

ACTIVITY REPORT FOR 2021





ACTIVITY REPORT FOR 2021

This Annual Report has been prepared in accordance with the "Regulation on the Determination of the Minimum Content of the Annual Activity Report of the Companies" published in the Official Gazette issue 28395 dated 28.08.2012, and the "Regulation on the Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" published in the Official Gazette issue 26606 dated 07.08.2007 within the scope of the Insurance Law no. 5684.

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1.1. General Information of the Company

HEADQUARTERS INFORMATION

Trade Name	: Demir Sağlık ve Hayat Sigorta A.Ş.
Trade Registry No	: 328543 - 0
Tax Office/ID No	: Mecidiyeköy Tax Office - 2780067385
CRS No	: 0278006738500017
Report Period	: 2021
Headquarters Address	: Büyükdere Cad. Özsezen İş Merkezi No: 124/B 34394 Esentepe, Şişli / ISTANBUL
Phone Number	: 0212 288 68 51 - 0212 216 63 53
Fax Number	: 0212 274 65 85
Website	: www.demirsaglik.com.tr
E-mail	: info@demirsaglik.com.tr
KEP Address	: demirhayat@hs03.kep.tr

REGIONAL DIRECTORATE

INFORMATION

Ankara Regional Directorate

Address: Ehlîbeyt Mah. Ceyhun Atuf Kansu Cad. Başkent Plaza
No: 106 Kat: 12 Balgat, Çankaya / ANKARA

Phone	: 0312 466 02 80 (PBX)
Fax	: 0312 427 32 70

1.2. Vision, Mission and Objectives



VISION

To be an innovative, pioneering, bold and dynamic company that deals with health insurance as a whole by believing in the integrity of health, that focuses on protecting and improving the physical, mental and spiritual health integrity of the insured, that closely follows the technological and other developments in the world and that quickly adapts to these developments.



MISSION

To become a brand that improves the health and health insurance awareness of our insured and society by spreading its groundbreaking health insurance solutions focused on today's needs to a wider audience; while developing applications that give coverage to the whole of society in the preventive and medical treatment stages.



OBJECTIVES

To make a difference with our needs-oriented and innovative products and services for healthier and better lives for all segments of the society, while keeping the sector calm with our strong business partnerships, providing easy and widespread insurance services by adapting rapidly to digital transformation and investing in the development of our employees.

1.3. Historical Development of Demir Sağlık ve Hayat Sigorta A.Ş.

•• Our Company, which has been operating under the roof of Demir Finansal Grup Holding A.Ş. since its establishment, has been transferred to the management of EMF Capital Partners with 100% share transfer as of 23 November 2016.



Our company was founded with the name of Demir Hayat Sigorta A.Ş., registered with the Istanbul Trade Registry Office on 28 March 1995 and announced in the Turkish Trade Registry Gazette issue 3757 and dated 31 March 1995. The capital of our company in the amount of 37.250.000,00 TRY has been fully paid by the shareholders. Our company obtained life, illness and personal accident licenses in 1995 and issued the first insurance policy in the same year. In July 1996, it obtained ISO 9001 Quality Assurance Certificate from the German company RWTÜV, and became the first insurance company to apply for the TÜSİAD-KALDER Business Excellence Award in May 1998. In January 2002, our company switched to the system of providing provision services directly to contracted healthcare institutions over the internet.

The number of insured persons of our company increased to over 100.000 in July 2006. The SSI use incentive guarantee, which was the first in the sector, was created by our Company in April 2008. The number of contracted healthcare institutions exceeded 1200 in June 2008, and the number of contracted healthcare institutions exceeded 1600 in September 2012. In 2014, provision was started to be provided over the internet with the Automatic Provision Software Development Project. Our Company, which has been operating under the roof of Demir Finansal Grup Holding A.Ş. since its establishment, has been transferred to the management of EMF Capital Partners with 100% share transfer as of 23 November 2016.

1.4. Capital and Partnership Structure of Demir Sağlık ve Hayat Sigorta A.Ş. and Changes within the Fiscal Period

The share representing 100% of our company were taken over by Demir Hayat Group B.V. on 23 November 2016. The said share transfer was published in the Turkish Trade Registry Gazette issue 9208 dated 29 November 2016. With this transfer, Demir Hayat Group B.V. has become the direct and final main partner of our Company.

The title of our company was changed to Demir Sağlık ve Hayat Sigorta A.Ş. with the decision taken at the Extraordinary General Assembly Meeting held on 14.12.2018, and the said decision was announced in the Trade Registry Gazette on 15.01.2019.

Our company carries out insurance activities in the life, health and personal accident branches.

a. Amendments of the Articles of Association and Causes

The section related to capital was amended in the Articles of Association of the Company regarding the capital increase made in 2021.



b. Capital and Shareholding Structure

Distribution of the capital to the shareholders is as follows as of 31 December 2021:

SHAREHOLDER	CAPITAL AMOUNT	NUMBER OF SHARES
Demir Hayat Group B.V	37,250,000	37,250,000
Total	37,250,000	37,250,000

Demir Hayat Group B.V

Demir Hayat Group B.V. is a Netherlands-based holding company established on 14 April 2016 at “Haaksbergweg 71, Suite 3,1101 BR, Amsterdam, Netherlands” with registration number 65824962 with the aim to take over the shares of Demir Hayat Sigorta A.Ş. The Company has no other area of activity other than this purchase transaction. All of the shares of Demir Hayat Group B.V. belong to EMF NEIF Cooperative U.A., a company incorporated under the laws of the Netherlands on 12 August 2013, which is responsible for holding the shares of EMF NEIF subsidiaries.

c. Capital and Partnership Structure

EMF New Europe Insurance Fund (EMF NEIF or Fund)

EMF NEIF is an investment fund based in the United Kingdom with the aim to invest in insurance and related sectors in Eastern European countries that are not members of the European Union, especially in Turkey. Investors of the fund are the German Insurance Group “Gothaer”, the German Development Bank “DEG”, the Dutch Development Bank “FMO” and the Council of Europe Development Bank “EBRD”, and the total investment amount committed by investors is 90 million USD.

EMF Capital Partners Limited (EMF)

EMF is a venture, capital, management and consultancy company focused on insurance services in emerging markets. With its headquarters in London, EMF also has representation offices in Istanbul and Moscow. EMF Capital (UK) Limited, a subsidiary of EMF in the United Kingdom, is a company authorized by the Financial Conduct Authority (FCA) and subject to financial authority regulations.



d. Remarks on the Shares Owned by the Chairman and Members of the Board of Directors and Deputy General Managers, if any

As of 31 December 2021, there are no shares in the capital belonging to the Chairman and Members of the Board of Directors of the Company as well as the General Manager and Assistant Managers.

1.5. Information on the Distribution Channel and the Regional Directorate Structuring

Our corporate sales activities are carried out by expert teams in Direct Sales, Direct Online Sales and Agency & Broker Distribution channels.

Our Company, with main distribution channels of agencies and brokers, has a broad distribution channel consisting of 196 Agencies and 62 Brokers. Our company has a regional directorate in Ankara. It also provides health and life insurance services in this regional directorate.

PART 2: INFORMATION ON THE BOARD OF DIRECTORS, SENIOR EXECUTIVES AND INTERNAL SYSTEMS

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2.1. Board of Directors



Peter LOVAS
*Chairman of
the Board*

After studying Finance at the Budapest College of Finance and Accounting, he studied Accounting at the Institute of Certified Public Accountants in England and Wales. He worked as Assistant Director of Financial Institutions at PricewaterhouseCoopers between 1989-1994, as London Country Team Director at EBRD between 1994-1997, as Assistant Director at ING Barings between 1997-1999, as Director at Dresdner Kleinwort Wasserstein between 1999-2001, as Senior Consultant at Raiffeisen Investment Banking between 2002-2003, as General Director at HSBC CIBM between 2003-2007 and Founding Chairman of the Board at Silkroute Financial Group Limited Liability Company between 2007-2011. Subsequently, he became the Founder and Chairman of the Board of EMF Capital Partners in 2011, and he still continues his position here. He served as the Deputy Chairman of the Board of Unico Sigorta A.Ş. from December 2014 to September 2019. He has been serving as the Chairman of the Board of Demir Sağlık ve Hayat A.Ş. since November 2016.



Hakan AKBAŞ
*Vice President
of Executive
Board*

After graduating from Boğaziçi University Department of Industrial Engineering, he completed his master's degree at the University of Rochester, Simon Business School. After working as Marketing Manager at Xerox Corporation between 1995-1999, Marketing Director at Xerox Corporation between 1999-2001, General Manager at Xerox Corporation between 2001-2006, he worked as Strategy and Business Development Group Chairman at Sabancı Holding between 2006-2011. He later became the Founding and Managing Partner of the Global Dealings Group in 2011, and he still continues his position here. He worked as a Board Member at Demir Sağlık ve Hayat Sigorta A.Ş. between 2016-2017. He has been serving as the Vice President of Executive Board since June 2017.



Viktor HODARA
*Board Member
& General
Manager*

After graduating from Istanbul Technical University Department of Industrial Engineering, he completed his master's degree at the University of California, The Paul Merage School of Business. He worked as Senior Regional Manager at AIG SunAmerica, ICM (USA) between 1998-2003, Director of Agencies at American Life Hayat Sigorta A.Ş. between 2003-2007, Deputy General Manager at CIV Hayat Sigorta A.Ş. between 2007-2009, and General Manager at CIV Hayat Sigorta A.Ş. between 2009-2014. He started to work as a Board Member at Demir Sağlık ve Hayat Sigorta A.Ş. in June 2017, and he has been working as General Manager as well as a Board Member of Demir Sağlık ve Hayat Sigorta A.Ş. since December 2017.



After graduating from Istanbul University Faculty of Medicine, he completed his master's degree at Bahçeşehir University. He worked as Assistant General Manager at Medline Emergency Health Services Company between 1999-2008, as General Manager at Medi-Expresse in 2008, as General Manager at Acıbadem Mobile Health Services company between 2008-2014, and as Executive Board Member at Acıbadem Health Group between 2011-2014. Later, in September 2014, he became the Chairman of the Board of the Wellpoint Group of Companies, and he still continues his position here. He has been working as Chairman of the Board of Curative Digital Marketing Agency since March 2015 and as Board Member of Demir Sağlık ve Hayat Sigorta A.Ş. since March 2018.



After graduating from Boğaziçi University Department Electrical and Electronics Engineering, she completed her master's degree at the University of Maryland. She worked as Senior Consultant at Align360 LCC between 2000-2002, as Strategic Planning and Business Development Manager at Doğan Telekomünikasyon Hizmetleri Tic. A.Ş. between 2002-2007, and as Director at Peppers and Rogers Group LLC between 2007-2016. Later, in 2017, she started to work as a Director at EMF Capital Partners Limited and she still continues her position here. She has been a Board Member of Demir Sağlık ve Hayat Sigorta A.Ş. since August 2017.

2.2. Senior Management

Name and Surname : Viktor HODARA
Position : Board Member & General Manager
Date of Assignment : December 2017
Date of Leaving : Continuing
Educational Status : Master's Degree
Professional Experience : 23 Years

Name and Surname : Sıdıka Şule YAPRAKLI
Position : Director (Corporate Sales)
Date of Assignment : June 2017
Date of Leaving : Continuing
Educational Status : Bachelor's Degree
Professional Experience : 22 Years

Name and Surname : Dr. Bülent Nadir EREN
Position : Assistant General Manager (Technical and Operations)
Date of Assignment : August 2006
Date of Leaving : Continuing
Educational Status : Master's Degree
Professional Experience : 29 Years

Name and Surname : Aydın YANAR
Position : Director (Information Technologies)
Date of Assignment : July 2020
Date of Leaving : Continuing
Educational Status : Master's Degree
Professional Experience : 14 Years

Name and Surname : Çiğdem KARAKAŞ
Position : Assistant General Manager (Financial and Administrative Affairs)
Date of Assignment : December 2020
Date of Leaving : Continuing
Educational Status : Bachelor's Degree
Professional Experience : 19 Years

Name and Surname : Berker YURTBULMUŞ
Position : Director (Business Development)
Date of Assignment : November 2020
Date of Leaving : Continuing
Educational Status : Master's Degree
Professional Experience : 8 Years

Name and Surname : Kerim KELEŞOĞLU
Position : Director (Agency and Broker Sales)
Date of Assignment : May 2017
Date of Leaving : Continuing
Educational Status : Bachelor's Degree
Professional Experience : 25 Years

2.3. Internal Systems Managers

• **Name and Surname** : Burcu ÖZERDEN
• **Position** : Internal Audit Manager
• **Date of Assignment** : January 2016
• **Date of Leaving** : Continuing
• **Educational Status** : Master's Degree
• **Professional Experience** : 14 Years

• **Name and Surname** : Neslihan UZUN
• **Position** : Internal Control and Risk Management Manager
• **Date of Assignment** : July 2017
• **Date of Leaving** : Continuing
• **Educational Status** : Bachelor's Degree
• **Professional Experience** : 11 Years

• **Name and Surname** : Deniz KULAN SEZEN
• **Position** : Legal and Compliance Manager (Attorney)
• **Date of Assignment** : November 2020
• **Date of Leaving** : Continuing
• **Educational Status** : Bachelor's Degree
• **Professional Experience** : 14 Years

2.4. Information on the Participation of Board Members in the Meetings Held During the Fiscal Period

The table showing the participation of Board Members in the four Board meetings held in 2021 is as follows;

	25.02.2021	21.05.2021	26.08.2021	11.11.2021
Peter LOVAS	X	X	X	X
Hakan AKBAŞ	X	X	X	X
Özgür TURGAY	X	X	X	X
Jülide MERCAN	X	X	X	X
Viktor HODARA	X	X	X	X

2.5. Information on Ordinary and Extraordinary General Assembly Meetings Held During the Year

Our company held an Extraordinary General Assembly meeting on 29.01.2021, fulfilled all the decisions taken at this meeting and achieved the objectives determined with these decisions.

Our company held an Ordinary General Assembly meeting on 07.10.2021, fulfilled all the decisions taken at this meeting and achieved the objectives determined with these decisions.

2.6. Financial Rights Provided to the Board of Directors and Senior Management

The total amount of wages and similar benefits provided to senior executives such as the Chairman and Members of the Board of Directors, General Manager and Assistant General Managers in 2021 is 2,994,170.67-TRY. (31 December 2020: 3,042,026.45-TRY)



PART 3: RESEARCH AND DEVELOPMENT

3.1. Research and Development Practices



3.1. Research and Development Practices

••
By periodically examining the products of the company on the basis of profitability, suggestions and reports are prepared both to differentiate product pricing and to increase the profitability of the company.



One of the main objectives of our company is to do what has not been done and tried before in the sector, in terms of products and services. Surgical Diseases Insurance, which can be acquired in addition to or as an alternative to Private Health Insurance, and our Two Lives product, which can be acquired while pregnant, are good examples of our proximity to our goal as they are the first of their kind in the sector. However, with the vision of “doing what has not been done”, our company was the first to carry out a unique and innovative practice in the sector in 2021 in order to draw attention to health problems faced by individuals with autism. We did this to provide solutions in a way that benefited individuals with autism, within access to the Demir Complementary Health and Private Health Insurance products that everyone could access. New product development studies are initiated in case of need according to the developments in the sector, demands of the intermediaries, the currently insured and prospective clients. In addition, different practice models from around the world are examined and new product ideas are assessed. Within the scope of new product development studies, the new product or service needs of the company are determined by examining the developments in the sector and the demands of clients and intermediaries. The legal framework for products or services

is examined. Similar products or services of companies in the sector, if any, are examined in terms of both content and price. The coverage, content, special conditions and prices of the new product or service are determined. The process of creating new products or services concludes by notifying the General Directorate of Insurance of the Ministry of Treasury and Finance. By periodically examining the products of the company on the basis of profitability, suggestions and reports are prepared both to differentiate product pricing and to increase the profitability of the company.

In the past, research and development activities were mostly carried out in terms of new product development and market research studies. Today, we also use technological developments such as automation, artificial intelligence, software supporting insurance systems, and marketing methods that make it easier to provide the right product and service to the right person with personalized products and targets.

While strengthening our relations by carrying out various projects with our agencies and brokers, which are our main distribution channel, efforts have also been made to reach clients by opening our digital sales channel and cooperating with existing digital sales channels.



PART 4: ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO ACTIVITIES

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Peter LOVAS
*Chairman of the
Board*

4.1. Message from the Chairman of the Board

2021 brought an environment where the impact of COVID-19 continued throughout the world, but gradually decreased with the dissemination of vaccines. Although there were regionally increasing cases in the first half of the year due to the effect of new variants, economies were gradually opened up during the year, and the effect of the pandemic was seen to be alleviated with the dissemination of vaccines. However, this alleviation caused a global demand increase and started to put pressure on the global economy. Supply chain problems arising as a result of the revived global demand, difficulties in product provision and increasing inflation have adversely affected numerous economies. Similarly, an economic environment was observed in Turkey during the year where inflation increased but the demand did not.

There was an increase in demand in the health sector after the dissemination of vaccines. Especially in the second half of the year, visits to hospitals for both inpatient and outpatient treatment increased above pre-pandemic levels. In addition, price increases in private health services became compulsory due to increasing inflation and exchange rate increases; and as a result, private health insurance prices increased gradually.

During this period, the insurance sector experienced a real decline of 5,2% in branches other than life insurance. There was a 4,8% real decline in the field of health. However, in the same period, the number of insured people receiving Complementary Health Insurance increased by 61% while the number of insured people in Private Health Insurance products increased by 10%. This

was also affected by the price policies which resulted from the competitive structure of the sector as well as the health inflation implemented at the end of the year. The increase in 2022 prices is expected to be higher compared to 2021.

While these developments took place in the sector, Demir Sağlık ve Hayat Sigorta produced a total premium of 159,3 million TRY and ranked 11th in the Healthcare branch with a growth of 46%. This growth rate indicates that our Company is able to adapt itself to market conditions in this type of year, even as the pandemic process continued. Abroad Health and Travel Health products, which declined due to the first year of the pandemic, approached the old generation levels again in 2021, and Demir Sağlık ve Hayat Sigorta increased its generation in these areas. At the same time, we achieved a successful year with a total growth of 58% in individual products and 22% in corporate products.

The fact that our growth in 2021 came from project-based and differentiated products such as Two Lives Pregnancy Insurance, which were designed in previous periods, was due to the opportunities created by our team despite all the adversities. As a matter of fact, after the opening up of generation in travel and abroad healthcare branches, Demir Sağlık ve Hayat Sigorta has continued to be stronger than before as one of the leading companies in the sector.

While aiming for balanced, faster and more profitable growth in all fields of the healthcare branch in the period of 2022 and beyond, we will continue to develop projects that contribute to the healthy life of our insured clients and bring a fresh breath to the sector by focusing on our investments in the digital field.

Stay healthy,

4.2. Message from the General Manager



Viktor HODARA
*Member of Board
of Directors and
General Manager*

2021, which is the second year we spent under the pandemic conditions caused by the COVID-19 virus, has been a year full of difficulties in many respects in our country, as well as all over the world. In this challenging process, many people and institutions, especially our healthcare professionals, showed an example of true solidarity and tried to overcome this period as gently as possible, and succeeded in this. As the insurance sector, we have continued to be with our insured clients since the first days of the pandemic, to bear the costs of COVID-19 treatment, even when they are not covered, and to provide various facilities and resources. In 2021, when remote work continued, we as a sector fulfilled our services without disruption with our strong information processing infrastructure and experienced staff, and we did not victimize our insured clients and business partners. When we look at the figures, we see that Turkey's insurance sector continued to grow in 2021 as it produced a 105,4 billion TRY premium with an increase of 28% in nominal terms. The health insurance sector, which is one of the important sub-branches of this increase, reached 13,1 billion TRY premium generation in this period, while growing by 29,5% in nominal terms.

In Private Health Insurance, which is the largest product group in the field of health insurance, 9,5 billion TRY premium generation was achieved with a 20% nominal increase compared to the previous year, while Complementary Health Insurance reached 2,6 billion TRY premium generation with a 73% nominal increase as well as a 20% share in total health insurance generation. When we consider other products in the healthcare branch, a premium of 472 million TRY was generated in Travel Health Insurance with a 210% increase in nominal terms compared to the previous year due to the pandemic in addition to 298 million TRY premium with a 62% nominal increase in the Abroad Healthcare field.

When we look at the number of insured clients in the healthcare branch, 2,5 million people were insured for Private Health Insurance and 2,6 million people were insured for Complementary Health Insurance with ongoing growth. Approximately half of these insured people are individual, and half are corporate. Travel Health Insurance has undergone a significant increase in the number of insured people compared to the previous year, and the number of insured people has reached 1,1 million from around 375 thousand.

When we take a look at the technical results of the healthcare branch, the sector achieved a technical profit rate of 24% with a technical profit of 2,5 billion TRY in 2021.

In terms of the life branch, the premium generation of our country was 17,7 billion TRY in 2021, and we have achieved a 23% growth in nominal terms compared to the previous year while experiencing

a decrease of 10% in real terms. The technical profit of the Life branch, which has 21 million insured clients, was 2,7 billion TRY and the technical profit rate was 16,8%.

Demir Sağlık ve Hayat Sigorta has grown by 45% in 2021 compared to the previous year with a total premium generation of 159,4 million TRY. When considered on a branch basis; Healthcare branch premium generation was 158,3 million TRY, Life branch premium was 0,5 million TRY and Personal Accident premium was 0,5 million TRY. Demir Sağlık ve Hayat Sigorta ranked 11th in the healthcare branch with a market share of 1,2% in the sector. While the number of insured people continued to increase rapidly, the number of insured, which was 200.000 at the end of 2020, reached 260.000 at the end of 2021.

Looking at the financial results, Demir Sağlık ve Hayat Sigorta achieved a net profit of 8,5 million TRY after tax in total in 2021.

As Demir Sağlık ve Hayat Sigorta, we continue to grow as an innovative and dynamic company that does what has not been done in the health insurance sector in Turkey. Our company, which has achieved significant growth in fields such as Abroad Health Insurance and Travel Health Insurance as well as Private Health and Complementary Health products, which are the leading products of the health insurance sector, is the 3rd largest company of Abroad Health Sector and the 6th largest company in Travel Health sector as of the end of 2021.

Our agency and brokerage network, which is our main distribution channel, continued to grow in 2021, and we have achieved numerous successful projects with them. In addition, 2021 has been a very active year on behalf of Demir Sağlık ve Hayat Sigorta in terms of digital channels. Two Lives Pregnancy Insurance and Travel Health Insurance products were opened for sale online on our website, we ensured that they were purchased from all mobile devices very quickly and easily. In addition to this, Digital Private Health Insurance was offered to our clients. It can be purchased online for the first and only time in the sector. While offering inpatient treatment coverage with extremely suitable premiums with this product, we aim to be by the side of our clients not only during the illness but also at all times with more than 40 assistants and good life services. All assistants and good life appointments can be organized online from the Demir Plus Platform, which we have created specifically for Digital Private Health Insurance users. Digital Private Health Insurance draws attention as a fast and digital product created according to the needs of the new generation who have not taken out health insurance before or who are looking for a non-standard product.

As Demir Sağlık ve Hayat Sigorta, we achieved another first in the sector in 2021 and ensured that individuals with autism can benefit from all our health insurance products. We are proud to offer solutions to many families with this pioneering application, with which we allowed individuals with autism to take out private health insurance after many years and shown that we are on their side.

With more than 25 years of experience in the field of health insurance, we continue to add new products and services to the sector and continue to grow as a leading brand in all areas of health insurance with the help of technology. With the new projects we will develop with our valuable agencies and brokers in 2022, we aim to continue to increase our premium generation profitably with our new products and services that we will offer in our direct sales and digital channels.

I would like to express my gratitude to our valuable colleagues, who have always supported our insured clients with their experience and dedication, for their efforts to ensure that 2021 passed successfully despite the challenging market conditions and to achieve both our growth and profitability goals, and I would like to express my satisfaction as we continue our rapid growth with exciting and innovative projects in the coming years. I would like to take this opportunity to express my sincere thanks to our valuable insured clients, our valuable business partners we work with, our Board Members and shareholders who have trusted us for years and will continue to be with them under all circumstances.

Best Regards,

4.3. Activities of 2021

2021 YEAR

Total Gross
Premium
517.773 TRY

Technical Profit of
After the Operational
Expenses
231.764 TRY

PERSONAL ACCIDENT BRANCH

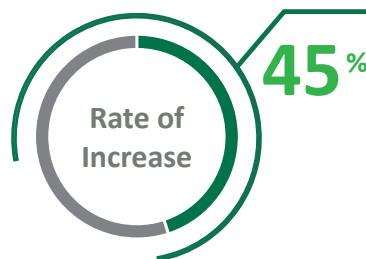


Gross premium generation of this branch, which has a share of **0,32%** in total gross premium generation, was realized as **517.773 TRY** in 2021. There was a **77%** increase in gross premium generation which was **292,500 TRY** in the last year. In 2020, the damage payment amounted to **100.000 TRY**. The amount distributed to this branch from operating expenses was **249.648 TRY**. Last year, operating expenses amounted to **329.015 TRY** and the decrease rate was **24,12%**. Investment income of the branch amounted to **191.560 TRY**. After these data, a technical profit of **231.764 TRY** was generated after the operational expenses of the branch.

2021 YEAR

Total Gross
Premium
158.311.794 TRY

HEALTHCARE BRANCH



The gross premium generation of this branch, which has a share of **99,34%** in total gross premium generation, was realized as **158.311.794 TRY** in 2021. **238.627 TRY** of this gross premium generation was transferred to the reinsurer. There was a **45,62%** increase in gross premium generation, which amounted to **108.713.486 TRY** last year. After premium generation this year, **79.126.158 TRY** of unearned premiums provision has been allocated. **16.757 TRY** of this amount is the reinsurer's share. **89.281.995 TRY** compensation payment was made in 2021, and **5.854 TRY** of this amount corresponded to the reinsurer's share. The compensation realized last year amounts to **57.754.469 TRY**. The amount distributed to

Technical Profit of
After the Operational
Expenses
13.861.004 TRY



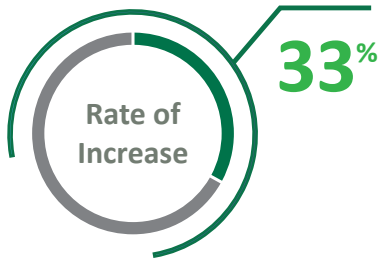
this branch in operating expenses was **59.090.993 TRY**. Last year, operating expenses amounted to **42.996.759 TRY** and the rate of increase was **37.43%**. The increase in operating expenses transferred to the branch was due to the increase in commissions paid compared to the previous year. Except for the commissions paid, the rate of increase in operating expenses was **28,93%**. Investment income of the branch amounted to **1.713.688 TRY**. After these data, a technical loss of **13.861.004 TRY** was incurred after the operational expenses of the branch.



LIFE BRANCH

2021 YEAR

Total Gross Premium
531.841 TRY



Technical Profit of
After the Operational Expenses
3.004.105 TRY

Gross premium generation of this branch, which has a share of **0,33%** in total gross premium generation, was realized as **531.841 TRY** in 2021. **54 TRY** of this premium generation has been transferred to the reinsurer. There was a **30,56%** decrease in gross premium generation, which amounted to **765.856 TRY** last year. A total of **6.397.982 TRY** was paid as participation and compensation fee in 2021. This amount was **7.297.734 TRY** last year, indicating a **12,32%** decrease compared to the last year. The amount distributed to this branch from operating expenses was **341.784 TRY**. Last year, operating expenses amounted to **594.598 TRY** and decreased by **42,52%**. While the investment income of the life branch was **10.662.183 TRY**, **192.510 TRY** was created as investment expense. Last year, net investment income amounted to **3.973.480 TRY** and this amount increased by **163%** this year. A total of **14.744.177 TRY** Mathematical Provision was allocated for the accumulation of our insured clients in the life portfolio. This amount was **14.574.202 TRY** last year. The dividend rates distributed to our insured clients over the years are given below in terms of fund types. After these data, a technical profit of **3.004.105 TRY** was generated after the operational expenses of the branch.



OUR DIVIDEND RATES (%)

YEAR	TRY	USD	EURO
2021	18,97	0,78	0,68
2020	10,04	1,32	0,71
2019	22,46	3,91	1,50
2018	20,45	4,87	2,64
2017	12,08	5,36	1,91

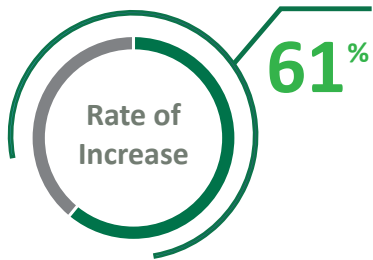


2021^{YEAR}

ALL BRANCHES TOTAL RESULTS

**Total Gross
Premium**
159.361.408 TRY

**Technical Profit of
After the Operational
Expenses**



While the gross premium generation of our company in 2021 was **159.361.408 TRY** in all branches, this amount was **109.771.842 TRY** last year. The amount transferred to the reinsurer is **249.839 TRY**. In all branches, a total of **79.376.286 TL** has been allocated as unearned premium provision. While the total investment income corresponding to the branches was **12.567.432 TRY**, **192.510 TRY** was realized as investment expense. Net investment income increased by **61%** compared to last year. While a total of **95.779.978 TRY** compensation payment was made, **5.854 TRY** of this amount was added to the reinsurer. **65.396.013 TRY** total compensation payment was made last year. A total of **14.630.849 TRY** outstanding compensation provision has been allocated for all branches. Total overhead expenses, including production commissions, amounted to **59.682.425 TRY**, **35,89%** above last year. In the light of all these developments, the technical loss of the Company after deducting operational expenses resulted in a loss of **10.625.135 TRY** with a **1043%** decrease compared to the previous year.

4.4. Marketing Activities

Demir Sağlık ve Hayat Sigorta uses the press and blog page in the most effective way in order to increase brand awareness, support sales and promote the Company's products and services. Significant developments that will attract the attention of agencies and our insured clients are constantly shared in the printed press. In addition, up-to-date contents supporting the well-being of the insured clients are regularly shared on the Demir Blog webpage; and our Demir Sağlık website and online sales pages are continuously updated in order to provide a better customer experience to our insured clients. In 2021, a Brand Health Survey was conducted to analyze the position of Demir Sağlık ve Hayat Sigorta in the sector and to determine the areas of development for agencies and clients.

4.4.1 About Digital Communication Activities

Within the scope of digital communication studies, active posts are shared on all social media channels and Google search network in order to strengthen the image of Demir Sağlık ve Hayat Sigorta and increase brand awareness. According to the global trends and the dynamics of our company, informative concept content plans that introduce the company and products are created. While preparing attractive content that provides information about the products, studies are carried out to support the sales by preparing targeted contents that will direct the products sold online to the private sales channel. The aim is to contribute to brand awareness by targeting advertisements specific to the target audience. Educational well-being themed contents that will attract the attention of the followers are also shared. Client comments, requests and complaints made in social media are meticulously evaluated and rapid feedback is provided to clients in order to maximize customer satisfaction in these channels. For LinkedIn, targeted advertising activities were carried out simultaneously by sharing content that is appropriate to the nature of this medium and that will attract the attention of the followers. In addition, digital communication activities were supported by conducting influencer studies in order to increase brand awareness and launch products. In line with the Search Engine Optimization studies, the value of the website has been increased by making arrangements on the Demir Sağlık website and it has been ensured that it ranks high in the search engine. Accordingly, website traffic showed a steady increase in 2021.

4.4.2 Solutions for Customers' Needs in Product Management and Compliance to Digital Transformation

Demir Sağlık ve Hayat Sigorta focuses on projects to adapt to digital transformation in product management. In this context, as of 2021, Demir Sağlık offered the first and only online purchasable Digital Private Health Insurance in the sector to our insured clients in order for them to receive the highest level of healthcare services. Our product always supports the well-being and health of our insured clients, not only during illness. In addition to being a policy that can be purchased with a click, with the support of more than 40 assistance/good life services, our product can always organize all appointment processes with our clients, including purchasing, online from the Demir Plus Platform, which we have created specifically for Digital

Private Health Insurance clients. In this respect, the product makes a difference as it is a fast and digital product created according to the needs of the new generation.

With our innovative vision that builds on our earlier innovations, our Two Lives Pregnancy Insurance, Travel Health Insurance and Digital Private Health Insurance products were offered for sale online in 2021 in order to reach our insured clients from online channels in the fastest way and to guarantee them in the best way possible. Customer traffic and production performances are regularly monitored on the basis of these products. Thanks to heat maps, the UX/UI solutions needed by the clients are determined. As Demir Sağlık ve Hayat Sigorta, our digitalization process will continue without slowing down in 2022 within the framework of our digital transformation strategies by following the requirements of our day with our innovative vision.

With its vision aiming to provide the highest level of satisfaction to the clients, Demir Sağlık ve Hayat Sigorta aims to increase customer loyalty by providing fast, easy and high-quality experiences in terms of damage and assistance services processes as well as through the coverage offered to insured clients.

4.5. Information on Internal Audit Activities

Demir Sağlık ve Hayat Sigorta A.Ş. Internal Audit Department carries out its activities within the scope of the “Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies” which entered into force on 21.06.2008 and the “Internal Audit Regulation” approved by the Board of Directors of Demir Sağlık ve Hayat Sigorta A.Ş.

Internal audit activities are carried out in accordance with the policies, procedures and objectives of the Company in accordance with the provisions of the relevant laws and legislation, and are aimed at detecting and preventing operational faults and nonconformities. In this context, internal audit activities are carried out under three main groups: audit, inspection and investigation. Inspection, research and consultancy studies on issues required by the management are also carried out in accordance with the purpose of the internal audit.

In 2021, Demir Sağlık ve Hayat Sigorta A.Ş. conducted its Internal Audit Unit activities with an auditor. Internal Audit Manager, responsible for internal audit activities, carried out relevant activities within the scope of the Audit and Risk Committee established under the Board of Directors. The department is structured independently in terms of organization.

Internal audit activities carried out during the year are carried out in accordance with the annual Internal Audit Plan. The plan is prepared according to the risk assessment made by the Internal Audit Unit and is implemented with the approval of the Board of Directors.

12 audits were carried out in 2021 within the scope of the annual audit plan.

Reports prepared within the scope of internal audit activities are submitted to the Board of Directors of the Company. With the findings determined, information is provided on the development areas and the actions to be taken according to the report results are decided by the Board of Directors.

The Internal Audit Department periodically conducts the monitoring and follow-up process regarding the actions to be taken regarding the determinations in the reports, and the results are reported to the Board of Directors.

4.6. Information on Internal Control and Risk Management Activities

Demir Sağlık ve Hayat Sigorta A.Ş. Internal Control and Risk Management Department carries out its activities within the scope of “Regulation on Internal Systems of Insurance and Reinsurance and Retirement Companies” and “Internal Control Activities Regulation” and “Risk Management Activities Regulation” approved by the Board of Directors of Demir Sağlık ve Hayat Sigorta A.Ş.

In accordance with Article 4 of the Regulation on the Internal Systems of Insurance and Reinsurance and Pension Companies published in accordance with Article 4 of the Insurance Law No. 5684, insurance companies are obliged to establish, operate and develop an adequate and effective internal control system in accordance with the scope and structure of their activities and in accordance with changing conditions, within the framework of the procedures and principles stipulated in the regulations which are implemented with all regional directorates and departments. The Internal Control and Risk Management Department carries out its activities with a manager directly under the General Manager.

An internal control system has been established in order to ensure the protection of company assets, the effective and efficient execution of activities in accordance with the law and relevant legislation, internal policies and rules and insurance practices, the reliability and integrity of accounting and financial reporting systems, and timely availability of information.

Internal systems of the Company are based on a triple defense line model. Business units are responsible for the first line of defense. The execution of the first line of defense works and procedures consists of the first phase controls of the procedures. The Internal Control and Risk Management Unit is responsible for the second line of defense. Within the scope of internal control and risk management activities, coordination activities are carried out for the business units to fulfill the control responsibility, second stage controls are carried out and the control results are reported to the senior management of the Company. The Internal Audit Unit is the third line of defense and is responsible for the audit of the system.

● *Internal Control Activities*

The works included in the Internal Control and Risk Management Annual Work Plan for 2021 have been completed within the period. The control points have been determined through the processes and procedures of the Company, and the business units have been ensured to carry out the first phase controls. Second phase controls were carried out through on-site control studies, special inspection reports, event-based controls, remote monitoring activities and control result reports obtained from business units. The results and action plans of all control studies were shared with the senior management of the Company.

● Risk Management Activities

In 2021, the risks in the Company's operational risk map covering all processes were monitored, and the risk contents were updated within the scope of the actions taken during the year and the projects implemented within the Company. While preparing the operational risk map, risk definitions were made through the process steps in which the work and operations were determined. The main risk type/class and specific risk group of the identified risk steps have been identified. Risk assessment has been measured according to the impact and probability calculation for the identified risks. Risk-reducing action plans were followed for the risks measured primarily as high-risk. The current status of the operational risk map and risk mitigation action plans have been submitted to the Audit and Risk Committee.

In 2020, the remote/home working model was introduced for the general directorate and Ankara office employees in order to minimize the risk of the contraction risk of global pandemic. The remote/home working model continued in 2021. During the remote working phase, there was no significant work interruption or disruption in the processes and the systems operated smoothly.

4.7. Information on Compliance Activities

In order to prevent the laundering of crime revenues and the financing of terrorism, MASAK Compliance Unit has been established in accordance with the "Law on the Prevention of Laundering of Crime Revenues" and related regulations. This unit is responsible for establishing a compliance program, carrying out the necessary works within the scope of the established compliance program and ensuring communication and coordination with the Financial Crimes Investigation Board (MASAK).

Works and transactions are carried out within the scope of the branches in which the company operates, and the compliance of the transactions with the MASAK legislation is controlled by the MASAK Compliance Officer with a risk-based approach. Within the scope of compliance activities by the MASAK Compliance Unit; procedures, policies, instructions and announcements are prepared, training activities are organized for the Company's employees and the Company's agents, the letters received from MASAK are answered, the necessary actions are taken based on received letters, and communication is ensured with the board. The compliance report of the studies carried out by the MASAK Compliance Unit in 2021 was submitted to the Company's Board of Directors and MASAK.

In 2021, compliance activities were also carried out within the scope of the Personal Data Protection Law (PDPL) and the relevant legislation, and necessary actions were taken in accordance with the guidelines and decisions published by the public authorities. Policies, procedures and Company data inventory have been created within the scope of compliance with the PDPL.

4.8. Opinion of the Board of Directors

The plans for the audit activities to be carried out by the Internal Audit Unit are approved annually by the Board of Directors. In this context, all reports prepared by the relevant unit are included in the agenda of the Board of Directors and approved; afterwards, actions are closely followed.

4.9. Information on Direct or Indirect Subsidiaries and Share Ratios of Demir Sağlık ve Hayat Sigorta A.Ş.

The directors of the Company do not have any share in the capital of the Company. The Company has no direct or indirect subsidiaries.

4.10. Information on the Company's Own Shares Acquired

The Company does not have its own share acquired by the Company.

4.11. Remarks Regarding the Private Audit and Public Audit Conducted During the Fiscal Period

a. Special Audit

The financial statements and footnotes of our company prepared as of 31 December 2021 have been subjected to a full independent audit by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi in accordance with the "Regulation on Conducting Independent Audits in Insurance and Reinsurance Companies and Pension Companies" of the Republic of Turkey Undersecretariat of Treasury, and as a result of the audit studies, it has been concluded that the financial statements and related footnotes prepared by our company reflect the financial status of our company as of 31 December 2021, its financial performance and cash flows for the year ending on the same date, accurately and honestly within the framework of the accounting principles and standards in force in accordance with the insurance legislation.

Corporate tax return attestation for the accounting period of 01.01.2021-31.12.2021 has been carried out by KPMG Yeminli Mali Müşavirlik A.Ş. and it has been concluded that there is no issue to be taken into consideration in the corporate tax returns prepared by our Company in accordance with the legal regulations.

b. Public Audit

In 2020, the Tax Audit Board Presidency Istanbul Sectoral-1 Audit Department started the general audit for 2018. Audit process is still in progress.

4.12. Information on Lawsuits Filed Against the Company that May Affect the Company's Financial Status and Operations and Their Possible Consequences

No lawsuit of a nature and size that would affect the reputation, financial status and activities of our Company has been filed except for routine damages and civil lawsuits filed against our Company in 2021.

4.13. Remarks Regarding the Administrative or Judicial Sanctions Imposed on the Company and Board Members due to Practices Contrary to the Provisions of the Legislation

There are no administrative or judicial sanctions imposed on our Company and Board Members in 2021.



PART 5: CORPORATE MANAGEMENT PRACTICES

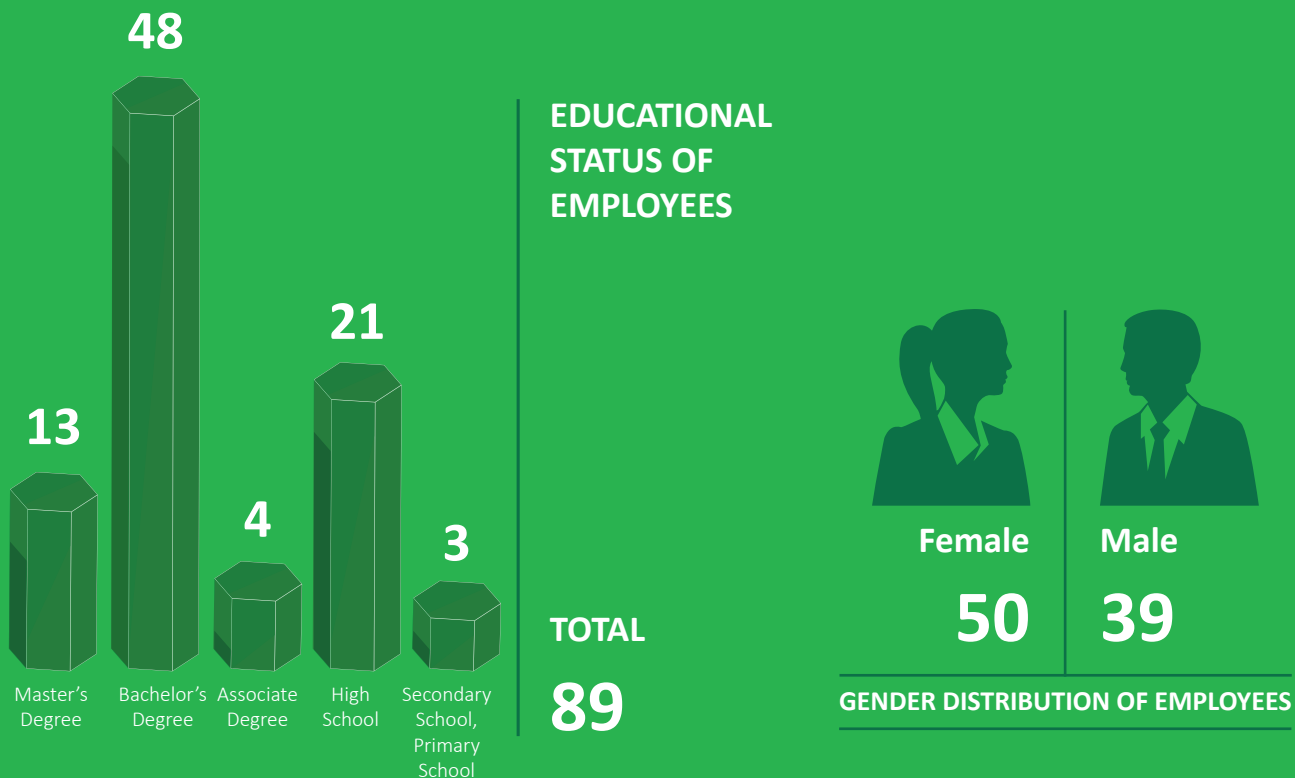
- 5.1. Information on Human Resources Practices**
- 5.2. Human Resources Policies**
- 5.3. Organizational Chart**



5.1. Information on Human Resources Practices

Number and Educational Status of Staff

31 December 2021



5.2. Human Resources Policies

The main objective of our company is to be a performance-oriented institution which our employees are proud and happy to be a part of, preferred in the sector while supporting corporate change and transformation. Our Company's Human Resources Policy consists of the following processes:

Recruitment: The basis of our recruitment policy is to select and place the candidates who are the most suitable for our Company's culture and right for the job by effectively planning the workforce in line with our Company's strategies, production budget, business plans and norm staff studies.

Performance Management System: Our company aims for a performance-oriented culture. Our company's key performance indicator (our Company Scorecard) is determined as measurable, achievable, concrete and time-dependent. By reducing the strategy, our company has set measurable, achievable, concrete and time-dependent goals for all positions in the same way. Within this approach, the strategic goals of our company and the goals of our employees are harmonized.

Wage and Benefits Management: The components of our Wage and Benefits Policy are the business groups in our company, the business size of each task, the internal balance analysis in which wages are compared within the company, the wage and benefits analysis in the insurance sector, the level at which our company wants to be positioned according to the sector, the expectation for inflation, our budget, and the performance appraisal of the individuals.

Considering the strategies of our company, the sector-based wage increase rate, expectation for inflation, and performance ratings of our employees, wages are increased and benefits are reviewed and updated once a year.

Competency Assessment: The goal of our Competency Assessment process is to determine individual competencies that are compatible with our company's culture and to plan the matching of qualified employees with the requirements of the job correctly.

Our Company's Competencies are grouped as Basic Competencies, Functional Competencies and Administrative Competencies.

Career and Skill Management: Career Management is a fair and reliable process that is carried out in certain periods in order to ensure that our employees' promotions/assignments are carried out within a certain standard, in accordance with the principle of objectivity and transparency, in support of our company strategies.

Skill Management aims to determine the potential of our employees for the future. Skill development and backup of critical positions are planned in line with organizational plans that will support our company's strategies.

Training and Personal Development Management: Training and personal development needs of our employees are determined by training needs analysis. In addition to compulsory trainings such as Occupational Health and Safety, training and personal development plans are designed to meet the development needs of our employees. Thus, our aim is to provide our employees with the knowledge/skills and competencies they need.

Employee Satisfaction: We measure the satisfaction and commitment levels of our employees by conducting employee satisfaction surveys at certain periods and to determine the areas that need to be improved.

Change Management: We seek to realize the management of culture change and transformation in our company, to ensure that all employees adopt the company's vision and objectives with an open communication approach, to see themselves and their work clearly as a part of the whole, to monitor the performance of the company and to assess their own contributions to achievements, to define our corporate values and to make everyday life a part of every job, in order to create team spirit, ambition and belief.

Corporate Culture and Motivation: By organizing various social and cultural activities for our employees, we aim to ensure the creation and dissemination of a culture that values participatory, sharing, transparent, making a difference, creativity and joint success, to

take into account the suggestions and expectations of employees, to ensure the formation of Corporate Culture and Consciousness by continuously developing loyalty-improving approaches.

Occupational Health and Safety: Occupational Health and Safety Policies are given importance. In this context, Occupational Health and Safety Specialist and Workplace Physician services are received by working with a Joint Health and Safety Unit (JHSU) company.

Compliance with Ethical Principles: All our employees are obliged to comply with our ethical rules. It is aimed to provide a business environment where ethical values and general codes of conduct are applied.

Educational Activities: In our company, trainings are received from the Turkish Insurance Institute Foundation, Insurance and Reinsurance Companies Association in order to develop professional competencies and to follow the legislation related to insurance activities.

In addition to compulsory training such as Occupational Health and Safety, various training plans are designed to meet the development needs of our employees, and trainings are provided on these issues. In addition, seminars and congresses are followed for professional and personal development, and various certificate programs are participated. Orientation trainings are provided by our Department Managers and Human Resources Department on a departmental and product basis to our newly recruited personnel.



July Aug Sep Oct

70

95

70

92

June... July... Aug... Sep...

1.009




210.95

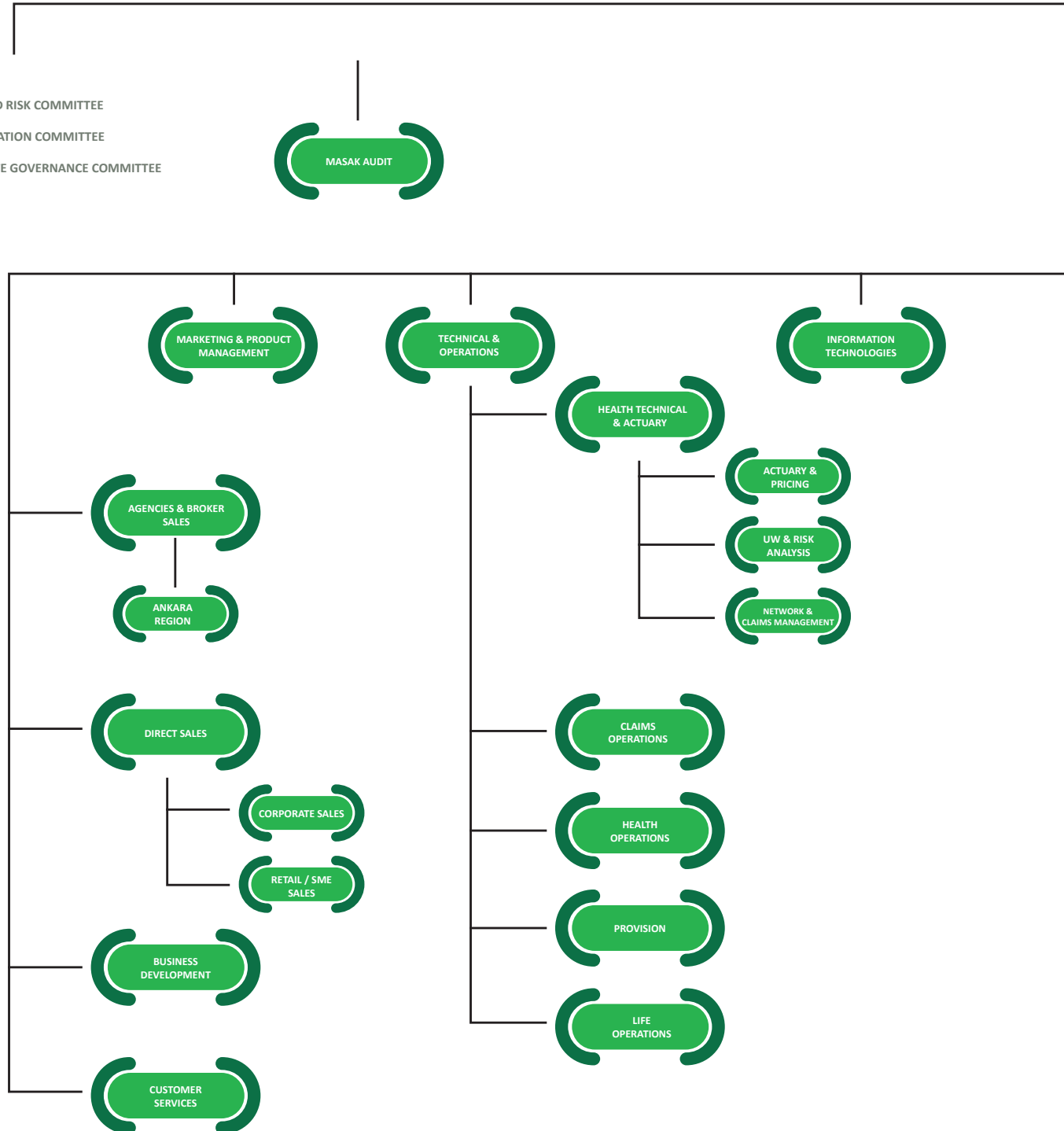
149.16

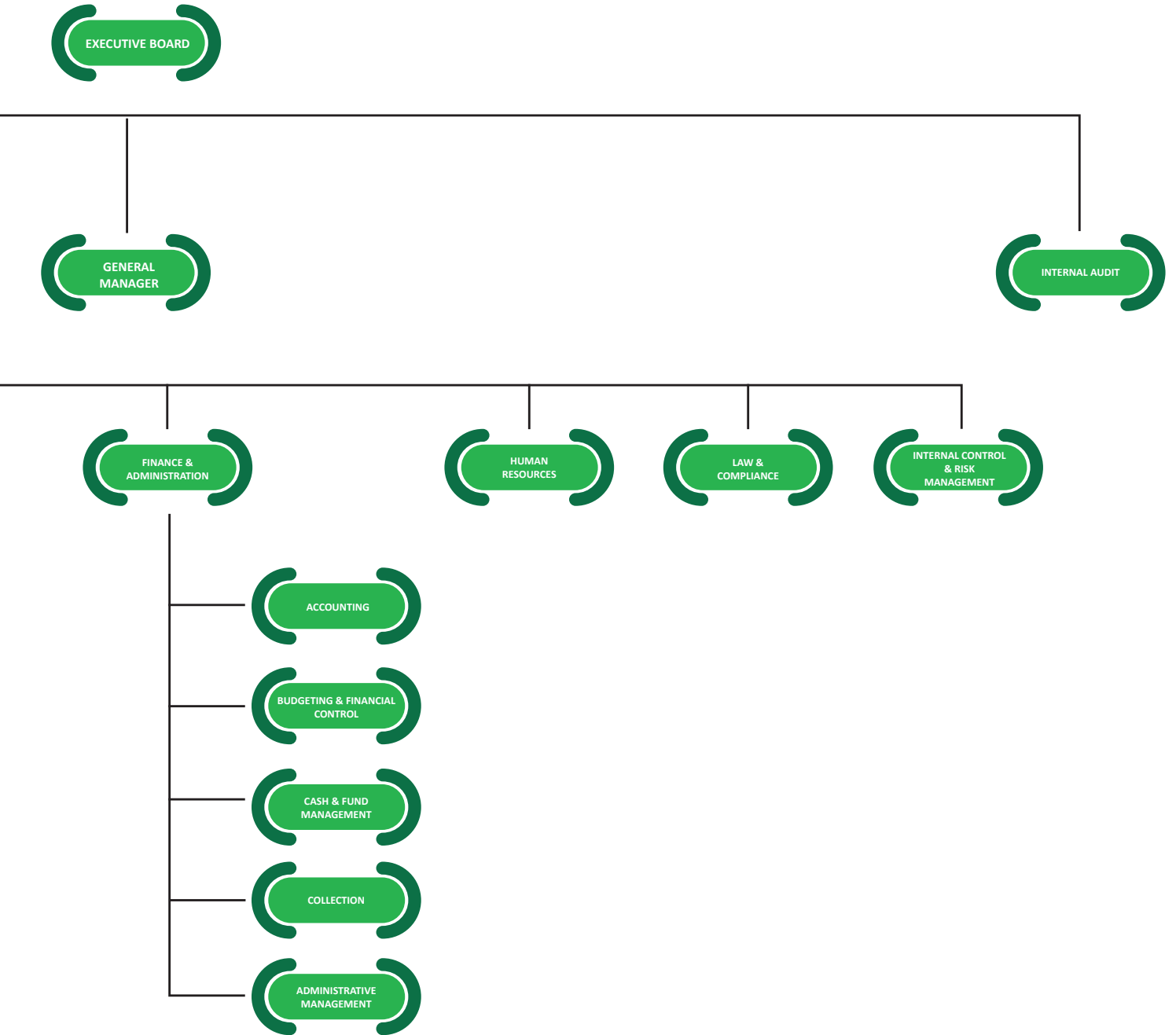
23.26

1.41%

5.3. Organizational Chart

-  AUDIT AND RISK COMMITTEE
-  REMUNERATION COMMITTEE
-  CORPORATE GOVERNANCE COMMITTEE





PART 6: ASSESSMENT OF RISKS AND GOVERNING BODY

- 6.1. Information on Risk Management Policies**
- 6.2. Information on Risk Types Involving Demir Sağlık ve Hayat Sigorta A.Ş.**



6.1. Information on Risk Management Policies

• •
It is observed that the risks are not diversified due to the fact that the Company focuses only on activities in the health branch, where similar works are carried out, the number of high-volume transactions is low, and limited investment instruments are used.



A risk management system has been established in order to ensure that the risks exposed are identified, measured, monitored and controlled through the policies, application procedures

and limits determined to monitor, control and, if necessary, change the risk and return structure of the Company's future cash flows and accordingly, the nature and level of the activities.

Risk Management System of the Company Aims to



Understand the significant risks taken by the Company and to ensure that said risks do not constitute an obstacle to the fulfillment of the company's obligations to the insured, partners, employees and all interested parties;



Provide consistent, reliable and up-to-date information about risks to decision makers, submit a risk opinion by using this information and support internal decision-making mechanisms;



Establish a "Risk Awareness Culture" within the Company where each manager of the Company is aware of the risks related to their area of responsibility, manages these risks appropriately and reports them transparently;

The Company's risk management policy consists of governance activities, determination of objectives, identification of risks, measurement/assessment of risks, classification of risks, rating of risks and determination of actions to be taken against risks.

Determined and assessed risks are graded as high, medium and low level. In addition, risks are grouped according to risk types/classes. Risk mitigating action plans are created starting from high level risks and the current status of the action plans is monitored.

A risk map is created in order to cover all the business and operations of the Company, and risk mitigation action plans are determined. The current status of the risk map and action plans are periodically reported to both the senior management of the company and the Audit and Risk Committee.

6.2. Information on Risk Types Involving Demir Sağlık ve Hayat Sigorta A.Ş.

In parallel with the company's risk management policies, the main purpose of risk management activities, which are a part of all business processes, is to collectively monitor the financial, regulatory, insurance and operational risks exposed and to measure their impact on important financial indicators (profitability, capital, liquidity). Both internal and external risks can be exposed while performing business activities and transactions in the company.

It is observed that the risks are not diversified due to the fact that the Company focuses only on activities in the health branch, where similar works are carried out, the number of high-volume transactions is low, and limited investment instruments are used. When the risks exposed by the Company are examined, it is observed that the risks are grouped under seven main headings in the risk map of 2021.

Information on Risk Types

a) Financial Risk

The Company is exposed to financial risks such as market risk (exchange rate risk, interest rate risk and stock price risk), credit risk, liquidity risk due to its assets and liabilities at a certain moment. The Company's overall risk management program focuses on the volatility of financial markets and the minimization of its possible adverse impact on the Company's financial performance.

Primary Financial Risk Titles

i) Market Risk (Interest Risk, Exchange Rate Risk, Price Risk)

Market risk is defined as the risks arising from fluctuations in financial markets, exchange rate, price and exchange-bond, stock price changes in the Company's financial position. In addition, market conditions are monitored and reviewed on a daily basis and according to the maturities of the investments within the framework of risk management policies.

Interest rate risk is defined as the value decrease that fluctuations in interest rates may cause in the value of interest-sensitive assets and liabilities.

Exchange rate risk is defined as the risk of loss arising as a result of changes in exchange rates shaped by the difference between the Company's foreign currency assets and liabilities. Exchange rate risk is managed by analyzing the foreign exchange position.

Price risk is the risk of loss that may occur due to price fluctuations in the value of the positions of the Company's financial assets.

ii) Credit (Receivable) Risk

Credit risk is the risk that the Company will suffer financial losses as a result of the failure of the parties owing to the Company to fulfill their obligations partially or completely. Ownership of financial assets indicates a risk of non-performance by the counterparty of the terms of the contract.

The Company monitors and limits the credit risk of its financial assets classified as loans and receivables as well as receivables arising from insurance activities (including reinsurance receivables) with the procedures applied in the collateral received and the selection of the counterparty.

The Company's financial assets subject to credit risk outside the credit and receivables group generally represent term and demand deposits held in banks established in Turkey, and these receivables are not considered to constitute high credit risk.

iii) Liquidity Risk

It is the failure of the Company to fulfill its due obligations, to incur high costs, or the risk of a negative impact on earnings and capital. In order to manage liquidity risk, investment decisions are taken according to the technical requirements specified in the relevant legislation. By doing so, it is taken as a basis to minimize the incompatibilities of assets and liabilities on the basis of currency and maturity. In addition, the compliance of assets and liabilities in terms of amount, currency and maturity is also monitored on a monthly basis, and attention is paid to keep an appropriate amount of liquid assets in the portfolio.

b) Operational Risks

Operational risk is the risk of being exposed to damage due to inadequate or unsuccessful internal processes, people and systems.

Operational risk may be exposed due to all works and transactions carried out in the Company.

The main types of operational risks that can be considered consist of processes such as human resources, business processes, adequacy of information technology systems, transactions with contracted institutions, data protection, production, sales and marketing, customer service, purchasing, compensation, etc.

Processes are automated in order to reduce operational risks throughout the company, and improvements are made for the efficient and effective operation of information technology processes and other processes.

c) Insurance Risk

These are the risks arising from the insurance contracts executed. This risk includes risks such as failure to select the insured risks in a healthy manner, failure to determine the insurance premiums at a level to cover future damages, concentrations arising from the failure to

distribute the portfolio in sufficient depth, separation of the actual damage rates from the expected rates, and lack of adequate and appropriate reinsurance protection.

Follow-up is provided with product/portfolio analysis and damage reports made within the company, and senior management is informed accordingly.

d) Risk of Compliance with Legislation

It covers all legislation, regulations and standards that the Company has to comply with, especially insurance legislation, laws, regulations, communiqués and other regulations related to insurance, professional and ethical principles, rules and standards, and the Company's policies, procedures, regulations, rules and instructions.

It is the risk title that measures the Company's compliance with all legislation and rules that it has to comply with and identifies possible non-compliances.

Within the scope of the management of the compliance risk with the legislation, the newly published and modified legislation is closely monitored and action plans are created by determining the needs related to the modified legislation. The determined action plans are periodically reviewed and shared with the senior management.

e) Reputation Risk

It is the risk that the image and perception of the company from the perspective of clients, business partners, shareholders, investors, regulatory and supervisory authorities will be adversely affected.

Events that may affect the Company's reputation are monitored.

f) Strategy Risk

It covers incidents that prevent the Company from achieving its goals. It is the type of risk caused by developments in the company, wrong business/management decisions, incorrect implementation of management decisions, and inability to respond to the developments in the business environment.

Market conditions are followed in line with the Company's strategy, and the Company's objectives are reviewed at routine intervals.

g) Environmental Risk

It is the type of risk that may be exposed due to the location of the country and the Company, which will not have an impact on the events other than developing an action plan.

There are environmental risk types such as political and geopolitical risk, economic crisis, natural disasters, catastrophic events, epidemic, global warming.

Political and economic indicators are monitored across the country and the world. Developing and changing events are assessed within the Company.

PART 7: BOARD OF DIRECTORS SUMMARIZED ACTIVITY REPORT

7.1. Summarized Board of Directors Report Submitted to the General Assembly



7.1. Summarized Board of Directors Report Submitted to the General Assembly

Summarized Balance Sheet as of 31.12.2021 (TRY)	Independently Audited Current Term 31 December 2021	Independently Audited Current Term 31 December 2020
A- Cash and Cash Equivalents	73.200.268	52.646.685
B- Financial Assets and Financial Investments at Risk of the Insured	45.449.622	29.496.281
C- Receivables from Main Operations	29.107.841	19.730.485
D- Receivables from Related Parties	-	-
E- Other Receivables	988.528	295.675
F- Short-Term Prepaid Expenses and Accrued Income	31.166.163	16.969.855
G- Other Current Assets	69.897	257.327
I- Total Current Assets	179.982.319	119.396.309
A- Receivables from Main Operations	-	-
B- Receivables from Related Parties	-	-
C- Other Receivables	-	-
D- Financial Assets	-	-
E- Tangible Assets	3.303.662	1.471.005
F- Intangible Assets	638.502	852.291
G- Long-Term Prepaid Expenses and Accrued Income	-	-
H- Other Non-Current Assets	2.356.483	1.098.768
II- Total Non-Current Assets	6.298.647	3.422.064
Total Assets	186.280.966	122.818.373
A- Financial Liabilities	1.286.454	552.801
B- Payables from Main Operations	21.078.095	12.446.071
C- Payables to Related Parties	4.626	3.199
D- Other Payables	1.898.350	944.835
E- Technical Provisions for Insurance	99.302.378	70.076.755
F- Taxes Payable and Other Similar Liabilities and Provisions	4.222.291	651.502
G- Provisions for Other Risks	982.450	774.017
H- Short-Term Deferred Income and Accrued Expense	2.772.228	1.673.597
I- Other Short-Term Liabilities	-	-
III- Total Short-Term Liabilities	131.546.872	87.122.777
A- Financial Liabilities	1.390.318	26.348
B- Payables from Main Operations	-	-
C- Payables to Related Parties	-	-

D- Other Payables	-	-
E- Technical Provisions for Insurance	9.769.265	12.175.210
F- Other Liabilities and Provisions	-	-
G- Provisions for Other Risks	1.879.578	1.241.622
H- Long-Term Deferred Income and Accrued Expense	-	-
I- Other Long-Term Liabilities	-	-
IV- Total Long-Term Liabilities	13.039.161	13.443.180
A- Paid-up Capital	37.250.000	26.250.000
B- Capital Reserves	-	-
C- Profit Reserves	(488.497)	(403.947)
D- Accumulated Earnings	6.179.008	287.561
E- Accumulated Losses	(9.772.645)	(9.772.644)
F- Net Profit for the Period	8.527.065	5.891.446
Total Equity	41.694.931	22.252.416
Total Liabilities	186.280.966	122.818.373

Summarized Income Statement for the Account Period 01.01.2021-31.12.2021 (TRY)

Independently Audited
1 January-31 December 202

Independently Audited
1 January-31 December 2020

I- TECHNICAL SECTION

A- Non-Life Technical Income	138.479.593	104.244.052
B- Non-Life Technical Expense	(152.108.831)	(102.811.144)
C- Technical Section Balance- Non-Life (A-B)	(13.629.238)	1.432.908
D- Life Technical Income	11.202.445	4.846.935
E- Life Technical Expense	(8.198.339)	(5.152.966)
F- Technical Section Balance- Life (D-E)	3.004.106	(306.031)

II- NON-TECHNICAL SECTION

G- Retirement Technical Income	-	-
H- Retirement Technical Expense	-	-
I- Technical Section Balance- Retirement (G-H)	-	-
C- Technical Section Balance- Non-Life (A-B)	(13.629.238)	1.432.908
F- Technical Section Balance- Life (D-E)	3.004.106	(306.031)
I- Technical Section Balance- Retirement (G-H)	-	-
J- General Technical Section Balance (C+F+I)	(10.625.132)	1.126.877
K- Investment Income	31.729.884	9.462.990
L- Investment Expenses	(8.790.254)	(3.846.048)
M- Income and Profits and Expenses and Losses from Other Activities and Extraordinary Activities	210.430	114.321
N- Net Profit or Loss for the Period	8.527.065	5.891.446

PART 8: CONCLUSION SECTION OF THE AFFILIATION REPORT AND FINANCIAL STATUS

- 8.1. Conclusion Section of the Affiliation Report of Demir Sağlık ve Hayat Sigorta A.Ş. for the Period 01.01.2021-31.12.2021**
- 8.2. Assessments Regarding Financial Status, Profitability and Compensation Payment Power**
- 8.3. Profit Distribution Policy**
- 8.4. Five-Year Summary Financial Information Including Report Period**
- 8.5. Year-End Summary Financial Report Prepared as of 31 December 2021**
- 8.6. Events Occurring After the Reporting Period**
- 8.7. Financial Statements and Independent Audit Report for the Year Ending on 31 December 2021**



8.1. Conclusion Section of the Affiliation Report of Demir Sağlık ve Hayat Sigorta A.Ş. for the Period 01.01.2021-31.12.2021

• •
While preparing the report, it was aimed to reveal the intra-group transactions within the group of companies with a separate and clear reporting, in this context, to evaluate the relations of the subsidiary that prepared the report with the parent company and other companies within the group of companies, to inform the company partners who may be harmed by such relations, and all relevant information within this framework was included accordingly.



While preparing the report, it was aimed to reveal the intra-group transactions within the group of companies with a separate and clear reporting, in this context, to evaluate the relations of the subsidiary that prepared the report with the parent company and other companies within the group of companies, to inform the company partners who may be harmed by such relations, and all relevant information within this framework was included accordingly.

Within the framework of this information, in accordance with the circumstances and conditions known to us in all transactions made with our Company, the parent company and its affiliates in the activity year of 1 January 2021-31 December 2021, the legal transactions carried out with the guidance of the parent company, by the parent company or an affiliate as well as all measures taken or avoided to be taken for the benefit of the parent company or an affiliate company in 2021 activity year were evaluated. We hereby declare that, according to the circumstances and conditions known to us at the time of the transaction or when the measure is taken or avoided, an appropriate counter-activity is provided in each transaction and there are no measures that may harm the company, taken or avoided, and that there are no transactions or measures that require balancing within this framework.

8.2. Financial Status. Evaluations Regarding Profitability and Compensation Payment Power

● *Information on Financial Status and Profitability*

The current assets of our company, which had an asset size of 186.280.966 TRY in 2021, amount to 179.982.319 TRY and its non-current assets amount to 6.298.647 TRY. While short-term liabilities amounted to 131.546.872 TRY, long-term liabilities amounted to 13.039.161 TRY. Equity of the company, which was 22.252.416 TRY in 2020, amounted to 41.694.931 TRY this year with an increase of 87% with the effect of the current year's profit. Our company has generated a total of 24.794.583 TRY in financial income and expenses transactions evaluated under the non-technical section.

This amount was realized as 7.213.278 TRY last year and increased by 244%. Net interest income, which holds a significant share in financial income, amounted to 8.879.220 TRY while exchange difference income amounted to 17.916.528 TRY. Investment income transferred to the non-life section is 2.001.164 TRY. Total depreciation expenses of the Company is 1.854.954 TRY. Considering the income of 210.430 TRY in other income and profits and expenses and losses of the Company. Our company made a net profit of 8.527.065 TRY at the end of 2021.

Premium Generation	2021	2020
Personal Accident	517.773	292.500
Health	158.311.794	108.713.486
Total Non-Life	158.829.567	109.005.986
Life	531.841	765.856
Total Generation	159.361.408	109.771.842
Growth Rates-Illness/Health	2021	2020
Premium Generation	158.311.794	108.713.486
Market Share (%)	1,20%	1,10%
Asset Quality/Liquidity Ratios	2021	2020
Liquid Assets/Total Assets	96,62%	97,21%
Current Ratio	1,37	1,37
Capital Adequacy Ratios	2021	2020
Gross Written Premium/Net Equity	382%	493%
Total Net Capital/Assets	22%	18%
Net Equity/Technical Provisions (Net)	38%	27%

However, the capital adequacy calculation of our Company is made according to the principles of the "Regulation on Measurement and Evaluation of Capital Competencies of Insurance and Reinsurance and Pension Companies" published in the Official Gazette issue 29454 dated 23 August 2015. As a result of the calculation made in accordance with the principles of the specified regulation, our capital adequacy provides positive results in the amount of 5.659.686 TRY for 2021.

● *Information on Compensation Payment Power*

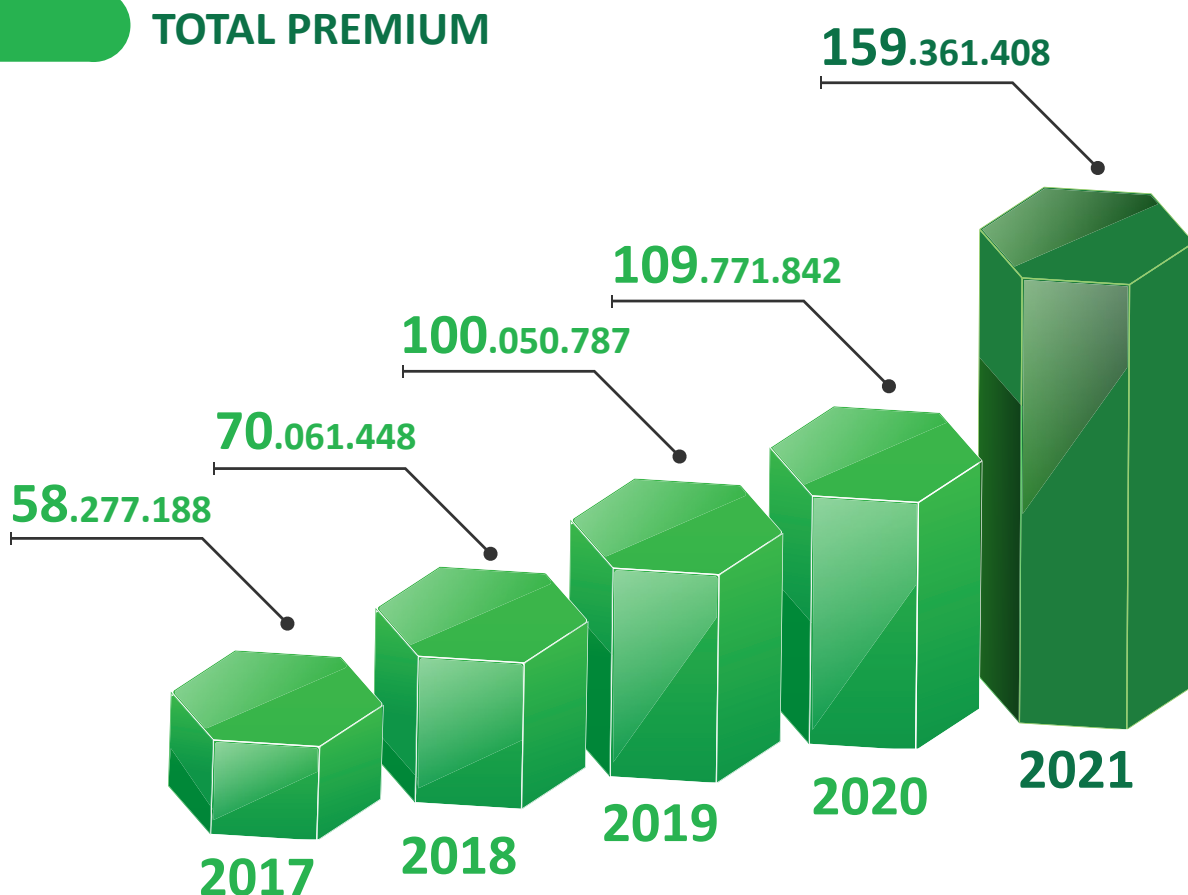
Our company made a damage payment in the amount of 95.779.978 TRY in 2021. Our company allocates outstanding compensation provision for the compensation amounts accrued and determined from the account but not actually paid in the previous accounting periods or in the current accounting period or, if this amount has not been calculated, for the estimated amounts and the compensation amounts realized but not reported. Accordingly, our Company

allocated 9.908.186 TRY net file outstanding in 2021 and accounted for 4.713.674 TRY realized but not reported compensation amount. As of 31 December 2021, our company has made calculations by using the actuarial chain ladder methods determined in the Technical Provisions Regulation and the "Circular on Actuarial Chain Ladder Method" dated 18 October 2010 and numbered 2010/12 and related regulations.

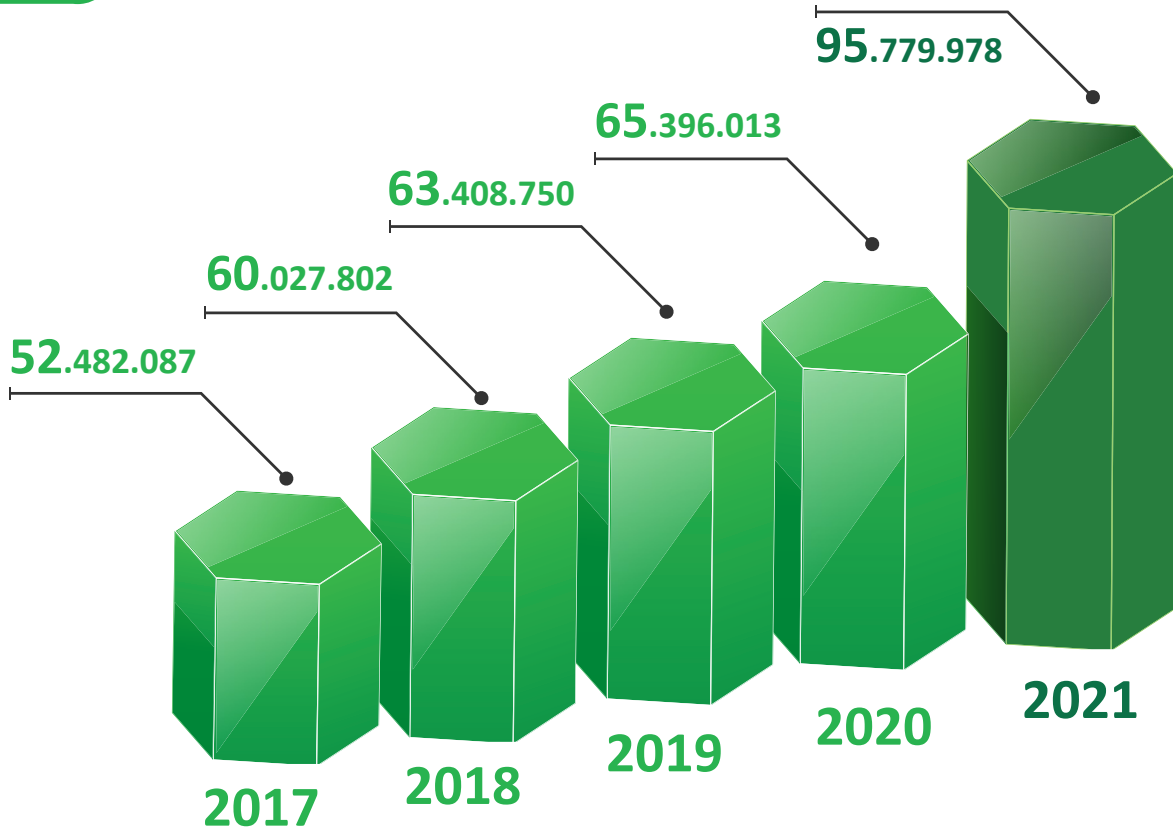
8.3. Profit Distribution Policy

Since the Company has no distributable profit as of 31.12.2021, there is no profit distribution.

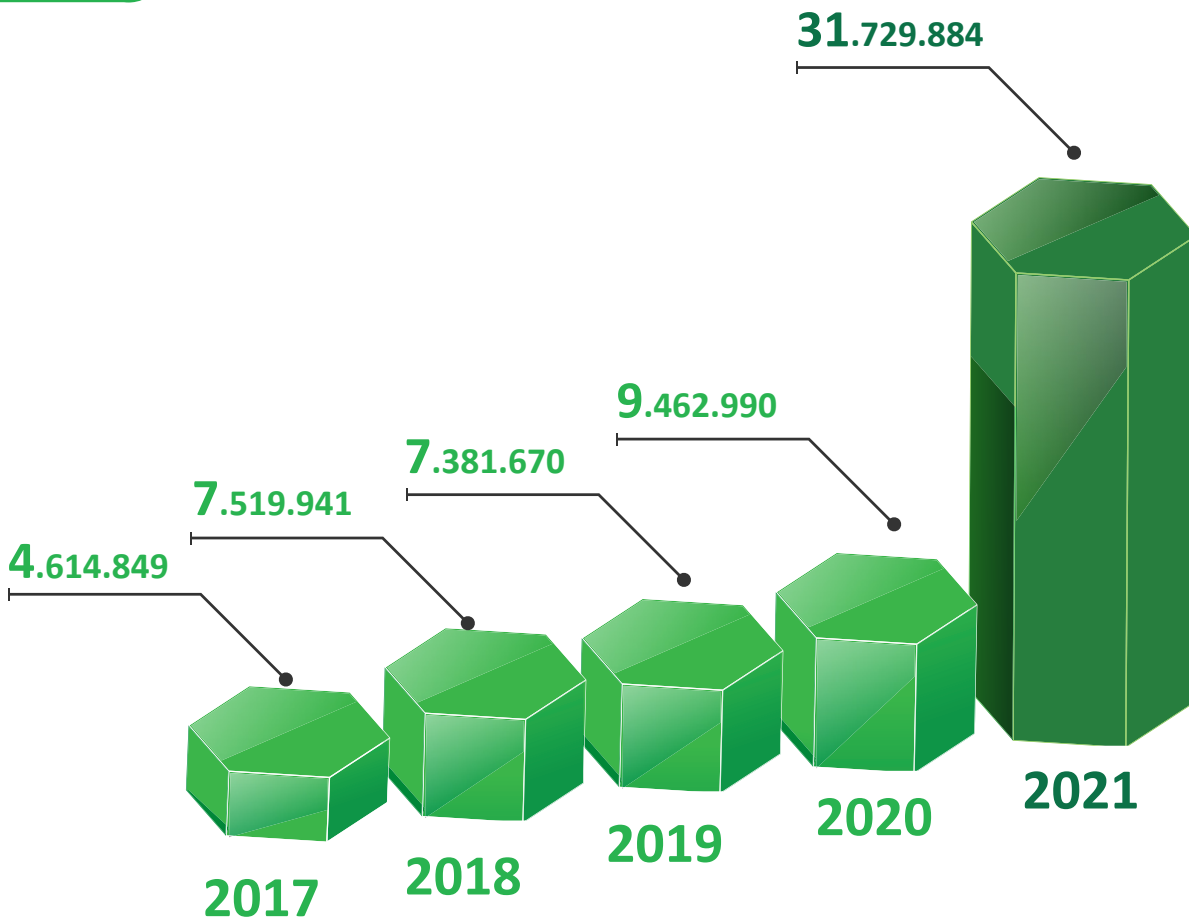
8.4. Five-Year Summary Financial Information Including Report Period



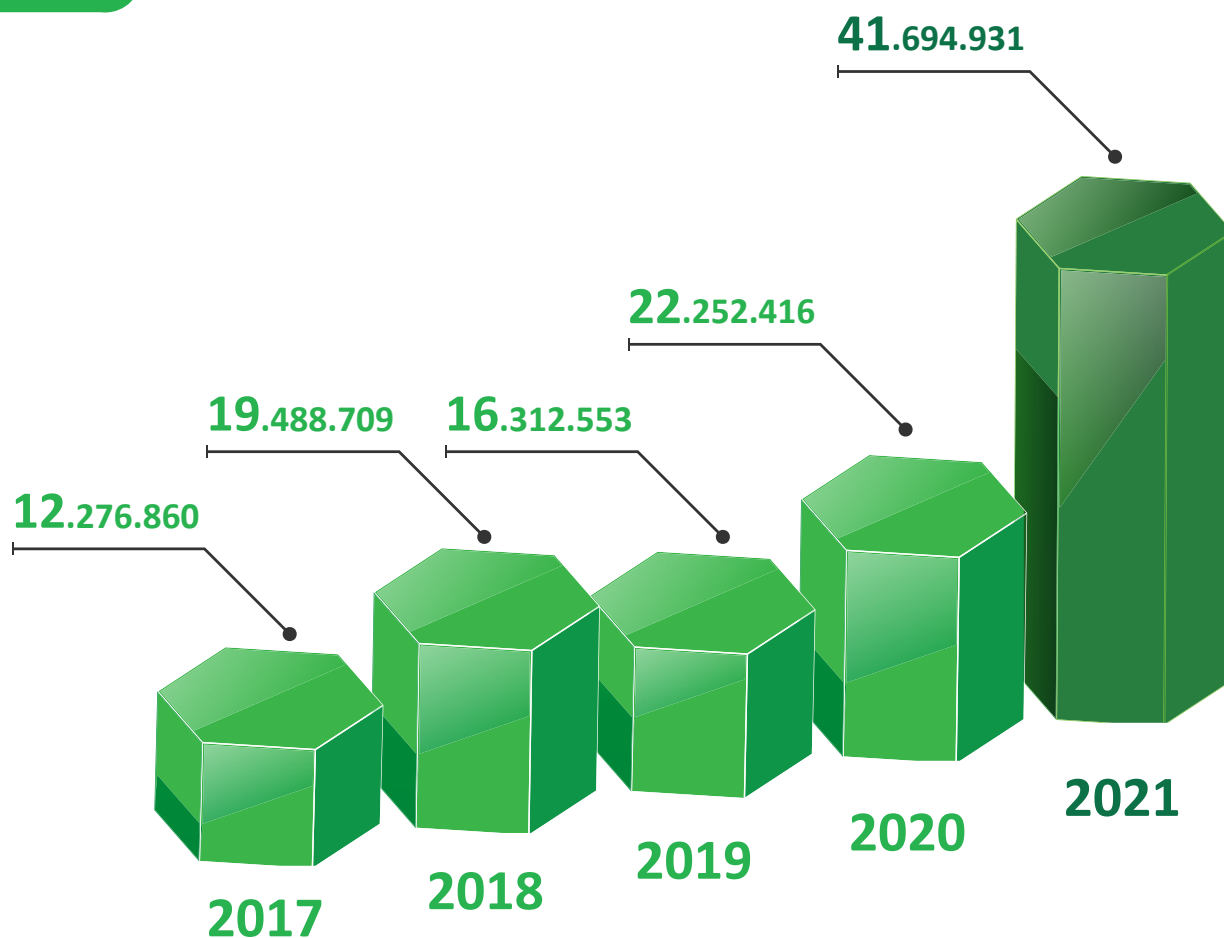
TOTAL DAMAGE



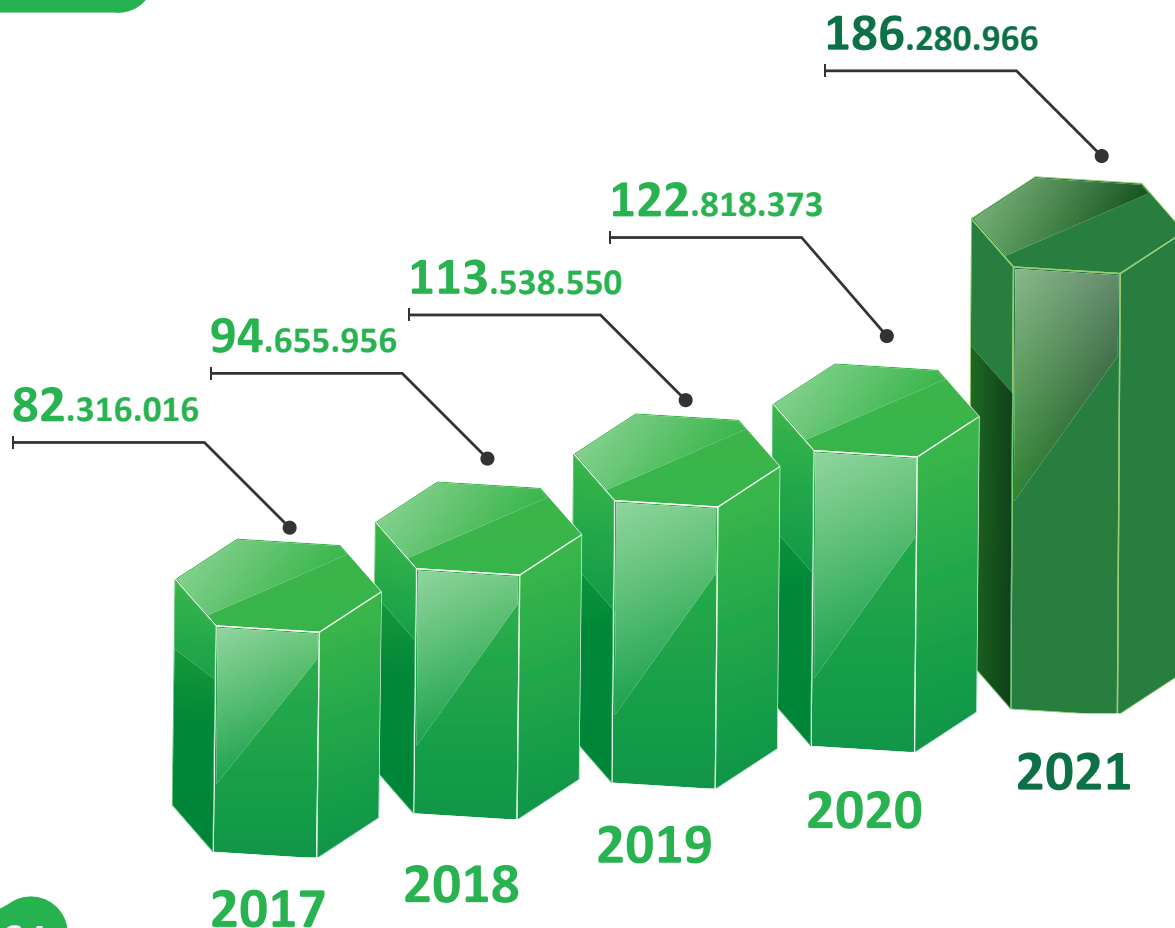
TOTAL INCOME



TOTAL EQUITY



TOTAL ASSETS



8.5. Year-End Summary Financial Report

Prepared as of 31 December 2021

Summarized Balance Sheet as of 31.12.2021 (TRY)	Independently Audited Current Term 31 December 2021	Independently Audited Current Term 31 December 2020
A- Cash and Cash Equivalents	73.200.268	52.646.685
B- Financial Assets and Financial Investments at Risk of the Insured	45.449.622	29.496.281
C- Receivables from Main Operations	29.107.841	19.730.485
D- Receivables from Related Parties	-	-
E- Other Receivables	988.528	295.675
F- Short-Term Prepaid Expenses and Accrued Income	31.166.163	16.969.855
G- Other Current Assets	69.897	257.327
I- Total Current Assets	179.982.319	119.396.309
A- Receivables from Main Operations	-	-
B- Receivables from Related Parties	-	-
C- Other Receivables	-	-
D- Financial Assets	-	-
E- Tangible Assets	3.303.662	1.471.005
F- Intangible Assets	638.502	852.291
G- Long-Term Prepaid Expenses and Accrued Income	-	-
H- Other Non-Current Assets	2.356.483	1.098.768
II- Total Non-Current Assets	6.298.647	3.422.064
Total Assets	186.280.966	122.818.373
A- Financial Liabilities	1.286.454	552.801
B- Payables from Main Operations	21.078.095	12.446.071
C- Payables to Related Parties	4.626	3.199
D- Other Payables	1.898.350	944.835
E- Technical Provisions for Insurance	99.302.378	70.076.755
F- Taxes Payable and Other Similar Liabilities and Provisions	4.222.291	651.502
G- Provisions for Other Risks	982.450	774.017
H- Short-Term Deferred Income and Accrued Expense	2.772.228	1.673.597
I- Other Short-Term Liabilities	-	-

III- Total Short-Term Liabilities	131.546.872	87.122.777
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A- Financial Liabilities	1.390.318	26.348
B- Payables from Main Operations	-	-
C- Payables to Related Parties	-	-
D- Other Payables	-	-
E- Technical Provisions for Insurance	9.769.265	12.175.210
F- Other Liabilities and Provisions	-	-
G- Provisions for Other Risks	1.879.578	1.241.622
H- Long-Term Deferred Income and Accrued Expense	-	-
I- Other Long-Term Liabilities	-	-

IV- Total Long-Term Liabilities	13.039.161	13.443.180
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A- Paid-up Capital	37.250.000	26.250.000
B- Capital Reserves	-	-
C- Profit Reserves	(488.497)	(403.947)
D- Accumulated Earnings	6.179.008	287.561
E- Accumulated Losses	(9.772.645)	(9.772.644)
F- Net Profit for the Period	8.527.065	5.891.446

Total Equity	41.694.931	22.252.416
Total Liabilities	186.280.966	122.818.373

Summarized Income Statement for the Account Period 01.01.2021-31.12.2021 (TRY)	Bağımsız Denetimden Geçmiş 1 Ocak-31 Aralık 2021	Bağımsız Denetimden Geçmiş 1 Ocak-31 Aralık 2020
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I- TECHNICAL SECTION

A- Non-Life Technical Income	138.479.593	104.244.052
B- Non-Life Technical Expense	(152.108.831)	(102.811.144)
C- Technical Section Balance-Non-Life (A-B)	(13.629.238)	1.432.908
D- Life Technical Income	11.202.445	4.846.935
E- Life Technical Expense	(8.198.339)	(5.152.966)
F- Technical Section Balance-Life (D-E)	3.004.106	(306.031)

II- NON-TECHNICAL SECTION

G- Retirement Technical Income	-	-
H- Retirement Technical Expense	-	-
I- Technical Section Balance-Retirement (G-H)	-	-
C- Technical Section Balance-Non-Life (A-B)	(13.629.238)	1.432.908
F- Technical Section Balance-Life (D-E)	3.004.106	(306.031)
I- Technical Section Balance-Retirement (G-H)	-	-
J- General Technical Section Balance (C+F+I)	(10.625.132)	1.126.877
K- Investment Income	31.729.884	9.462.990
L- Investment Expenses	(8.790.254)	(3.846.048)
M- Income and Profits and Expenses and Losses from Other Activities and Extraordinary Activities	210.430	114.321
N- Net Profit or Loss for the Period	8.527.065	5.891.446

8.6. Events Occurring After the Reporting Period

After the balance sheet date, there has been no change in the Company's activities, the registration and document layout of these activities and the Company's policies.





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