounting Policies (Continued)**2.3. Segment Reporting**

An operating segment includes the performance of the Company's business activities, including revenues and expenses incurred from transactions with other segments of operations, generating revenue and expenses, and ensuring that the results of operations are regularly audited and measured by the Board of Directors (as the competent authority to make decisions) and it is a part of financial information noticed. Due to the fact that the main geographical area in which the Company is operating is Turkey, no geographical segment reporting has been presented. Moreover, since the Company continues its activities in the field of non-life insurance, no reports have been presented according to segment.

2.4. Provision for Foreign Currencies

Transactions have been booked in TL, which is the functional currency of the Company. The transactions realized in foreign currency during preparation of the financial statements are converted into the functional currency over the rates effective on the transaction date. Assets and liabilities in foreign currency in the balance sheet are converted into Turkish Lira over the foreign exchange purchase rate of Turkish Central Bank. The exchange rate difference arising from these transactions is included in the income statement.

2.5. Tangible Fixed Asset

Tangible assets have been booked adjusted costs in accordance with inflation for the period until December 31, 2004. Any inflation adjustment is made for tangible assets in after period, the amount has been adopted as the cost amount indexed for inflation as of December 31, 2004. Since January 1, 2005 if the cost of the tangible assets purchased after financial expenses and foreign exchange differences are recognized as amounts deducted from their remaining value.

Gains and losses arising on the disposal of tangible assets are calculated as the difference between net proceeds and net book value of the related tangible asset and reflected in the income statement of the related period.

Normal maintenance and repair costs incurred for tangible assets booked as expense.

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

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Buildings	50	2
Fixtures and installations	2-15	6,7-50
Motor vehicles	2-5	20-50
Other tangible assets (including leasehold improvements)	2-5	20-50
Tangible assets acquired through lease	5	20
Right of use assets	2-3	33,3-50

2.6. Investment Properties

Investment property is held to obtain rental income or capital gains or both. Investment properties are measured at acquisition costs to include transaction costs in initial recognition. The Company measures investment property on a cost basis for property, plant and equipment (cost minus accumulated depreciation, minus impairment loss if any) after initial recognition).

2. Summary of the Accounting Policies (Continued)

2.7. Intangible Fixed Assets

The Company's intangible assets consist of software programs. Intangible assets are carried at cost in accordance with TAS 38 – Intangible Assets Accounting Standard. The costs of intangible assets are subject to inflation adjustment considering the period until the end of the high inflation period, which is the date of the entry into force of the law, for the assets entered into the currencies before December 31, 2004 and entries after December 31, 2004 have been reflected to financial statements considering purchase price.

The Company deducts the amortization expense for intangible assets over their useful lives using the straight-line method over their cost value.

2.8. Financial Assets

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

Financial assets are classified into the following specified categories: financial assets as “financial assets held for trading”, available-for-sale' (AFS) financial assets, “financial assets at fair value through profit and loss” and “loans and receivables.

Loans and receivables are non-derivative financial assets that have fixed or determinable payments, are not traded on an active market, and are created by providing money, goods and services to the debtor. Loans and receivables in the financial statements of the Company and provision for impairment are deducted and if there is interest receivable there is discounted value; if it is an interest rate receivable, it is accounted with the amortized cost calculated by the effective interest method.

Financial assets held to maturity are financial assets acquired with the intention to hold to maturity, other than fixed and determinable payments with fixed maturity and loans and receivables, including funding capability, conditions necessary to be held until maturity. Financial assets held to maturity are initially recognized at amortized cost using the effective interest method, less impairment losses, if any.

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

Some equity instruments quoted in active markets and some debt instruments held by the Company are classified as available-for-sale and are measured at fair value. The Company has some available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. 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. In case of sale or impairment of the investment, the cumulative gain or loss accumulated in the valuation fund of financial assets is classified in the income statement.

Purchase and sale transactions of securities are accounted at the date of delivery.

Subsidiaries are classified as financial assets available-for-sale in the Company's financial statements. Subsidiaries that are not traded in organized markets and whose fair value cannot be reliably measured are recognized in the financial statements at cost after impairment losses are recognized.

Derecognition of financial assets

Financial assets are derecognized when the Company loses control of the contractual rights on those assets. In this case, the realization of these rights, and the maturity occurs when the expiration or delivery.

2. Summary of Significant Accounting Policies (continued)**2.9 Impairment on assets****Impairment of financial assets**

For each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets has suffered an impairment. A financial asset or group of financial assets, and only about being the first to recognize that after one or more loss/ damage event that occurred, and such loss event of the related financial asset or group of assets that can be estimated reliably as a result of the impact on the estimated future cash flows when there is objective evidence that an impairment is assumed to be impaired and an impairment loss occurs.

Receivables are measured at the lower of the net amounts at the end of the period. In the event of a situation that shows that the amounts of the loans and receivables will not be collected on a regular basis, a provision is made up to the amount that can be collected for receivables.

The recoverable amount of equity instruments is the fair value of the instrument. The estimated recoverable amount of debt instruments that are measured at fair value is the present value of future cash flows discounted at the current rate of interest on the market.

An event that occurs after impairment records is reversed if the objective is objectively reversing the impairment. The reversal of the impairment in the financial assets measured at amortized cost and debt securities classified as available-for-sale is based on the income statement. Reversal of impairment on financial assets, which are classified as equity securities classified as available-for-sale financial assets, is directly attributable to equity.

Impairment of fixed assets

The Company assesses at each reporting date whether there is any indication that its assets may have been impaired. If such an indication exists, it estimates the recoverable amount of the related asset within the scope of TAS 36 - "Accounting Estimates of Impairment of Assets" and allocates provision for impairment if the recoverable amount is less than the carrying amount of the related asset.

The rediscount and provision expenses for the period have been disclosed in detail in Note 47.

2.10. Derivative financial instruments

As of reporting date, due to forward foreign currency contracts the Company has not income accruals as of December 31, 2021 (December 31, 2020: 84.670.383) and financial liabilities due to forward foreign currency contracts amounting to TL (817.867.507) (December 31, 2020: (187.959.259)). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

2.11. Offsetting Financial Instruments

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

Revenue and expenses have been stated net as to the profit or loss that arise only as long as the reporting standards permit, or for similar transactions such as the trading of the Company.

2. Summary of Significant Accounting Policies (continued)**2.12. Cash and Cash Equivalents**

“Cash and cash equivalents” that are essential for the preparation of cash flow statements can be expressed as cash on hand, cheques received, other cash and cash equivalents and demand deposits, time deposits in banks with original maturity of three months or less and securities which are not blocked for use.

As of December 31, 2021 and 2020, the details of cash and cash equivalents are as follows:

	December 31, 2021	December 31, 2020
Banks	766.891.362	1.058.703.335
Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	590.403.035	480.208.734
	1.357.294.397	1.538.912.069
Interest Income Accruals of Banks	(538.885)	(2.102.075)
Other Cash and Cash Equivalents Discount	9.449.651	8.511.735
Cash and cash equivalents in the cash flows statement	1.366.205.163	1.545.321.729

2.13 Capital

As of December 31, 2021, capital group of the Company whose capital is directly or indirectly controlled is Sompo International Holding Inc. As of December 31, 2021 and December 31, 2020, the Company's capital and shareholder structure are as follows:

As of December 31, 2021;

Adı	Pay tutarı (TL)	Pay oranı (%)
Sompo International Holding Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of December 31, 2020;

Adı	Share Amount (TL)	Share Rate (%)
Sompo International Holding Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of June 15, 2010, Fiba Holding A.Ş., the Company's previous main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Republic of Turkey Ministry of Treasury and Finance dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc on November 2, 2010

As per the resolution of the Board of Directors dated November 1, 2010 numbered 2010/235, total 228.379.200 shares with nominal value of TL 2.283.792 owned by the real person-shareholders before the share transfer to Sompo Japan Insurance Inc., is transferred to Fiba Holding A.Ş.

As per the resolution of the Board of Directors dated November 2, 2010 numbered 2010/237, 2.807.876.700 shares owned by Fiba Holding A.Ş. with nominal value of TL 28.078.767 is transferred to Sompo Japan Asia Holdings Pte, 10.000 shares owned by Fiba Holding A.Ş., with nominal value of TL 100 is transferred to Sompo Japan Insurance (Singapore) Pte. Ltd, 10.000 shares owned by Fiba Holding with nominal value of TL 100 is transferred to Sompo Japan Insurance Company of America, 10.000 shares owned by Fiba Holding A.Ş., with nominal value of TL 100 is transferred to Japan Insurance Company of Europe Limited. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Girişim Faktoring AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Nipponkoa Insurance Inc.

399.600.000 shares owned by Sompo Japan Nipponkoa Insurance Inc. with nominal value of TL 3.996.000 is transferred to European Bank for Reconstruction and Development on December 15, 2010.

As per the resolution of the Board of Directors dated December 29, 2010 numbered 2010/268, total 370.833.000 shares with nominal value of TL 370.833 owned by the real person-shareholders is transferred to Sompo Japan Nipponkoa Insurance Inc.

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

According to the resolution of Board of Directors No. 354 dated January 30, 2013, Sompo Japan Nipponko Asia Holdings Pte. Ltd. Owns 10.000 shares with a nominal value of TL 100, which is owned by Sompo Japan Nipponko Insurance (Singapore) Pte. 10.000 shares with a nominal value of TL 100 which the Company owns in the company, 10.000 shares with a nominal value of TL 100 with the shares of Sompo Japan Nipponko Insurance Company of America, 10,000 shares with a nominal value of TL 100 have been transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors numbered 538 dated October 31, 2016, 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction and Development were transferred to Sompo Japan Nipponkoa Insurance Inc.

It has been unanimously resolved to increase the total capital of the Company by cash amounting to

TL 190,000,000 with the decision of the Board of Directors dated April 24, 2017 and numbered 563 and to amend Article 6 of the Articles of Association of the Company in the framework of the attached amendment text.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

The privileges granted to shares representing the capital: None.

Registered capital system in the Company: None.

The Company's own shares bought back: None.

2.14. Insurance and Investment Contracts – Taxonomy

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

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

As of the reporting date, the Company does not have a contract which is classified as an investment contract.

2.15. Discretionary Participation Features in Insurance and Investment Contracts

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

2. Summary of Significant Accounting Policies (continued)**2.16. Investment Contracts Without Discretionary Participation Features**

As of the reporting date, the Company does not have any investment contracts without Discretionary Participation Features.

2.17. Payables

Financial liabilities represent liabilities resulting from transactions that require the transfer of cash or another financial asset to another entity. Financial liabilities in the Company's financial statements are stated at discounted value. When a financial liability is paid, it is deducted from the records.

2.18. Taxes**Corporate tax**

Corporate income is subject to corporate tax at 20%. However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022. This rate is applied to as accounting income modified for certain exceptions (like dividend income) and deductions (like investment incentives) and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no distribution planned, no further tax charges are made.

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is applied as 10% in accordance with the Presidential Resolution published in the Official Gazette dated December 22, 2021 (2021: 15%). In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years. The Company has no deductible financial losses as of the balance sheet dates.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

2. Summary of Significant Accounting Policies (continued)**2.18. Taxes****Deferred tax**

In accordance with TAS 12 – Turkish Accounting Standard for Income taxes, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

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

As of December 31, 2021, a tax rate of 23% is used for temporary differences that are expected to occur / close in 2022, and 20% for temporary differences that are expected to occur / close after 2022 (December 31, 2020: Since the effective corporate tax rate on January 1, 2021 is 20%, 20% tax rate has been used for valid differences that are expected to occur / close in 2021 and after).

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 November 18, 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. Summary of Significant Accounting Policies (continued)**2.19. Benefits Provided to Employees****Provision for employee termination benefits**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of December 31, 2021 is TL 8.285 (December 31, 2020: TL 7.117).

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19-Employee Benefits. Therefore, as of December 31, 2021, actuarial calculations have been made for the related liabilities and recorded as TL 1.855.992 (deferred tax-free) actuarial loss in special funds under equity. (December 31, 2020: TL 1.470.628)

	December 31, 2021	December 31, 2020
Discount rate	4,50	3,89
Expected rate of salary/limit increase	20,00	15,00

The expected salary/limit increase ratio above is determined according to the government's annual inflation forecasts.

Other benefits

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

2.20. Provisions

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

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

2. Summary of Significant Accounting Policies (continued)**2.21. Revenue Recognition****Written Premiums**

Written premiums represent the remaining amount after cancellations and tax deductions of policy premiums issued in previous years as well as policies issued during the period.

Subrogation and salvage income and other similar income

The accrued or collected subrogation, salvage and similar income items cannot be discounted in calculations related to the provision for outstanding claims that are accrued and determined on account (file outstanding) but are recognized in the income statement and under the relevant receivables account on the active side of the balance sheet.

To accomplish the assessment of salvage and subrogation receivables or income, the acquisition of the right of subrogation, to determine the exact amount and the term should not have been charged by the end of. According to the Turkish Commercial Code, in order to acquire the right of subrogation, compensation must be paid.

According to the Circular No. 2010/13 of the Republic of Turkey Ministry of Treasury and Finance dated September 20, 2010, the insurance companies must pay compensation to the insurers without having to obtain repayment from the insurance companies and must have received the insurance from the insurers and notify the insurance company or third parties. It is accrued to the extent that the indebtedness of the insurance company to the collateral limit. However, this amount is reserved against the counter insurance company within six months following the payment of the indemnity payment, or against the third party within four months.

On the other hand, if a protocol is signed between the debtor insurance company or the third parties and the repayment receivable together with the payment plan not exceeding twelve months in total within the six and four month periods described above, or if a document such as check or promissory note is taken for payment, Six months for the third person, and four months for the third person, and for the installments that are in the process of acceptance and collection.

As of December 31, 2021, the Company has presented no proceedings in gross salvage and subrogation receivables amounting to TL 113.226.394 (December 31, 2020: TL 88.775.172) and reinsurer's share amounting to TL 2.572.670 (December 31, 2020: TL 4.680.654) as subrogation and salvage receivables in receivables from main activities in technical income accounts. The receivable and salvage receivables amounting to gross TL 9.366.129 (December 31, 2020: TL 12.113.167) and the reinsurer share of TL 253.125 (December 31, 2020: TL 1.323.259), which are not collected in the above periods, have been provision in this receivable amount.

However, if a protocol that includes a payment plan exceeding 12 months in total is made or a document is received, a protocol must be signed for the receivable amount exceeding 12 months or maturity, or provision must be made on the date of receipt of the document. In addition, regardless of the payment dates specified in the protocol or received document, all of the installments received or outstanding in the event of any payment made in the twelve month period from the date of payment of the indemnity to the payment plan or in the event of a single maturity, it is necessary for the provision.

If the claim is made through litigation/execution the accrual will be made as of the date of commencement of these transactions and the provision for doubtful receivables is set as of the same date.

The Company has classified the net subrogation amounting to TL 193.451.827 (December 31, 2020: TL 162.568.164) in the doubtful receivables arising from the main activity by allocating the doubtful receivables provision for the remaining portion in the retirement of the proceeds from the litigation conducted through litigation and execution.

In order to accrue salvage income, all insurance costs of damaged goods should be compensated and those goods should be owned by insurance company or under the condition of secondarily ownership (salvage) by insurance company, the income generated from the sale of those goods has to be accrued on the related periods like salvage receivables. In that case, if goods which are under secondary ownership by insurance company are sold via third party (real/corporate) or given over to insurer or directly sold by Company, salvage income should be accrued and should not be deducted from paid claims or outstanding claims.

2. Summary of Significant Accounting Policies (continued)**2.21. Revenue Recognition (continued)**

As of December 31, 2021 and December 31, 2020, collected subrogation and salvage income per branches are as follows:

	December 31, 2021	December 31, 2020
Motor vehicles	593.892.860	449.684.170
Third part liability for motor vehicles	31.692.583	20.596.202
Fire and Natural Disaster	1.889.152	1.122.021
Transportation	1.122.269	1.775.186
General Losses	297.503	77.680
Other	252.414	82.387
Total	629.146.781	473.337.646

December 31, 2021 ve December 31, 2020 tarihleri itibarıyla tahakkuk eden net rücu ve sovtaj gelirleri branş bazında detayı aşağıdaki gibidir:

	December 31, 2021	December 31, 2020
Motor vehicles	88.083.413	60.493.014
Third part liability for motor vehicles	21.406.684	21.716.282
Fire and Natural Disaster	682.355	636.326
Transportation	383.130	1.048.945
General Losses	95.156	59.197
Other	2.986	140.754
Total	110.653.724	84.094.518

Commission income and expense

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

Interest income and expense

Interest income and expense are recognized using the effective interest method by basis of accrual. The effective interest rate is the rate that exactly discounts the estimated future cash payments of financial assets or liability and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Trading income/expense

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

2. Summary of Significant Accounting Policies (continued)**2.22. Leasing Transactions**

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

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

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

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

Lease liability is measured at fair value of rent payments that have not been paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing rate.

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

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

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

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

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

2.23. Profit Share Distribution

At the Ordinary General Assembly Meeting of the Company dated March 30, 2021, it has been decided to reserve TL 20.228.901 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 211.789.009 distribute to shareholder as gross dividend and TL 204.923.759 transfer to extraordinary reserves regarding TL 436.941.669 the net profit of 2020.

Cash dividends amounting to TL 211.789.009 were paid to the shareholders in 2021 (December 31, 2020: None).

2. Summary of Significant Accounting Policies (continued)**2.23. Profit Share Distribution (continued)**

Circular No. 2016/22 Amending the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions published on December 30, 2021 (2021/30) and Article 7 of the Circular No. 2016/22, has been changed to "Net cash flows as of the financial reporting period date It is discounted to the cash value, taking into account the rate of 14%." Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision. Added to the 13th article of the same circular, "The positive difference arising within the scope of changing the discount rate in this direction cannot be used for a year following the year in which the change was made." Due to the statement, the positive difference of TL 191.510.161 in the discount amount as of December 31, 2021 shall not be included in the profit distribution.

Additionally, in accordance with the Circular No. 2021/31 of the Insurance and Private Pensions Regulation and Supervision Agency, published on December 30, 2021, the calculation method of unexpired risk reserve has been changed as follows "The 95% rate, which is stated in the third paragraph of Article 6 of the Regulation, used for the URR calculation, is used as 100% in the land vehicles liability branch.

In case the URR calculation method specified in the Circular on the Provision for Ongoing Risks numbered 2019/5 is used, for land vehicles liability branch, in the 4th article of the same Circular;

1. If a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, the gross damage premium rate used as 100% will be 105%, the gross damage premium rate used for other works as 85% will be 90%.
2. If a separate calculation is not made for the works where 100% of the direct production is transferred to the pools established in Turkey, the 85% rate will be used as 90%."

Following statement that's added to the 5th article of the same circular, "The positive difference arising within the scope of the change in the damage premium rates cannot be used for one year following the year of the change." Therefore, the positive difference amounting to TL 95.664.988 in the amount of unexpired risk reserve as of December 31, 2021 shall not be included in the profit distribution.

As a result of the changes explained above, after the change in the discount and unexpired risk reserve rates, after tax total the positive difference amounting to TL 217.294.662 (TL 287.175.149 pretax) shall not be used in profit distribution. Profit distribution table includes prepared by including this amount.

2.24. 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 August 7 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. In commodity transport insurance contracts with nonspecific due date, 50% of the remaining amount which is accrued in the last three months is reserved as unearned premiums reserve.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts which the company provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long term insurance contracts.

2. Summary of Significant Accounting Policies (continued)**2.24. Unearned Premium Reserve (continued)**

Since the Technical Reserves Regulation published on August 7, 2007 entered into force on January 1, 2008, Republic of Turkey Ministry of Treasury and Finance has issued the "Circular on the Provision of Insurance and Reassurance and Pension Companies' Provisions for Compliance with the Provisions of the Insurance Law No. 5684" dated July 4, 2007 and numbered 2007/3 within the period between the publication date of the Technical Reserves Regulation and the date of entry into force ("Compliance Circle "). In previous calculations, earthquake premiums were deducted during the calculation of unearned premiums; After June 14, 2007 and the Circular for compliance of policies issued, net of unearned premiums should not be stated that during the earthquake premium provisions. Accordingly, the Company began to calculate the unearned premium reserves for the earthquake premiums written after this date, when the Company did not calculate the unearned premium reserves for the earthquake premiums written before June 14, 2007.

According to the Regulation on the Amendment of the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets to be Invested in These Reserves, published in the Official Gazette dated July 28, 2010 and numbered 27655, 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 Regarding the Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets That This Provisions are Invested, published in the Official Gazette dated July 28, 2010, numbered 27655, during the calculation of the unearned premiums liabilities related to insurance contracts that is indexed to currency, if not determined any currency on the insurance contracts, the selling currency rate announced by the Central Bank of the Republic of Turkey on the Official Gazette is taken into consideration .

As of the balance sheet date, the Company has allocated unearned premium reserves in the financial statements amounting to TL 1.974.352.886 (December 31, 2020: TL 1.776.976.965) and reinsurer share for unearned premiums amounting to TL 882.070.108 (December 31, 2020: TL 641.533.008). In addition, the share transferred to Social Security Institution for unearned premiums have been TL 55.746.055 (December 31, 2020: TL 68.857.225).

2.25. Outstanding Claims Reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the balance sheet date as well as the corresponding handling costs. Incurred but not reported claims ("IBNR") are also provided.

Claims incurred before the accounting periods but reported subsequent to those dates are accepted as incurred but not reported ("IBNR") claims. In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation of branch-basis, adjusting prices, selection of most appropriate method to be interfere with the development factors are performed by the Company's actuary. Incurred but not reported ("IBNR") calculation methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuetter Ferguson. The selection of the data to be used on a branch basis will be made by the company actuary by using the actuarial methods to intervene in the development factors and the selection of the most appropriate method and development factors and the adjustment factors and these issues will be detailed in the actuarial report to be submitted to the Republic of Turkey Ministry of Treasury and Finance in accordance with Article 11 of the Actuarial Regulation.

2. Summary of Significant Accounting Policies (continued)**2.25. Outstanding Claims Reserve (continued)**

IBNR is used to estimate the amount of provision that should be set aside in the current period based on the historical loss incurred. As of December 31, 2021 and December 31, 2020, the Company has preferred the Standard Chain Method in all branches. In the ACLM table the large loss elimination was made as outlined on September 20, 2010 (Box Plot method). Logarithmic loss distribution in suretyship and third-party liability for motor vehicles branch was examined and large loss elimination was done according to percentile method and for other branches according to Box Plot method.

	December 31, 2021		December 31, 2020	
	Number of Eliminated Files	Big Claims Threshold	Number of Eliminated Files	Big Claims Threshold
Direct Indemnification	17	2.709.717	14	3.323.826
Aircraft	1	1.289.675	1	1.289.675
Watercraft Liability	5	3.087.598	5	1.596.476
Fire and Natural Disasters	81	2.112.296	77	1.362.153
Total	104		97	

Following the related circular, IBNR has been calculated gross by Company's actuary using the methods listed below by considering claim periods. For related gross IBNR amounts among the related claim periods net IBNR has been calculated by considering reinsurance rates to register the effect of current reinsurance agreements.

	Using Method	December 31, 2021		December 31, 2020	
		IBNR to Reserve (100% transaction level - Salvaged)	IBNR without accrued salvage (%100 level - negative %100)	IBNR to Reserve (100% transaction level - Salvaged)	IBNR without accrued salvage (%100 level - negative %100)
Motor Vehicles	Standart	(87.097.544)	(167.477.069)	(22.386.511)	(76.194.228)
Water Crafts	Standart	1.422.243	1.422.243	1.511.206	1.511.206
Third Party Liability for Motor Vehicles (MTPL)	Standart	1.882.007.169	1.863.091.040	1.625.737.157	1.608.773.395
Facultative Motor Liability	Standart	51.472.172	50.964.728	43.941.941	43.607.684
Water Crafts Liability	Standart	1.452.620	1.452.620	1.703.086	1.703.086
Fire and Natural Disasters	Standart	7.080.311	5.637.365	6.391.747	3.547.765
Accident	Standart	1.985.316	1.985.316	1.466.527	1.466.527
General Losses	Standart	20.184.593	19.759.483	13.163.452	12.707.023
Financial Losses	Standart	2.355.629	2.355.629	1.226.872	1.226.872
Health	Standart	1.365.491	1.365.491	2.686.225	2.686.225
Transportation	Standart	2.507.465	1.027.579	3.565.517	2.371.921
General Liability	Standart	164.384.459	164.384.459	111.609.609	111.609.487
Suretyship	Standart	421.362	403.114	1.717.050	1.376.022
Legal Protection	Standart	495.447	495.447	423.925	423.605
Total		2.050.036.733	1.946.867.445	1.792.757.803	1.716.816.590

In accordance with the Constitutional Court decision which was published in the Official Gazette dated October 9, 2020 and numbered 31269, the phrase "general conditions" in Article 90 on the compulsory financial liability (traffic insurance) side within the scope of the Highways Traffic Law canceled on the grounds that it is contrary to the Constitution. A detailed analysis of the cancellation decision carried out and this effect reflected in the incurred but not reported compensation amount calculated as of December 31, 2021 and December 31, 2020.

Company has considered the 100% result of IBNR calculation and has reflected TL 2.050.036.733 (December 31, 2020: TL 1.792.757.803) gross and TL 156.120.712 (December 31, 2020: TL 107.054.080) reinsurance share on financial statements. The amounts transferred to the Traffic and General Liability pool for IBNR account are not shown above. As of December 31, 2021 Company has reflected net amount of TL 2.445.375.713 (December 31, 2020: TL 2.228.924.200) outstanding claims reserve on its financial statements.

In accordance with the Provisional Article 12 of the Regulation Amending the Regulation on Tariff Application Principles in Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette dated July 11, 2017 and numbered 30121, it has been announced that the Pool of Risky Insurers was established as of April 12, 2017. Accordingly, the amounts calculated for damages received from the pool are included in the IBNR calculation.

2. Summary of Significant Accounting Policies (continued)**2.25. Outstanding Claims Reserve (continued)**

Company has separated death and disability compensation with treatment costs according to circular numbered 2011/18, and only treatment costs are included in the calculations made for preparing the financial statements.

Within the scope of third party liability for motor vehicles (MTPL) Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111 and within the scope of Compulsory Third Party Liability Insurance for Road Passenger Transportation and Compulsory Road Passenger Transportation Personal Accident Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111, the factors to use are notified by Republic of Turkey Ministry of Treasury and Finance.

Additional reserve for claims from the pool has been calculated in December 31, 2021 and using %107 (December 31, 2020: %112) final loss/premium ratio -over 89 base premium- according to Risky Insureds Pool Actuarial Valuation Report on Estimate of Final Loss/Premium Ratio Range which is sent by Turkish Motor Insurers Bureau at September 27, 2021 (December 31, 2020).

Within this scope, Company has reflected the notified and calculated amounts to its financial statements which are calculated according to the explanations made in circular numbered 2011/18 before and after the publishing date of the law.

Regarding the law and legislations mentioned above, due to the transfer to SSI, as of December 31, 2021, the Company has TL 28.193.913 (December 31, 2020: TL 28.574.122) liability in short term liabilities due to SSI from treatment costs. As of December 31, 2021 the amount of premium transfer to SSI related with the period after the law is TL 99.649.549 (December 31, 2020: TL 137.855.600).

Regulation related with “Litigious Outstanding Claims” in the scope of “Circular related with the explanations about the calculation of Incurred but Not Reported (IBNR) indemnity provision” numbered 2011/23:

According to the 1st paragraph of 4th item of the Regulation for Reporting of Insurance, Pension and Reinsurance Firms “with this regulation, Company’s activities are accounted in the frame of legislation provisions of Public Oversight Accounting and Auditing Standards Authority for the preparation and presentation of financial statements, except the notifications made by Republic of Turkey Ministry of Treasury and Finance for the topics stated in the second paragraph”. In the 1st paragraph of 6th item of the same regulation balance sheet is defined as “a table which reflects the fiscal and financial position of the Companies at a given period, which shows assets, liabilities and equities of the Company truly and fairly dividing them into active and passive accounts”.

In this framework, for a true presentation of financial statements with the circular numbered 2011/23, for the files in the lawsuit process, provisions should be made evaluating the winning and losing possibilities and for the files in the lawsuit process, deductions to make for which principles are identified.

Circular No. 2016/22 Amending the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions published on December 30, 2021 (2021/30) and Article 7 of the Circular No. 2016/22, has been changed to “Net cash flows as of the financial reporting period date It is discounted to the cash value, taking into account the rate of 14%.”. Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision. As of December 31, 2021, the Company has calculated the net discount amount against outstanding claims as TL 651.116.800 (December 31, 2020: TL 395.745.564, calculated with 9% discount rate). If the discount rate was continued to be used as 9% without making the relevant change, it has been calculated that the net discount amount against outstanding claims as of December 31, 2021 would have been TL 459.606.639.

2. Summary of Significant Accounting Policies (continued)

2.26. Equalization provision

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. Provisions are made until it meets the 150% of the highest amount of net premium written in the last 5 years.

Following the end of the 5th year, depending the premium production amount under the condition of provision amount is lower than the previous year balance sheet amount, the difference is classified in the other profit reserves under the owner's equity. Related amount which is transferred to equity could be kept as a reserve or may be subject to a capital increase or may be used in the compensation payments.

If the damage occurs, amounts hit the reinsurer and amounts which are under exemption limit can not be deducted from equalization reserve. If there are claims paid due to the commitments given, starting with the provision made 1st year, it is deducted from the provision by using the FIFO method.

Equalization reserves are stated in the accompanying financial statements under the non-current liabilities in the "Other Technical Reserves" account. As of balance sheet date, net TL 55.946.270 (December 31, 2020: TL 46.074.738) equalization reserve is booked. Following the "Circular About Usage of Equalization Reserve and Additional Explanations for Some Circulars" published by Republic of Turkey Ministry of Finance numbered 2012/1, equalization reserve booked for the related branches for the beginning years, is booked as debit in balance sheet and is booked as credit in Change in Other Technical Provisions account.

2.27. Unexpired Risk Reserves

Within the framework of Regulation on Technical Reserves, as of each balance sheet date, Companies has to make liability adequacy test for the last 12 months, while booking the unexpired risk reserves, due to the possibility of claims and compensations to occur according to the current insurance contracts are higher than the unexpired risks reserves booked for those insurance contracts. While making related test, net unexpired risks reserves amount should be multiplied with the expected net claim premium ratio. Expected net claim premium ratio is calculated by dividing incurred claims (outstanding claims (net) + paid claims (net) – ceded outstanding claims (net)) into earned premium (written premiums (net) + ceded unexpired risks reserve (net) – unexpired risk reserve (net)). While calculating the earned premiums, ceded unexpired risk reserves and commissions paid to intermediaries and deferred portion of commissions received from reinsurer which are stated as net in the unexpired risk reserve of the period are ignored.

In accordance with the Circular No. 2021/31 of Insurance and Private Pensions Regulation and Supervision Agency, published on December 30, 2021, the calculation method of unexpired risk reserves of the Company has been changed as follows:
"The 95% rate used for the calculation method of unexpired risk reserves, which is included in the third paragraph of Article 6 of the Regulation, is used as 100% in the third party liability for motor vehicles (MTPL) branch.

In case the calculation method of unexpired risk reserves, specified in the Circular on the Provision for Ongoing Risks numbered 2019/5 is used, due to the 4th article of the same Circular for the third party liability for motor vehicles (MTPL) branch;

1 If a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, the gross damage premium rate used as 100% is 105%, the gross damage premium rate used for other works as 85% is 90%,

2. If a separate calculation is not made for the works where 100% of the direct production is transferred to the pools established in Turkey, the 85% used is used as 90%."

2. Summary of Significant Accounting Policies (continued)**2.27. Unexpired Risk Reserves (continued)**

Accordingly, as of the reporting date, the Company has accounted for reserve for gross unexpired risk amounting to TL 101.030.614 (December 31, 2020: TL 27.894.960) and TL 59.635.999 for reinsurance share of unexpired risk (December 31, 2020: TL 23.790.976). If the calculation had been made without making changes in circulars numbered 2021/30 and 2021/31, it was calculated that the net amount of provision for net unexpired risks would have been TL 137.059.604.

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.

2.28. 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).

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

As an aim of the financial statements partners, upper level managers and board of directors, affiliates controlled by themselves and their family or affiliated companies to themselves, participations and jointly controlled entities are accepted as related parties.

2. Summary of Significant Accounting Policies (continued)

2.29. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average unit share of the Company. Firms in Turkey, by distributing at the share rate of actual shareholders may increase share capital ("No-par shares") from retained earnings. In the calculation of earnings per share, no-par shares are determined as issued shares.

2.30. Events After Reporting Date

As of the end of the Company's reporting period, events after reporting period which gives additional information of Company's financial position (events occurred after reporting period and which need to be adjusted) are reflected to financial statements. Significant events occurred after reporting period and not needed to be adjusted are explained in the disclosures.

3. Significant Accounting Estimates and Requirements

The preparation of financial statements requires the use of estimates and assumptions which define possible liability and commitments as of balance sheet date and income and expenses for the period ended. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are reviewed regularly and changes are made in the profit and loss accordingly. Major accounting estimates made by the Company are related with outstanding claim reserves and other technical reserves and impairment of assets, and these estimates and assumptions are disclosed in the notes. Further, significant estimates used in preparation of financial statements as follows.

Benefits Provided to Employees

The Company has calculated and accounted employment termination benefit in the accompanying financial statements using actuarial estimations. As of December 31, 2021, Company's employment termination benefit is TL 7.505.899 (December 31, 2020: TL 3.065.139).

Doubtful Receivables from Main Operations

Company has made allowance for doubtful receivable amounted TL 32.289.110 (December 31, 2020: TL 8.987.709) on its financial statements ended as of December 31, 2021, for receivables under the executive and legal follow-up phase from insurance companies and intermediaries. Besides, Company has made provision amounted TL 7.496.472 (December 31, 2020: TL 4.250.074) for receivables from insurance operations which are not under legal follow-up but Company believes that receivables are not collectible.

Subrogation Receivables

As of December 31, 2021, Company has booked net subrogation receivables amounted TL 193.451.827 (December 31, 2020: TL 162.568.164) according to the accrual basis for the subrogation receivables under legal and execution phase and for the not confirmed personal subrogation receivables before allowance for doubtful receivable (after deducting the reinsurance share).

3. Significant Accounting Estimates and Requirements(continued)**Outstanding Claim Reserve**

When calculating the outstanding claims reserve, many estimates and provisions, as well as definitive evidence such as experts, expert opinions, consultant views are applied. It may take a long time for the amount of outstanding claims to reach the definitive end. For this reason, actuarial chain ladder method is used to calculate the outstanding claim reserve based on the experience of the Company in previous years. In the past years, the development of the damage has been used in the calculation of future damage amounts. This calculation is based on the development of the claims paid, the average amount of compensation per claim in the past, the number of past claims and the expected loss/premium ratio. In accordance with the Technical Reserves Regulation, as of September 30, 2010, the basis of the application of actuarial chain ladder methods determined by the Republic of Turkey Ministry of Treasury and Finance for the fiscal period is calculated but the unreported compensation amount is calculated. The difference between the accrued and provisioned outstanding claims provision and the selected actuarial chain ladder method is realized but not reported.

In addition, in the branches where the actuary has performed major damage dismantling, the next year qualification difference calculation is performed for the big damages that are extracted. Major damage elimination is calculated in accordance with the "F-Major Damage Article" of the General Assembly dated 5 December 2014 and numbered 2014/16 issued by the Republic of Turkey Ministry of Treasury and Finance. Major Damage Elimination Branches are Land Vehicles, Traffic, Fire and Natural Disasters, Water Vehicles Liability, General Losses, Financial Losses, General Liability, Direct Surety and Optional Financial Liability.

As of December 31, 2021, Company's net outstanding claims reserve is TL 2.445.375.713 (December 31, 2020: TL 2.228.924.200).

Deferred Tax

When determining the deferred tax assets, various estimations and evaluations are used. As of December 31, 2021, the Company has calculated and booked deferred tax asset amounted TL 185.638.691 (December 31, 2020: TL 45.000.350).

4. Insurance and Financial Risk Management**4.1. Insurance Risk Management**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Risk is incidental due to the nature of the insurance process. The most basic risk in insurance contracts is the possibility of realized claims and rights and benefits provided to policyholders are realized above the technical provisions in the financial statements made for insurance contracts.

In every field and stage of insurance operations the definition of risk is made clearly and risk is abolished, possibilities of risks under control or to be insurable should be examined comprehensively.

First condition to manage risk is being able to define the risk. Basic risk fields to manage in Insurance Operations by Company are identified as follows:

- Insurable assets
- Pricing models, tariff structure
- Reinsurance
- Optimum conservation
- Claim costs
- Intermediaries
- Insurance contract provisions

4. Insurance and Financial Risk Management(continued)

4.1. Insurance Risk Management (continued)

The most significant resource to manage the risk is the convenience of the data for analyzing which is produced by Company's operations (premium production resources, client, policy, product, branch, commitment, claim file, numbers, premiums etc.).

Risk, in essence is a variable factor, therefore it is vital for Companies to follow the development of risk down to the last detail and form and/or direct strategies according to risk. To manage risk, essential point is to set up and activate internal control mechanisms for the identification of risk areas and points. For this purpose, Company primarily has formed committees for risks for which they regard as significant. Agency Risk Tracing Committee, Pricing and Watching Tariffs Committee, Claim and Risk Acceptance Basics Committee are the main committees formed for risk management.

Insurable Assets

In insurance, segmentation is crucial for the identification of insurable assets. As it is prescribed by the law, segmentation by branches, is not enough for the definition of risk. Defining various factors separately by Company via the systems maintain meaningful connections like client, client's insurance demands, operation type, locality, external factor, past statistics, possible damage volume and frequency, insurable securities and assets become convenient for pricing. In this stage today's communication platforms and technological advances enable to make faster and more accurate definitions.

In addition to these, during insurance of Small and Middle-Sized Enterprises ("SME") and industrial risks, risk acceptance and expertise evaluation criterias should be identified clearly and should put down in black and white. Criteria for the acceptance of this kind of significant risks must be convenient with the scope of reinsurance contracts made.

Pricing Models, Tariff Structure

Most important resource for to create the price of an insurance product is the past statistics. By using the advanced technology, the accuracy of statistical data, security, entrance to the system convenient for creating price and tariff and becoming meaningful information in the data set become possible. For this purpose, the Company has made software investment in 2008. By this investment detailed analysis can be made on the basis of distribution channel, risk location, style of use, client and policy. By this analysis damage frequency and violence modeling systems and tariff and pricing process are implemented much more sensitively. With the developments in planning and reporting fields, the effect of analysis of Company's premium production for current and previous year to period end and future periods can be made via using current data and projected assumptions.

Reinsurance

Company is under risk due to assets taken under insurance commitment. By considering the qualification (risk size, risk possibility) of insurance assets and Company's equity power, Company transfers some part of risks taken on to reinsurers via made agreements. After this transfer, while Company is sharing the obtained premiums with transfer rate to reinsurer, Company takes commission over it and shares the claim liability that it has to endure with same transfer rate to reinsurer too.

The power of the reinsurer that Company has made agreement for risk sharing, dependency of the matters that put sides under obligation, criteria to transfer reinsurer (which kind of risks, commission to receive, payment dates etc.) are determined as the significant risk areas in this matter.

Company transfer the risks as part of the proportional reinsurance agreements with surplus and quota-share treaties by branches. For the business which exceeds treaty capacities varies for different branches, facultative reinsurance is practiced by technical units.

134 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management(continued)

4.1 Insurance Risk Management(continued)

The reinsurers who worked mostly and their last credit ratings are as follows:

Reassurer	Grading	Standard & Poors			Grading	Appearance	AM Best Date
		Appearance	Date	Appearance			
Milli Re	trA+	-	June 15, 2021	B	Stationary	July 2, 2021	
Sompo Japan Insurance Inc.	A+	Stationary	April 25, 2021	A+	Stationary	September 2, 2021	
Mapfre Re	A+	Stationary	July 22, 2021	A	Stationary	October 14, 2021	
Munich Re	AA-	Stationary	May 24, 2021	A+	Stationary	July 8, 2021	
Everest Re	A+	Stationary	May 26, 2021	A-	Stationary	May 7, 2021	
QBE	A+	Stationary	May 21, 2021	A	Stationary	March 11, 2021	

Optimum Conversation

Some of the risks that Company decided to adopt are valid which is similar to the risk emerged during the reinsurance plan matter. For the risks which is under its conservation, Company purchases protection in definite criterias ("XL") too. Company management believes that, Company's data set's (statistics) quality helps the right evaluation of these data and the determination of optimum conservation level.

Claim Costs

Claim costs is the Company's main expense factor. From the risk standpoint, alongside it's a direct cash outflow factor, due to the obligation of compensating the victimization of insured, every process from the notification of claim to the payment of claim should be divided into risk areas and should be followed. Claim handling costs are settled down to every claim has reached to its real compensation amount and to provide that every claim has been paid to right person or institution. During this process, arrangement of insurance policy, client, insured assets, quality of claim, expertise, elimination of claim, spare parts and labor etc. and other expense items are the risk and cost factors and they directly affect the technical results of the Company. Company follows the relevant risk related with claim costs via Claim and Risk Acceptance Basics Appraisal Committee.

Intermediaries

Company realizes significant part of premium production from insurance intermediaries (agency, broker, banks etc.). Authorities of policy issuance and premium collections of intermediaries are transferred authorities from insurance companies. From the selection of risk and client to offer right price, on the other hand from incurred claims to collection of premium on time the senility that Companies are responsible to show is to be expected from agencies too. However, Company makes the controls whether authorized agencies rule their operations or not convenient with Company's policy, via analyzing the collected data by agency.

At the same time, in order to manage receivable transfer risk accurately, proper commitments are taken by agency and it is practiced to increase the application of direct collection systems.

Insurance Contract Provisions

Company makes provisions for not yet due, not certain debts and liabilities and even if it has not occurred per statistics income and expense factors that may bring right and/or liability. The primary objective here is, Company's responsibilities to government, clients, partners and shareholders are convenient with laws and they are accurately stated in financial statements and Company's books. It is a significant risk that the technical provisions booked are not entirely enough to meet Company's liabilities. In this context, with the regulations it made legal authority has clearly stated that insurance companies have to book the reserves that they need to make provisions are calculated standard and accurately. In order to eliminate those risks, Company make practices for management of all risk areas oriented to provide the security and accuracy of the data used and decent and fast practice of management reporting system.

4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management

Introduction and Overview

This note shows the risks that Company is exposed to each one of stated below, accordingly Company's policy, procedures and aims in order to manage and measure its risks and information about capital management. Company is exposed to the below risks emerged due to the usage of financial instruments.

- credit risk
- liquidity risk
- market risk

Whole responsibility belongs to the Board of Directors during the establishment and supervision of structure of risk management. Board of Directors manages the effectiveness of risk management system via Company's internal audit department. Company's risk management policies are established in order to, identify and analyze the risks that Company faces, determine the risk limits and controls, follow the risks and convenience of them to the defined limits. Risk management policy and systems are reviewed regularly the way that they reflect the changes in products and services presented and market conditions. Company aims to develop a disciplined and constructive control environment that every employee understands their duty and responsibilities via education and management standards.

Credit Risk

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

- cash and cash equivalents
- held-to-maturity financial assets
- premium receivables from policyholders
- receivables from intermediaries
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

The Company's financial assets, which are subject to credit risk are generally composed of domestic government bonds and time and demand deposits kept in banks and other financial institutions in Turkey and such receivables are not deemed to have high credit risk.

Most common method to manage insurance risk is to make reinsurance contract. However, the transfer of insurance risk via insurance contract does not remove the liability of first insurer Company. If reinsurance firm does not pay the claim, Company's responsibility against policyholder continues. Company evaluates the reliability of reinsurance firm by investigating the financial position of the related firm before the yearly contract made and by regarding the compensation payment performance of the firm.

136 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Credit Risk (continued)

As of December 31, 2021 and December 31, 2020, net book value of the assets that is exposed to credit risk are shown in the table below:

	December 31, 2021	December 31, 2020
Cash and cash equivalents (Note 14)	1.357.294.397	1.538.912.069
Receivables from main operations (Note 12)	1.042.614.318	542.996.626
Reinsurers share in outstanding claims reserve (Note 10), (Note 17)	1.304.892.325	776.078.059
Financial Assets (Note 11)	4.180.013.668	3.183.053.991
Other receivables (Note 12)	19.189.904	53.364.364
Due from related parties (Note 12)	2.534.704	3.842.987
Total	7.906.539.316	6.098.248.096

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

	December 31, 2021		December 31, 2020	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	976.693.707	-	479.571.889	-
Past due 0-30 days	29.581.054	-	28.520.852	-
Past due 31-60 days	30.833.121	-	24.581.616	-
Past due 61-180 days	11.191.854	(6.878.191)	11.681.914	(2.552.418)
Past due 181-365 days (*)	22.037.342	(22.037.342)	2.451.744	(2.451.744)
Past due over 1 year	21.175.826	(19.983.053)	20.216.302	(19.023.529)
Provision for Doubtful Subrogation Receivables from Main Operations	193.451.827	(193.451.827)	162.568.164	(162.568.164)
Total	1.284.964.731	(242.350.413)	729.592.481	(186.595.855)

(*) In accordance with the Republic of Turkey Ministry of Treasury and Finance's letter numbered B.021.HM.O.SGM.0.31/01/05 and dated February 3, 2005, If subrogation transactions are carried out through lawsuit/enforcement, the related amounts are followed in the doubtful receivables from main operations account in the financial statements. And also the same amount of doubtful receivables are set aside. As of December 31, 2021 and December 31, 2020, the Company also recognizes and makes provisions for its subrogation and salvage income in accordance with the principles set out in the circular dated September 20, 2010 and numbered 2010/13 of the Ministry of Treasury and Finance.

The movements of provision for receivables from insurance operations are as follows:

	December 31, 2021	December 31, 2020
Provision for receivables from insurance operations at the beginning of the period	186.595.855	142.073.806
Provisions for agency receivables during the period	26.547.800	1.682.842
Provisions for subrogation and salvage receivables during the period	29.206.758	42.839.207
Provision for receivables from insurance operations at the end of the period	242.350.413	186.595.855

Liquidity Risk

Liquidity is the risk that the Company's struggle to perform its obligations which is arised from financial liabilities.

Management of liquidity risk

To avoid liquidity risk, maturity match between the assets and liabilities are considered, liquid assets are conserved in order to meet liquidity need completely.

4. Insurance and Financial Risk Management(continued)**4.2. Financial Risk Management(continued)****Liquidity Risk(continued)**Management of the liquidity risk (continued)

As of December 31, 2021 and 2020 remaining maturity distribution of monetary assets and liabilities are;

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	1.357.294.397	993.366.817	363.927.580	-	-	-
Financial assets	4.180.013.668	729.369.546	246.600.747	797.009.454	680.969.859	1.726.064.062
Receivables from main operations	1.042.614.318	565.885.362	152.561.359	284.046.919	29.207.123	10.913.555
Receivables from related parties	2.534.704	2.534.704	-	-	-	-
Other receivables	19.189.904	19.189.904	-	-	-	-
Total monetary assets	6.601.646.991	2.310.346.333	763.089.686	1.081.056.373	710.176.982	1.736.977.617
Financial liabilities	827.525.473	822.307.310	-	-	-	5.218.163
Payables from main operations	418.329.497	249.429.346	132.290.923	36.609.228	-	-
Due to related parties	85.295	85.295	-	-	-	-
Other liabilities	64.348.225	36.815.986	27.532.239	-	-	-
Insurance technical provisions	2.445.375.713	87.880.092	175.760.181	121.971.872	192.744.558	1.867.019.010
Tax and other similar liabilities and provisions for them	155.657.197	23.761.216	131.895.981	-	-	-
Provisions related with other risks	41.458.954	41.458.954	-	-	-	-
Total monetary liabilities	3.952.780.354	1.261.738.199	467.479.324	158.581.100	192.744.558	1.872.237.173
Net monetary position	2.648.866.637	1.048.608.134	295.610.362	922.475.273	517.432.424	(135.259.556)

December 31, 2020	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	1.538.912.069	931.461.667	607.450.402	-	-	-
Financial assets	3.183.053.991	499.713.139	920.251.157	786.691.280	548.854.115	427.544.300
Receivables from main operations	542.996.626	233.152.915	90.360.844	180.758.993	28.176.204	10.547.670
Receivables from related parties	3.842.987	3.842.987	-	-	-	-
Other receivables	53.364.364	53.364.364	-	-	-	-
Total monetary assets	5.322.170.037	1.721.535.072	1.618.062.403	967.450.273	577.030.319	438.091.970
Financial liabilities	198.888.147	198.888.147	-	-	-	-
Payables from main operations	254.868.095	169.703.202	25.220.386	59.944.507	-	-
Due to related parties	13.869	13.869	-	-	-	-
Other liabilities	52.162.087	14.137.137	38.024.950	-	-	-
Insurance technical provisions	2.228.924.200	75.911.537	151.823.081	109.358.819	174.944.359	1.716.886.404
Tax and other similar liabilities and provisions for them	24.265.816	24.265.816	-	-	-	-
Provisions related with other risks	31.699.812	31.699.812	-	-	-	-
Total monetary liabilities	2.790.822.026	514.619.520	215.068.417	169.303.326	174.944.359	1.716.886.404
Net monetary position	2.531.348.011	1.206.915.552	1.402.993.986	798.146.947	402.085.960	(1.278.794.434)

Market Risk

Market risk is the risk that changes might happen in interest rate and currency rates may affect the Company's income or the value of financial assets that Company holds. The purpose of managing the market risk is to control of market risk amount is at acceptable parameters by optimizing the risk profitability.

Currency Risk

Company is exposed to the currency risk due to insurance and reinsurance operations made indexed to foreign exchange.

Foreign exchange gains and losses arised from foreign currency transactions are booked in records in the period which process is taken place. At the end of the period, amount of foreign currency active and passive accounts are valued using the T.C. Central Bank's buying rate of exchange and converted to TL and exchange differences occurred are reflected to books as a foreign exchange gain or loss.

138 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Market Risk (continued)

The details of currency risk that Company is exposed to be is listed in the table below:

December 31, 2021	USD	Euro	Other Currencies	Total
Cash and cash equivalents	563.061.185	81.684.374	275.771	645.021.330
Financial assets	2.667.231.660	287462749	-	2.954.694.409
Receivables from main operations	213.456.690	256.882.501	1.767.572	472.106.763
Total foreign currency assets	3.443.749.535	626.029.624	2.043.343	4.071.822.502
Payables from main operations	32.243.734	67.225.077	775.781	100.244.592
Insurance technical provisions	8.317.016	5.223.137	57.764	13.597.917
Financial liabilities	1.654.707.849	340.286.794	-	1.994.994.643
Other payables	9.590.707	3.276.661	-	12.867.368
Total foreign currency liabilities	1.704.859.306	416.011.669	833.545	2.121.704.520
Balance sheet position	1.738.890.229	210.017.955	1.209.798	1.950.117.982

December 31, 2020	USD	Euro	Other Currencies	Total
Cash and cash equivalents	794.303.246	93.578.548	-	887.881.794
Financial assets	1.352.019.324	809.281.719	-	2.161.301.043
Receivables from main operations	136.694.094	153.789.897	308.404	290.792.395
Total foreign currency assets	2.283.016.664	1.056.650.164	308.404	3.339.975.232
Payables from main operations	41.829.463	40.355.052	470.876	82.655.391
Insurance technical provisions	66.847.596	9.031.812	20.005	75.899.413
Financial liabilities	2.103.263.253	875.814.218	-	2.979.077.471
Other payables	5.509.728	2.008.826	-	7.518.554
Total foreign currency liabilities	2.217.450.040	927.209.908	490.881	3.145.150.829
Balance sheet position	65.566.624	129.440.256	(182.477)	194.824.403

In order to evaluate the table above related foreign currency amounts are converted to TL.

As of the end the of reporting period currency rates used to convert to foreign currencies are listed below:

	USD	Euro
December 31, 2021	13,3290	15,0867
December 31, 2020	7,3405	9,0079

Exposure Rate Risk

Due to the possibility of TL's 10% value decrease against currencies below, as of the period ended at December 31, 2021 and 2020 increase/(decrease) to be stated in equity and income statement (net of deferred tax) is shown in the table below. This analysis is prepared assuming that all other variables, especially interest rates remained stable. If TL's value increases 10% against related currencies the effect will be at the same amount but with reverse direction.

4. Insurance and Financial Risk Management (continued)**4.2. Financial Risk Management (continued)**Exposure Rate Risk (continued)

	December 31, 2021		December 31, 2020	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	173.889.023	173.889.023	6.556.662	6.556.662
Euro	21.001.796	21.001.796	12.944.026	12.944.026
Other	120.980	120.980	(18.248)	(18.248)
Total, net	195.011.799	195.011.799	19.482.440	19.482.440

(*) Equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

Exposure Interest Rate Risk

The risk that available for sale financial instrument portfolios face is the fluctuation in the market value of financial instruments as a result of the changes in interest rates. The basic risk that not available for sale financial instrument portfolios experience is the loss which will emerge due to the fluctuation that will occur in the upcoming cash flows and the decrease in fair value of financial instruments, as a result of the changes in interest rates in the market. Management of interest rate risk is made by following the interest rate margin and determining the previously approved limits for repricing bands.

As of December 31, 2021 and 2020, interest profile of Company's interest yield and not interest yield financial assets and liabilities are detailed in the table below:

	December 31, 2021	December 31, 2020
Financial assets with fixed interest rates:		
Bank deposit (Note 14)	718.098.551	1.028.161.774
Financial assets held-to maturity	2.954.694.409	2.161.301.044
Available for sale financial assets	1.077.016.993	776.577.697
Variable interest financial assets		
Available for sale financial assets	148.302.266	245.175.250

Interest rate sensitivity of the financial instruments

Interest sensitivity of income statement is the effect of net interest income to the change of interest rate in assumed defiances below, as of at the end of the years of December 31, 2021 and 2020, fair value of financial assets that their fair value differences are reflected to profit or loss, variable interest not available for sale financial assets and liabilities. During this analysis, other variables, especially the currency rates are assumed as stable.

December 31, 2021	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	3.720.484	(3.890.903)	(3.720.484)	3.890.903
Total financial assets	3.720.484	(3.890.903)	(3.720.484)	3.890.903
December 31, 2020	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	4.104.358	(4.324.708)	(4.104.358)	4.324.708
Total financial assets	4.104.358	(4.324.708)	(4.104.358)	4.324.708

(*) Equity effect only includes equity effect of assumed change in interest rates, does not include profit or loss effect.

140 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Classification of fair value measurements(continued)

Level 1: Registered (unadjusted) prices in the active market for identical assets and liabilities ,

Level 2: Directly (via prices) or by implication (by deriving from prices) observable data except the registered prices for assets and liabilities which taken part in the 1st level.

Level 3: The data (not observable data) related to the assets and liabilities which does not depend on the observable market data

Classification requires that the usage of observable market data if it is applicable.

December 31, 2021	1. Seviye	2. Seviye	3. Seviye	Total
Financial Assets:				
Available for sale financial assets (Note 11)	381.925.200	843.394.059	-	1.225.319.259
Total Financial Assets	381.925.200	843.394.059	-	1.225.319.259

December 31, 2020	1. Seviye	2. Seviye	3. Seviye	Total
Financial Assets:				
Available for sale financial assets (Note 11)	693.306.000	328.446.947	-	1.021.752.947
Total Financial Assets	693.306.000	328.446.947	-	1.021.752.947

Capital Management

Company's major capital management policies are stated below:

- To adapt the capital adequacy conditions determined by Republic of Turkey Ministry of Treasury and Finance
- By ensuring the Company's sustainability providing permanent returns to shareholders and partners
- By determining the price of insurance policies in proportion with received insurance risk level, providing sufficient return to shareholders.

The Capital Adequacy of the Company is calculated within the framework of the Regulation on the Measurement and Assessment of the Capital Adequacy of Insurance and Reinsurance Companies and Pension Companies, which is published and published in the Official Gazette dated August 23, 2015 and numbered 29454. As of December 31, 2021, Company's minimum required equity capital amount calculated is TL 1.075.611.695 (December 31, 2020: TL 819.993.114). As of December 31, 2021, Company's equity capital is TL 1.044.627.582 (December 31, 2020: TL 1.248.873.607) more than minimum required equity capital amount.

Gains and losses arised from financial assets

	December 31, 2021	December 31, 2020
Foreign exchange gains	1.597.165.826	889.537.786
Income gained from financial investments	263.374.842	229.295.666
Income gained from derivative transactions	35.871.842	131.137.658
Valuation of financial assets	1.002.293	13.074.708
Incomes of subsidiaries	233.802	56.875
Other income	-	1.713.054
Gains obtained from financial assets	1.897.648.605	1.264.815.747
Loss from disposal of financial assets	(645.738.659)	(600.692.383)
Foreign exchange losses	(420.750.234)	(204.476.052)
Losses obtained from financial assets	(1.066.488.893)	(805.168.435)
Financial gains and losses recognized in income statement, net	831.159.712	459.647.312

5. Segment Information

A segment is a severable part of Company's product or service production (operating segments) or economic environment (geographical section) in which risk and benefits of products and services produced may be distinguished from other segments.

Scope segments: As of the end of the reporting period, since the Company carries operations in the non-life insurance field which is followed as a sole reporting section, segment reporting is not presented.

6. Tangible Fixed Assets

Movement of tangible fixed assets between the periods of January 1 - December 31, 2021 and January 1 - December 31, 2020 are as follows:

	January 1, 2021	Additions	Transfer	Disposals	December 31, 2021
Cost:					
Investment Properties (Note 7)	3.012.818	-	-	-	3.012.818
Owner Occupied Property	128.759.019	20.461	61.887.965	-	190.667.445
Furniture and Fixtures	32.035.533	17.356.538	425.435	(2.558.229)	47.259.277
Motor Vehicles	888.638	-	-	-	888.638
Other Tangible Assets (including leasehold improvements)	13.191.597	994.070	-	(10.312.890)	3.872.777
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets (*)	12.774.955	2.065.572	-	(1.531.632)	13.308.895
Advances on tangible fixed assets	1.792.220	60.718.669	(62.313.400)	(197.489)	-
	192.527.589	81.155.310	-	(14.600.240)	259.082.659

Accumulated depreciation:					
Investment Properties (Note 7)	(240.303)	(53.300)	-	-	(293.603)
Owner Occupied Property	(2.103.931)	(2.106.147)	-	-	(4.210.078)
Furniture and Fixtures	(18.509.242)	(6.190.794)	-	1.889.698	(22.810.338)
Motor Vehicles	(217.296)	(178.878)	-	-	(396.174)
Other Tangible Assets (including leasehold improvements)	(9.642.734)	(1.121.100)	-	8.953.807	(1.810.027)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets (*)	(1.255.947)	(4.509.843)	-	1.417.377	(4.348.413)
	(32.042.262)	(14.160.062)	-	12.260.882	(33.941.442)

Net book value	160.485.327				225.141.217
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	January 1, 2020	Additions	Transfer	Disposals	December 31, 2020
Cost:					
Investment Properties (Note 7)	3.097.818	-	-	(85.000)	3.012.818
Owner Occupied Property	128.759.019	-	-	-	128.759.019
Furniture and Fixtures	25.882.260	8.025.172	-	(1.871.899)	32.035.533
Motor Vehicles	2.542.612	467.000	-	(2.120.974)	888.638
Other Tangible Assets (including leasehold improvements)	12.733.092	458.505	-	-	13.191.597
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets (*)	8.061.984	11.807.729	-	(7.094.758)	12.774.955
Advances on tangible fixed assets	-	1.792.220	-	-	1.792.220
	181.149.594	22.550.626	-	(11.172.631)	192.527.589

Accumulated depreciation:					
Investment Properties (Note 7)	(197.345)	(54.858)	-	11.900	(240.303)
Owner Occupied Property	(586.350)	(1.517.581)	-	-	(2.103.931)
Furniture and Fixtures	(15.210.095)	(4.675.076)	-	1.375.929	(18.509.242)
Motor Vehicles	(559.208)	(346.996)	-	688.908	(217.296)
Other Tangible Assets (including leasehold improvements)	(7.889.585)	(1.753.149)	-	-	(9.642.734)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets (*)	(3.071.215)	(3.371.162)	-	5.186.430	(1.255.947)
	(27.586.607)	(11.718.822)	-	7.263.167	(32.042.262)

Net book value	153.562.987				160.485.327
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(*) All of right-of-use assets consists vehicles as of December 31, 2021 and 2020.

Revaluation is not applied over tangible fixed assets.

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

7. Investment Properties

As of balance sheet date, details of investment properties as follows:

142 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

	December 31, 2021 Book value	December 31, 2020 Book value
İzmir Konak – Building	556.520	556.520
İzmir Karşıyaka- Building	416.320	416.320
Malatya – Office	46.294	46.294
Konya – Karatay, Land	6.930	6.931
Heybeli Ada-House	749.023	749.272
İzmir Bornova- Building	523.603	523.603
Sapanca	240.150	240.150
Bilecik Land	23.400	23.150
Fon Sg Land	317.478	317.478
Kartal Building	133.100	133.100
Total	3.012.818	3.012.818
Accumulated depreciation	(293.603)	(240.303)
Net book value	2.719.215	2.772.515

Rent income gained from investment properties is TL 94.163 during the period (December 31, 2020: TL 75.880).

8. Intangible Fixed Assets

Movements of intangible fixed assets between the periods of January 1 - December 31, 2021 and January 1 - December 31, 2020 are as follows:

	January 1, 2021	Additions	Transfer	Disposals	December 31, 2021
Cost:					
Other intangible fixed assets	36.258.387	11.988.038	-	-	48.246.425
	36.258.387	11.988.038	-	-	48.246.425
Accumulated depreciation:					
Other intangible fixed assets	(24.118.835)	(11.721.431)	-	-	(35.840.266)
	(24.118.835)	(11.721.431)	-	-	(35.840.266)
Carrying Amount	12.139.552				12.406.159
	January 1, 2020	Additions	Transfer	Disposals	December 31, 2020
Cost:					
Other intangible fixed assets	31.637.689	8.192.617	354.159	(3.926.078)	36.258.387
Advances given	330.354	23.805	(354.159)	-	-
	31.968.043	8.216.422	-	(3.926.078)	36.258.387
Accumulated depreciation:					
Other intangible fixed assets	(19.969.814)	(6.590.645)	-	2.441.624	(24.118.835)
	(19.969.814)	(6.590.645)	-	2.441.624	(24.118.835)
Carrying Amount	11.998.229				12.139.552

9. Investments in Associates

	December 31, 2021		December 31, 2020	
	Registered Value	Share rate %	Registered Value	Share rate %
Tarım Sig. Havuz İřt. A.Ş.	875.420	4,34	684.773	4,54
Associates, net	875.420		684.773	

10. Reinsurance Assets and Liabilities

Reinsurance assets and liabilities of Company's cedent business title as a result of the current reinsurance agreements are showed detailed in the table below:

Reinsurance assets	December 31, 2021	December 31, 2020
Reinsurer's share of outstanding claim reserve (Note 17)	1.304.892.325	776.078.059
Reinsurer's share of unearned premiums reserve (Note 17)	937.816.163	710.390.233
Reinsurer's share of equalization reserve (Note 17)	194.050.923	146.847.467
Receivables from reinsurance firms (Note 12)	38.501.106	43.167.393
Reinsurer's share of unexpired risks reserve (Note 17)	59.636.000	23.790.976
Total	2.534.896.517	1.700.274.128

There is not recognized impairment related with reinsurance assets.

Reassurance Liabilities	December 31, 2021	December 31, 2020
Payables to reinsurance firms, net (Note 19)	243.333.183	146.395.544
Deferred commission income (Note 19)	174.305.748	121.173.819
Total	417.638.931	267.569.363

Gains and losses which recognized in the income statement according to the Company's reinsurance agreements are shown in the table below:

	December 31, 2021	December 31, 2020
Ceded premiums to reinsurer in the current period	(1.597.753.420)	(1.314.865.644)
Reinsurer's share of unearned premiums reserve at the beginning of the year	(710.390.233)	(665.559.465)
Reinsurer's share of unearned premiums reserve at the end of the year	937.816.163	710.390.233
Earned reinsurer premiums	(1.370.327.490)	(1.270.034.876)
Reinsurer share of claims paid in the current period (Note 17)	655.116.049	423.654.340
Reinsurer share of outstanding claims reserve at the beginning of the year (Note 17)	(776.078.059)	(607.950.909)
Reinsurer share of outstanding claims reserve at the end of the year (Note 17)	1.304.892.325	776.078.059
Reinsurer's share in claims (Note 17)	1.183.930.315	591.781.490
Accrued commission income in the period from reinsurers (Note 32)	292.442.176	210.741.770
Deferred commission income at the beginning of the year	121.173.819	107.824.520
Deferred commission income at the end of the year (Note 19), (Note 32)	(174.305.748)	(121.173.819)
Commission income earned from reinsurers (Note 32)	239.310.247	197.392.471
Change in unexpired risk reserves, reinsurer share (Note 17)	35.845.024	20.821.995
Change in equalization reserve, reinsurer share (Note 17)	47.203.456	29.870.381
Total, net	135.961.552	(430.168.539)

144 Sompo Sigorta Anonim ŞirketiNotes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))**11. Financial Assets**

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

	December 31, 2021			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	339.500.000	340.945.305	381.925.200	381.925.200
Private sector bond - TL	866.920.000	874.531.345	843.394.059	843.394.059
Available for sale financial assets	1.206.420.000	1.215.476.650	1.225.319.259	1.225.319.259

	December 31, 2020			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	610.000.000	678.161.183	693.306.000	693.306.000
Private sector bond - TL	329.495.955	336.347.069	328.446.947	328.446.947
Available for sale financial assets	939.495.955	1.014.508.252	1.021.752.947	1.021.752.947

	December 31, 2021			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Eurobond Government Bonds-USD	826.398.000	878.540.971	873.951.749	874.169.895
Eurobond Private Sector Bonds-USD	746.424.000	795.736.283	785.059.222	785.323.262
Bank Deposits:				
USD	991.677.409	991.677.409	1.007.738.503	1.007.738.503
EUR	282.800.085	282.800.085	287.462.749	287.462.749
Financial assets held-to maturity	2.847.299.494	2.948.754.748	2.954.212.223	2.954.694.409

	December 31, 2020			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Eurobond Government Bonds-USD	286.815.357	285.109.145	290.480.848	290.387.267
Eurobond Private Sector Bonds-USD	762.846.782	769.967.407	772.764.338	772.627.369
Bank Deposits:				
USD	288.053.483	288.053.483	289.004.689	289.004.689
EUR	806.606.201	806.606.201	809.281.719	809.281.719
Financial assets held-to maturity	2.144.321.823	2.149.736.236	2.161.531.594	2.161.301.044

11. Financial Assets (continued)

Details of financial assets which Company gave as a commitment on behalf of Republic of Turkey Ministry of Treasury and Finance as a need of insurance operations are as follows:

	December 31, 2021		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	532.670.556	546.523.459	546.523.459
Total	532.670.556	546.523.459	546.523.459

	December 31, 2020		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	359.786.184	361.060.571	361.060.571
Total	359.786.184	361.060.571	361.060.571

There is not overdue but not impaired yet financial assets in Company's financial asset portfolio.

There is not security that represents borrowing which is issued in the current period or amortized in the current period of previously issued.

Movement of financial assets in the current period is presented below:

December 31, 2021	Available for sales	Held to maturities	Total
Balance at the beginning of the period	1.021.752.947	2.161.301.044	3.183.053.991
Additions	1.053.254.200	2.261.342.690	3.314.596.890
Disposals (either sold or settled)	(852.285.804)	(2.294.173.411)	(3.146.459.215)
Change in the fair value of financial assets (Note 15)	(21.126.558)	-	(21.126.558)
Change in amortised cost of financial assets	23.724.474	826.224.086	849.948.560
Balance at the end of the period	1.225.319.259	2.954.694.409	4.180.013.668

December 31, 2020	Available for sales	Held to maturities	Total
Balance at the beginning of the period	524.519.964	1.964.589.783	2.489.109.747
Additions	966.910.911	2.283.860.094	3.250.771.005
Disposals (either sold or settled)	(453.947.995)	(2.156.100.784)	(2.610.048.779)
Change in the fair value of financial assets (Note 15)	(15.729.933)	-	(15.729.933)
Change in amortised cost of financial assets	-	68.951.951	68.951.951
Balance at the end of the period	1.021.752.947	2.161.301.044	3.183.053.991

Value increases in financial assets for the last 3 years:

Year	Change in value increase (net)	Total value increase (net)
2021	(15.523.285)	(35.367.656)
2020	(31.231.202)	(19.844.371)
2019	11.386.831	11.386.831

146 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

12. Kredi ve alacaklar

	December 31, 2021	December 31, 2020
Receivables from main operations (Note 4.2)	1.042.614.318	542.996.626
Other receivables (*) (Note 4.2)	19.189.904	53.364.364
Receivables from related parties (Note 4.2), (Note 45)	2.534.704	3.842.987
Total	1.064.338.926	600.203.977
Short-term receivables	1.053.425.371	589.656.307
Long-term receivables	10.913.555	10.547.670
Total	1.064.338.926	600.203.977

(*) As of December 31, 2021, the Company's other receivables amounted TL 88.158.568 (December 31, 2020: TL 53.364.364) consist of receivables from TARSIM (Agricultural Insurance Pool) Natural Disaster Insurance Institution (TCIP) and other receivables.

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

	December 31, 2021	December 31, 2020
Receivables from agencies, brokers and intermediaries	827.062.841	414.619.474
Allowance for doubtful receivables from main operations- subrogation receivables	193.451.828	162.568.164
The amounts to be collected via subrogation and salvage	110.653.724	84.094.518
Receivables from main operations- Legal follow-up	33.481.883	10.180.483
Receivables from insured	76.493.932	10.605.584
Receivables from reinsurance firms (Note 10)	38.501.106	43.167.393
Receivables from insurance companies	7.931.514	6.908.599
Rediscount of receivables from insurance operations	(2.612.097)	(2.551.734)
Total receivable from insurance operations	1.284.964.731	729.592.481
Allowance for doubtful receivable from main operations – subrogation receivables (Note 4.2)	(193.451.827)	(162.568.164)
Allowance for doubtful receivable from main operations – legal and execution follow-up (Note 4.2)	(32.289.110)	(8.987.709)
Impairment provision of premium receivables from agency, broker and intermediaries	(7.496.472)	(4.250.074)
Provision of subrogation and salvage receivable	(9.113.004)	(10.789.908)
Total provisions for receivables from insurance operations	1.042.614.318	542.996.626

12. Receivables (continued)

Company makes provisions for receivables as following the dated September 20, 2010 published by Ministry of Treasury and Finance "Circular numbered 2010/13 Related with Subrogation and Salvage Income" which states following the 6 months of claim payment of accrued subrogation receivables for in debt insurance firm or following the 4 months for 3rd parties. As of December 31, 2021 Company has made provisions for receivable amounted to TL 2.873.622 (December 31, 2020: TL 7.314.537) for the subrogation receivables not collected in the periods stated in the circular above

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

	December 31, 2021	December 31, 2020
Guarantee letter	37.858.000	34.852.500
Mortgage bond	23.702.000	24.857.000
Cash guarantees received	8.025.561	7.575.769
Other commitments received	10.068.089	29.470.014
Total	79.653.650	96.755.283

Provisions for doubtful receivables for overdue receivables and receivables not due yet:

a) Movement of allowance for doubtful receivables (due) in legal and execution follow-up in the period as follows:

	December 31, 2021	December 31, 2020
Receivable provision in legal and execution follow-up at the beginning of the period	8.987.709	8.573.844
Booked provision in current period	23.301.401	413.865
Receivable provision in legal and execution follow-up at the end of the year	32.289.110	8.987.709

b) Movement of premium receivable provisions in the period as follows:

	December 31, 2021	December 31, 2020
Premium receivable provision at the beginning of the period	4.250.074	2.981.097
Canceled in the period	(1.292.831)	(413.866)
Booked provision in current period	4.539.229	1.682.843
Premium receivable provision at the end of the year	7.496.472	4.250.074

c) Movement of subrogation receivable provision which is subject to a suit in the period as follows:

	December 31, 2021	December 31, 2020
Receivable provision which is subject to a suit at the beginning of the year	162.568.164	127.365.228
Net booked provision in current period	30.883.663	35.202.936
Receivable provision which is subject to a suit at the end of the year	193.451.827	162.568.164

d) Movement of subrogation and salvage receivables provisions in the period as follows:

	December 31, 2021	December 31, 2020
Subrogation and salvage receivables provision at the beginning of the year	10.789.908	3.153.637
Booked/cancelled provisions in the current period	(1.676.904)	7.636.271
Subrogation and salvage receivables provision at the end of the year	9.113.004	10.789.908

Company's receivable and payable relationship with shareholders, subsidiaries and associates are stated detailed in Note 45.

Receivables and payables which does not have an exchange rate guarantee and represented via foreign currencies and the separate amounts of current foreign exchange moneys and their conversion rate to TL is stated in Note 4.2.

148 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

13. Derivative Financial Instruments

As of reporting date, due to forward foreign currency contracts the Company has not any appreciation balance under their income accruals (December 31, 2020: 84.670.383) and depreciation value under their other financial liabilities amounting to TL (817.867.507) (December 31, 2020: (187.959.259)). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Income Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

14. Cash and Cash Equivalents

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

	December 31, 2021	December 31, 2020
Bank Deposits	766.891.362	1.058.703.335
Bank Guaranteed Credit Card Receivables with Maturity Less Than Three Months	590.403.035	480.208.734
Total	1.357.294.397	1.538.912.069

As of December 31, 2021 and December 31, 2020, detail of bank deposits account are as follows:

	December 31, 2021		December 31, 2020	
	Original Amount	TL Amount	Original Amount	TL Amount
Demand:				
USD	1.181.796	15.752.161	1.861.894	13.667.233
EUR	1.880.190	28.365.856	1.002.030	9.026.188
GBP	15.349	275.774	-	-
TL	4.399.020	4.399.020	7.848.140	7.848.140
Time:				
USD	41.035.171	546.957.784	106.346.436	780.636.013
EUR	3.501.365	52.824.044	9.386.468	84.552.360
TL	118.316.723	118.316.723	162.973.401	162.973.401
Total		766.891.362		1.058.703.335

As of December 31, 2021 and December 31, 2020, other cash and cash equivalents consist of credit card receivables. Credit card receivables are hold for 26 and 90 days blockage in account.

15. Equity**Paid Capital**

As of December 31, 2021, the Company's nominal capital is TL 190.000.000 (December 31, 2020: TL 190.000.000) Company's capital is comprised of issued and worth of Kuruş 1 nominal value for each one of 19.000.000.000 numbers of shares.

There is no privilege recognized to equity shares which represents the capital.

Sompo International Holding Inc. is the capital group whose direct or indirect control over the Company's capital as of December 31, 2021 and December 31, 2020.

There are not Company's own equity shares which is kept by Company or Company's associate or Company's subsidiaries. There are not equity shares in Company to issue for float shares by force of futures and contracts.

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 are as follows:

	December 31, 2021	December 31, 2020
Legal reserves at the beginning of the year	42.777.778	54.315.038
Transfer to profit and other reserves	20.228.901	(11.537.260)
Legal reserves at the end of the period	63.006.679	42.777.778

Extraordinary reserves

The movement table for extraordinary reserves are as follows:

	December 31, 2021	December 31, 2020
Extraordinary reserves at the beginning of the year	1.365.479.432	883.399.137
Transfer to profit and other reserves	204.923.759	482.080.299
Extraordinary reserves at the end of the period	1.570.403.191	1.365.479.436

Revaluation of Financial Assets

The movement table for revaluation of financial assets are as follows:

	December 31, 2021	December 31, 2020
Revaluation differences as the beginning of the period	(19.844.371)	11.386.831
Change in the fair value of financial assets	(21.126.558)	(39.039.004)
Deferred tax effect	5.603.273	7.807.802
Revaluation differences as the end of the period	(35.367.656)	(19.844.371)

15. Equity (continued)**Other reserves**

At dated July 4, 2007 and numbered 2007/3 published by Republic of Turkey Ministry of Treasury and Finance “Circular of Orientation of Provisions of Insurance, Reinsurance and Pension Firms to the numbered 5684 Provisions of Insurance Laws” for the year 2007 it is sentenced not to book earthquake damage provision. However, previously booked earthquake damage provisions (earthquake damage provision amount which is stated in balance sheet as of December 31, 2006) are required to transfer to voluntary reserves according to the temporary 5th item of mentioned law, for this purpose it is stated that the current earthquake damage provision amount as of December 31, 2006 and including the gains obtained via directing related amount to investment, related provisions are going to be transferred to 549.01 account “transferred earthquake damage provisions” which will be identified as of September 1, 2007 and it will not be a subject to dividend payment and will not be transferred to another account under no circumstances. Following related circular Company has stated TL 8.808.057 (December 31, 2020 – TL 8.808.057) earthquake damage provision under other profit reserves which Company has booked in its December 31, 2006 financials due to the earthquake damage provision Company has booked and including the gains obtained via directing related amount to investment.

Special Funds

TAS 19 - Employee Benefits Related to Turkey Accounting Standard requires the use of actuarial method in calculating the provision for employee termination benefits. As of December 31, 2021, actuarial calculation has been made for related liabilities and actuarial loss (deferred tax free) has been recorded amounting to TL 1.855.992 in special funds under equity. (December 31, 2020: TL 1.470.628).

16. Other Provisions and Capital Component of Discretionary Participation

As of December 31, 2021 and 2020 there is not any other reserves which is stated under equity except the previously booked earthquake damage provision which is recognized under “other profit reserves”. As of December 31, 2021 and 2020, the Company does not have a contract with a future of capital component of discretionary participation.

17. Insurance Liabilities and Reinsurance Assets

As of December 31, 2021 and December 31, 2020, the details of insurance technical reserves of the Company are as follows:

	December 31, 2021	December 31, 2020
Gross unearned premiums reserve	1.974.352.886	1.776.976.965
Reinsurer's share of unearned premiums reserve (Note 10)	(882.070.108)	(641.533.008)
SSI's share of unearned premiums reserve (Note 10)	(55.746.055)	(68.857.225)
Unearned premiums reserve, net	1.036.536.723	1.066.586.732
Gross outstanding claim reserve	3.750.268.038	3.005.002.259
Reinsurer's share of gross outstanding claim reserve (Note 4.2) (Note 10)	(1.304.892.325)	(776.078.059)
Outstanding claim reserve, net	2.445.375.713	2.228.924.200
Equalization reserve	249.997.193	192.922.205
Reinsurer's share of equalization reserve (Note 10)	(194.050.923)	(146.847.467)
Equalization reserve, net	55.946.270	46.074.738
Unexpired risks reserve	101.030.615	27.894.960
Reinsurer's share of unexpired risks reserve (Note 10)	(59.636.000)	(23.790.976)
Unexpired risks reserve, net	41.394.615	4.103.984
Bonus and discount reserve	2.073.981	1.163.711
Reinsurer's share of bonus and discount reserve	-	-
Bonus and discount reserve, net	2.073.981	1.163.711
Total technical provisions, net	3.581.327.302	3.346.853.365
Short term	3.525.381.032	3.300.778.627
Medium and long term	55.946.270	46.074.738
Total technical provisions, net	3.581.327.302	3.346.853.365

Unearned premiums reserve:

	December 31, 2021		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.776.976.965	(710.390.233)	1.066.586.732
Written premiums in the period	3.455.290.096	(1.597.753.420)	1.857.536.676
Earned premiums in the period	(3.257.914.175)	1.370.327.490	(1.887.586.685)
Unearned premiums reserve at the end of the year	1.974.352.886	(937.816.163)	1.036.536.723

	December 31, 2020		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.867.908.982	(665.559.465)	1.202.349.517
Written premiums in the period	3.332.713.298	(1.314.865.644)	2.017.847.654
Earned premiums in the period	(3.423.645.315)	1.270.034.876	(2.153.610.439)
Unearned premiums reserve at the end of the year	1.776.976.965	(710.390.233)	1.066.586.732

152 Sompo Sigorta Anonim ŞirketiNotes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))**17. Insurance Liabilities and Reinsurance Assets (continued)****Provision for outstanding claims**

	December 31, 2021		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	3.005.002.259	(776.078.059)	2.228.924.200
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	2.816.582.038	(1.183.930.315)	1.632.651.723
Claim payments during the period	(2.071.316.259)	655.116.049	(1.416.200.210)
Outstanding claim reserve at the end of the year	3.750.268.038	(1.304.892.325)	2.445.375.713

	December 31, 2020		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	2.366.223.586	(607.950.909)	1.758.272.677
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	2.161.648.095	(591.781.490)	1.569.866.605
Claim payments during the period	(1.522.869.422)	423.654.340	(1.099.215.082)
Outstanding claim reserve at the end of the year	3.005.002.259	(776.078.059)	2.228.924.200

	December 31, 2021			December 31, 2020		
	Gross	Reinsurer Share	Net	Gross	Reinsurer Share	Net
Incurred and reported claims	2.500.444.670	(1.297.868.178)	1.202.576.492	1.675.472.113	(736.506.072)	938.966.041
Incurred but not reported claims	2.050.036.733	(156.120.712)	1.893.916.021	1.792.757.803	(107.054.080)	1.685.703.723
Net Cash Flow Discount	(800.213.365)	149.096.565	(651.116.800)	(463.227.657)	67.482.093	(395.745.564)
Total	3.750.268.038	(1.304.892.325)	2.445.375.713	3.005.002.259	(776.078.059)	2.228.924.200

Equalization Reserve

	December 31, 2021		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	192.922.205	(146.847.467)	46.074.738
Net change	57.074.988	(47.203.456)	9.871.532
Equalization reserve at the end of the year	249.997.193	(194.050.923)	55.946.270

	December 31, 2020		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	155.878.552	(116.977.086)	38.901.466
Net change	37.043.653	(29.870.381)	7.173.272
Equalization reserve at the end of the year	192.922.205	(146.847.467)	46.074.738

17. Insurance Liabilities and Reinsurance Assets (continued)**Provision for unexpired risks**

	December 31, 2021		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	27.894.960	(23.790.976)	4.103.984
Net change	73.135.655	(35.845.024)	37.290.631
Provision for unexpired risks at the end of the period	101.030.615	(59.636.000)	41.394.615

	December 31, 2020		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	3.662.201	(2.968.981)	693.220
Net change	24.232.759	(20.821.995)	3.410.764
Provision for unexpired risks at the end of the period	27.894.960	(23.790.976)	4.103.984

Provision for bonus and discount:

Provision for bonus and discount	December 31, 2021	December 31, 2020
Provision for bonus and discount at the beginning of the period	1.163.711	5.477.147
Net change	910.270	(4.313.436)
Provision for bonus and discount at the end of the period	2.073.981	1.163.711

Claim Development Table

The main assumption used to predict the outstanding claim reserve is Company's claim development experience from the past periods. The Company management uses its own judgments while determining how external factors like legal decisions and changes in regulations will affect the outstanding claim reserve. Sensitivity of some estimations like legal changes and uncertainties during the prediction process is not measurable. Besides, long delays between the time of claim incurred and the time payment is made inhibits the determination of outstanding claim reserve definitely as of balance sheet date. Therefore, total liabilities may differ depending on the subsequent events and the differences occurred due to the re-estimation of liabilities are reflected to financial statement in upcoming periods. The development of insurance liabilities enables to measure the Company's performance of estimation of total claim liabilities. The numbers that are shown in the upside of below tables, from the years claims has incurred in, show the change of Company's total estimations for claims in the subsequent years. The numbers that are shown in the underside of the tables, give the outstanding claim reserves stated in financial statements and their confirmation.

17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2021								
Claim Year	2015	2016	2017	2018	2019	2020	2021	Total
Claim year	496.318.042	690.717.354	942.987.036	1.202.095.331	1.395.035.839	1.434.315.264	1.899.950.171	8.061.419.037
1 year later	527.599.455	766.575.828	1.087.794.972	1.375.689.927	1.567.111.249	1.931.775.662	-	7.256.547.093
2 year later	556.441.207	827.317.075	1.183.335.649	1.488.393.063	1.757.985.646	-	-	5.813.472.640
3 year later	585.670.824	864.475.965	1.238.627.024	1.608.274.881	-	-	-	4.297.048.694
4 year later	609.129.010	885.326.499	1.275.360.861	-	-	-	-	2.769.816.370
5 year later	640.219.553	893.342.682	-	-	-	-	-	1.533.562.235
6 year later	733.644.964	-	-	-	-	-	-	733.644.964
Gross incurred claims	733.644.964	893.342.682	1.275.360.861	1.608.274.881	1.757.985.646	1.931.775.662	1.899.950.171	10.100.334.867
Total payments made up to today	470.038.349	726.379.037	1.062.030.675	1.358.822.739	1.426.326.103	1.467.263.276	1.342.332.885	7.853.193.064
Total provision in financial statements	263.606.615	166.963.645	213.330.186	249.452.142	331.659.543	464.512.386	557.617.286	2.247.141.803
Gross outstanding claims reserves and Exchange difference which is booked for prior of 2015	-	-	-	-	-	-	-	253.302.867
Gross IBNR amount booked as of December 2021	-	-	-	-	-	-	-	2.050.036.733
Outstanding claim provisions discount adjustment	-	-	-	-	-	-	-	(800.213.365)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year								3.750.268.038
December 31, 2020								
Claim Year	2014	2015	2016	2017	2018	2019	2020	Total
Claim year	269.378.483	496.318.042	690.717.354	942.987.036	1.202.095.331	1.395.035.839	1.434.315.263	6.430.847.348
1 year later	279.959.576	527.599.455	766.575.828	1.087.794.972	1.375.689.927	1.567.111.249	-	5.604.731.007
2 year later	300.128.181	556.441.207	827.317.075	1.183.335.649	1.488.393.062	-	-	4.355.615.174
3 year later	310.663.948	585.670.824	864.475.965	1.238.627.025	-	-	-	2.999.437.762
4 year later	324.072.668	609.129.010	885.326.499	-	-	-	-	1.818.528.177
5 year later	333.471.558	640.219.553	-	-	-	-	-	973.691.111
6 year later	342.981.510	-	-	-	-	-	-	342.981.510
Total gross incurred claims	342.981.510	640.219.553	885.326.499	1.238.627.025	1.488.393.062	1.567.111.249	1.434.315.263	7.596.974.161
Total payments made up to today	292.934.405	460.481.426	698.157.375	1.035.475.924	1.275.934.093	1.263.426.508	1.084.354.286	6.110.764.017
Total provision in financial statements	50.047.105	179.738.127	187.169.124	203.151.101	212.458.969	303.684.741	349.960.977	1.486.210.144
Gross outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2014								189.261.969
Gross IBNR amount booked as of December 2020								1.792.757.803
Outstanding claim provisions discount adjustment								(463.227.657)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year								3.005.002.259

17. Insurance Liabilities and Reinsurance Assets (continued)

Claim Year	2015	2016	2017	2018	2019	2020	2021	Total
Claim year								
1 year later	308.382.993	532.214.006	774.381.543	851.527.142	991.274.011	1.105.555.763	1.409.210.263	5.972.545.721
2 year later	329.875.624	625.731.202	872.803.697	929.188.086	1.065.606.195	1.288.424.355	-	5.111.629.159
3 year later	355.044.564	681.353.361	934.107.652	948.791.907	1.118.865.038	-	-	4.038.162.522
4 year later	367.279.167	711.993.893	955.227.787	942.592.889	-	-	-	2.977.093.736
5 year later	377.463.530	731.271.391	970.104.026	-	-	-	-	2.078.838.947
6 year later	382.716.440	747.517.070	-	-	-	-	-	1.130.233.510
Total gross incurred claims	389.844.864	-	-	-	-	-	-	389.844.864
	389.844.864	747.517.070	970.104.026	942.592.889	1.118.865.038	1.288.424.355	1.409.210.263	6.866.558.505
Total payments made up to today								
Total provision in financial statements	348.056.281	623.520.173	819.295.673	804.794.135	977.060.042	1.123.156.116	1.090.299.490	5.786.181.910
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2015	41.788.583	123.996.897	150.808.353	137.798.754	141.804.996	165.268.239	318.910.773	1.080.376.595
Net IBNR amount booked as of December 2021								122.199.897
Outstanding claim provisions discount adjustment								1.893.916.021
Total net outstanding claim reserve amount stated in financial statements at the end of the year								(651.116.800)
Dönem sonu finansal tablolarda gösterilen Total net muallak tazminat karşılığı								2.445.375.713

December 31, 2020								
Claim Year	2014	2015	2016	2017	2018	2019	2020	Total
Claim year	220.020.264	308.382.993	532.214.006	774.381.543	851.527.142	991.274.011	1.105.555.763	4.783.355.722
1 year later	226.137.672	329.875.624	625.731.202	872.803.697	929.188.086	1.065.606.195	-	4.049.342.476
2 year later	245.494.893	355.044.564	681.353.361	934.107.652	948.791.907	-	-	3.164.792.377
3 year later	254.128.906	367.279.167	711.993.893	955.227.787	-	-	-	2.288.629.753
4 year later	265.318.527	377.463.530	731.271.391	-	-	-	-	1.374.053.448
5 year later	272.546.084	382.716.440	-	-	-	-	-	655.262.524
6 year later	277.993.027	-	-	-	-	-	-	277.993.027
Total gross incurred claims	277.993.027	382.716.440	731.271.391	955.227.787	948.791.907	1.065.606.195	1.105.555.763	5.467.162.510
Total payments made up to today	245.423.254	341.205.732	601.376.812	802.072.951	821.871.244	939.132.340	883.970.675	4.635.053.008
Total provision in financial statements	32.569.773	41.510.708	129.894.579	153.154.836	126.920.663	126.473.855	221.585.088	832.109.502
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2014								106.856.539
Net IBNR amount booked as of December 2020								1.685.703.723
Outstanding claim provisions discount adjustment								(395.745.564)
Total net outstanding claim reserve amount stated in financial statements at the end of the year								2.228.924.200

156 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets:

	December 31, 2021			December 31, 2020		
	To be provided (**)	Provided (*)	Book value	To be provided (**)	Provided (*)	Book value
Hayat dışı:						
Finansal varlıklar (*)	272.941.659	532.670.556	546.523.459	246.473.829	359.786.184	361.060.571
Total	272.941.659	532.670.556	546.523.459	246.473.829	359.786.184	361.060.571

(*) In accordance with the article 6 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", government bonds classified under financial assets are shown by using the daily prices published by CBRT as of December 31, 2021 and 2020.

(**) In accordance with the article 7 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", insurance companies and pension companies operating in the life and personal accident branches have to provide their guarantees following the 2 months of capital adequacy calculation periods. In accordance with Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies" Companies send their capital adequacy table to T.C. Ministry of Treasury and Finance for the June and December periods within the 2 months period.

Insurance guarantee amounts given by branches

	December 31, 2021	December 31, 2020
Third party liability for motor vehicles (MTPL)	27.584.540.323.819	22.521.311.707.044
Fire and Natural Disasters	6.037.953.588.778	3.449.324.266.700
General Losses	1.582.925.929.587	876.111.066.731
Health	1.397.383.123.743	835.223.526.416
Transportation	709.574.083.857	435.217.082.227
Motor Vehicles	318.108.099.926	153.398.756.413
General Liability	201.903.800.720	116.064.089.266
Accident	161.743.680.326	103.408.680.103
Financial Losses	100.716.454.354	61.021.446.601
Legal Protection	85.204.920.959	61.243.105.479
Water Crafts	14.743.644.935	8.528.183.577
Aircraft	4.690.956.393	4.690.956.393
Water Crafts Liability	4.621.564.240	2.368.018.686
Total	38.204.110.171.637	28.627.910.885.636

Company's number of life insurance policies, additions, disposals during the period and the related mathematical reserves

None.

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the company's portfolio as individual or group during the period

None.

Accrued subrogation and salvage income

As of December 31, 2021, the Company has subrogation and salvage income amounting to TL 59.119.774 (December 31, 2020: TL 53.401.045).

17. Insurance Liabilities and Reinsurance Assets (continued)**Deferred commission expenses**

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2021, short-term prepaid expenses amounting to TL 300.154.153 (December 31, 2020: TL 382.589.790) consist of deferred commission expenses amounting to TL 276.070.411 (December 31, 2020: TL 258.827.334) and other prepaid expenses amounting to TL 24.083.742 (December 31, 2020: TL 16.351.465).

	December 31, 2021	December 31, 2020
Deferred production commissions at the beginning of the year	258.827.334	242.925.012
Commissions to intermediaries accrued during the period (Note 32)	496.784.590	479.060.087
Commissions recognized as expense during the period (Note 32)	(479.541.513)	(463.157.765)
Deferred production commissions at the end of the year	276.070.411	258.827.334

Individual pension

None.

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

	December 31, 2021	December 31, 2020
Financial liabilities	827.525.473	198.888.147
Payables from main operations	418.329.497	254.868.095
Income related to future months/years and expense accruals	175.961.809	121.897.139
Taxes and other similar liabilities to be paid and their provisions	155.657.197	24.265.816
Other payables	64.348.225	52.162.087
Payables to related parties	85.295	13.869
Total	1.641.907.496	652.095.153
Short-term liabilities	1.636.689.333	645.855.124
Medium and long-term liabilities	5.218.163	6.240.029
Total	1.641.907.496	652.095.153

With "Numbered 6111 Law to make change in Restructuring of Some Receivables and Social Insurance and General Health Insurance Law and Some Other Law and Delegated Legislations" dated February 25, 2011 and numbered 27857 came into force by issued in Official Gazette and dated August 27, 2012 and numbered 28038 issued in the Official Gazette "Regulation of Rules and Procedures Related with the Collection of Service Fees which is presented to Whom it may Concern due to the Traffic Accidents" and written premiums between the time period of Regulation numbered 2012/17 and all of the payable amount TL 28.193.913 (December 31, 2020: TL 28.574.122) to be ceded to SSI for those premiums, is classified under short term liabilities as "Payables to Social Security Institution Related to Treatment Expenses".

As of December 31, 2021 and 2020 other payables consist of premiums to be ceded to SSI related with treatment costs and payments to make for external benefit and services.

Income related to future months and expense accruals consist of deferred commission income (Note 10) amounting to TL 174.305.748 (December 31, 2020: TL 121.173.819) and other expense accruals amounted to TL 1.656.061 (December 31, 2020: TL 723.320).

158 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

19. Trade and other payables and deferred income (continued)

Details of Company's payables from main operations account as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Payables to reinsurance firms (Note 10)	243.488.041	149.977.537
Payables to agency and insurance companies	139.361.545	84.005.998
Rediscount on payables to reinsurance firms (Note 10)	(154.858)	(3.581.993)
Total payables from insurance operations	382.694.728	230.401.542
Other payables from main operations	35.634.769	24.466.553
Payables from main operations	418.329.497	254.868.095

As of December 31, 2021 and December 31, 2020, receivables from other main operations consist of receivables to authorized services and suppliers.

Corporate tax provision and taxes to be paid are detailed below:

	December 31, 2021	December 31, 2020
Prepaid taxes	130.314.782	212.202.542
Provision of calculated corporate tax	(255.413.930)	(134.363.095)
Current period tax asset / (liability), net	(125.099.148)	77.839.447

20. Financial Liabilities

As of December 31, 2021 and December 31, 2020 financial liabilities are as follows:

	December 31, 2021	December 31, 2020
Expense accruals from derivatives	817.867.507	187.959.259
TFRS 16 lease liabilities	9.657.966	10.928.888
	827.525.473	198.888.147

As of December 31, 2021 and December 31, 2020, due to forward foreign currency contracts the Company has depreciation balance under their other financial liabilities account. The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

As of December 31, 2021, the Company has recognized lease liability amounting to TL 9.657.966 (December 31, 2020: TL 10.928.888) within the scope of TFRS 16 and its part of TL 2.243.537 (December 31, 2020: TL 3.154.548) is reflected in the financial statements as deferred lease liability.

21. Deferred Tax

Items that resulted in deferred tax assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Financial items and derivative instruments valuation differences	171.351.321	23.967.295
Equalization reserve	11.462.836	8.367.006
Unexpired risk reserve	9.520.761	820.797
Bonus provision	5.750.000	4.000.000
Sliding scale commission provision	4.891.694	3.462.721
Impairment provision expenses for receivables from main operations	3.741.772	3.097.403
Provision for employment termination benefit and unused vacation	3.681.567	1.710.647
Stop loss provision	477.016	232.742
Provision for business cases	103.992	51.811
TAS adjustment differences in depreciation	(2.264.771)	(1.755.208)
Currency valuation differences	(24.735.174)	-
Other	1.657.677	1.045.136
Deferred tax asset, net	185.638.691	45.000.350

As of December 31, 2021 and December 31, 2020, the Company has no unused financial losses.

The movement of deferred tax assets during the period are as follows:

	December 31, 2021	December 31, 2020
Beginning of the period – January 1	45.000.350	14.739.854
Deferred tax income, net (Note 35)	134.919.959	22.015.917
Deferred tax income / (loss) recognised under equity	5.718.382	8.244.579
End of the period	185.638.691	45.000.350

22. Retirement social aid liabilities

None.

160 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

23. Provision for Other Liabilities and Expense

As of December 31, 2021 and December 31, 2020; the details of the provisions for other risks are as follows:

	December 31, 2021	December 31, 2020
Short-term employee rights bonus provisions	25.000.000	20.000.000
Unused vacation provision	8.500.915	5.488.095
Business case provisions	452.140	259.056
Other	-	2.887.522
Allowance for cost expenses	33.953.055	28.634.673
Provisions for employee termination benefits	7.505.899	3.065.139
Other	159.521	-
Total provisions for other risks	41.618.475	31.699.812

The movement of provision for employment termination benefits during the period are as follows:

	December 31, 2021	December 31, 2020
Provision for employment termination benefit at the beginning of the period	3.065.139	3.113.245
Interest cost (Note 47)	919.542	373.591
Service cost (Note 47)	4.923.267	356.827
Payments during the period (Note 47)	(1.902.522)	(1.137.617)
Actuarial loss / (gain)	500.473	359.093
Provision for employment termination benefit at the end of the year	7.505.899	3.065.139

Movement of unused vacation provision in the period are as follows:

	December 31, 2021	December 31, 2020
Unused vacation provision at the beginning of the period	5.488.095	4.107.388
Payments during the period	(999.183)	(437.119)
Provision booked during the period	4.012.003	1.817.826
Unused vacation provision at the end of the year	8.500.915	5.488.095

Movement of business cases provision in the period are as follows:

	December 31, 2021	December 31, 2020
Business case provisions at the beginning of the year	259.056	628.290
Payments during the period	(713.369)	(131.125)
Provision amount booked / (cancelled) during the period	906.453	(238.109)
Business case provision at the end of the year	452.140	259.056

As of December 31, 2021 and December 31, 2020, the details of other payables are as follows:

	December 31, 2021	December 31, 2020
Payables to suppliers	17.456.655	10.741.762
Other payables	-	247.792
Total	17.456.655	10.989.554

24. Net Insurance Premium

December 31, 2021	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Transportation	Accident	Other	Total
Premiums received	884.684.303	1.236.290.865	582.511.957	372.137.232	77.874.271	16.721.746	285.069.722	3.455.290.096
Premiums transferred to the reinsurance	(3.868.652)	(559.827.689)	(515.490.742)	(240.967.115)	(48.375.389)	(2.453.437)	(127.120.846)	(1.498.103.870)
Premiums transferred to the SSI	-	(99.508.566)	-	-	-	(140.984)	-	(99.649.550)
Total	880.815.651	576.954.610	67.021.215	131.170.117	29.498.882	14.127.325	157.948.876	1.857.536.676

December 31, 2020	Kara araçları	Kara araçları sorumluluk	Yangın ve doğal afetler	Genel zararlar	Nakliyat	Kaza	Diğer	Total
Premiums received	730.304.869	1.598.442.434	417.014.991	252.523.793	52.554.467	11.683.011	270.189.733	3.332.713.298
Premiums transferred to the reinsurance	(3.684.362)	(520.751.586)	(365.607.115)	(158.638.307)	(33.312.144)	(1.498.316)	(93.518.214)	(1.177.010.044)
Premiums transferred to the SSI	-	(137.753.391)	-	-	-	(102.209)	-	(137.855.600)
Total	726.620.507	939.937.457	51.407.876	93.885.486	19.242.323	10.082.486	176.671.519	2.017.847.654

25. Fee Income

None.

26. Investment Income/(Expense)

Investment income is presented in "Note 4.2 – Financial Risk Management" above

As of December 31, 2021, the Company's insurance transaction tax is TL 12.791.858 (December 31, 2020: TL 8.663.995).

27. Net income accrual on financial assets

Shown in the "Financial risk management" note (Note 4.2) above.

28. Assets that their fair value differences reflected to the profit or loss

Shown in the "Financial risk management" note (Note 4.2) above.

29. Insurance rights and demands

	December 31, 2021	December 31, 2020
Claims paid as deducted reinsurers' share	(1.416.200.210)	(1.099.215.082)
Change in unearned premium reserve, as deducted reinsurers' and SSI share	30.050.009	135.762.785
Change in outstanding claims reserve, as deducted reinsurers' share	(216.451.513)	(470.651.523)
Change in equalization reserve as deducted reinsurers' share	(9.871.532)	(7.173.272)
Change in unexpired risks reserve as deducted reinsurers' share	(37.290.631)	(3.410.764)
Change in bonus and discount reserves as deducted reinsurers' share	(910.270)	4.313.436
Total	(1.650.674.147)	(1.440.374.420)

30. Investment agreement rights

None (December 31, 2020: None).

31. Mandatory other expenses

Grouping of expenses based on the characteristics and functions in the Company is presented in Note 32 below.

162 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

32. Expense by nature

As of December 31, 2021 and December 31, 2020; the details of the operating expenses are disclosed as follows:

	December 31, 2021	December 31, 2020
Commission expenses (Note 17)	(479.541.513)	(463.157.765)
Intermediary commissions accrued during the period (Note 17)	(496.784.590)	(479.060.087)
Change in deferred production commissions (Note 17)	17.243.077	15.902.322
Employee benefits expenses (Note 33)	(180.934.681)	(143.063.127)
Commission income earned from reinsurers (Note 10)	239.310.247	197.392.471
Accrued commission income from reinsurers during the period (Note 10)	292.442.176	210.741.770
Change in deferred commission income (Note 10)	(53.131.929)	(13.349.299)
Rent expenses	(3.985.290)	(8.033.367)
Management and service expenses	(8.170.215)	(5.957.469)
IT expenses	(18.616.168)	(15.158.095)
Vehicle expenses	(842.613)	(744.354)
Marketing and sales expenses	(8.808.666)	(18.432.992)
Communication expenses	(906.533)	(1.957.591)
Travel expenses	(1.122.710)	(599.889)
Taxes, duties and fees	(912.224)	(852.037)
Printed matters and office supplies expenses	(2.966.388)	(1.904.780)
Mail and cargo expenses	(762.586)	(387.492)
Consulting expenses	(5.880.664)	(1.612.753)
Bank charges expense	(3.279.177)	(2.377.273)
Total	(477.419.181)	(466.846.513)

33. Employee benefit expenses

The details of employee benefits expenses for the period ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Salary and wages	(112.623.062)	(89.664.042)
Other vested benefits	(20.344.262)	(16.677.422)
Bonus, premium and commission	(31.317.574)	(23.312.147)
Employer's share of social security premium	(16.649.783)	(13.409.516)
Total	(180.934.681)	(143.063.127)

34. Financial costs

All financial costs for the period are shown in the note "Financial risk management" above (Note 4.2). There is no financial allowance for the cost of production or the cost of fixed assets.

35. Income taxes

Items composing the income tax expenses stated in the financial statements are as follows:

	December 31, 2021	December 31, 2020
Corporate tax liability:		
Calculated corporate tax provision	(255.413.930)	(134.363.095)
Deferred tax:		
Deferred tax income/(loss) (Note 21)	134.919.959	22.015.917
Total	(120.493.971)	(112.347.178)

As of December 31, 2021 and 2020 confirmation of Company's operational profit before taxes arised in Company's financial statements and Company's actual income tax provision calculated via active tax rate are detailed in the table below:

	December 31, 2021		December 31, 2020	
		Tax Rate (%)		Tax Rate (%)
Profit before tax	444.042.719		494.938.778	
Income tax provision by legal tax rate	(111.010.680)	(25,00)	(108.886.531)	(22,00)
Non-deductible expenses	(686.998)	(0,15)	(315.124)	(0,06)
Other	(8.796.293)	(1,98)	(3.145.523)	(0,64)
Total income tax income/(expense)	(120.493.971)	(27,14)	(112.347.178)	(22,70)

36. Net foreign exchange gains

Shown in the "Financial risk management" note (Note 4.2) above.

37. Earnings per share

Earnings per share is calculated by dividing net profit of the Company by the weighted average number of shares.

	December 31, 2021	December 31, 2020
Profit as of accounting period	323.548.748	382.591.600
Weighted average number of stocks	19.000.000.000	19.000.000.000
Earnings per share (TL)	0,01703	0,02014

38. Dividends per share

At the Ordinary General Assembly Meeting of the Company dated March 30, 2021, it has been decided to reserve TL 20.228.901 as legal reserves pursuant to Turkish Commercial Code 519, TL 211.789.009 distribute to shareholder as gross dividend and TL 204.923.759 transfer to extraordinary reserves regarding TL 436.941.669 the net profit of 2020.

39. Cash generated from operations

Cash flows from operating activities are disclosed in the statement of cash flows.

40. Equity share convertible bonds

None.

41. Cash convertible privileged equity shares:

None.

164 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

42. Risks

During the ordinary operations Company faces many legal conflicts, cases and claims for damages mainly from insurance operations. These cases are reflected to financial statements by providing necessary provisions in allowance for cost expenses and outstanding claims reserve.

As of December 31, 2021, total amount of all cases against the Company is TL 342.843.150 (December 31, 2020: TL 291.344.249) on the other hand possible responsibility amount that Company is obliged to pay if the case concludes against the Company including the opened cases and execution proceedings made is TL 1.152.008.824 (December 31, 2020: TL 846.784.875).

43. Commitments

The details of the guarantees given in the non-life insurance branches in accordance with the Company's activities are given in Note 17.

As part of operational lease total minimum rent payment amounts to be paid for the real estates which is rented for the usage of head office and region offices and rent vehicles assigned to sales team are as follows:

TL commitments	December 31, 2021	December 31, 2020
Less than 1 year	750.730	516.612
More than a year, less than five years	948.000	624.480
Sum of minimum rent payments to be paid	1.698.730	1.141.092

44. Business merges

None.

45. Related party transactions

Sompo Japan Nipponkoa Insurance Inc. And the groups to which they are affiliated and the associates and subsidiaries of these groups are defined as related parties for these financial statements.

As of December 31, 2021 and December 31, 2020, the related party balances are as follows:

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	2.534.704	3.842.987
Receivables from related parties	2.534.704	3.842.987

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	658.954	(359.896)
Sompo Japan Insurance Company of Europe	19.288.178	934.829
Payables from insurance operations	19.947.132	574.933

45. Related party transactions (continued)

Transactions with related parties for the periods ended at December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	251.827	371.505
Sompo Japan Insurance Company of Europe	5.104	126.913
Sompo Japan Insurance Company of Europe Germany Branch	28.438.618	20.177.577
Canopus Managing Limited	4.095	-
Commissions taken	28.699.644	20.675.995

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	1.189.629	1.749.221
Sompo Japan Insurance Company of Europe	47.987	498.090
Sompo Japan Insurance Company of Europe Germany Branch	73.389.846	48.993.554
Canopus Managing Limited	16.381	-
Ceded premium	74.643.843	51.240.865

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	1.319.683	1.634.517
Sompo Japan Insurance Company of Europe	17.966	(221.812)
Sompo Japan Insurance Company of Europe Germany Branch	25.575.172	21.598.396
Claims paid	26.912.821	23.011.101

	December 31, 2021	December 31, 2020
Sompo International Holdings Inc.	750.472	359.181
Non-operating income	750.472	359.181

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

There are not any liabilities like warranty, commitment, bail, advance and endorsement on behalf of shareholders, subsidiaries and associations.

46. Events occurred after reporting date

With the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law", whose proposal was submitted on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange differences, interest, dividends and other incomes of companies that convert their foreign currency assets or various gold instruments into Turkish Lira and keep the Turkish lira assets thus obtained in time deposits and participation accounts with a maturity of at least three months are exempt from corporate tax.

The Company benefited TL 58.442.689 tax exemption in 2021 within the scope of the Temporary 14th Article of the Tax Procedure Law and the Law on The Amendment of the Corporate Tax Law published in the Official Gazette dated January 29, 2022 and numbered 31734. Since the changes made in tax laws after the reporting date are considered within the scope of "non-adjusting event after the reporting period" in accordance with TAS 10, they did not have an impact on the financial statements of the Company as of December 31, 2021.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Company does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Company operates, no direct impact is expected on Company operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Company's operations because of the uncertainty about how the crisis will evolve.

166 Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements and Related Disclosures and Footnotes As of December 31, 2021
(Currency: Turkish Lira (TL))

47. Other

47.1 Details of "Other" items in the balance sheet which exceed 20% of its respective account group of 5% of total assets:

None.

47.2 Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets:

None.

47.3 Receivables from salvage and subrogation followed under off-balance sheet items:

None.

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses"

None.

Possessed real rights on properties and their values

None.

47.5 Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance

Provision and rediscount income/expenses of the period

a) Provision Expenses

The details of rediscount and provision expenses for the periods ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Impairment provision expenses booked for receivables from main operations, net	(57.431.461)	(36.885.778)
Unused vacation provision expenses	(3.012.820)	(1.380.707)
Employment termination benefit expenses	(3.940.287)	407.199
Business cases provision (expense)/cancellation	(193.084)	369.234
Other provision expense	-	(2.887.523)
Provisions account	(64.577.652)	(40.377.575)

	December 31, 2021	December 31, 2020
Rediscounts interest income / (expenses)	(9.822.232)	(2.940.831)
Rediscount account	(9.822.232)	(2.940.831)

	December 31, 2021	December 31, 2020
Unearned premium provisions	30.050.009	135.762.785
Outstanding claim reserve	(216.451.513)	(470.651.523)
Unexpired risk reserve	(37.290.631)	(3.410.764)
Equalization reserve	(9.871.532)	(7.173.272)
Bonus and discount reserve	(910.270)	4.313.436
Technical Provisions	(234.473.937)	(341.159.338)

47. Other (continued)**47.5. Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance (continued)****b) Other Expenses and Losses**

	December 31, 2021	December 31, 2020
Non-deductible expenses (-)	(2.747.990)	(1.432.384)
Other expenses and losses (-)	(77.203)	(608.783)
Other expenses and losses (-)	(2.825.193)	(2.041.167)

c) Other Income and Profits

	December 31, 2021	December 31, 2020
Late charge income	2.627.121	2.640.794
Other income and profits	2.627.121	2.640.794

d) Other technical expenses

	December 31, 2021	December 31, 2020
Assistance service expenses	(42.182.789)	(40.045.548)
Other technical expenses	(18.426.885)	(19.074.391)
Other technical expenses	(60.609.674)	(59.119.939)

e) Other Long-term deferred income prepaid income

	December 31, 2021	December 31, 2020
Commission income	-	(595.238)
Prepaid income	-	(595.238)

f) Fees for services received from Independent Auditor/Independent audit firm

	December 31, 2021	December 31, 2020
Independent audit fee for reporting period	427.875	300.000
Total	427.875	300.000

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