

2022  
ANNUAL  
REPORT

**STRONG  
CAPACITY,  
GLOBAL  
INFLUENCE**





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# CAPACITY FOR DOMESTIC AND FOREIGN MARKETS





# TÜRK REASÜRANS AT A GLANCE



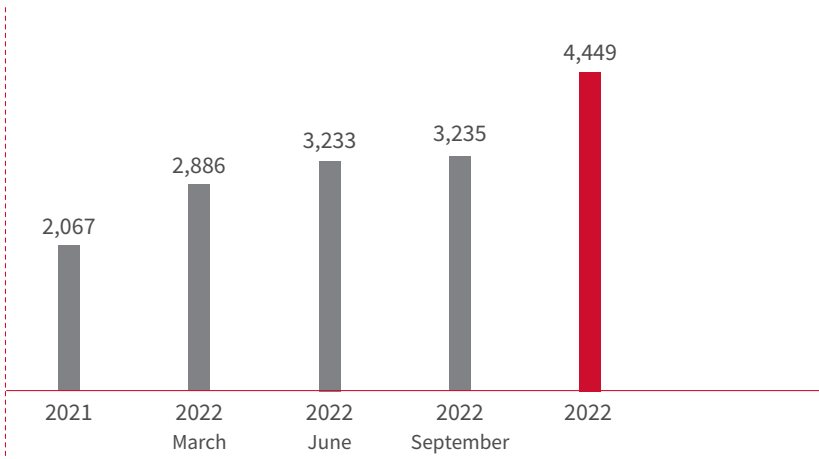
# AGENDA OF THE 2022 ANNUAL GENERAL MEETING

1. Opening and creation of the meeting chairmanship
2. Reading and discussion of the annual report prepared by the Board of Directors and reading of the Independent Auditor's Report on the activities of 2022
3. Reading, discussion and approval of the year-end Balance Sheet and Income Statement for the 2022 activity and accounting period
4. Acquittal of the Members of the Board of Directors regarding their activities in 2022
5. Discussion and approval of the Profit Distribution table proposed by the Board of Directors regarding the 2022 profit
6. Granting permission to the Members of the Board of Directors in matters falling within the scope of the Articles 395 and 396 of the Turkish Commercial Code
7. Election of the Board of Directors
8. Determining the remuneration of the Members of the Board of Directors
9. Submission of the Board of Directors' Decision regarding the selection of the Independent Audit Firm to the approval of the General Assembly
10. Wishes and closing



## 2022 IN FIGURES

### ASSET SIZE (TL Million)

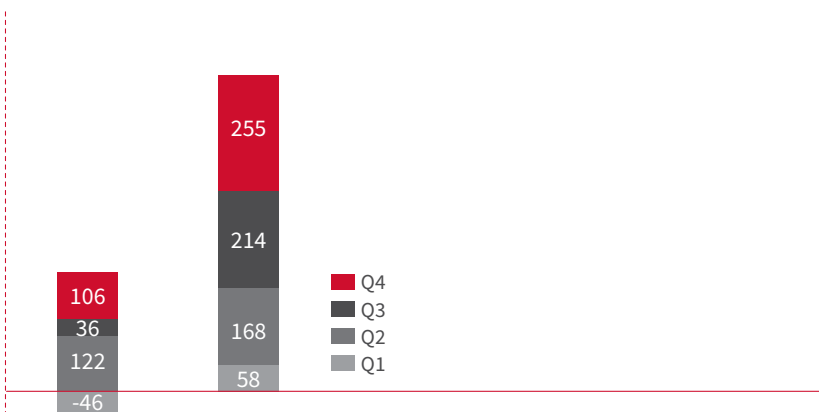


Türk Reasürans' assets expanded by 115% YoY to reach TL 4.5 billion at the end of the balance sheet period.

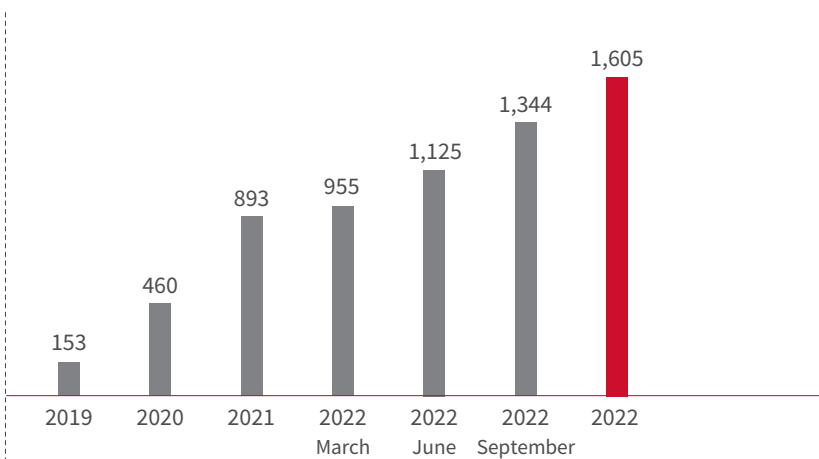
Türk Reasürans held equity of TL 1.6 billion at the end of its third year of accepting reinsurance business.

Türk Reasürans increased its unconsolidated technical profit by 174% YoY and its unconsolidated net profit for the period by 219% YoY.

### NET PROFIT FOR THE PERIOD (TL Million)



### SHAREHOLDERS' EQUITY (TL Million)



# ABOUT TÜRK REASÜRANS

## CONTRIBUTION TO THE DEVELOPMENT OF THE INDUSTRY

Türk Reasürans maintains its activities to contribute to the development and sustainable growth of the Turkish insurance industry.

Türk Reasürans was established on 18 January 2019 by the Ministry of Treasury and Finance of the Republic of Türkiye pursuant to the amendment to the Insurance Law No. 5684. It was registered on 6 September 2019 and commenced its activities.

Türk Reasürans aims to work in line with the needs of the reinsurance market, to expand local reinsurance capacity with a focus on the insurance sector, to ensure resource efficiency and to contribute to the goals of “Economic Stabilization” and “Healthy and Sustainable Growth” within the scope of the New Economy Program.

The Company’s field of activity is to carry out insurance transactions in all kinds of branches within insurance groups in Türkiye and abroad, to carry out all kinds of proportional and/or non-proportional reinsurance, retrocession and alternative risk transfer transactions related to these insurance policies, to manage pool activities deemed appropriate by the Ministry of Treasury and Finance and to participate in risk sharing and transfers.

Türk Reasürans maintains its activities to contribute to the development and sustainable growth of the Turkish insurance industry, to reduce the volume of reinsurance premiums which go abroad, to increase resource efficiency and to meet the insurance market’s need for reinsurance protection.

The Company employed an average of 134 staff in 2022. It carries out its operations at the Head Office and the Special Risks Management Center.

## Healthy and sustainable growth

Türk Reasürans started its operations in 2019 with its strong capital, experienced staff and the aim of becoming the first global brand to emerge from the Istanbul Financial Center. It has a vision of being a global player competing in the international reinsurance markets as well as providing domestic capacity.

In this regard, it started to realize reinsurance business acceptance agreements from the beginning of 2020 for the first time. It carved out an advantage in cost management by adding to the competition in the sector and offering alternatives for insurance companies.

Türk Reasürans recorded gross premiums of approximately TL 3.9 billion in 15 different main branches, achieving 113% growth compared to the previous period.

Türk Reasürans commanded a market share of 49% in terms of net written premiums in the local reinsurance market in 2022 when its consolidated premiums are taken into account.

The Türk Reasürans Fire and Engineering Discretionary Reinsurance Department accepts risks on a business basis for the fire, engineering and liability branches. The Department serves insurance companies and brokers in the market with its risk acceptance policy based on profitable and sustainable growth in order to be able to provide the discretionary capacity support needed by the Turkish insurance industry.

The Türk Reasürans Treaty Department provides treaty reinsurance protection for insurance companies in the fire, engineering, miscellaneous accident and transportation branches through proportional and non-proportional annual treaty agreements. With the mission of expanding the domestic reinsurance capacity offered and expanding the reinsurance service to a wider operational area by diversifying the risks for which guarantees are provided, the Company establishes retrocession agreements with the aim of protecting the damage burden, especially related to natural disaster risks.

Türk Reasürans continued to support the industry by taking necessary measures in a timely manner, ensuring that insurance companies would not suffer capacity constraints after the reinsurance companies affected by the pandemic in global markets moved to lower their capacity. These companies reduced their support for the Turkish market in particular.

### **The Special Risks Management Center**

Türk Reasürans was assigned to carry out the work and transactions of the Special Risks Management Center regarding the Mining Employees Compulsory Personal Accident Insurance under Insurance Law No. 5684, and to carry out the work and transactions regarding premium and loss sharing under the Communiqué on the Procedure and Principles on the Contribution of the Institution in Troubled Financial Liability Insurance Regarding Medical Malpractice No. 2010/1.

### **Türk Reasürans is responsible for the technical operation of the Special Risks Management Center (SRMC).**

The Special Risks Management Center (SRMC) was established for the management of extraordinary risks. Türk Reasürans was handed the responsibility to operate the SRMC by the Ministry of Treasury and Finance pursuant to Article 33/A of the Insurance Law No. 5684.

The SRMC was restructured in order to manage the pools of the State-Backed Receivables Insurance, the Mining Employees Compulsory Personal Accident Insurance and Financial Liability Insurance regarding Medical Malpractice under a single roof. The SRMC also assumes a role in the management of insurance pools for the risks for which it is difficult to find guarantee.

Türk Reasürans also assumed the task of technical operator of the TCIP (the Turkish Natural Catastrophe Insurance Pool) in 2020. Türk Reasürans will continue its activities with the aim of being a pioneer in the modernization and development process of the insurance industry.

### **A MARKET SHARE OF 49%**

**Türk Reasürans commanded a market share of 49% in terms of net written premiums in the local reinsurance market in 2022.**



## ABOUT TÜRK REASÜRANS

### DEPTH AND DYNAMISM TO THE SECTOR

Türk Katılım Reasürans has started to meet the needs of the sector, to bring depth and dynamism to the sector, and to strengthen the hand of sector stakeholders in risk management.

#### Establishment of Türk Katılım Reasürans (TKR-Turkish Participation Reinsurance)

In addition to conventional insurance, there has been significant growth in participation insurance both in the world and in Türkiye.

As of the end of 2022, the share of participation insurance in total premium production in the non-life insurance sector amounted to around 6%. A total of 12 companies operate in the participation insurance sector, which is increasing its share in the sector in Türkiye with each passing year, provide their entire reinsurance protection needs from Türkiye and abroad. TKR provides support for this. In order to support the healthy and sustainable development of the participation insurance sector in Türkiye and for Türkiye to become an important player in this developing market all over the world, Türk Reasürans established Türk Katılım Reasürans Anonim Şirketi (TKR), a 100% subsidiary, on 8 September 2021, with a paid-in capital of TL 100 million. The purpose of the TKR is to carry out the retakaful activities included in its articles of association.

Türk Katılım Reasürans realized business acceptances within the framework of the participation principles in 2022. It has started to meet the needs of the sector, to bring depth and dynamism to the sector, and to strengthen the hand of sector stakeholders in risk management.

#### Licenses held by Türk Reasürans:

- Support Insurance
- Financial Losses
- General Liability
- General Damages
- Illness - Health
- Aircraft Liability
- Aircraft
- Legal Protection
- Land Vehicles Liability
- Land Vehicles
- Accident
- Breach of Trust
- Credit
- Transport
- Rail Vehicles
- Water Vehicles Liability
- Water Vehicles
- Fire and Natural Disasters

#### Member Organizations:

- The Banks Association of Türkiye Risk Center
- The Turkish Insurance Association

# OUR MISSION

■ Our mission is;

To support the development of the Turkish insurance industry by providing further domestic reinsurance capacity.

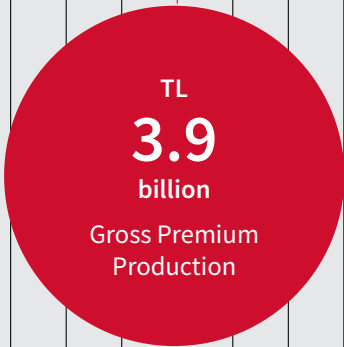
■ To contribute to the sustainable growth of Turkey's economy by keeping reinsurance premiums transferred to abroad within the confines of the domestic economy.

■ To contribute the development of the Turkish insurance industry in terms of technological infrastructure, competent human resources, sustainability, governance and financial strength.

# OUR VISION

■ Our vision is to;

Manage our country's risks effectively as Turkey's safe and strong reinsurer as well as to be recognized as a global reinsurance brand and an "exporter of assurance".





# SHAREHOLDING STRUCTURE

Türk Reasürans operates with the purpose of contributing to the development of the Turkish insurance industry and the sustainable growth of the Turkish economy. Türk Reasürans's main partner is the Ministry of Treasury and Finance of the Republic of Türkiye.

As of 31 December 2022, the main shareholder of Türk Reasürans A.Ş. was the Republic of Turkey Ministry of Treasury and Finance. Türk Reasürans' capital stands at TL 600 million in total, which is divided into 600 million shares with a nominal value of TL 1 each. An amount of TL 600 million, corresponding to 600 million shares worth TL 1 each, was paid in cash by the Republic of Turkey Ministry of Treasury and Finance.

As of 31 December 2022 and 31 December 2021, the capital and shareholding structure of the Company is as follows:

Shareholder	31 December 2022		31 December 2021	
	Share Amount (TL)	Share (%)	Share Amount (TL)	Share (%)
The Republic of Turkey Ministry of Treasury and Finance.	600,000,000	100%	600,000,000	100%
Total capital	600,000,000	100%	600,000,000	100%

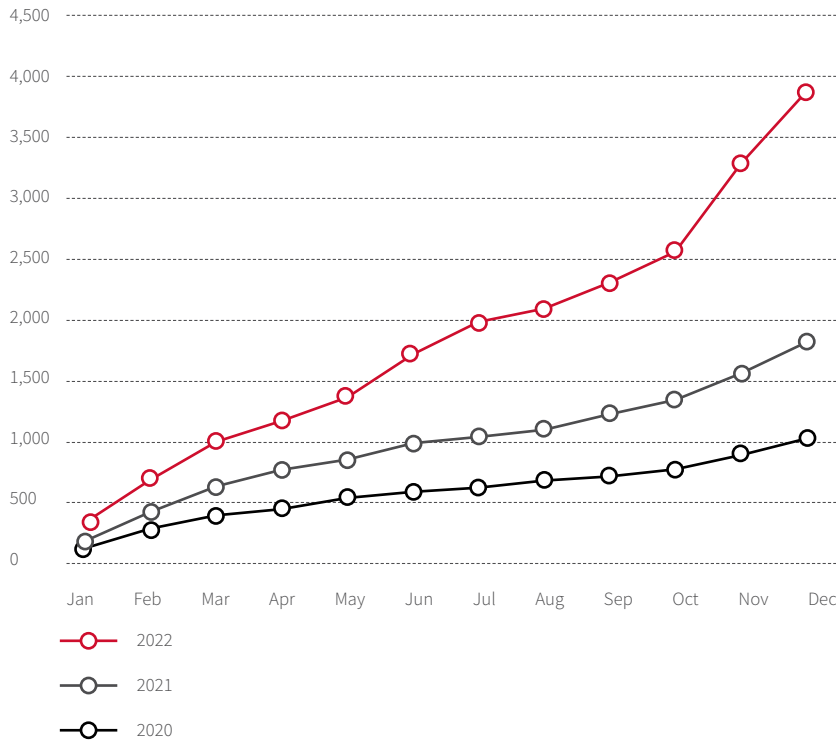
As of 31 December 2022, no privileges had been granted to the stocks representing the capital.

As of 31 December 2022, the Company was not subject to the registered capital system.

## KEY FINANCIAL INDICATORS AND RATIOS

### Premium Production -TL

	2022	2021	2020
General Losses	2,541,088,886	1,324,163,662	847,404,831
Fire and Natural Disasters	1,013,190,647	334,563,611	130,538,114
Credit	57,840,366	40,745,467	17,264,952
General Liability	80,578,257	36,457,249	13,503,480
Marine	89,015,691	33,669,608	8,090,501
Water Vehicles	39,769,957	17,884,428	7,901,696
Accident	20,081,538	15,369,411	2,339,274
Financial Losses	26,963,607	13,303,747	4,205,420
Land Vehicles	4,723,961	3,004,365	345,039
Aircraft	1,507,905	396,076	150,546
Land Vehicles Liability	826,868	271,015	133,549
Breach of Trust	666,303	230,472	1,237
Legal Protection	281,132	128,341	27,884
Illness-Health	78,567	-	-
Water Vehicles Liability	15,903	6,716	-
<b>Total gross premium income</b>	<b>3,876,629,588</b>	<b>1,820,194,168</b>	<b>1,031,906,523</b>



**TL 3.9 BILLION**

Türk Reasürans recorded a total of TL 3.9 billion in gross premium in 15 different main branches between 1 January and 31 December 2022, with 113% premium growth.

## Gross claims paid - TL

	2022	2021	2020
General Losses	854,161,225	605,645,385	240,663,073
Fire and Natural Disasters	206,852,176	68,516,890	6,605,189
Financial Losses	25,478,455	5,381,700	75,964
Credit	21,404,374	6,143,511	-
Marine	21,332,962	6,370,085	319,166
Water Vehicles	20,029,339	4,447,197	293,686
General Liability	6,094,003	1,820,228	131,333
Accident	2,145,354	777,546	12,097
Breach of Trust	79,248	-	-
Aircraft	11,421	-	-
Legal Protection	35	20	-
<b>Total gross claims paid</b>	<b>1,157,588,592</b>	<b>699,102,562</b>	<b>248,100,508</b>

## Summary Financial Results -TL

	2022	2021	2020
Cash and Cash Equivalents	413,817,209	841,729,403	399,053,530
Securities	1,709,372,162	304,439,228	45,943,846
Subsidiaries	150,000,000	104,497,494	4,497,494
Total Assets	4,449,139,694	2,067,263,337	975,256,963
Technical Provisions	2,577,364,029	950,760,741	485,958,427
Total Equity	1,605,071,619	892,558,906	459,832,647
Gross Written Premium	3,876,629,588	1,820,194,168	1,031,906,523
Technical Revenues	3,313,464,259	1,544,804,995	650,788,446
Net Technical Income	768,426,509	280,167,008	99,364,756
Investment Income	883,143,589	418,642,699	66,307,390
Investment Expenses	(892,904,460)	(423,831,367)	(68,089,079)
Other Income and Expenses	103,331,558	16,240,468	7,476,861
Profit for the Period	861,997,196	291,218,808	105,059,928
Tax Expense	(167,000,000)	(73,074,358)	(22,850,691)
Net Profit for the Period	694,997,196	218,144,450	82,209,237

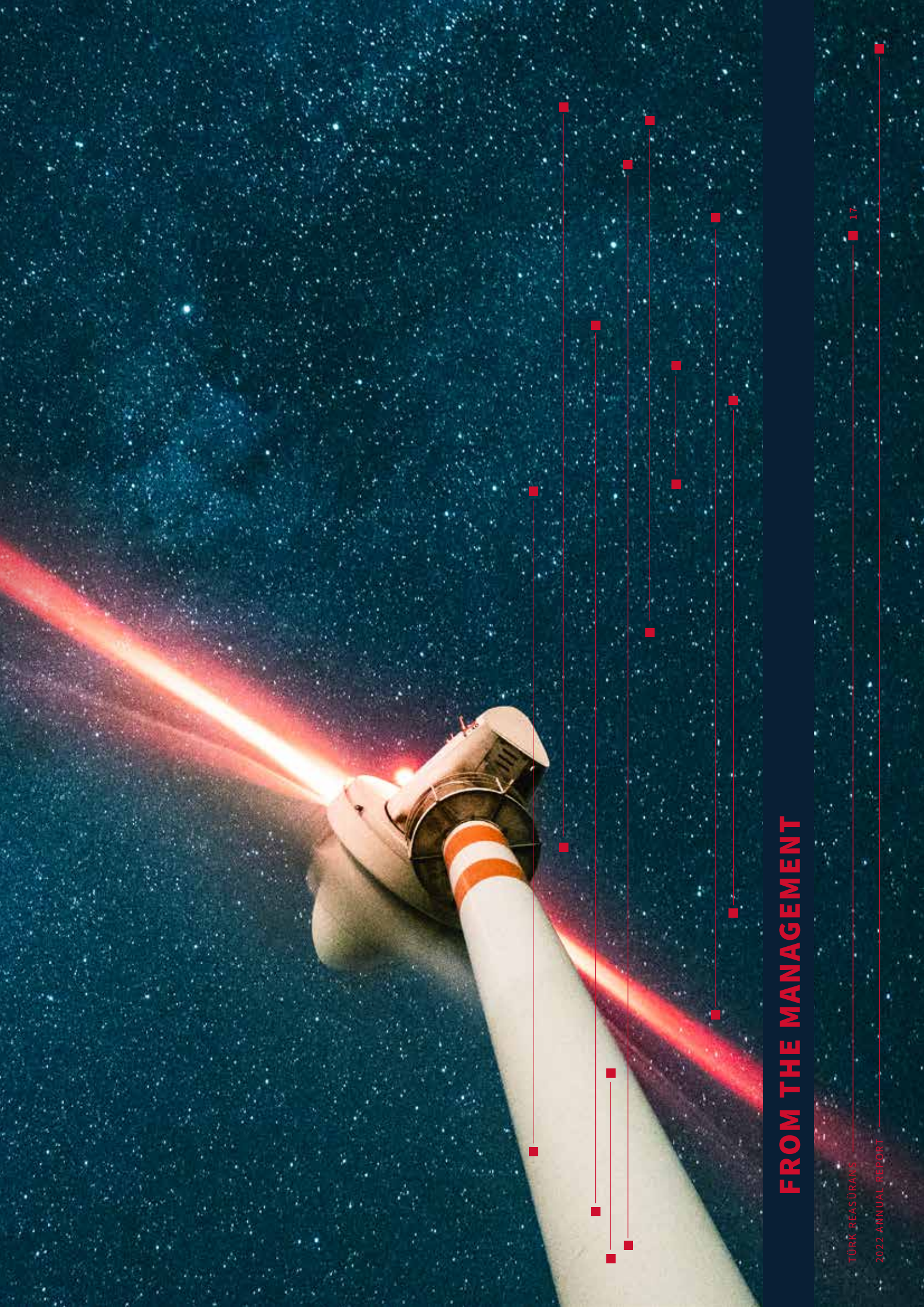
## Financial Analysis Ratios - %

	2022	2021	2020
Liquidity Ratio	211	101	90
Current Ratio	384	156	174
Ratio of Return on Equity	43	24	18
Loss Ratio, Net	64	59	57
Expense Ratio, Net	32	32	30
Combined Ratio, Net	96	91	87
Technical Profitability Ratio (Net Technical Income/ Written Premium)	29	20	16
Conservation Ratio	95	93	96



# SUSTAINABLE CONTRIBUTIONS TO THE DEVELOPMENT OF THE SECTOR AND THE ECONOMY





# FROM THE MANAGEMENT



## MESSAGE FROM THE CHAIRMAN

Türk Reasürans continued its activities to support the development of our sector with its extensive domestic and international capacity. In doing so, it aimed to achieve sustainability and growth not only in today's economy but also for the economy of the future.





Dear stakeholders,

The year 2022 was marked by the results of successful vaccination rollout carried out around the world and in our country as the effects of the Covid-19 pandemic receded. In parallel with this global success, our sector has faced the risks arising from the natural disasters triggered by the climate crisis in many parts of the world, as well as the negative outcomes arising from the war between Russia and Ukraine. The sector focused on generating solutions.

In these volatile and fluctuating conditions, Türk Reasürans maintained its activities with its strong domestic and international capacity to support the development of our sector. In doing so, it aimed to achieve sustainability and growth not only in the current economy but also in economy of the future.

#### **A 49% market share**

Türk Reasürans successfully and resolutely maintained its activities in 2022, completing its third year of operation. Türk Reasürans aims to increase its domestic reinsurance capacity throughout the country and provide insurance or reinsurance coverage for the risks which cannot be guaranteed or for which there is difficulty providing coverage. It gives me great pride to reflect that Türk Reasürans has increased its market share to 49% among reinsurance companies based in our country, on the basis of the premiums it generates according to the consolidated results, where the share of reinsurance is deducted.

In addition to its successes in the country, Türk Reasürans is advancing to becoming a strong global powerhouse abroad. In 2022, it participated in the treaty programs of 25 insurance and reinsurance companies located in 17 different countries as a reinsurer and exported guarantees to approximately 61 countries.

Türk Reasürans successfully achieved its current goals with its competent staff, technological investments and corporate capacity. It also developed projects of unmatched value for our country and sector. In summary, Türk Reasürans continued to work with firm steps in line with the new goals which are appropriate for the economy of the future.

#### **A strong institution which exudes confidence to its stakeholders**

The Turkish Natural Catastrophe Insurance Pool, which Türk Reasürans is the technical operator of, continued to exude confidence to its stakeholders and gain their acclaim with its technological infrastructure and operational strength in 2022.

The modeling platform, which we developed on the basis of local building characteristics, matched the capability of its peers in the world, thus marking an important milestone in overcoming our dependence on foreign resources.

The TCIP, whose solvency reached TL 117 billion in 2022, increased the discount it applied in policy renewals and updated the coverage amounts in line with its approach of "being 100% insured".

**In 2022, Türk Reasürans participated in the treaty programs of 25 insurance and reinsurance companies located in 17 different countries as a reinsurer and exported guarantees to approximately 61 countries.**

## MESSAGE FROM THE CHAIRMAN

## T RUPT TEKNOLOJİ

Our Teknopark subsidiary, T Rupt Teknoloji, which we believe is of great importance for our economic sustainability and commercial development, was established in 2022 and entered operation.

The TCIP has completed infrastructure updates which allow rapid response and rapid damage assessment in the event of an earthquake. The future goal of the TCIP is to provide assurance against all natural disasters through a single policy. We have no doubt that the TCIP, which has completed the work in this vein, will achieve successful results in 2023.

The Special Risks Management Center (SRMC), which Türk Reasürans is the technical operator of, continued its pioneering work and achieved significant successes in 2022. The SRMC's pioneering work involves identifying the risks of difficulties in finding guarantee in the insurance sector, to establish the necessary insurance pools and to support the existing pools.

The State-Backed Receivables Insurance (SBRI) Pool operates with the aim of securing the commercial receivables of the SMEs' domestic forward sales. The SBRI Pool consists of contracts belonging to 10 insurance companies. Eight of the contracts were produced. The SBRI product was updated in order to comply with the SME regulation which was revised in 2022. The work on the product, which was prepared in accordance with the participation principles, was completed.

In addition to its successful solutions such as the Medical Malpractice Insurance Pool and the Mining Employees Compulsory Personal Accident Insurance Pool, the SRMC undertook tasks of critical importance for our country in tackling the unpredictable risks of the Russia-Ukraine conflict in 2022.

The SRMC, assigned by the Ministry of Treasury and Finance, successfully provided reinsurance guarantees for the transportation of agricultural products, commercial ships, scheduled aircraft and the transportation of other commodities from Russia and Ukraine, thus contributing to global logistics.

### T Rupt Teknoloji commences operations

Our Teknopark subsidiary, T Rupt Teknoloji, will work in the field of technology which we believe is of great importance for our economic sustainability and commercial development. T Rupt Teknoloji was established in 2022 and entered operation. T Rupt Teknoloji will produce technologies for our sector in line with Türk Reasürans's existential goals and create added value for our sector and our country by offering the insurance and reinsurance products which it has developed for both local and global markets.

### Türk Katılım Reasürans as an exemplary initiation

Türk Reasürans extended its achievements in the field of traditional reinsurance to the participation financing field with Türk Katılım Reasürans in a step which was as necessary as it was important. As our country's first participation reinsurance company, Türk Katılım Reasürans has started to move forward with clear strides, despite its relative youth.

We are delighted to share our pleasure in the success which we have achieved as we move forward with the aim of supporting the development of the Turkish insurance industry with the technological infrastructure, effective products and professional human resources, increasing the domestic reinsurance capacity and becoming a strong global player.

I would like to express my gratitude to all of our stakeholders, especially our esteemed Board Members and managers, as well as our valued employees, who have strengthened us on this path.

Respectfully,

**Dr. Ahmet GENÇ**  
Chairman of the Board of Directors

## AN IMPORTANT STEP

Türk Reasürans extended its achievements in the field of traditional reinsurance to the participation financing field with Türk Katılım Reasürans in a step which was as necessary as it was important.

## A STRONG GLOBAL PLAYER

We are delighted to share our pleasure in the success which we have achieved as we move forward with the aim of becoming a strong global player.

## BOARD OF DIRECTORS

Ahmet Genç	Chairman of the Board of Directors
Ayşe Dilbay	Vice Chairman of the Board of Directors
Dr. Cebrail Taşkın	Member of the Board of Directors
Dr. Fatih Hasdemir	Member of the Board of Directors
Ahmet Deniz	Member of the Board of Directors
Fatih Mehmet Bal	Member of the Board of Directors
Zekiye Selva Eren	Member of the Board of Directors and CEO



### AHMET GENÇ

#### CHAIRMAN OF THE BOARD OF DIRECTORS

Ahmet Genç graduated from the Department of Public Administration, Faculty of Political Sciences at Ankara University in 1984. He joined the Undersecretariat of Treasury and Foreign Trade in 1985 before working in the Undersecretariat to the Treasury and most recently at the Ministry of Treasury and Finance, with the titles of Specialist, Branch Manager, Head of Department, General Manager and Deputy Undersecretary. He completed one year of insurance and reinsurance training between March 1990 and March 1991 in the UK, where he was referred to by his institution. He completed a master's degree in Economics at the Northeastern University in Boston, USA between 1993 and 1995. In 2002, he completed his doctoral education with a thesis on "Financial Competence in Insurance" from the Department of Business Administration, Institute of Social Sciences at Ankara University.

Together with his team, he prepared the draft text of the Insurance Law No. 5684, which was enacted in 2007. While carrying out his duties in the public sector, he also served as a founding board/committee member and as a chairman in institutions and organizations such as the Assurance Account, the Insurance Information and Monitoring Center, the Insurance Training Center (SEGEM) and the Agricultural Insurances Pool (TARSİM). He served as a chairman and board member at Ziraat Bank, Ziraat Sigorta and Ziraat Hayat ve Emeklilik (Pension), and at the Türk Reasürans and Türk Katılım Reasürans companies. He has been teaching "Introduction to Insurance, Fundamentals of Insurance, Reinsurance" courses since 2002 as a lecturer in various universities. Ahmet Genç is fluent in English. Mr. Genç is married with two children.

**AYŞE DİLBAY**  
**DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS**

Ayşe Dilbay was born in 1961 in Ankara. She started working at the Ministry of Finance in 1979. She graduated from the Faculty of Economics and Administrative Sciences at Gazi University in 1983.

She worked as a Tax Inspector in 1985 and a Branch Manager in 1989. In 2003, she was appointed as the Head of Department in the General Directorate of Revenues.

With the restructuring of the General Directorate of Revenues, she was appointed as the Head of Department at the Turkish Revenue Administration. Ayşe Dilbay was appointed as the Vice President of Revenue Administration in 2016 and remains in this position. She has been a Member of the Board of Directors of Türk Reasürans A.Ş. since 3 June 2021.



**DR. CEBRAİL TAŞKIN**  
**MEMBER OF THE BOARD OF DIRECTORS**

Dr. CebraİL Taşkin was born in Kırıkkale in 1972. He graduated from the Department of Electrical and Electronics Engineering at the Istanbul Technical University's Sakarya Engineering Faculty. He completed an MBA in the field of Marketing and Finance at the Faculty of Economics and Administrative Sciences at the Middle East Technical University. On a scholarship in Japan, Dr. CebraİL Taşkin graduated with a master's degree and a doctorate in the field of Telecommunications.

He has been working in the IT and Telecommunication sector since 1995. He worked as a senior manager at the Türk Telekom Group in the Network Planning, Operations, Strategy, Business Development, R&D, Program & Project Management and International Relations departments. Most recently, he served as the Deputy General Manager in charge of Technology at Türk Telekom International.

Dr. CebraİL Taşkin has published a book with the title of "Network Technologies and Telecommunication". He also holds a patent (US20130335351 A1) registered by the American Patent Office. As a part-time lecturer at Bahçeşehir University, he offers postgraduate courses on "Computer Networks, Mobile Communications, Operations Management, Information Technologies Services Management and Wireless Communications".

Dr. CebraİL Taşkin is a Member of the Telecommunication Professional Committee of the Istanbul Chamber of Commerce (ITO), a Member of the Board of the Internet-Based Broadcasting Association (IPTV-DER), and the Vice President of the Digital Telecommunication Group of the International Academy Research and Industry Organization (IARIA) based in the United States. Dr. CebraİL Taşkin has been serving as a Member of the Board of Directors of Türk Reasürans A.Ş. since 12 July 2021.





## BOARD OF DIRECTORS



**DR. FATİH HASDEMİR**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in Erzurum in 1965, Dr. Fatih Hasdemir graduated from the Department of Finance, Faculty of Economics and Administrative Sciences at the Uludağ University in 1978. He completed a master's degree at Birmingham University in 1990 and completed a doctorate in the economics at Hull University in 1994.

In 1995, he started his career as a faculty member and deputy dean of the Finance Department of the Faculty of Economics and Administrative Sciences at Balıkesir University. He worked as an Energy Specialist in the Energy Market Regulatory Authority between 2002 and 2003, as a Project Group Head of the Privatization Administration of the Prime Ministry between 2003 and 2005, as the Head of the National Agency between 2005 and 2011 and as the Deputy Undersecretary of the Ministry for European Union Affairs between 2011 and 2013.

Having served as Türkiye's Deputy Permanent Representative to the European Union in 2013, and as Deputy Undersecretary of the Ministry of Development and a specialist at the Presidential Strategy and Budget Department in 2016, Dr. Fatih Hasdemir has been serving as the General Secretary of the Fatih Sultan Mehmet Vakıf University and as a Member of the Board of Directors of Türk Reasürans A.Ş. since 3 June 2021.



**AHMET DENİZ**  
**MEMBER OF THE BOARD OF DIRECTORS**

Born in Mersin in 1966, Ahmet Deniz graduated from the Faculty of Political Sciences, the Department of Public Administration in Istanbul University, in 1988. He studied English language in the UK for a year. He then worked as a District Governor, Deputy Governor and Governor in different provinces and districts. Ahmet Deniz has been a Member of the Board of Directors of Türk Reasürans A.Ş. since 6 September 2022.

**FATİH MEHMET BAL**  
**MEMBER OF THE BOARD OF DIRECTORS**

Fatih Mehmet Bal was born in Ankara in 1988. He graduated from the Faculty of Economics and Administrative Sciences at Erciyes University in 2010 and started working at the Ministry of Finance in 2012.

He worked in many different departments in the Ministry. In 2021, he started to work as the Head of Department at the Risk Analysis General Directorate of the Ministry of Treasury and Finance. As of 2022, he was appointed as the General Manager of Risk Analysis at the Ministry of Treasury and Finance. He is currently working as the Chairman of the Financial Crimes Investigation Board of the Ministry of Treasury and Finance. In addition to this duty, he also serves as a Member of the Board of Directors at Türk Reasürans A.Ş..



**SELVA EREN**  
**MEMBER OF THE BOARD OF DIRECTORS AND CEO**

Ms. Selva Eren was born in 1975 in Istanbul. She graduated from the Department of Economics, Faculty of Economics at Istanbul University in 2000. She completed her Master's degree at the San Diego State University between 2001 and 2003.

She began her career in the United States and continued as an entrepreneur between 2004 and 2008. She entered the insurance industry in 2009 and specialized in reinsurance. In line with her work, she founded Rönesans Reasürans ve Sigorta Brokerlik A.Ş. Between 2016 and 2018, she became a Board Member at the International Competition and Technology Association. In 2017, she became the founding partner of the Clean Energy Agency and served as a Member of the Board of Directors.

Ms. Selva Eren, who was appointed as the CEO of Türk Reasürans A.Ş. by the Republic of Turkey Ministry of Treasury and Finance on 6 September 2019 and still serves as a Member of the Board of Directors and the CEO at Türk Reasürans A.Ş. Ms. Selva Eren is also a Member of the Board of Directors of the Agricultural Insurances.



## MESSAGE FROM THE CEO



Our 2022 performance, which is a source of great pride for us as a team, motivates us to etch out higher goals and strive harder to meet the specific needs of the markets.

Dear stakeholders,

While the negative effects of the pandemic were left behind in 2022, our world is now struggling with new risks which need rapid solutions. Faced with a plethora of uncertainties in this period, our sector was affected by devastating disasters due to climate change in different parts of the world, as well as the war between Russia and Ukraine and the accompanying energy crisis.

I am delighted to note that Türk Reasürans supported the development of the sector and the economy, creating added value for its stakeholders and maintaining its progress towards its growth targets by taking actions in line with its founding objectives in both domestic and international markets with its strong capacity during this challenging period.

### **A year when we increased our value generation despite difficult market conditions**

The Türk Reasürans family successfully completed many ongoing projects in 2022.

Established with a capital contribution of TL 600 million from the Ministry of Treasury and Finance, Türk Reasürans raised its equity to TL 1.6 billion as of the year-end of 2022 and our company's asset base exceeded TL 4.4 billion. Moreover, our company commanded a market share of 49% among reinsurance companies based in Türkiye, according to the consolidated results. Our premium production grew by more than 113% YoY to reach TL 3.9 billion.

We participated in various treaty programs of 25 insurance and reinsurance companies residing in 17 different countries in 2022 and exported assurance to 61 countries.

We maintain our efforts to provide sustainable contributions to the development of the sector and the economy. Our 2022 performance, which is a source of great pride for us as a team, motivates us to etch out higher goals and strive harder to meet the specific needs of the markets.

### **The goal of protecting our country and the sector from risks**

Throughout 2022, the global sector faced substantial damages caused by natural disasters such as drought, torrential rains and hurricanes exacerbated by the climate crisis. Global losses in this field reached USD 270 billion, most of these damages being uninsured.

One of Türk Reasürans' main goals is to protect our country and the sector from the risks of the future. We aim to develop our infrastructure and superstructure appropriately. We continue to build our actions in this context.

The volume of funds in the Turkish Natural Catastrophe Insurance Pool, which we are the technical operator of, increased from TL 10.8 billion to TL 22.7 billion in the space of 2 ½ years. Its solvency, which had stood at TL 25 billion, had increased to TL 117 billion by the year-end. As a result, the TCIP further increased its capacity to provide assurance.

**We participated in various treaty programs of 25 insurance and reinsurance companies residing in 17 different countries in 2022 and exported assurance to 61 countries.**

## MESSAGE FROM THE CEO

The TCIP has placed access to insurance as a top priority in our country. It doubled its Compulsory Earthquake Insurance guarantees in 2022. It increased the number of its policies to 11 million on the back of its efforts in line with its target of being 100% insured.

As well as its extraordinary natural beauty, Türkiye is a country vulnerable to earthquakes. Many fault lines criss-cross our country, which is one of the most tectonically active regions in the world. Türk Reasürans always keeps this scientific reality in mind and sets out its actions accordingly.

One important task which we have carried out in this context was the relocation of TCIP's main data center to an area not at risk of earthquakes. Aiming to be accessible from all over the country, this restructuring and relocation project has provided our teams with a new vision and further improved our potential to manage and respond to damage by taking action as swiftly as possible.

The TCIP's newly established Extraordinary Management Center entered operation in November. All damage management systems were updated with the most up-to-date technological infrastructure. Our current information systems have reached the capacity to handle unlimited simultaneous damage notifications and are able to process 96,000 damage files in the space of 24 hours. The Düzce earthquake, which struck on the very night the Extraordinary Management Center was opened, served as a reminder of the importance of this step we took.

The TCIP could be described as a protective barrier between our stakeholders and the risks presented by extreme meteorological conditions and natural events, the frequency of which is increasing all over the world. Moreover, we maintained our efforts to expand the scope of the TCIP and restructure it as "Compulsory Disaster Insurance". Accordingly, we redesigned the compulsory earthquake insurance to cover all disasters such as floods, forest fires, tornadoes, storms and landslides. We look forward to launching the "Compulsory Disaster Insurance" application which we have created.

### **Producing solutions for special and difficult risks which are difficult to guarantee**

The Special Risks Management Center (SRMC) is another institution which we manage. The SRMC continues its efforts to identify special and challenging risks for which it is difficult to find a guarantee in the insurance sector and to create the necessary insurance pools. The SRMC produces solutions which offer high added value.

Work on the State-Backed Receivables Insurance (SBRI) product was carried out in 2022 with the system work completed after obtaining the authorization document for the product, which was prepared in accordance with participation principles. The SBRI was updated in June in accordance with the requirements of the amendment set out in the SMEs regulation. The revisions required by these legal amendments were carried out in our systems.

In addition to the practices such as the Medical Malpractice Insurance Pool and the Mining Employees Compulsory Personal Accident Insurance Pool, the SRMC achieved strategic success in 2022 and provided the guarantees which our country's economy needed during the conflict between Russia and Ukraine, greatly contributing to sustainability.

This work played a major role in Türkiye's strong performance in foreign trade and tourism in 2022. Within the scope of this work, reinsurance guarantees were provided for scheduled flights, in addition to the transportation of agricultural products and other commodities from Ukraine and the Russian Federation by civil seagoing vessels and aircraft. This special project was of tremendous importance, indicating the critical role that the SRMC can play in the solutions which the Turkish economy may need.

### **Working in line with our mission to produce technology**

Türk Reasürans has been providing services for the development of the insurance sector since its establishment. It has been working to produce the technologies that will add value to the sector.

We developed ARU (Main Reinsurance Application), a software product which covers the end-to-end reinsurance cycle, with our own resources. We are increasingly observing the benefit of ARU with each passing day.



Our catastrophic modeling product, CATMOD, which we launched in 2022, focuses on contributing to the development of our sector by allowing modeling in accordance with the building inventory specific to Türkiye and local conditions. Developed in-house with 100% domestic capital, CATMOD is the first of its kind in Türkiye and the third in the world.

We have verified the platform in our earthquake hazard calculations as of this year. We expect the platform to be actively used by our sector stakeholders in the 2023 renewals.

In line with Türk Reasürans's purpose, we established T Rupt Teknoloji, a Teknopark company in 2022. T Rupt Teknoloji will operate in the fields of insurance/reinsurance and catastrophic modeling with the aim of bringing together the academic knowledge and technological developments in our sector and improving our contribution to the development of the economy and sustainable growth.

Established entirely under the capital ownership of Türk Reasürans, T Rupt Teknoloji will scale products, produce and export technology in the fields of reinsurance and catastrophic modeling, continuing its activities from the Yıldız Technical University Technopark. We believe T Rupt Teknoloji will be a driving force for our sector, first in the national market and then in the global arena, with its competitive solutions.

### A strong driver of momentum in participation insurance

Türk Katılım Reasürans commenced its operations on 8 September, 2021 with the purpose of supporting the healthy and sustainable development of the participation insurance sector in Türkiye. We have been very pleased with Türk Katılım Reasürans' activities and performance in 2022. Providing services to participation insurance companies in non-life insurance groups, Türk Katılım Reasürans generated gross premium production of over TL 387 million in 2022 and closed the year with a profit of TL 2.1 million for the period.

We will continue to expand Türk Katılım Reasürans, Türkiye's first reinsurance company operating in accordance with participation principles, with enthusiasm and determination, just as we did at Türk Reasürans.

### We look to the future with confidence

At Türk Reasürans, we wrapped up 2022 with the pride of having achieved many memorable achievements. We further expand our goals and continue to shape the future with the confidence we have built.

I would like to express my gratitude to our Board of Directors for guiding us on our growth journey. I would like to thank our esteemed employees for their dedication in continuously adding value to the Türk Reasürans brand.

Respectfully,

**Selva Eren**  
Member of the Board of Directors  
and the CEO

## A FIRST IN TURKEY

Developed in-house with 100% domestic capital, CATMOD is the first of its kind in Türkiye and the third in the world.

## TOWARDS GREATER GOALS

We further expand our goals and continue to shape the future with the confidence we have built.

## SENIOR MANAGEMENT

Selva EREN	Member of the Board of Directors and CEO
Erdal TURGUT	Deputy General Manager, Finance, Treasury, Fund Management and Legal
Çağrı ÇULHA	Deputy General Manager, Retrocession, Pool Management, Corporate Solutions and Liability Facultative Reinsurance, Risk Engineering and Claims Management
Ebru KIR	Deputy General Manager, Treaty Acceptance and Fire and Engineering Facultative Reinsurance
Ali Sertaç CANAL	Deputy General Manager, Special Risks Management Center, Human Resources and Process Management, Corporate Communications, Procurement and Administrative Affairs



### Selva Eren

#### Member of the Board of Directors and CEO

Ms. Selva Eren was born in 1975 in Istanbul. She graduated from the Department of Economics, Faculty of Economics at Istanbul University in 2000. She completed her Master's degree at the San Diego State University between 2001 and 2003.

She began her career in the United States and continued as an entrepreneur between 2004 and 2008. She entered the insurance industry in 2009 and specialized in reinsurance. In line with her work, she founded Rönesans Reasürans ve Sigorta Brokerlik A.Ş. Between 2016 and 2018, she became a Board Member at the International Competition and Technology Association. In 2017, she became the founding partner of the Clean Energy Agency and served as a Member of the Board of Directors.

Ms. Selva Eren, who was appointed as the CEO of Türk Reasürans A.Ş. by the Republic of Turkey Ministry of Treasury and Finance on 6 September 2019 and still serves as a Member of the Board of Directors and the CEO at Türk Reasürans A.Ş. Ms. Selva Eren is also a Member of the Board of Directors of the Agricultural Insurances Pool.

**Erdal Turgut**  
**Deputy General Manager**

Mr. Erdal Turgut was born in 1971 in Istanbul. After graduating the Department of Economics, Faculty of Economics and Administrative Sciences at Anadolu University, he started his career at Anadolu Sigorta in 1998.

After working in the Reinsurance Accounting Department, which was under the Accounting and Financial Affairs Department until 2000, he was transferred to the Reinsurance Department together with his department within the scope of the internal restructuring process. After 15 years working principally in the areas of reinsurance accounting, conclusion of reinsurance agreements, operations and domestic and international reinsurance acceptances, he was appointed as the manager of Purchasing, Support and Construction in the Real Estate Department.

Mr. Erdal Turgut managed operations such as the restructuring of the Headquarters and Regional Directorates and the centralization of purchasing processes. After 21 years of experience at Anadolu Sigorta, Erdal Turgut started working as the Deputy General Manager responsible for the Financial Reporting and Accounting, Technical Accounting, Structured Reinsurance Solutions, Treasury and Fund Management, Legal departments at Türk Reasürans A.Ş. from 6 September 2019. Mr. Erdal Turgut, who is the coordinator of the Turkish Natural Catastrophe Insurance Pool, is also a Member of the Board of the TCIP.



**Çağrı Çulha**  
**Deputy General Manager**

Mr. Çağrı Çulha was born in 1981 in İzmir. He received his undergraduate degree from the Department of Business Administration, Faculty of Economics and Administrative Sciences at the Dokuz Eylül University in 2005, and a Master's degree from the Department of Maritime Businesses Management at Maritime Faculty in 2007.

Mr. Çağrı Çulha, who started his career as an executive in the AON Risk Management department in 2006, worked as a broker at HSBC Insurance Brokerage, then, at SSL Insurance Brokerage in the UK, respectively between 2009 and 2012. Çağrı Çulha, who received a diploma in insurance from the British Insurance Institute, served as an assistant manager at Willis Towers Watson Company between 2012 and 2017 and as a department manager at the BMS Group between 2017 and 2019.

As of 6 September 2019, he has been serving as a Deputy General Manager responsible for Retrocession, Pool Management, Corporate Solutions and Liability Facultative Reinsurance, Risk Engineering and Claims Management at Türk Reasürans A.Ş.





**Ebru Kir**  
Deputy General Manager

Ms. Ebru Kir was born in 1975 in Istanbul. She graduated from the Department of Economics, Faculty of Economics at Istanbul University in 1997.

Ms. Ebru Kir started her career in the Finance Department of Yapı Kredi Sigorta A.Ş. in 1998. She worked as a specialist in the Reinsurance and Foreign Relations Department of TEB Sigorta A.Ş. (Zurich Sigorta A.Ş.) in 2002 and then in the Reinsurance and Special Risks Department of Fiba Sigorta A.Ş. (Sompo Sigorta A.Ş.) in 2006. She continued her duty as an Assistant Manager in the Reinsurance and Special Risks Department at Halk Sigorta A.Ş. between 2009 and 2013, and as the Director between 2013 and 2020. In these capacities, she carried out work in the fields of treaty reinsurance, facultative reinsurance and special risks.

Since 13 June, 2020, Ebru Kir has been serving as the Deputy General Manager responsible for Local Treaty Acceptances and Fire and Engineering Facultative Reinsurance units at Türk Reasürans A.Ş.



**Ali Sertaç Canal**  
Deputy General Manager

Born in 1978 in Istanbul, Ali Sertaç Canal graduated from the Department of Economics at Bilkent University in 2004 and completed a Master's degree at the Institute of Social Sciences, the Department of Business Administration at Maltepe University in 2011.

Ali Sertaç Canal started his career as a civil servant at Milli Reasürans T.A.Ş. in 2005 before going on to work as a director at Coface Sigorta between 2008 and 2012. Ali Sertaç Canal started to work as a commercial allocation manager at Euler Hermes Sigorta in the same year. He continued this duty until 2014. Between 2014 and 2018, he worked in various brokerage companies in the field of financial insurance. He worked as a financial insurance director at Halk Sigorta between 2018 and 2020.

Ali Sertaç Canal, who is married, started to work as the Director of Special Risks Management Center at Türk Reasürans A.Ş. in July 2020. He was appointed as the Deputy General Manager responsible for the Special Risks Management Center in April 2022. Since January 2023, he has been working as the Deputy General Manager Responsible for the Special Risks Management Center, Human Resources and Process Management, Corporate Communications and Procurement and Administrative Affairs.

# MANAGERS WITHIN THE SCOPE OF INTERNAL SYSTEMS, FINANCIAL AFFAIRS AND ACTUARIA

## **İsmail YILDIRIM, Internal Audit Manager**

İsmail Yıldırım completed his undergraduate studies at the Departments of Business and Economics (second major) from Istanbul Bilgi University in 2007. During this time, he participated in an exchange program at the University of Bern in Switzerland. He completed his Master's degree with thesis at the Department of International Trade Management from Boğaziçi University and started his career in 2008 as an assistant auditor at the PwC independent audit company. He then went on to work for Anadolu Sigorta for a period of 10 years and in the Risk Management and Internal Control Department, the Claims Management Department and, largely, in the Inspection Board. He was promoted to the position of Unit Manager in the same company. He continued his career as the Internal Audit Manager at Euler Hermes Insurance in 2019 and holds the CICP certificate. As of August 2020, İsmail Yıldırım has been serving as the Internal Audit Manager at Türk Reasürans A.Ş. and speaks English and German.

## **Hatice Dilek OĞUZ EKER, Financial Reporting and Accounting Manager**

Hatice Dilek Oğuz Eker graduated from the Department of Mathematics at the Middle East Technical University in 2005 and completed a Master's degree in the Department of Financial Mathematics at the Middle East Technical University in 2008. She started her career at the National Productivity Center in 2007 and continued this duty for 11 months. She then started to work as a specialist in the reinsurance department at Anadolu Sigorta in 2008. She took on the responsibility of managing reinsurance operations and accounting at the same company until 2019, and was promoted to the position of supervisor. Hatice Dilek Oğuz Eker, joined Türk Reasürans A.Ş. as the Financial Reporting and Accounting Manager as of September 2019 and continues to hold the same position.

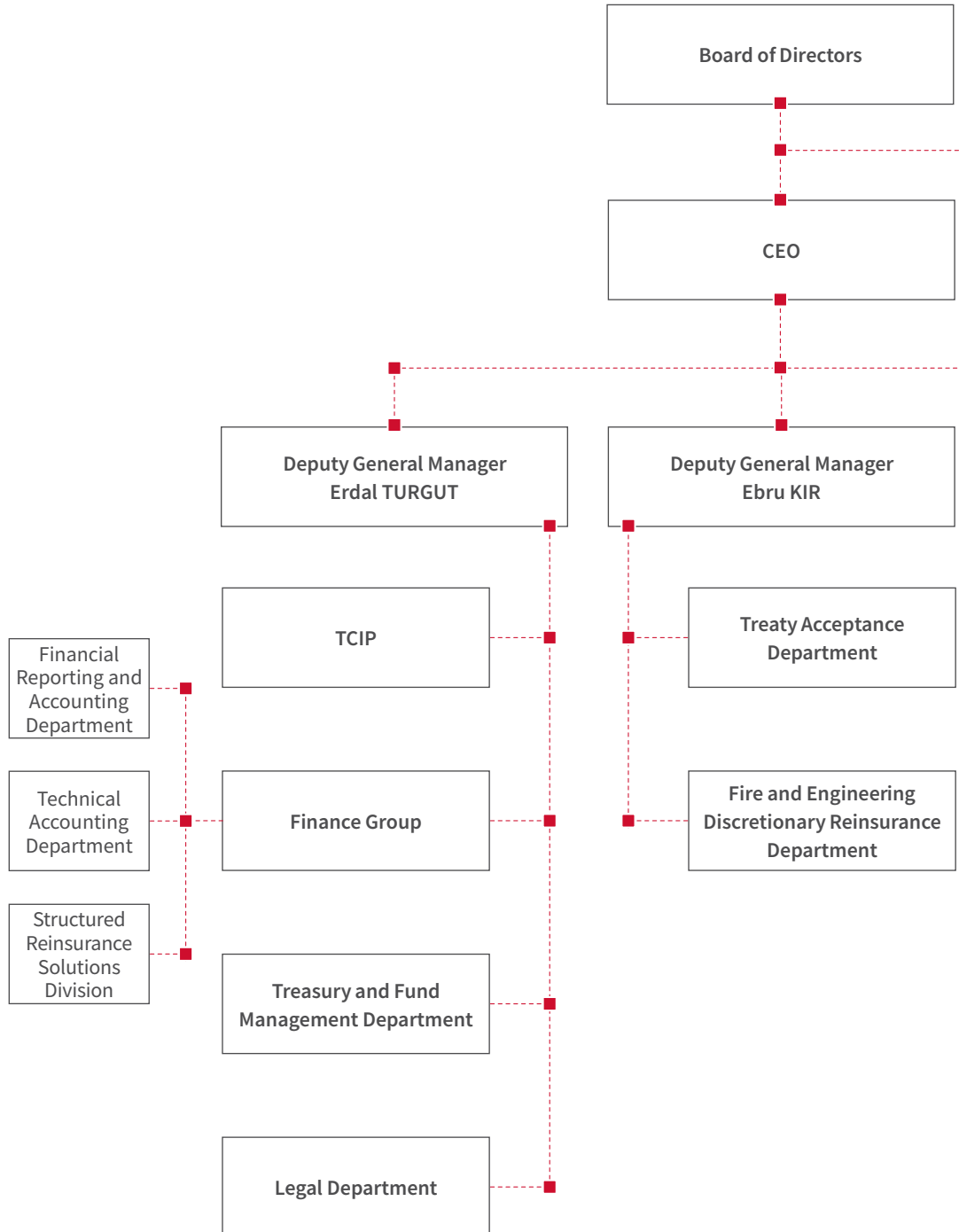
## **Merve Erdem Ercan, Risk Management and Compliance Manager**

Merve Erdem Ercan completed her undergraduate degree in Economics at the Middle East Technical University in 2013. She started her career in 2014 as a Statistics, Actuarial and Financial Statement Specialist at the Insurance Association of Türkiye. After working there for three years, she worked as the Planning, Budgeting and Reporting Manager at Sompo Japan Sigorta A.Ş., continuing her career as the Risk Management, Compliance and Internal Audit Manager at Allianz Sigorta A.Ş. in 2018. Merve Erdem Ercan has been serving as the Risk Management and Compliance Manager at Türk Reasürans A.Ş. since 2022.

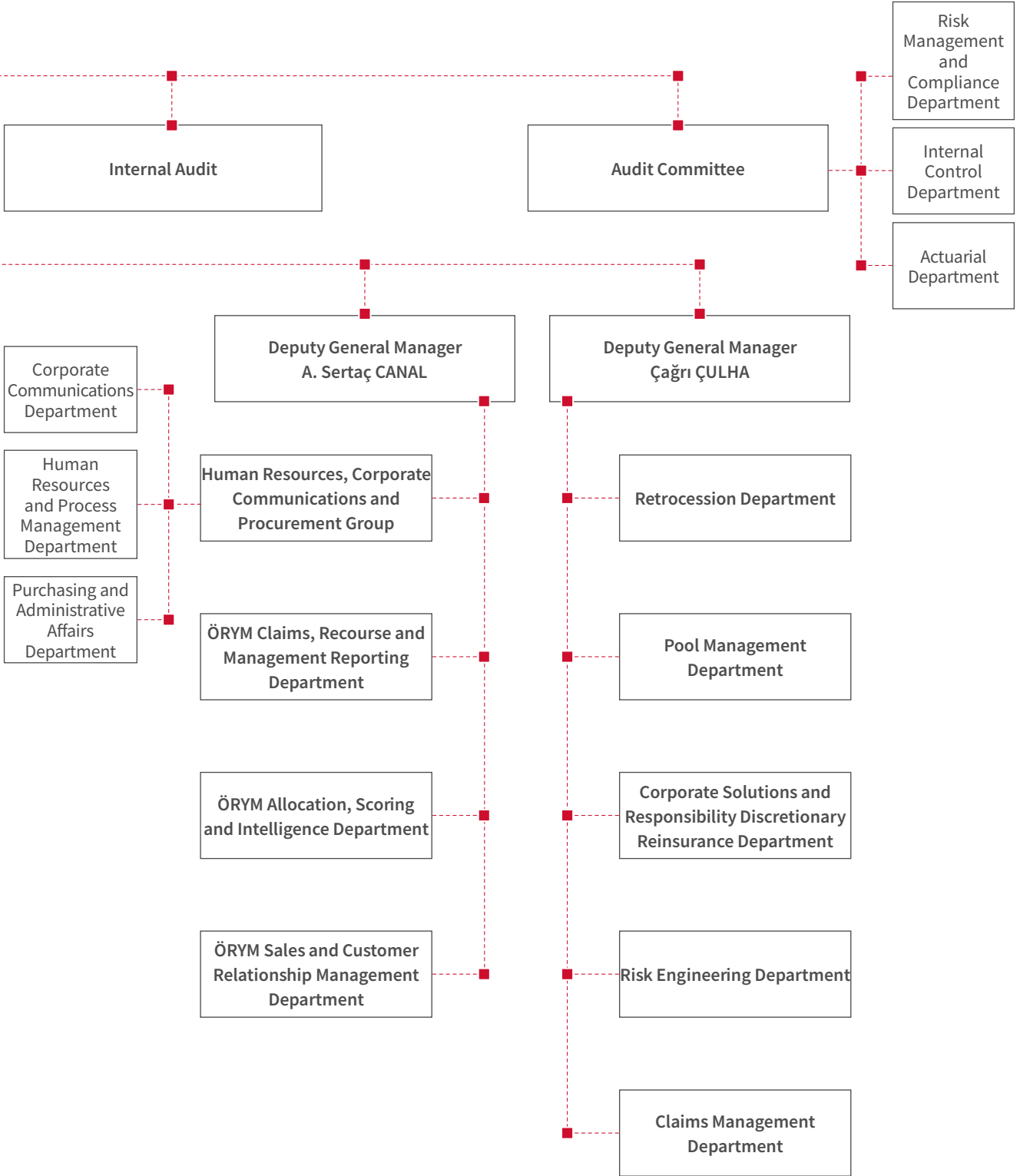
## **Orhun Emre ÇELİK, Responsible Actuary (Advisor)**

Mr. Orhun Emre Çelik completed his undergraduate degree from the Department of Industrial Engineering, Faculty of Business Administration at Istanbul Technical University in 1998. He started his professional career as an Assistant Actuary at the Insurance Supervisory Board in 1998 and was appointed as an Actuary in 2002. He left the Board in 2003 and started to work as the Chairman of the Inspection Board of Demir Finansal Grup Holding A.Ş. Afterwards, Mr. Çelik served as R&D and Reinsurance Group Manager, Technical Group Manager and Technical Coordinator in various companies. Orhun Emre ÇELİK, who still manages the PREFUS consultancy company he founded in 2009, has a good command of English.

## ORGANIZATION CHART







# EFFICIENT USE OF RESOURCES WITH CORRECT RISK MANAGEMENT





## DEVELOPMENTS IN 2022

## DEVELOPMENTS IN 2022

8.8%

Global inflation is estimated to have been 8.8% in 2022.

### HIGH GLOBAL INFLATION

## EVALUATION OF THE EXTERNAL ENVIRONMENT

### The Global Economy

The world economy started 2022 on a wave of optimism amid a revival in economic activity as a result of the normalization steps taken following the pandemic. However, this optimism gave way to headwinds which started to buffet the world economy throughout the rest of the year. The war between Russia and Ukraine, which broke out at the end of February, gave rise to serious complications in supply chains with a surge in energy and commodity prices.

This crisis was combined with tightening monetary policies implemented by central banks, being reflected to economies in the form of inflationary pressure. The crisis had a negative impact on global growth expectations. Accordingly, global growth forecasts for 2022 and 2023 were revised down, with global growth expectations for announced as 4.4% for 2022 and 3.8% for 2023 in the IMF World Economic Outlook report published in January 2022. For global growth, the forecast was revised first to 3.6% in April, then to 3.2% and 2.7% in October.



IMF Growth Forecasts (January 2023)	2022	2023	2024
World	3.4	2.9	3.1
Advanced Economies	2.7	1.2	1.4
USA	2.0	1.4	1.0
Euro Area	3.5	0.7	1.6
UK	4.1	-0.6	0.9
Japan	1.4	1.8	0.9
Emerging Economies	3.9	4.0	4.2
Türkiye	5.5	3.0	3.0
Russia	-2.2	0.3	2.1
China	3.0	5.2	4.5
Inflation Forecast	8.8	6.6	4.3

Inflationary pressure, which emerged as a result of the deepening and unresolved crisis between Russia and Ukraine, pushed central banks to implement monetary tightening policies. This led to the emergence of financing problems in developing and underdeveloped countries. The Fed started to raise interest rates in March 2022 and continued until the end of the year. The Fed signaled that it would continue to raise interest rates until the first half of 2023 by closely monitoring inflationary developments. As well as the Fed, many central banks also turned to interest rate hikes; the ECB continued to hike interest rates in a process which it started in July 2022, until the end of the year, again signaling that the rate hikes would continue until inflation was brought down to the target determined by the ECB. The cycle of rate hikes is expected to be brought to an end by the end of 2023 as attention turns to the economic slowdown and recession.

### Inflation remains a key issue for the global economy throughout 2022

Central banks took tightening steps to tackle the high course of inflation throughout the year, with the measures paving the way for a decline in inflation in the final months of the year. High rates of inflation squeezed purchasing power and tightened liquidity conditions suppressed risk appetite in the second half of the year. In December, the rate of inflation in the USA decreased from 7.1% to 6.5%, while Euro zone inflation edged down from 10.1% to 9.2%.

The tensions between Russia and Ukraine broke out into a full-blown war in February 2022, sparking a rapid rise in energy prices, which also affected global markets throughout 2022. The war gave rise to renewed fears of recession in the second quarter of 2022.



## DEVELOPMENTS IN 2022

5.6%

The Turkish economy outperformed expectations, with a 5.6% rate of growth in 2022.

■  
STRONG  
GROWTH  
■

Russia's decision to cut off gas flows to Europe exacerbated concerns over the energy crisis in the third quarter of the year. With the EU's decision to impose a ceiling price on Russian oil in the last quarter as well as mounting uncertainty, the price of Brent crude oil decreased to USD 75/bbl in December 2022 - its lowest levels of the last year.

Russia issued new statements regarding the attitude of the European Union, announcing that it would not sell oil to countries which applied ceiling prices. This stringent response led to an increase in tensions in the markets, while the increased costs resulting from the Russia-Ukraine war also created an inflationary environment on a global scale. This crisis sparked uncertainty in the market, weakening confidence in the market and reflecting negatively to the economy. The Russia-Ukraine war will remain a hot topic for the markets in 2023.

### The Turkish Economy

The Turkish economy was likewise influenced by the developments affecting the global economy in 2022. However, it diverged from other countries in terms of the policies implemented in the face of these developments. The liraization and export-oriented growth strategy, which was introduced at the end of 2021, continued to be implemented in 2022, while the effects of the CBRT's interest rate cuts in the second half of the year along with the implementation of exchange rate-protected deposits, which started at the end of last year, stood out as key developments. The policy rate, which stood at 14.00% at the end of 2021, was reduced by a total of 500 basis points during the year, by 100 basis points in August, 100 basis points in September, 150 basis points in October, and finally by 150 basis points in November, to decline to 9.00% by the 2022 year-end.

Inflation remained elevated during 2022 due to exchange rate volatility as a result of the rate hikes implemented by foreign central banks, surging prices of commodities and imports due to geopolitical developments, and the supply constraints in some



sectors. Inflation peaked at 85.51% on an annual basis in October before decreasing due to the measures taken to tackle speculative price movements seen in some sectors in November and December, a fall in global energy prices and the high base effect, to round off 2022 at 64.27%.

The year of 2022 kicked off with limited optimism in terms of economic growth, leading to expectations that growth would remain low in line with the developments experienced during the year. However, 2022 turned out to be a positive year in terms of economic growth. As in 2021, private consumption expenditures provided the highest contribution to economic growth at 12.1% in 2022. The overall effect public expenditures stood at 12.8% - the highest increase in 4 years in the last quarter. The contribution of net exports to net growth, which had been a positive 0.6 points in the first three quarters, had a contracting effect in the last quarter. Investment expenditures contributed a positive 0.7 points to growth, while inventory changes had a negative contribution of 8.5% on the Turkish economy. The Turkish economy outperformed expectations, with a 5.6% rate of growth in 2022.

According to the market participants' survey published by the Central Bank of the Republic of Türkiye in March 2023, an inflation rate of 37.72% was expected for 2023 with growth of 3.5% for the year. The IMF, on the other hand, updated its Global Economic Outlook report in January 2023, revising its 2022 growth estimate for Türkiye upwards from the 5.0% it had predicted in the previous report to 5.5%. The IMF left its growth forecasts for Türkiye for 2023 and 2024 unchanged, at 3.0%.

The year of 2022 kicked off with limited optimism in terms of economic growth, leading to expectations that growth would remain low in line with the developments experienced during the year. However, 2022 turned out to be a positive year in terms of economic growth.

## DEVELOPMENTS IN THE INSURANCE INDUSTRY

The supply in the market is expected to continue to contract in 2023, with continued upward movements in prices.



### WORKING WITH FORESIGHT

The increase in loss costs caused by high inflation and exchange rate volatility in 2022 adversely affected the technical results of the fire and engineering branches.

This situation was also reflected in the treaty results of the insurance companies that provide services with low conservation and high treaty rates in the fire and engineering branches. On the other hand, in order to ensure the sustainability of treaty agreements, insurance companies were forced to implement some restrictions in their risk acceptance policies.

In order to positively impact the technical results, companies in the fire and engineering branches stopped

providing guarantees for some branches with high potential to generate damage, especially in the last quarter of the year. Companies expanded their exemptions to compensate for frequency damages. They started to increase their prices in response to the contraction in supply.

Although the positive developments in the last quarter had a favorable impact on the results, they are not expected to rapidly overcome the technical losses caused by the competitive market conditions which have been ongoing for many years. Accordingly, the supply in the market is expected to continue to contract in 2023, with continued upward movements in prices.

### Insurance Industry Gross Premium Production (TL)

	2022	Market share (%)	2021	Market share (%)	Change (%)
Land Vehicles Liability	57,627,344,315	28.2	23,323,520,363	26.6	147.1
Land Vehicles	44,613,455,985	21.8	14,288,651,311	16.3	212.2
Illness-Health	30,058,995,323	14.7	13,078,380,419	14.9	129.8
Fire and Natural Disasters	27,353,583,386	13.4	14,050,204,573	16.0	94.7
General Losses	21,954,991,879	10.7	11,037,487,657	12.6	98.9
General Liability	5,959,116,222	2.9	3,216,184,331	3.7	85.3
Accident	4,712,461,198	2.3	2,443,169,665	2.8	92.9
Marine	3,827,102,652	1.9	1,844,415,130	2.1	107.5
Water Vehicles	2,188,365,684	1.1	1,058,942,244	1.2	106.7
Financial Losses	1,761,211,281	0.9	1,154,492,433	1.3	52.6
Credit	962,383,961	0.5	528,327,802	0.6	82.2
Aircraft Liability	904,666,282	0.4	488,973,997	0.6	85.0
Legal Protection	720,780,175	0.4	300,233,049	0.3	140.1
Aircraft	635,247,669	0.3	469,039,408	0.5	35.4
Support	439,935,396	0.2	6,036,249	0.0	7.188.2
Breach of Trust	349,191,855	0.2	221,496,901	0.3	57.7
Water Vehicles Liability	237,847,914	0.1	88,526,945	0.1	168.7
Rail Vehicles	0	0.0	30,962	0.0	(100.0)
<b>Non-Life Total</b>	<b>204,306,681,178</b>	<b>86.9</b>	<b>87,598,113,439</b>	<b>83.14</b>	<b>133.2</b>
<b>Life Total</b>	<b>30,858,298,439</b>	<b>13.1</b>	<b>17,768,016,248</b>	<b>16.86</b>	<b>73.7</b>
<b>Grand Total</b>	<b>235,164,979,616</b>	<b>100</b>	<b>105,366,129,687</b>	<b>100</b>	<b>123.2</b>

\* Source: Data published by the Insurance Association of Turkey on 17 March 2023.

# THE PERFORMANCE OF TÜRK REASÜRANS IN 2022

## GOAL

Türk Reasürans aims to achieve sustainable, balanced and optimum technical results with the healthy portfolio structure, to develop its equity and to increase its ability to pay claims.

## CAPACITY INCREASE

### **New legislation and regulations affecting our activities**

#### *To comply with the amendment in the regulation on internal systems*

On 30 May 2022, a Circular on the Implementation of Some Articles of the Regulation on Internal Systems in the Insurance and Private Pension Sectors (16-2022) was published by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK). With the relevant circular, amendments were made in the implementation of some articles of the

Regulation on Internal Systems in the Insurance and Private Pension Sectors, which was published in 2021. In order to comply with the requirements of this amendment, Türk Reasürans has introduced the necessary revisions in the Risk Management, Internal Control and Compliance Regulation with the Board of Directors' Decision numbered 2022/0034. Procedures for the Risk Management and Compliance and Internal Control Departments have since been prepared and announced to the company.

### ***The Risk Catalogue and determination of the Risk Limits***

Another important task during the year was the determination of the Risk Catalogue and risk limits. The Risk Catalogue defines the risk limits for Türk Reasürans in accordance with the Regulation on Internal Systems in the Insurance and Private Pension Sectors.

### ***Publication of the Institutional Policy for Anti-Money Laundering and Financing of Terrorism***

In 2022, Türk Reasürans prepared the Institutional Policy for Anti-Money Laundering and Financing of Terrorism under the Regulation on Measures Regarding the Prevention of Laundering the Proceeds of Crime and Financing of Terrorism.

In the second half of the year, the relevant Regulation was amended with Decision Number of 5739. The transaction amount required for the personal identification or the total amount limit where there was more than one interrelated transaction was amended. Türk Reasürans reflected the relevant change by updating its corporate policy.

### ***Appointment of the Compliance Officer of Türk Reasürans***

Merve Erdem Ercan was appointed as the Compliance Officer of Türk Reasürans and Yazgül Deniz Bozkurt was appointed as the Deputy Compliance Officer in line with the Board's Decision number 2022/0057 dated 27 May 2022.

### **Continued growth in the field of treaty reinsurance in 2022**

Türk Reasürans provides capacity support in proportional and non-proportional treaties in a wide range of branches including the fire, engineering, liability and transportation branches.

Türk Reasürans completed 2022 with a growth rate of 111% in the gross written premiums in the field of treaty reinsurance. Türk Reasürans provided support to 26 insurance companies and 5 institutions in Türkiye and 25 foreign insurance and reinsurance companies located in 17 countries abroad. It provided guarantees to 61 countries.

### **Activities shaped by market conditions**

The inflationary conditions experienced in 2022, discussed in previous sections, pushed policy holders to minimize their insurance costs, piling pressure on insurance companies. In order to avoid under-insurance at the time of damage, interim bargaining processes are carried out between insurance companies and clients to update the insurance costs. Upward movements have been observed in insurance premiums.

The competitive conditions had an adverse effect on the treaty contract results of insurance companies operating in the coinsurance system, being affected by the heavy losses in the market. The inflation-induced increases in premiums applied to insurance costs fell short of covering the aforementioned damages.

In the face of these developments in the local market, reinsurance companies serving the Turkish market pushed through significant changes in their agreement revision requests in the following year. In 2023 renewals, attention focused on reducing commission rates, applying minimum conservation practices in some damage-generating business lines and imposing restrictions on coinsurance practices.

The large-scale damages experienced in global markets in 2022 not only affected the financial position of foreign reinsurance companies but also led these companies to revise their business acceptance processes and restrict their capacity.

### **Guarantees to 61 countries**

Türk Reasürans rounded off 2022 with 111% growth in gross written premiums in the field of treaty reinsurance. The Company provided guarantees to 61 countries by supporting 26 insurance companies and five institutions in Türkiye and 25 foreign insurance and reinsurance companies located in 17 countries abroad.

Türk Reasürans responded to the capacity needs arising from the 2023 treaty reinsurance renewals in line with developments in 2022, thus providing maximum support to local and global markets.

## THE PERFORMANCE OF TÜRK REASÜRANS IN 2022

### TECHNICAL DISCIPLINE

The company succeeded in creating a balanced and sustainable discretionary portfolio, which is homogeneously distributed, without disrupting its technical discipline.

### BALANCED PORTFOLIO

#### Growth in the work in the field of discretionary reinsurance

Türk Reasürans provides proportional and/or non-proportional discretionary reinsurance capacity in line with market needs with its high service standards and expert staff in the field of discretionary reinsurance.

#### 304% gross premium production growth in the domestic discretionary fire and engineering branch

In 2022, Türk Reasürans achieved 304% growth in gross premium production in the domestic discretionary fire and engineering branch. The premium distribution between branches was broadly in parallel with that observed in the sector, while the geographical distribution of the Türk Reasürans portfolio was also concentrated in the areas of our country's manufacturing industry.

Risks were scored during the assessment phase with the support of the risk engineering department at Türk Reasürans. This ensured that low-scoring risks in the portfolio were kept to a minimum while high-scoring risks were included in the portfolio, ensuring that the technical results diverged positively from the sector.

#### Service within the framework of constructive, agile and open communication principles

Although 2022 proved a challenging year for the entire insurance sector on the basis of technical profitability, Türk Reasürans served its business partners in line the principle of constructive, agile and open communication. The company succeeded in creating a balanced and sustainable discretionary portfolio, which is homogeneously distributed, without disrupting its technical discipline.

By providing capacity for the risks of the Turkish investors abroad, the company achieved the goal of issuance of guarantee over many risks in Europe, Africa and South America, especially in the geographical areas neighboring Türkiye.

Türk Reasürans aims to continue to lead and direct the market in the businesses, which it will participate with its increased capacity, technical discipline and risk acceptance policies in the years to come.

#### Diversification in retrocession work

Türk Reasürans aims to expand the domestic reinsurance capacity it offers through its retrocession activities. It also aims to expand its reinsurance service to a wider base by diversifying the risks on which guarantees are provided.

Türk Reasürans operates in the field of retrocession by using internationally accepted modeling tools as well as the structures and methods it has established within the Company. Adopting a protective approach in calculating the retrocession capacity, Türk Reasürans conducted work throughout the year regarding the determination of the risk burden and the actions to be taken.

In 2022, the Company focused on the protection of the damage load related to natural disaster risks by entering into retrocession agreements.



## Contribution to the Turkish economy and sector

Within the scope of its retrocession efforts, Türk Reasürans collects transfers from insurance sector participants abroad under a single roof. This wholesale approach ensures that the retrocession agreement costs are reduced in favor of the Turkish insurance sector, thus contributing to the protection of the capital structure by preventing possible financial fluctuations.

Türk Reasürans aims to achieve sustainable, balanced and optimum technical results with the healthy portfolio structure it is focused on and is constantly working on to improve. The Company also aims to develop its equity and to increase its ability to pay claims by enlarging the guarantee it offers to the market.

In the process of establishing the retrocession capacity, in addition to the agreements which are rich in scope and content, care is taken to ensure that party retrocessionists consist of the companies from different regions and are financially strong.

The ratings assigned by international rating institutions such as Standard & Poor's and AM BEST are taken into account in the selection of retrocessions. The selection process also includes evaluations regarding the financial position and payment performance of the retrocessions. Preference is given to business partners who fulfill their commitments correctly and on time and which have good references in the sector.

## EXPECTATIONS FOR 2023

In 2023, the expected slowdown in global economic growth and high inflation conditions are expected to continue to have adverse effects on global and local insurance markets.

While slowing growth has led to a decreasing trend in demand for insurance, high inflation may spark an increase in claim costs, especially in non-life insurance.

The indirect effects of the ongoing economic fallout of the Covid-19 pandemic, the disruption in global supply chains and rising energy prices resulting from the war in Ukraine, food inflation and geopolitical uncertainties will be more instrumental than the direct effects in the long term. International organizations such as the IMF warn that some major economies will enter recession in 2023.

According to forecasts carried out by Türk Reasürans, the fire, engineering and motor branches will be the most affected the most in the near term. Supply disruptions and labor shortages in the construction industry could lead to increased repair and rebuilding costs and thus, leading to higher damage amounts.

## IN 2023

In 2023, the expected slowdown in global economic growth and high inflation conditions are expected to continue to have adverse effects on global and local insurance markets.

## LEADING THE MARKET

Türk Reasürans aims to continue to lead and direct the market in the years to come.

## THE PERFORMANCE OF TÜRK REASÜRANS IN 2022

The Risk Engineering module was redesigned in 2022 within the scope of the Main Reinsurance Application.

## IMPROVED PERFORMANCE

In the motor branch, a shortage of spare parts and disruptions to the supply chain have precipitated increased loss costs which will affect accident, motor liability and general liability products, with increased bodily injury damages due to high inflation. To counteract the negative impact of the increased cost of claims on earnings, insurance companies need to understand the driving forces of inflation, and take balance sheet and reserve management steps accordingly.

### Reduced predictability

In its Global Reinsurance Report, Fitch set out its projection of a combined loss ratio of around 94% for 2023. The report also indicates that the effects of inflation and the climate crisis reduce the predictability of damage trends.

Damages resulted from climate crisis, the war between Russia and Ukraine and, in particular, Hurricane Ian which wrought massive destruction in the state of Florida in the USA at the end of September. These events had a negative impact on the market, leading to a deterioration in renewal conditions in 2023. The combination of the low profitability in recent years with the pressure resulting from the damages to balance sheets of reinsurance companies led to a shrinkage in the capacities offered to the reinsurance sector. Portfolios were differentiated on the basis of region and risk. An upward trend in the cost of global catastrophic

reinsurance programs was also observed in the January 2023 renewals. Some key players in the market opted to limit their regional and/or general operations, leading to a contraction in the reinsurance market.

### Are black swans giving way to green swans?

It will take some time before the results of the global steps taken to tackle the climate crisis are observed. It is believed that flood, storm, hail and drought damages, which are classed as secondary risks, will be broadly in parallel with previous years in 2023, in terms of severity and frequency.

The continuity of the current situation for reinsurers in the global markets as well as in the local market will only be balanced by the increase in the policy prices in the market.

For many geographical areas, steps have been taken to reduce uncertainty related to unpredictable Black Swan risks by switching to protection types in which the risks are listed one by one in the treaties. At the same time, black swans are expected to be replaced by green swans, which may arise in connection with the climate crisis and result in devastating damages in the coming period.

The “all risk policy types”, where risks are not listed and only exceptions are listed, may cause gray areas. It may cause agreements which are not in parallel with each other.

## GAINS IN THE FIELD OF INFORMATION TECHNOLOGIES (IT) in 2022

### New module for the Main Reinsurance Application

The Risk Engineering module was redesigned in 2022 within the scope of the Main Reinsurance Application, which Türk Reasürans launched in phases. New functions related to technical calculations were added as a result of this work. Performance improvements were completed. These projects turned the Ana Reinsurance Application into a much more powerful and efficient application.

### Launch of the Participation Reinsurance Application

In addition to the Main Reinsurance Application, work on the Participation Reinsurance Application was completed in 2022 and the system was commissioned in January, thus injecting new impetus to participation reinsurance activities.

Within the scope of the Work Flow Management (BPM) project carried out at Türk Reasürans in 2022, the processes of Correspondence Management, Request, Incident and Problem Management, External Correspondence, Integrated Management Systems, which are an integral part of the company's activities, were completed and implemented.

The Business Continuity project was initiated in September 2021. The project was aimed at achieving more effective management of business continuity and the establishment and certification of the internationally recognized ISO 22301 Business Continuity Management System. The project was subsequently completed.

Work on the Catastrophic Modeling Project continued throughout the year. As a result of the needs and revisions of the modeling team, the planned software processes were completed. In the hazard module, the calculations were enriched in accordance with the modeling requirements. Performance improvements were carried out, and software activities for the risk module were completed.

### IFRS17 Project

IFRS17 standards were published with the aim of increasing the usefulness of the financial statements and ensuring the consistency of international accounting practices. Analytical work was initiated at Türk Reasürans in March 2022 in order to implement the IFRS17 standards, with the functional analyses carried out within the scope of the project largely completed. Work has continued on technical analyses, software activities and installation activities for the applications.

The TCIP widened the availability of the Compulsory Earthquake Insurance with its distribution network consisting of the insurance companies it works with, their affiliated agencies and bank branches throughout the country. It aims to provide ease in allowing everyone to have thus assurance at affordable premium costs.

Compulsory Earthquake Insurance provides housing security on an individual basis. It also aims to create a coverage pool for the country. The size of this financial pool has gained importance especially since the earthquake which struck Kahramanmaraş. It serves a guarantee for those in need in the event of earthquakes in any part of the country.



For more information

[www.dask.gov.tr](http://www.dask.gov.tr)

# HUMAN RESOURCES AND PROCESS MANAGEMENT

## VALUE

At Türk Reasürans, the value placed on employees serves as the basis of the Human Resources and Process Management policies and practices.

## FAIR AND ETHICAL

### Our Human Resources Policy

We create our policies with the aim of attracting qualified employees with different qualifications and competencies by developing an effective human resources approach which sets itself apart in the sector and yields positive business results. A key goal for us is to be an innovative team and workplace where our employees contribute to the future of the insurance sector by creating high added value, adopting the vision and mission of the company, and to be a place where development is appreciated, mutual communication is open, and a positive

working environment is supported. In order to support the development of career processes of our employees, we conduct fair and transparent processes in line with current human resources practices. We attach importance on the development of employee rights.

### Highlights of our work in the field of human resources in 2022.

Türk Reasürans switched to a **hybrid work** model in September 2022, where employees work 3 days a week in the office and 2 days a week from home.

Türk Reasürans has **prioritized the employment and training of new graduates** in order to contribute to the sector's needs for a qualified workforce.

At Türk Reasürans, the value placed on employees serves as the basis of the Human Resources and Process Management policies and practices. The Company aims to carry out fair, ethical, sustainable and value creating processes. The company has placed priority on working with the Human Resources and Process Management Department in all human resources processes and for the Department to be a **strategic business partner** for managers.

To this end, all developments at Türk Reasürans are disclosed to all employees within the scope of transparency. Under the hybrid working model, the sharing of posts and information contributed to a sense of belonging among employees.

An in-house "hello summer" event was organized in a bid to increase employee motivation and internal communication. Every week, surprise treats were provided to employees as part of the "Friday Motivation". Employees and sector stakeholders also received gifts on special occasions.

The support package, which started to be rolled out in 2021, strongly demonstrated that the company stands by its employees. This practice has attracted positive feedback from employees.

Türk Reasürans' mission is to secure the future. The fairy tale book project, "**Children, who are assurance of the future**", which all company employees contributed to and which was carried out for children, who are our future, was completed in 2022. The published books were donated to village schools. This project is Türk Reasürans' first social responsibility project.

Thirty students were given full scholarships in the Business Administration Secondary Education (Non-Thesis) Master's degree course, which also includes reinsurance courses in cooperation with Yıldız Technical University. The scholarships were provided in order to train competent insurance professionals in the field of reinsurance and to contribute to the vision of contributing to the development of the Turkish insurance sector.

The Non-Marine Underwriting & Reinsurance Training session was held with the IUC GROUP and the Hasan Kalyoncu University Continuing Education Application and Research Center Between 19 and 23 September 2022. This international training course was carried out for the first time in our country by a reinsurance company with the participation of both domestic and foreign sector employees, with 53 sector professionals from 11 countries participating in the program.

Türk Reasürans believes that such training provides an effective means of following up the latest developments in the market and forming a foundation for international best practices. It aims to lead many more training sessions in line with its mission.

In addition to the value it attaches to people, the Human Resources Department also places similar importance on other living beings in our ecosystem. To this end, the Türk Reasürans General Directorate also shelters two pets, with the company visiting the shelter and providing support in the form of food and equipment to be used in treatments to the Animal Care and Rehabilitation Center on 4th October, Animal Protection Day.

A cat shelter was placed in the neighborhood where the General Directorate operates with the support of the Ümraniye Municipality.

#### Recruitment at Türk Reasürans

Türk Reasürans keeps the job applications, which have been submitted for positions announced on the career websites with explicit consent, in its application pool. Candidates with matching competencies undergo a 2-stage interview process and inventory test, and are employed in the Company if found suitable for the position.

#### Personnel management

All Türk Reasürans employees are provided with life and health insurance when they join the Company. Employer-sponsored group life pension transactions were carried out at the end of 2022.

Employees are provided with monthly meal tickets and may use personnel shuttle buses, with a transportation allowance provided for employees who are not served by the personnel shuttle buses. The Company also offers paid leave on birthdays and a 24/7 Employee Support Package.



## TRAINING

Employees at Türk Reasürans are provided with training opportunities in the fields of insurance and personal development.

## PROFESSIONAL DEVELOPMENT

### Performance management

Career planning for Türk Reasürans employees is carried out on the basis of the performance evaluations which take place periodically, with their training needs determined accordingly.

### Training activities

Apart from the orientation training provided to employees when they join the Company, employees also enroll in training provided in the fields of insurance and personal development either abroad and in Türkiye depending on the requirements of the position. Where employees enroll in postgraduate study in a field directly related to their

work, the Company supports their professional development by providing them with a cash allowance for the training.

### Occupational Health and Safety

Obligations required by the Occupational Health and Safety Law No. 6331 are regularly followed up by the Human Resources and Process Management Department at Türk Reasürans.

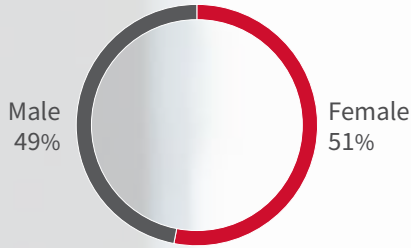
The training of teams such as First Aid and Search and Rescue was successfully completed in 2022. OHS training was provided to all employees when they started their work.

## PROFILE OF TÜRK REASÜRANS EMPLOYEES\*

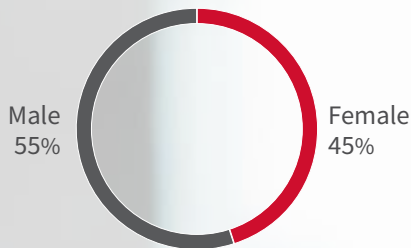
Of the TÜRK REASÜRANS employees

- 77 are women and 71 are men.
- The average age of the employees is 35.
- The majority of the employees are **generation Y**.
- 23 of the TÜRK REASÜRANS executives are men and 19 are women.

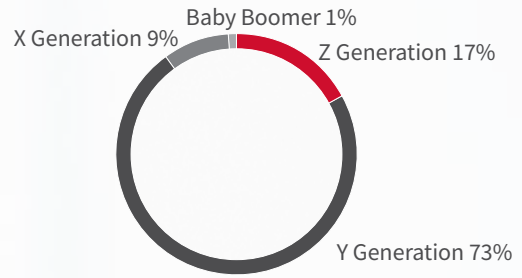
GENDER DISTRIBUTION (%)



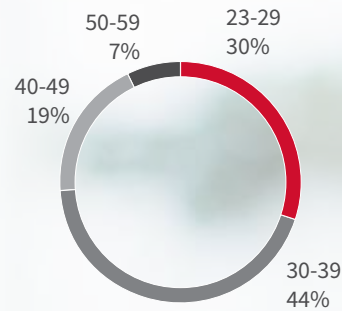
GENDER DISTRIBUTION OF MANAGEMENT (%)



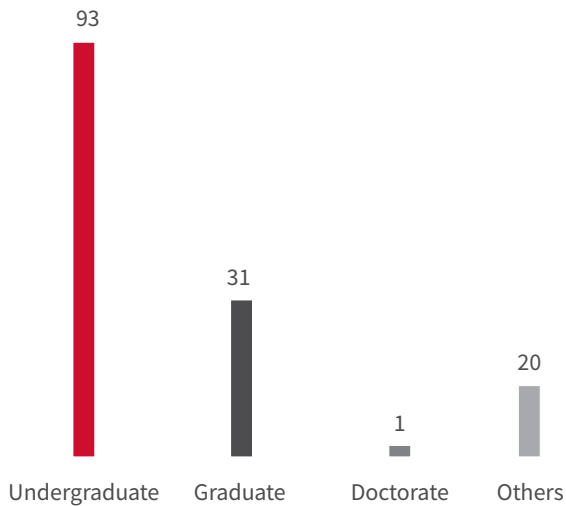
GENERATION DISTRIBUTION\*\*



AGE DISTRIBUTION (%)



### EDUCATION STATUS



\*Employee charts include the personnel of ÖRYM and TCIP, of which Türk Reasürans is the technical operator.

\*\*Alpha generation: Born after 2012.  
 Generation Z: Born between 1996-2015.  
 Generation Y: Born between 1977-1995.  
 Generation X: Born between 1965-1976.  
 Baby Boomers: Born between 1946-1964.

## SUBSIDIARIES

Türk Katılım Reasürans A.Ş. and T Rupt Teknoloji A.Ş. are among the subsidiaries of Türk Reasürans.

Company	Carrying Value	Participation Rate
Türk Katılım Reasürans A.Ş.	TL 100,000,000	100%
T Rupt Teknoloji A.Ş.	TL 50,000,000	100%

### Türk Katılım Reasürans A.Ş.

Türk Katılım Reasürans A.Ş. operates in Türkiye and abroad to carry out participation insurance and participation reinsurance transactions in all branches within insurance groups, proportional and/or non-proportional financial participation reinsurance and other all kinds of participation reinsurance, retrocession and alternative risk transfer transactions related to participation insurances. It also operates in the fields of management of participation pool activities which will be deemed appropriate by the Ministry of Treasury and Finance, participation in risk sharing and transfers.

Türk Katılım Reasürans started business acceptances within the framework of participation principles in 2022. It continues its activities in line with the aims of meeting the sector's needs, providing depth and dynamism to the sector and strengthening the hands of the sector stakeholders in risk management.

### T Rupt Teknoloji A.Ş.

T Rupt Teknoloji A.Ş. is a Technopark company operating within the Türk Reasürans group. The company brings together academic and technological competencies and generates competitive solutions oriented towards insurance and reinsurance. It aims to offer these solutions to the local market first and then to scale them in global markets.

T Rupt Teknoloji A.Ş. is a wholly owned Türk Reasürans subsidiary. The company will offer products and services which will add value to the technical and technological maturity of the sector in the fields of insurance and reinsurance and catastrophic modeling, in line with Türk Reasürans's purpose.

# EXPLANATIONS REGARDING THE SPECIAL AUDIT AND PUBLIC AUDIT PERFORMED DURING THE ACCOUNTING PERIOD

Türk Reasürans is subject to audits that will be performed by the Turkish Court of Accounts in accordance with the provisions of the Public Finance Management and Control Law No. 5018 and the Law on the Court of Accounts No. 6085. The Company also appointed Güney Bağımsız Denetim ve Serbest Mali Müşavirlik Anonim Şirketi (A Member Firm of Ernst & Young Global Limited) as an independent audit company to carry out full-scope independent auditing in 12-month periods and limited review activities in 6-month periods.

Türk Reasürans A.Ş. authorized Kuzey Yeminli Mali Müşavirlik ve Bağımsız Denetim Anonim Şirketi to carry out the audit and approval of the annual income and corporate tax returns and the financial statements and notifications attached to them, and other work in accordance with the Law on Certified Public Accountant and Sworn-in Certified Public Accountant No. 3568 and other relevant laws and regulations.

## OTHER INFORMATION

### Information on legal action filed against the Company which may affect the financial status and activities of the Company and their possible consequences

None

### Explanations on the administrative or judicial sanctions imposed on the Company and the members of the management body due to the practices contrary to the provisions of the legislation

None

### Information on the transactions undertaken by the Company with the risk group it belongs to

The Ministry of Treasury and Finance of the Republic of Türkiye, which owns 100% of the paid-in capital of Türk Reasürans, Türk Katılım Reasürans and T Rupt Teknoloji, which are wholly owned subsidiaries of Türk Reasürans, and B3i Services AG, in which Türk Reasürans has a 0.89% share in the capital, are defined as affiliated companies. The Company's

purchases or sales of goods or services with the risk group it belongs to are carried out in accordance with the applicable laws, in accordance with the principle of compliance with market conditions.

Intra-group transactions include reinsurance, information technology services and intra-group services.

The details of the transactions carried out with the risk group in which the Company is included, during the period are presented in the footnotes to the accompanying financial statements.

### Information on the donations and aids undertaken by the Company during the year and expenditures undertaken within the framework of social responsibility projects

The Company donated TL 7,375 in 2022 in accordance with the provisions of the relevant article in the Articles of Association.

Türk Reasürans works with all its might to fulfill its goals of contributing to both the Turkish economy and the insurance sector

in line with its founding objectives. At the same time, it acts with the awareness of its duties and responsibilities in ensuring a balance between economic growth and social interests. In this context, TL 244,500 was spent for the implementation of social responsibility projects in 2022.

### Determination and the management body (the Board) evaluations on whether or not the Company's capital is unrequired, or if the Company is in debt.

Türk Reasürans takes due care to keep sufficient equity to protect against the losses that may arise due to its current liabilities and potential risks. In this context, the Company performs the capital adequacy calculation in accordance with the principles of the "Regulation on the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated 23 August 2015 and numbered 29454. According to the result of the capital adequacy calculation made as of 31 December 2022, the Company has a capital surplus of TL 655,432,124.

Capital Adequacy (TL million)	2022	2021	2020
Required Equity Amount	931	354	179
Calculated Equity Amount	1,586	823	469
Capital Adequacy Result	655	469	290







## CORPORATE GOVERNANCE

# SUMMARY REPORT OF THE BOARD OF DIRECTORS

## Dear Shareholders,

Before submitting the Türk Reasürans' annual report for 2022 and financial statements for your approval and comments, we would like to share a summary overview of the developments in the world and the Turkish economy, our sector and our Company's activities and the results during the reporting period.

The year of 2022 passed under the shadow of fast-changing and volatile developments in the world and in our country.

The risks which emerged as a result of the adversities experienced due to the war between Russia and Ukraine had a negative impact on the global economy. High inflation and a decline in welfare affected the lives of billions of people.

According to figures published by the Turkish Statistical Institute (TURKSTAT), the Turkish economy continued to positively set itself apart from other economies in 2022, with a growth rate of 5.6%, exceeding expectations.

According to figures pertaining to the end of 2022 published by the Association of Insurance, Reinsurance and Pension Companies of Türkiye (TSB), the total premium production in the insurance sector increased by 123.2% compared to the previous year to reach TL 235 billion. The sector posted a real rate of growth of 35.9%.

Non-life branches, which grew by 133.2% (41.9% in real terms), accounted for TL 204.3 billion (86.9%) of the premium production. The life branch, which grew by 73.7% in nominal terms (6% in real terms)

produced TL 30.9 billion of premiums, accounting for a share of 13.1% in total production.

The increase in loss costs in the volatile markets of 2022 had a negative impact on some insurance branches. The difficulties in the sustainability of treaty agreements caused insurance companies to change their risk acceptance policies.

Although the positive developments in the last quarter had a positive impact on the sector, the long-standing competitive market conditions continue to exert pressure on the technical balance.

The Turkish insurance, pension, life and reinsurance companies are one of the important dynamics of the financial sector with their asset size exceeding TL 780.5 billion. According to the TSB data dated 17 March 2023, the Turkish insurance, pension, life and reinsurance companies maintain their high growth potential in line with the dynamics of the developing country.

In its third year of operation, Türk Reasürans has continued to support the development of the Turkish insurance sector. It also continued to respond to the needs of the Turkish insurance sector with unique and agile solutions thanks to its strong domestic and international capacity.

Türk Reasürans' assets stood at TL 4.5 billion as of 31 December 2022, marking an expansion of 115% compared to the previous balance sheet period.

Türk Reasürans recorded a total of TL 3.9 billion in gross premiums in 15 different main branches between 1 January and 31 December 2022, with

113% premium growth. Technical Income consists of earned premiums and investment income transferred from the non-technical segment. Technical Income increased by 114% YoY to TL 3.3 billion. Established with capital of TL 600 million, Türk Reasürans achieved total equity of TL 1.6 billion at the end of its third year of operation since it started to accept reinsurance business.

One of our subsidiaries, Türk Katılım Reasürans A.Ş., continued to develop its portfolio in the field of participation insurance in its second year of operation.

Türk Reasürans undertakes the technical operations of the Special Risks Management Center (SRMC). The Centre strongly contributed to the efforts to transport grain to international markets, which is of paramount importance for the world, thanks especially to its role in the context of the Russia-Ukraine war.

Türk Reasürans will continue to work with the mission of contributing to the development of the insurance sector.

We submit our company's 2022 annual report and financial statements for your approval and comments. We would like to thank our Management Team for guiding us to complete the year of 2022 in line with our goals, and our employees for their contributions. On behalf of our Board of Directors, we would like to express our gratitude to you, our Partner, for your valuable and continuous support.

**Türk Reasürans Board of Directors**



# INFORMATION ON THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

Ahmet Genç	Chairman of the Board of Directors
Ayşe Dilbay	Vice Chairman of the Board of Directors
Dr. Cebraail Taşkın	Member of the Board of Directors
Dr. Fatih Hasdemir	Member of the Board of Directors
Ahmet Deniz	Member of the Board of Directors
Fatih Mehmet Bal	Member of the Board of Directors
Zekiye Selva Eren	Member of the Board of Directors and CEO
Erdal TURGUT	Deputy General Manager, Finance, Treasury, Fund Management and Legal
Çağrı ÇULHA	Deputy General Manager, Retrocession, Pool Management, Corporate Solutions and Liability Facultative Reinsurance, Risk Engineering and Claims Management
Ebru KIR	Deputy General Manager, Treaty Acceptance and Fire and Engineering Facultative Reinsurance
Ali Sertaç CANAL	Deputy General Manager, Special Risks Management Center, Human Resources and Process Management, Corporate Communications, Procurement and Administrative Affairs

## About the Board of Directors

The Türk Reasürans Board of Directors consists of one Chairman and six members.

Upon the call of the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors to each member of the Board of Directors at least 15 days prior to the meeting date, together with the necessary and written agenda, by e-mail or registered letter with a return receipt, the Board of Directors convenes at least four times in the calendar year and whenever necessary with the majority of the total number of members.

In 2022, a total of 112 decisions were taken by our Board of Directors. The Chairman of the Board of Directors and all members of the Board of Directors attended all of the meetings. The agenda of the Board of Directors Meeting is formed by the proposals submitted by the General Directorate, and matters other than the agenda are also discussed during the meeting, if deemed necessary.

In accordance with the decision adopted unanimously regarding the election of the Members of the Board of Directors at the 2021 Annual General Meeting held on 25 March 2022, Dr. Ahmet Genç was selected as the Chairman of the Board of Directors, Ayşe Dilbay was selected as the Deputy Chairman and Dr. Gabriel Taskin, Dr. Fatih Hasdemir, Ahmet Deniz, Fatih Mehmet Bal and Zekiye Selva Eren were elected as members of the Board to serve for a period three years.

## Information on the transactions carried out by members of the management body with the company on behalf of themselves or another person within the framework of the permission given by the general assembly of the company and their activities within the scope of the prohibition of competition

During the 2021 Annual General Meeting of Türk Reasürans A.Ş. held on 25 March 2022, the Members of the Board of Directors have been allowed to carry out work falling within the scope of the Company's area on behalf of themselves or another person, to be a partner in any companies which carry out such work, or to carry out other transactions

, in accordance with Articles 395 and 396 of the Turkish Commercial Code,. The members of the Board do not carry out any activities which could be considered to come within the scope of the prohibition of competition.

## Financial rights provided to members of the Board and senior executives

The total amount of financial benefits such as attendance fee (per diem), remuneration, premiums, bonuses and profit share stood at TL 1,261,571 for the chairman and the members of the board of directors and TL 11,027,071 for the senior executives in the accounting period ending on 31 December 2022.

## Information on the total amounts of allowances, travel, accommodation and representation expenses, in-kind and cash facilities, insurance and similar guarantees

In the accounting period ending on 31 December 2022, travel, accommodation, representation, in-kind and cash facilities were provided to the chairman and members of the board of directors and senior executives with a value amounting to TL 3,091,569.

## 2022 ANNUAL REPORT COMPLIANCE STATEMENT

We confirm that Türk Reasürans A.Ş. 2022 Annual Report has been prepared in accordance with the principles and procedures enforced by the Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies published in Official Gazette numbered 26006 and dated August 7, 2007 and Regulation on Determining the Minimum Content of the Annual Report of the Companies published in Official Gazette numbered 28395 and dated 28 August 2012.

Istanbul, 30 May 2023



Dr. Ahmet Genç  
Chairman of the Board of Directors



Selva Eren  
Board Member and General Manager



Erdal Turgut  
Assistant General Manager



Hatice Dilek Oğuz Eker  
Financial Reporting and Accounting Manager







Güney Bağımsız Denetim ve SMMM A.Ş.  
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## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Türk Reasürans Anonim Şirketi

### 1) Opinion

We have audited the annual report of Türk Reasürans Anonim Şirketi (the Company) and its subsidiaries (the Group) for the period of January 1 – December 31, 2022.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Company are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

### 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the 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 Annual Report* 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) Our Auditor's Opinion on the Consolidated and Unconsolidated Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated April 3, 2023 on the full set consolidated and unconsolidated financial statements of the Company for the period of January 1 – December 31, 2022.

### 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), and the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" and designing and the Communiqué on Individual Retirement Saving and Investment System" ("Communiqué") issued on 7 August 2007 dated and 26606 numbered, the management of the Company is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Company for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.



c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Company,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

#### **5) Auditor's Responsibilities for the Audit of the Annual Report**

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Company's audited financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and Insurance Accounting and Financial Reporting Legislation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

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

May 30, 2023  
İstanbul, Türkiye

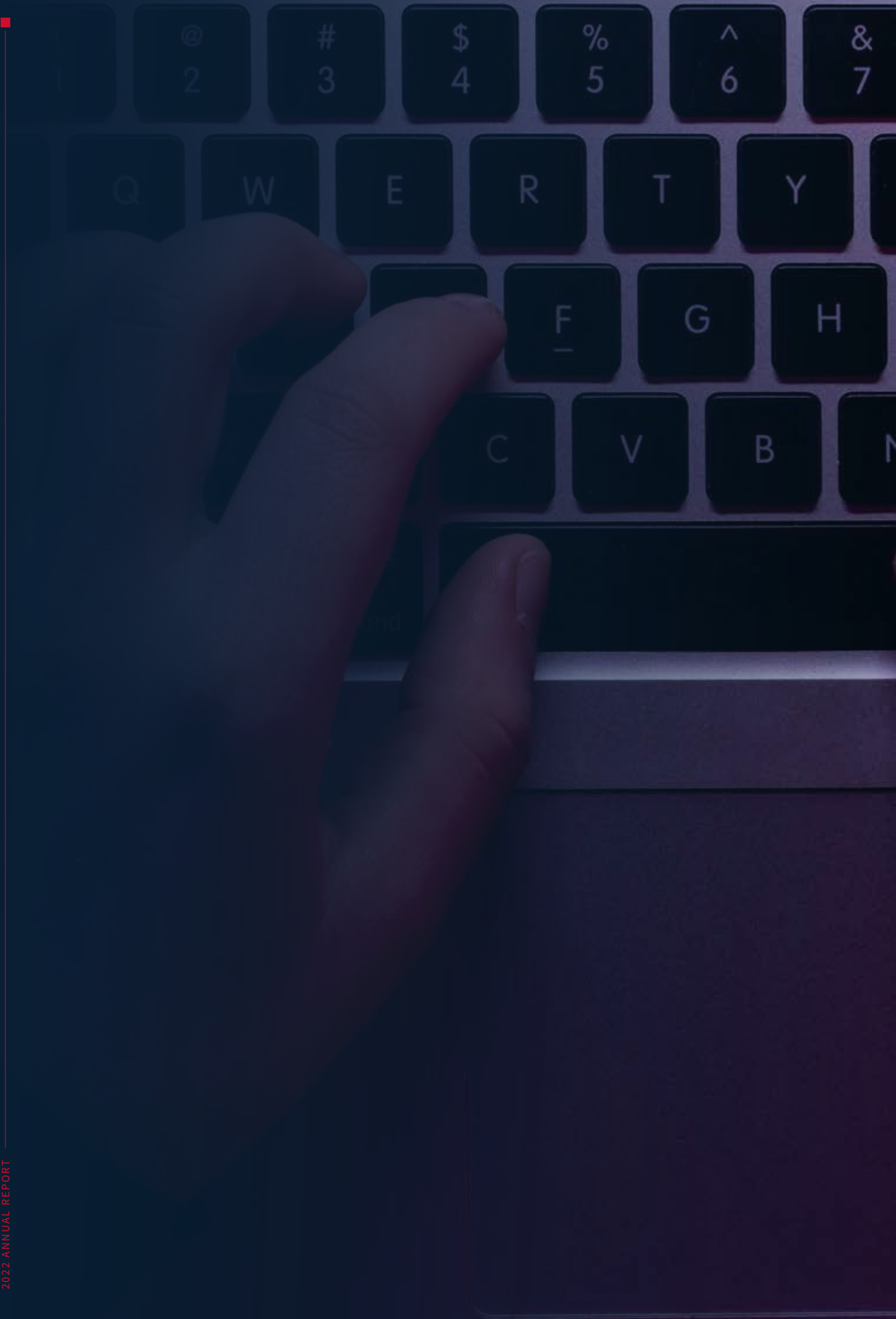
## CHANGES WHICH TOOK PLACE AFTER THE END OF THE REPORTING PERIOD

As defined in TAS 10 of the Turkish Accounting Standards, events following the reporting period are classified under two types; “events requiring correction after the reporting period” and “events which do not require correction after the reporting period”, which may be in favor or against the enterprises, between the end of the reporting period and the date the financial statements are approved for issue.

The events that occur between the end of the period and the approval of the report are included in the footnotes to the accompanying financial statements.

# AMENDMENTS TO THE ARTICLES OF ASSOCIATION

None





## FINANCIAL STATUS AND RISK MANAGEMENT

# ASSESSMENT OF FINANCIAL STATUS, PROFITABILITY AND SOLVENCY STRENGTH

Türk Reasürans' asset base expanded by 115% compared to the previous balance sheet period to reach TL 4.5 billion as of 31 December 2022. The asset growth has been supported in terms of distribution and quality of assets, thanks to liquid assets, which accounted for 48% of assets, and readily collectable receivables. Accordingly, the liquidity ratio was calculated according to the results pertaining to the 2022 year-end. Türk Reasürans operated with a liquidity ratio of 2.11 and a current ratio of 3.84 at the end of 2022, and the protection of liquidity continues.

Insurance Technical Provisions account for 91% of total short-term and long-term liabilities. The provisions consist of unearned premiums, unexpired risks, outstanding claims and equalization reserves. Insurance Technical Provisions increased by 171% and TL billion 1.6 compared to the previous balance sheet period.

Founded with TL 600 million in capital, Türk Reasürans had total equity of TL 1.6 billion at the end of its third year when it started to accept reinsurance businesses. It has created business plans in order to ensure that the sustainable growth which it has supported with the net profits it has written every year since its foundation will continue in the coming years as well.

Approximately TL 3.9 billion in gross written premiums were obtained in 15 different main branches in the period between 1 January - 31 December 2022. Growth of 113% was achieved compared to the previous period. Technical Income, consisting of earned premiums and investment income transferred from the non-technical segment, increased by 114% YoY to reach approximately TL 1.8 billion.

The total amount of incurred losses increased by 107% to reach TL 1.7 billion, on the back of the change in outstanding claims amounting to TL 524 million and also the gross claims paid approximately TL 1.2 billion for the whole of 2022. Operating expenses, another important item in Technical Expenses, increased by 92% to end the current period at TL 768 million.

The financial instruments portfolio was diversified within the framework of liquidity-risk-return assessments with term deposits, FX-Protected Deposits, stocks, Investment funds, government bonds, private sector bonds and bills. The financial instruments portfolio yielded a net return of TL 698 million for the 2022 entire year.

In 2022, the Company wrote a pre-tax profit of TL 862 million, largely on the back of the Technical segment balance amounting to TL 768 million, which recorded an increase of 174% YoY. Accordingly, Technical profitability and Return on Equity were realized at 29.38% and 43.30%, respectively. Also in 2022, as in previous periods, growth in premiums was supported by profitability, with continued technical profitability. The net profit for 2022 more than tripled when compared to 2021, demonstrating that the rise in profit was achieved in real terms as well as in nominal terms.

In 2022, the key players in the Turkish reinsurance and insurance market were operating at a high loss ratio which took a toll on their technical profitability, although investment income went some way towards offsetting the impact of this contraction on profit in 2022. While this situation poses a threat to capital adequacy, companies can be expected to produce new policies in order to strengthen their financial structures. On the other hand, Türk Reasürans produced 49% of the premiums, in which written reinsurance share was deducted, in the Turkish reinsurance market, according to the consolidated results in 2022, when the profitability in the non-life sector was severely affected. Türk Reasürans increased its unconsolidated technical profit by 174% and increased its unconsolidated net profit for the period by 219% compared to the previous period.



# PROFIT DISTRIBUTION POLICY

Our Company carries out its profit distribution transactions within the framework of the provisions of the Turkish Commercial Code, Tax Laws and Insurance legislation and the relevant articles in the Company's Articles of Association.

In determining the distribution of profit, our Company aims to maintain the delicate balance between the interests of shareholders and the interests of the Company, and the adequacy of the resources which are subjected to profit distribution and which are in the legal records, profitability, cash status, capital requirement and investment and financing policies are taken into consideration.

The General Assembly is authorized to decide on the transfer of some or all of the net profit to the following year or to the reserve fund, on whether the payment of the profit is distributed in cash or added to the capital, and if distributions are carried out within the legal periods stipulated in the legislation. Based on the proposal of the Board of Directors regarding the profit distribution, the decision is taken at the discretion of the General Assembly. Before the Annual General Meeting, the Board of Directors approves the 'Profit Distribution Table' and presents its proposal for the profit distribution table to the General Assembly.

The profit distribution, which is to be determined over the net profit for the period and distributable profit stated in the independently audited financial statements which are prepared in accordance with the Insurance Law and relevant legislation, tax legislation and generally accepted accounting principles, is carried out in the following order and principles, before being subjected to distribution, after deducting the previous year's losses, if any:

- Pursuant to the first paragraph of Article 519 of the Turkish Commercial Code, 5% of the net profit for the period is set aside as general legal reserves until it reaches 20% of the paid-in capital. No decision to distribute dividends, transfer the profit to the next year or allocate optional reserves can be taken without setting aside legally compulsory reserves.
- The General Assembly may decide to set aside the remaining part of the net profit for the period as a reserve, partially or fully, or to distribute it to the shareholders. The provision of subparagraph (c) of the second paragraph of Article 519 of the Turkish Commercial Code is reserved.

The General Assembly may decide to distribute the dividend decided to be distributed on the date proposed by the Board of Directors, or it may decide to distribute it on a different date, provided that it is within the legal period.

There are no privileged shares at our Company which hold the right to receive a share of the profit.

There is no regulation in the Company's Articles of Association which stipulates the distribution of advance dividends.

# INTERNAL CONTROL ACTIVITIES

The first line of defence in internal control activities is “all executive units of the Company”. The personnel of these executive units are responsible at the first level for maintaining the effectiveness of internal control activities in integration with their daily activities in their areas of authority and responsibility.

Internal control activities include the control, evaluation and reporting activities carried out in order to ensure the reliability, integrity and timely availability of accounting and financial reporting system, the protection of the Company assets, the effective and efficient execution of activities in accordance with the Law and other relevant legislation, internal policies and rules and insurance practices.

## **Internal Audit Inventory and Internal Control Officers**

The “Internal Audit Inventory” constitutes the framework of internal audit activities. The “Internal Audit Inventory” was created as a result of the activities carried out with the aim of monitoring the compliance and compatibility of the Company’s activities and transactions with the relevant legislation, the company’s goals, objectives and principles and the policies and rules, authorities, application principles and instructions determined by the company’s management. Internal audit activities covering the identified risks are actively carried out. Corrective actions are carried out within the internal control process. The “internal audit officers” determined within the Directorates are responsible for the periodic implementation of the control points in the inventory. The Internal Audit Department is responsible for the coordination of the process. The framework of internal control activities includes compliance and relevance controls when creating “Internal Control Inventory”, controls on physical assets, review of compliance with limits, controls on the approval and authorization system, reconciliation controls, controls on information and communication systems, controls on financial reporting systems and controls on communication channels. These controls are aimed at checking the compatibility and compliance of the activities and transactions with the relevant legislation, the purposes, objectives and principles of the Company and the policies and rules, powers, application principles and instructions determined by the Company management.

## **Internal Control Reporting**

A monthly “Internal Audit Report” is prepared and submitted to the General Directorate. In addition, quarterly and annual internal control activity reports are prepared to be submitted to the Audit Committee and the CEO. The reports contain information and results regarding the internal audit activities that have been carried out. Any errors, deficiencies and negativities detected during internal control activities and conveyed in the report are immediately and meticulously evaluated by the relevant units and all necessary complementary, corrective or eliminative measures are taken as soon as possible, and results and developments are monitored by the relevant authorities.

# INTERNAL AUDIT ACTIVITIES

Internal audit activities at our company are carried out by the Internal Audit Department in accordance with the “Regulation on Internal Systems in the Insurance and Private Pension Sectors” published in issue 31670 of the Official Gazette dated 25 November 2021 and our Company’s “Internal Audit Regulation” and within the principles stipulated in these regulations.

The Internal Audit Department is organized directly under the Company’s Board of Directors and is administratively independent. The Internal Audit Department reports to the to the Board of Directors through the Audit Committee and is responsible for the following;

- To provide a reasonable assurance to the Board of Directors regarding the effectiveness and adequacy of the internal control, risk management and actuarial systems, and that the Company’s activities have been carried out in line with the Law and other relevant legislation and in-house strategies, policies, principles and goals,
- To ensure the accuracy and reliability of the accounting records of the electronic information system and the financial reports, the accuracy, reliability and compliance with time constraints of the reports made to the Board of Directors within the framework of internal regulations and the reports made to external parties, especially public institutions,
- To provide assurance on the compliance of operational activities with legislation and established procedures and the functioning of the internal control application procedures related to them, the effectiveness and adequacy of the internal control and risk management systems,
- The system consists of activities to detect deficiencies, errors, incidents of fraud and irregularities and to prevent their repeat occurrence and to provide opinions and suggestions for the effective and efficient use of company resources.

The internal audit activity covers all activities undertaken by the Company including periodic and risk-based audits, special audits carried out in line with the needs arising during the period and the service procurement, as well as the needs of the general directorate units. The Internal Audit Plan prepared within the scope of these general regulations and approved by the Board of Directors includes the following:

- The areas to be audited during the period by ordering in terms of importance and priority as a result of risk-based assessments,
- The purpose of the audits and the summary risk assessments related to each area or activity to be audited, Law and other relevant legislation,
- The time and audit period in which the planned audit work will be carried out,
- The resources required for audit activities and the possible effects of resource constraints,
- On-site examination of all assets, accounts and records, documents, personnel and all other elements which may affect the Company’s security within the company,
- Control or examination based on general or specific observations and monitoring through various control documents and tools,
- Determining whether departments in the Head Office organization of the Company work in accordance with the insurance legislation, the Company objectives and policies, and the decisions taken by the Company.

Within the scope of the Internal Audit Plan, 11 unit audits, one Compliance Program audit and one review activity were carried out in 2022 within the body of Türk Reasürans A.Ş. In addition, seven unit audits were carried out within the organizations for which technical operatorship is carried out.

# RISK MANAGEMENT ACTIVITIES

The main purpose of risk management activities is to ensure that the asset quality of the Company and the level of risk it is willing to undertake in return for a certain return are in compliance with the limits stipulated by the legislation on the insurance and reinsurance activities and the risk tolerance of the Company.

The main strategy for this purpose is to plan, execute and manage risk management activities with a risk-oriented approach and within the framework of the relevant legislation and internationally accepted principles, bases and standards in an independent, impartial, purposeful, efficient and effective manner. The use of advanced tools and methods which are feasible and appropriate is essential in this respect.

The first line of defence in risk management activities consists of “all executive units of the Company” which undertake and manage risks. The personnel of these executive units are responsible at the first level for carrying out risk monitoring and control activities in integration with their daily activities under their areas of authority and responsibility.

The general framework of risk management activities is intended to include, at the minimum, the following:

- a) Design and implementation of the risk management system.
- b) Making necessary updates in accordance with company requirements.
- c) Carrying out the necessary monitoring and reporting activities for the implementation of risk management policies and implementation procedures.
- d) Ensuring that risks are understood and adequately assessed prior to entering into a transaction.
- e) Determining the limits for quantifiable risks and performing the necessary monitoring to ensure that the risks remain within the determined limits.

The classification of risks which may be encountered during the activities is defined within the scope of the Company’s “Risk Catalogue”. The Company Risk Catalogue is the basic document used to define and classify all risks that may be encountered.

## **Compliance Activities**

The following compliance activities are carried out in order to ensure that the Company’s activities are carried out effectively and efficiently in accordance with the Law, relevant legislation and insurance practices.

- a) Ensuring the compliance of the Company with the obligations brought about by the Law and the legislation enacted on the basis of the Law, and to follow up on the legislation,
- a) Ensuring the compliance of the Company with the obligations brought about by the Law and the legislation enacted on the basis of the Law, and to follow up on the legislation,
- b) Fulfilment of measures to prevent money laundering and financing of terrorism, identification of business partners and submission of necessary information and documents to relevant institutions and organizations in accordance with the legislation,

- c) Examining, following up and controlling the compliance with the legislation of the contracts concluded regarding the service procurement and business partnerships to which the company is a party,
- d) Fulfilling the requirements of the letters and writs sent to the Company by the affiliated institutions and the organizations, of which the Company is a member, and judicial authorities, and the submission of a Company statement in response to these letters.
- e) Preparation of the internal legislation regarding the company's compliance activities,
- f) Following up legal disputes which the company is a party to and fulfilling the requirements,
- g) Following up of legal measures that the company should take regarding confidentiality and personal data. Concluding contracts with the necessary companies and organizations regarding these issues. Processing the personal data inventory and keeping it up-to-date in accordance with the KVKK (the Turkish Personal Data Protection Law).

The main purpose of the compliance activities carried out is to keep the compliance process of the Company under control by managing it in a manner which is effective and fit for purpose, and to ensure that the Company's activities are carried out and managed continuously in accordance with the relevant legislation, regulations and standards in terms of structure and functioning.

Advanced tools and methods, which are feasible and appropriate, are used to design and manage the Company compliance activities independently, impartially, efficiently and effectively in a manner which is fit for purpose within the framework of relevant legislation, regulations and standards.

#### **General Principles of Compliance Activities**

Compliance activities are carried out in accordance with the Law and the legislation enacted on the basis of the Law, and the following general principles are taken into account in its execution:

- a) It is the primary duty and responsibility of the Department employees to maintain Company activities in compliance with the Company's goals and policies, and legislation, regulations and standards.
- b) Compliance of the Company activities with legislation, regulations and standards is carried out by up-to-date execution and management of the Company's internal policies, procedures, regulations, rules and instructions based on the values of righteousness and honesty in line with the Company's reputation.

The Board of Directors monitors through the notifications made by the relevant department that the Company's activities comply with legislation, regulations and standards, and that the necessary measures are taken to effectively manage compliance.

TÜRK REASÜRANS ANONİM ŞİRKETİ

# UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Notes Originally Issued in Turkish)





# INDEPENDENT AUDITOR'S REPORT

## To the General Assembly of Türk Reasürans Anonim Şirketi

### A) Report on the Audit of the Unconsolidated Financial Statements

#### 1) Opinion

We have audited the unconsolidated financial statements of Türk Reasürans Anonim Şirketi (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2022, and its unconsolidated financial performance, its unconsolidated 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 decree 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 Unconsolidated 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) Emphasis of Matter

We draw your attention to footnote 46, which explains that efforts to measure the impact of the earthquake, which affected many of our provinces in the southeastern part of Turkey, on the Company's operations and financial performance. Our opinion is not modified with respect to that matter.

#### 4) Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><b>Incurred But Not Reported Outstanding Claims Reserve</b></p> <p>As of December 31, 2022, the Company has insurance liabilities of TL 2.577.364.029 representing 58% of the Company's total liabilities. The Company has reflected a net provision of TL 746.004.221 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 93.929.903 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 unconsolidated 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. 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. In this context, we have performed the audit procedures related to the recording of the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the 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 unconsolidated financial statements are sufficient.</p>

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

Management is responsible for the preparation and fair presentation of these unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

# INDEPENDENT AUDITOR'S REPORT

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

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

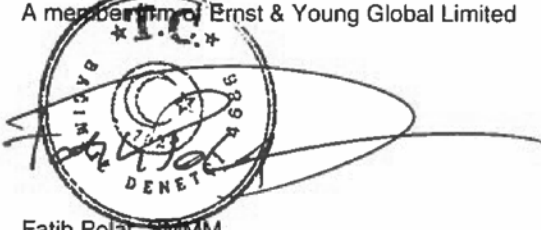
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law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

## B) 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 January 1 - December 31, 2022 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

April 3, 2023  
İstanbul, Türkiye



## UNCONSOLIDATED FINANCIAL STATEMENTS PREPARED AS OF DECEMBER 31, 2022

We confirm that the unconsolidated financial statements and related disclosures and notes as of December 31, 2022 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

Istanbul, April 3, 2023



Selva EREN  
Member of Board of Directors and  
General Manager



Erdal TURGUT  
Assistant General Manager



Dilek OĞUZ EKER  
Finance Group Manager



Orhun Emre ÇELİK  
Actuary

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## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>I- Current Assets</b>	<b>Notes</b>		
<b>A- Cash and Cash Equivalents</b>		<b>413.817.209</b>	<b>841.729.403</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4,2, 14	413.817.209	841.729.403
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables with Maturity Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2</b>	<b>1.709.372.162</b>	<b>304.439.228</b>
1- Available-for-Sale Financial Assets	4,2, 11	227.221.663	193.698.578
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4,2, 11, 13	1.482.150.499	110.740.650
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>		<b>1.657.081.126</b>	<b>613.781.608</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4,2, 12	1.639.458.899	613.781.608
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies	4,2, 12	17.622.227	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>D- Due from Related Parties</b>		<b>30.144</b>	<b>138.611</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries	4,2, 12, 45	30.144	138.611
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>		<b>7.028.960</b>	<b>9.953.126</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4,2, 12	7.028.960	9.953.126
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>471.772.243</b>	<b>174.729.824</b>
1- Deferred Acquisition Costs	17	395.864.134	169.771.022
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4,2, 12	70.877.754	3.489.142
4- Other Prepaid Expenses	4,2, 12	5.030.355	1.469.660
<b>G- Other Current Assets</b>		<b>63.055</b>	<b>7.917</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4,2, 12	63.055	7.917
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>4.259.164.899</b>	<b>1.944.779.717</b>

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

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>		4.500	4.500
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4,2, 12	4.500	4.500
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>		150.000.000	104.497.494
1- Investments in Equity Shares	4,2, 9	4.497.494	4.497.494
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	4,2, 9	150.000.000	100.000.000
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	4,2, 9	(4.497.494)	-
<b>E- Tangible Assets</b>		18.721.762	8.278.535
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's	6	6.913.574	2.458.851
5- Furniture and Fixtures	6	2.236.581	823.774
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	4.714.855	1.868.281
8- Tangible Assets Acquired Through Finance Leases	6	15.493.734	8.013.240
9- Accumulated Depreciation	6	(10.636.982)	(4.885.611)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>		7.722.133	5.813.385
1- Rights	8	12.405.064	8.140.971
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(5.184.626)	(2.818.726)
7- Advances Paid for Intangible Assets	8	501.695	491.140
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H- Other Non-Current Assets</b>		13.526.400	3.889.706
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	13.526.400	3.889.706
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		189.974.795	122.483.620
<b>TOTAL ASSETS</b>		4.449.139.694	2.067.263.337

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

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>		<b>4.895.513</b>	<b>87.991.885</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	20	4.895.513	87.991.885
<b>B- Payables Arising from Main Operations</b>		<b>134.113.873</b>	<b>91.150.645</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4,2, 19	123.823.888	83.020.683
3- Cash Deposited by Insurance and Reinsurance Companies	4,2, 10, 19	10.289.985	8.129.962
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
<b>C- Due to Related Parties</b>		<b>39.648</b>	<b>46.346</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4,2, 19	39.648	46.346
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4,2, 19</b>	<b>10.563.068</b>	<b>2.084.575</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4,2, 19	10.563.068	2.084.575
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>		<b>2.495.736.929</b>	<b>918.817.485</b>
1- Reserve for Unearned Premiums - Net	17	1.726.755.513	691.706.127
2- Reserve for Unexpired Risks- Net	17	22.977.195	5.173.409
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4,1, 17	746.004.221	221.937.949
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4,2, 19</b>	<b>84.780.571</b>	<b>32.497.679</b>
1- Taxes and Funds Payable	4,2	2.158.185	944.375
2- Social Security Premiums Payable	4,2	2.863.953	629.057
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4,2, 19, 35	167.000.000	73.074.356
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4,2, 19	(87.275.687)	(42.161.726)
7- Provisions for Other Taxes and Similar Liabilities	4,2	34.120	11.617
<b>G- Provisions for Other Risks</b>		<b>15.517.925</b>	<b>3.878.394</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	15.517.925	3.878.394
<b>H- Deferred Income and Expense Accruals</b>		<b>10.491.367</b>	<b>2.410.739</b>
1- Deferred Commission Income	10, 19	1.411.629	1.566.297
2- Expense Accruals	23	9.079.738	844.442
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>2.756.138.894</b>	<b>1.138.877.748</b>

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

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>		<b>4.649.069</b>	<b>3.417.760</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities	20	4.649.069	3.417.760
<b>B- Payables Arising from Main Operations</b>		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>		<b>81.627.100</b>	<b>31.943.256</b>
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	17	81.627.100	31.943.256
<b>F- Other Liabilities and Relevant Accruals</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>1.653.012</b>	<b>465.667</b>
1- Provisions for Employment Termination Benefits	23	1.653.012	465.667
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>87.929.181</b>	<b>35.826.683</b>

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



## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>V- Shareholders' Equity</b>	<b>Notes</b>		
<b>A- Paid in Capital</b>	<b>2.13, 15</b>	<b>600.000.000</b>	<b>600.000.000</b>
1- (Nominal) Capital	2.13, 15, 37	600.000.000	600.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>43.431.028</b>	<b>(6.651.719)</b>
1- Legal Reserves	15	15.178.506	4.271.283
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets	4.2, 15	6.400.863	(10.883.629)
6- Other Profit Reserves	15	21.851.659	(39.373)
<b>D- Retained Earnings</b>		<b>266.643.395</b>	<b>81.066.175</b>
1- Retained Earnings		266.643.395	81.066.175
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F- Net Profit/(Loss) for the Period</b>		<b>694.997.196</b>	<b>218.144.450</b>
1- Net Profit for the Year		694.997.196	218.144.450
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>1.605.071.619</b>	<b>892.558.906</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4.449.139.694</b>	<b>2.067.263.337</b>

## UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021
<b>I- TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>3.313.464.259</b>	<b>1.544.804.995</b>
1- Earned Premiums (Net of Reinsurer Share)		2.615.644.848	1.371.469.268
1.1- Written Premiums (Net of Reinsurer Share)		3.668.498.020	1.700.892.880
1.1.1- Written Premiums, gross	17, 24	3.876.629.588	1.820.194.168
1.1.2- Written Premiums, ceded	10, 17, 24	(208.131.568)	(119.301.288)
1.1.3- Premiums Transferred to Social Security Institutions		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	29	(1.035.049.386)	(324.308.079)
1.2.1- Reserve for Unearned Premiums, gross	17	(1.038.141.378)	(327.008.846)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	3.091.992	2.700.767
1.2.3- Reserve for Unearned Premiums, Social Security Institution Share		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(17.803.786)	(5.115.533)
1.3.1- Reserve for Unexpired Risks, gross	17	(18.510.973)	(5.292.655)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	707.187	177.122
2- Investment Income - Transferred from Non- Technical Section		697.820.455	173.334.683
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		(1.044)	1.044
<b>B- Non-Life Technical Expense</b>		<b>(2.545.037.750)</b>	<b>(1.264.637.989)</b>
1- Incurred Losses (Net of Reinsurer Share)		(1.668.853.773)	(807.956.465)
1.1- Claims Paid (Net of Reinsurer Share)	29	(1.144.787.501)	(695.380.950)
1.1.1- Claims Paid, gross	17	(1.157.588.592)	(699.102.562)
1.1.2- Claims Paid, ceded	17	12.801.091	3.721.612
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(524.066.272)	(112.575.515)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(540.378.682)	(118.726.742)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	16.312.410	6.151.227
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17, 29	(49.683.844)	(22.803.187)
4- Operating Expenses	32	(767.930.123)	(399.219.323)
5- Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions, gross		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses (Net of Reinsurer and Less the Amounts Carried Forward)	47	(58.570.010)	(34.659.014)
6.1- Other Technical Expenses, gross	47	(58.570.010)	(34.659.014)
6.2- Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income - Non - Life (A - B)</b>		<b>768.426.509</b>	<b>280.167.006</b>

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

# UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021
<b>I- TECHNICAL SECTION</b>			
<b>D- Life Technical Income</b>		-	-
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		-	-
5- Accrued Salvage Income		-	-
<b>E- Life Technical Expense</b>		-	-
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 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 Life Mathematical Provisions		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non-Technical Part (-)		-	-
<b>F- Net Technical Income- Life (D - E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G - H)</b>		-	-

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

## UNCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021
<b>II- NON-TECHNICAL SECTION</b>			
<b>C- Net Technical Income - Non-Life (A-B)</b>		<b>768.426.509</b>	<b>280.167.006</b>
<b>F- Net Technical Income - Life (D-E)</b>		-	-
<b>I- Net Technical Income - Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>768.426.509</b>	<b>280.167.006</b>
<b>K- Investment Income</b>	<b>4.2</b>	<b>883.143.589</b>	<b>418.642.699</b>
1- Income from Financial Assets	4.2	122.030.702	116.115.032
2- Income from Disposal of Financial Assets	4.2	228.689.467	19.771.804
3- Valuation of Financial Assets	4.2	173.371.991	22.692.648
4- Foreign Exchange Gains	4.2	89.120.391	258.685.114
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions	4.2	269.931.038	1.378.101
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(892.904.460)</b>	<b>(423.831.367)</b>
1- Investment Management Expenses (including interest)	4.2	(1.279.728)	(557.803)
2- Diminution in Value of Investments	4.2	(5.579.313)	(1.051.072)
3- Loss from Disposal of Financial Assets	4.2	(33.381.177)	(5.436.420)
4- Investment Income Transferred to Non-Life Technical Section		(697.820.455)	(173.334.683)
5- Loss from Derivative Transactions	4.2	(124.958.387)	(178.990.850)
6- Foreign Exchange Losses	4.2	(21.404.256)	(59.829.674)
7- Depreciation and Amortisation Expenses	6, 8	(8.481.144)	(4.625.671)
8- Other Investment Expenses	4.2	-	(5.194)
<b>M- Income and Expenses from Other and Extraordinary Operation</b>		<b>103.331.558</b>	<b>16.240.468</b>
1- Provisions	47	(4.890.896)	(4.285.886)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	16.009.395	444.316
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income	47	79.188.544	20.311.444
8- Other Expenses and Losses		(1.042.927)	(229.406)
9- Prior Year's Income	47	14.067.442	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Period</b>		<b>694.997.196</b>	<b>218.144.450</b>
1- Profit for the Period		861.997.196	291.218.806
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(167.000.000)	(73.074.356)
3- Net Profit for the Period		694.997.196	218.144.450
4- Inflation Adjustment Account		-	-

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

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### Audited Statement of Changes in Equity - December 31, 2021

EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences
<b>I- Balance at the end of the previous year - December 31, 2020</b>		<b>375.000.000</b>	-	<b>(504.811)</b>	-
<b>II- Change in Accounting Standards</b>		-	-	-	-
<b>III- Restated balances (I+II)- January 1, 2021</b>		<b>375.000.000</b>	-	<b>(504.811)</b>	-
A- Capital increase		225.000.000	-	-	-
1- In cash	15	225.000.000	-	-	-
2- From reserves		-	-	-	-
B- Purchase of own shares		-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-
D- Change in the value of financial assets	4,2, 15	-	-	(10.378.818)	-
E- Currency translation adjustments		-	-	-	-
F- Other gains and losses	15	-	-	-	-
G- Inflation adjustment differences		-	-	-	-
H- Net profit for the year		-	-	-	-
I- Other reserves and transfers from retained earnings		-	-	-	-
J- Dividends paid		-	-	-	-
<b>IV- Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-

### Audited Statement of Changes in Equity December 31, 2022

EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences
<b>I- Balance at the end of the previous year - (December 31, 2021)</b>	<b>2.13, 15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-
<b>II- Change in Accounting Standards</b>		-	-	-	-
<b>III- Restated Balances (January 1, 2022)</b>	<b>2.13, 15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-
A- Capital increase		-	-	-	-
1- In cash		-	-	-	-
2- From reserves		-	-	-	-
B- Purchase of own shares		-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-
D- Change in the value of financial assets	4,2, 15	-	-	17.284.492	-
E- Currency translation adjustments		-	-	-	-
F- Other gains and losses	15	-	-	-	-
G- Inflation adjustment differences		-	-	-	-
H- Net profit for the year		-	-	-	-
I- Other reserves and transfers from retained earnings		-	-	-	-
J- Dividends paid		-	-	-	-
<b>IV- Balance at the end of the period December 31, 2022 (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>15</b>	<b>600.000.000</b>	-	<b>6.400.863</b>	-

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

Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
-	156.411	-	-	82.209.237	2.971.810	459.832.647
-	-	-	-	-	-	-
-	156.411	-	-	82.209.237	2.971.810	459.832.647
-	-	-	-	-	-	225.000.000
-	-	-	-	-	-	225.000.000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(10.378.818)
-	-	-	-	-	-	-
-	-	-	(39.373)	-	-	(39.373)
-	-	-	-	-	-	-
-	-	-	-	218.144.450	-	218.144.450
-	-	-	-	-	-	-
-	4.114.872	-	-	(82.209.237)	78.094.365	-
-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906

Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
-	-	-	-	-	-	-
-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17.284.492
-	-	-	-	-	-	-
-	-	-	231.025	-	-	231.025
-	-	-	-	-	-	-
-	-	-	-	694.997.196	-	694.997.196
-	-	-	-	-	-	-
-	10.907.223	-	21.660.007	(218.144.450)	185.577.220	-
-	15.178.506	-	21.851.659	694.997.196	266.643.395	1.605.071.619



## UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

CASH FLOW	Notes	Audited	Audited
		Current Period January 1 - December 31, 2022	Prior Period January 1 - December 31, 2021
<b>A. Cash flows from main activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		3.932.392.863	1.895.529.505
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(2.693.837.468)	(1.131.291.686)
6. Cash used in pension business		-	-
<b>7. Cash provided from main activities</b>		<b>1.238.555.395</b>	<b>764.237.819</b>
8. Interest paid		-	-
9. Income taxes paid	19	(118.188.317)	(42.209.313)
10. Other cash inflows		22.907.460	3.900.995
11. Other cash outflows		(72.048.483)	(12.967.611)
<b>12. Net cash provided from operating activities</b>		<b>1.071.226.055</b>	<b>712.961.890</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		158.739	1.757.057
2. Acquisition of tangible assets	6, 8	(13.554.350)	(3.274.438)
3. Acquisition of financial assets	9, 11	(11.931.883.621)	(1.579.497.397)
4. Disposal of financial assets	11	10.679.797.095	1.222.403.550
5. Interests received		93.327.047	103.062.680
6. Dividends received		961.441	1.183.374
7. Other cash inflows		603.843.464	286.249.120
8. Other cash outflows		(927.718.446)	(641.246.132)
<b>9. Net cash provided by investing activities</b>		<b>(1.495.068.631)</b>	<b>(609.362.186)</b>
<b>C. Cash used in financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	225.000.000
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>-</b>	<b>225.000.000</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>1.075.135</b>	<b>107.539.890</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>(422.767.441)</b>	<b>436.139.594</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>833.233.371</b>	<b>397.093.777</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>410.465.930</b>	<b>833.233.371</b>

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

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

PROFIT DISTRIBUTION	Notes	Audited Current Period December 31, 2022 <sup>(1)</sup>	Audited Prior Period December 31, 2021
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT		861.997.196	291.218.806
1.2. TAX AND FUNDS PAYABLE		(167.000.000)	(73.074.356)
1.2.1. Corporate Income Tax (Income Tax)	35	(167.000.000)	(73.074.356)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
<b>A. NET PROFIT (1.1 - 1.2)</b>		<b>694.997.196</b>	<b>218.144.450</b>
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		34.749.860	10.907.223
1.5. STATUTORY FUND (-) <sup>(2)</sup>		-	5.137.663
<b>B. NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5))]</b>		<b>660.247.336</b>	<b>202.099.564</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. Holders of shares		-	-
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. Holders of Shares		-	-
1.10.2. Holders of Preferred shares		-	-
1.10.3. Holders of Redeemed shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss sharing certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	202.099.564
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of Shares		-	-
2.3.2. Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. HOLDERS OF SHARES <sup>(3)</sup>		-	0,3368
3.2. HOLDERS OF SHARES (%) <sup>(3)</sup>		-	33,68
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

<sup>(1)</sup> In accordance with Article 408 of the Turkish Commercial Code, the entire authority in determining profit distribution and reserve fund transfers is in the General Assembly and the profit distribution proposal for 2022 has not been filled since the Annual Ordinary General Assembly Meeting has not been held yet as of the date these financial statements were prepared.

<sup>(2)</sup> Resources not subject to profit distribution are explained in 2.23 Dividend distribution note.

<sup>(3)</sup> The number of shares corresponding to the paid up capital has been taken into account.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 1 General Information

### 1.1. Name of the Company

The Company was established by the Republic of Turkey Ministry of Treasury and Finance as of January 18, 2019 under the title of "Türk Reasürans Anonim Şirketi" in accordance with Law No. 5684 and started its activities as of register date which is September 6, 2019.

As at December 31, 2021, the shareholder having direct or indirect control over the shares of Türk Reasürans Anonim Şirketi ("the Company") is the Republic of Turkey Ministry of Treasury and Finance.

### 1.2 The Company's address and legal structure and address of its registered country and registered office

The Company was registered in Turkey in September 6, 2019 and has the status of 'Incorporated Company'. The address of the Company's registered office is "Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul".

### 1.3 Business of the Company

The subject of the Company's actual activity is to perform all sorts and branches of insurance transactions of the insurance groups in Turkey and foreign countries, to perform proportional and/or non-proportional all kinds of reinsurance, retrocession and alternative risk transfer operations related to these insurances, and to participate in risk sharing and transfers by managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance.

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

The Company conducts its operations in accordance with the Insurance Law No. 5684 ("the Insurance Law") issued in June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law.

The Company's objective and its main work issues are as follows as stated in the Company's Articles of Association:

- To take over the portfolios of other reinsurance and insurance companies and pension companies or their agencies at Turkey and abroad, in compliance with the Insurance Law and all other regulations, and transfer them including their own portfolio when necessary;
- Managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance and participating in risk sharing and transfers;
- To purchase, sale lease and lease out or to obtain through construction of all kinds of movable and immovable goods in order to conduct the operations of the Company to keep them as Company assets;
- To issue all kinds of bonds, redeemed share, profit partnership certificate and other securities in accordance with the provisions of the Turkish Commercial Code and other legislation on the subject;
- In addition to these, to perform other operations which are deemed to be useful and required for the Company and are not prohibited by the law.

### 1.5 The average number of the personnel during the year in consideration of their categories:

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

	December 31, 2022	December 31, 2021
Top executive	6	5
Executive	14	13
Executive assistant	20	18
Expert/Authorized/Other employees	104	69
<b>Total (*)</b>	<b>144</b>	<b>105</b>

(\*) 57 personnel who are assigned for the operations of the institutions, authorized by the Company as the 'Technical Operator', are included (December 31, 2021: 45).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 1 General Information *(continued)*

#### 1.6 Wages and similar benefits provided to the senior management

For the period that ended on December 31, 2022, TL 1.261.571 to the chairman and members of the board of directors (December 31, 2021: TL 1.038.952), TL 11.027.071 (December 31, 2021: TL 5.678.487) wages and similar benefits were provided to senior executives.

#### 1.7 Keys used in the distribution of investment income and operating expenses (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses) in the financial statements

Procedures and principles related to keys used in the financial statements of the companies are determined 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.

In accordance with the above mentioned communiqué, companies may transfer the operating expenses of the technical section to the insurance section through method determined by the Republic of Turkey Ministry of Treasury and Finance or by the companies' own method which approved by Republic of Turkey Ministry of Treasury and Finance. In this framework, the Company directly allocates its costs, which are certainly documented to be made for related branches and for which there is no hesitation regarding the ownership of such costs to respective branches while it allocates its other operating expenses based on their shares within the total gross written premium during a period for each sub-branches.

Investment income from the assets covering the non-life technical provisions is transferred to technical section from non-technical section; other investment income is remained in the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow". Net cash flow is calculated by deducting net claims paid from net written premiums.

#### 1.8 Information on the unconsolidated financial statements as to whether they comprise an individual Company or a group of companies

The accompanying unconsolidated financial statements comprise an individual company (Türk Reasürans Anonim Şirketi). The consolidated financial statements as of December 31, 2022 are prepared separately as explained in more detail in the Note 2.2 - *Consolidation* note.

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

Trade name of the Company : Türk Reasürans Anonim Şirketi  
Registered address of the head office : Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul  
The web page of the Company : [www.turkreasurans.com.tr](http://www.turkreasurans.com.tr)

There has been no change in the information presented above since the previous reporting period.

#### 1.10 Subsequent events to date of balance sheet

The financial statements prepared as at December 31, 2022, have been approved by the Company's Board of Directors on April 3, 2023.

Explanations related to date of balance sheet subsequent events are disclosed in Note 46 - *Subsequent events*.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

#### 2.1.1 Information about the principles and the specific accounting policies used in the preparation of the financial statements

The Company prepares its unconsolidated financial statements in accordance with the accounting principles and standards in force as per the regulations of Insurance Law numbered 5684 published in the Official Gazette dated June 14, 2007 and numbered 26522, and other regulations, statements and guidance issued by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") established by the Presidential Decree dated October 18, 2019 and "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" contains terms of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS"). The insurance legislation before the establishment of IPPRSA had been published by the Republic of Turkey Ministry of Treasury and Finance.

According to numbered 4<sup>th</sup> of related law, the procedures and principles regarding the accounting of insurance contracts, subsidiaries, jointly controlled partnerships and associates and the preparation of financial statements to be announced to the public and related disclosures and notes are determined by notices to be issued by the Republic of Turkey Ministry of Treasury and Finance.

The "Communiqué on Presentation of Financial Statements" published in the Official Gazette numbered 26851 and dated April 18, 2008 and "Communiqué on Presentation of Financial Statements with the New Accounting Codes" numbered 2012/7 and dated May 31, 2012 and published by the Republic of Turkey Ministry of Treasury and Finance determines the comparison of the financial statements with the prior periods and also other companies in terms of the format and content.

#### 2.1.2 Other accounting policies appropriate for the understanding of the financial statements

##### Accounting in hyperinflationary countries

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on TAS 29 - Financial Reporting in Hyperinflationary Economies as at December 31, 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting period, and that corresponding figures for previous years be restated in the same terms.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on December 31, 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the unconsolidated financial statements as of December 31, 2022.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.1 Basis of preparation (continued)

##### 2.1.2 Other accounting policies appropriate for the understanding of the financial statements (continued)

##### Other accounting policies

The Company record premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related unconsolidated income statement balances consist of amounts for the three-months period ended October 1 - December 31, 2021 and nine-months period ended January 1 - September 30, 2022. Accordingly, related balance sheet balances as of December 31, 2022 do not reflect the actual position. According to the letter dated September 1, 2020 and numbered 97354901-040.03.E.474952 sent by IPPRSA to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information on other accounting policies is explained above in the section 2.1.1 - *Information about the principles and special accounting policies used in the preparation of the financial statements* and each under its own heading in the following sections of this report.

##### 2.1.3. Current and presentation currency

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

##### 2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

The accompanying financial statements are prepared on the historical cost basis except financial assets held for trading, available-for-sale financial assets, derivative financial instruments which are measured at their fair values in case of reliable measures are available.

##### 2.1.6 Accounting policies, changes in accounting estimates and errors

If changes of accounting estimations are related to only one period, it is applied on current period which is change made. If it's related to future period, it is applied rewardingly on future period.

Significant changes in accounting policies and identified significant accounting errors are applied retrospectively and previous period of financial statements are restated. In current period, there is no changes in accounting policies and no significant accounting errors identified.

Critical accounting judgements used in applying the Company's accounting policies are explained in 3 - *Critical accounting estimates and judgments in applying accounting policies*.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.2 Consolidation

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

In this framework, the financial statements of the Company's investments, which are subsidiaries, are included in the consolidated financial statements to be prepared using the full consolidation method in accordance with the provisions of the Circular for Consolidation and TFRS 10 Consolidated Financial Statements. Consolidated financial statements are also prepared by consolidating the financial statements of the Company's subsidiary, Türk Katılım Reasürans A.Ş., using the full consolidation method.

According to the Circular for Consolidation, the Company excludes investments with a capital share of less than 10% that do not have a significant impact on the scope of consolidation, either directly or indirectly, and are accounted for at cost in financial assets.

#### 2.3 Segment reporting

As of December 31, 2022, the Company does not prepare the segment reporting since the Company has been continuing their activities in mainly Turkey in non-life insurance branches that is recording as only one reportable segment in scope of TFRS 8- "Activity Segments" standard and also the Company is not publicly held.

#### 2.4 Foreign currency transactions

Transactions are recorded in TL, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.5 Tangible assets

Tangible assets are shown by deducting accumulated depreciation from the acquisition cost. Depreciation is allocated based on the useful lives of tangible assets by using the straight-line method. The depreciation periods estimated based on the useful lives of tangible assets are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Machinery and equipment	3 - 10	33,3 - 10,0
Furniture and fixtures	5 - 10	20,0 - 10,0
Motor vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5	20,0
Leased tangible assets	3 - 5	33,3 - 20,0

In case of there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and when the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the balance of impairment associates with expense accounts.

As of December 31, 2022, the Company has no any impairment on tangible assets (December 31, 2021: None). Gains and losses on the disposal of tangible assets are determined in reference to their carrying amounts and are taken into account in determining operating profit and losses (Note 6).

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

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

There are not any pledges, mortgages and other encumbrances on tangible assets.

There are not any changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

#### 2.6 Investment property

As at December 31, 2022, the Company has not any investment property (December 31, 2021: None).

#### 2.7 Intangible assets

Intangible fixed assets include the acquired information systems, franchise rights and computer software. Intangible fixed assets are recorded at their acquisition cost in accordance with TAS 38 - Accounting Standard for Intangible Fixed Assets and are subjected to depreciation with the straight-line depreciation method over their estimated useful lives after the date of acquisition. In case of impairment, the registered value of intangible fixed assets is brought to their recoverable value. As of December 31, 2022, the Company does not have any intangible fixed assets impaired (December 31, 2021: None) (Note 8).

Expenditures that are under the control of the Company, that can be directly associated with identifiable and unique software products and that will provide economic benefits above their cost for more than one year are considered as intangible assets.

The depreciation periods of intangible fixed assets vary between 3 and 15 years.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.8 Financial assets

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

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

*Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying unconsolidated financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit/loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 - *Derivative financial instruments*.

*Held to maturity financial assets* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Company has no financial assets that are allowed to be classified as held to maturity financial assets.

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. The realized gain or losses through disposal are recognized directly in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The Company has accounted equity shares classified as available-for-sale according to quoted market prices or dealer price quotations for financial instruments traded in active markets or according to cost less impairment losses for financial instruments not traded in active markets.

*Investments in equity shares* are shares and partnership interests, in which the Company has a share less than 10% and which are not participating in the determination of partnership policies and management of other companies directly or indirectly and are acquired for the purpose of investment. Differences between fair value and book value of such securities are recognized under "Revaluation of financial assets" within equities items provided they can be measured reliably with their book values. Market value securities are demonstrated under assets with their market value while others are demonstrated with their net value subsequent to impairment from their book values, if available.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.8 Financial assets (continued)

*Subsidiaries* are partnership shares in which the Company's share is more than 50% or in which it has the opportunity to manage its activities that significantly affect the returns of the invested partnership. In accordance with the provisions of the Consolidation Circular and IFRS 10 Consolidated Financial Statements subsidiaries are, including in the scope of consolidation in the content of the consolidated financial statements.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized cost by effective interest method less impairment losses, if exist.

Securities are recognized and derecognized at the date of settlement.

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expired or surrendered.

#### 2.9 Impairment on assets

##### Impairment on financial assets

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

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

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

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

##### Impairment on tangible and intangible assets

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

Provision and rediscount expenses of the period(s) are detailed in *Note 47*.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.10 Derivative financial instruments

Derivative instruments are treated as held for trading financial assets in compliance with the standard *TAS 39 - Financial Instruments: Recognition and measurement*.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "income accruals" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

As of December 31, 2022, the Company has derivative financial instruments recognized in the financial assets held for trading that is amounting to TL 9.811 (December 31, 2021: None) and as of reporting period the Company does not have open interest (December 31, 2021: TL 85.921.272).

#### 2.11 Offsetting of financial assets

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

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

#### 2.12 Cash and cash equivalents

Cash and cash equivalents, which is the basis for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than 3 months which are ready to be used by the Company or not blocked for any other purpose.

#### 2.13 Capital

As at December 31, 2022 and 2021, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2022.

As of December 31, 2022, there are not any privileges on common shares representing share capital (December 31, 2021: None).

As of December 31, 2022 and 2021, the Company is not subject to registered capital system.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.14 Insurance and investment contracts - classification

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

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

The Company acts as a reinsurer when writing insurance from an insurance company (cedant) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

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

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

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

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

As of balance sheet date, the Company does not have any insurance or investment contracts that contain a DPF (December 31, 2021: None).

#### 2.16 Investment contracts without discretionary participation feature

As of the reporting date, the Company does not have any insurance contracts and investment contracts without discretionary participation feature (December 31, 2021: None).

#### 2.17 Liabilities

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



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.18 Taxes

##### Corporate tax

Statutory income is subject to corporate tax at 25% (With the amendment made in Article 32 of the Corporate Tax Law No. 5520 by the Law No. 7394 on April 15, 2022, it has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2022 calendar year, starting from the declarations that must be submitted as of July 1, 2022 and being valid for the corporate earnings for the taxation period starting from January 1, 2022). 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. The 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 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.

The 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 Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their corporate tax returns to their tax offices by the end of last day of the fourth month of 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.

##### Deferred tax

In accordance with *TAS 12 - 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.

Since, as of July 1, 2022, the corporate tax rate for after 2022 is determined as 25%, as of December 31, 2022, 25% tax rates is used for temporary differences that are expected to be realized/closed after 2022 (December 31, 2021: Since the corporate tax rate effective as of January 1, 2022 is 23%, tax rate is used 23% for the valid differences that are expected to be realized/closed after 2022).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.18 Taxes (continued)

##### Transfer pricing

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

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

#### 2.19 Employee benefits

##### Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2022 is TL 15.371,40 (December 31, 2021: TL 8.284,51).

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - *Employee Benefits*.

The major actuarial assumptions used in the calculation of the total liability as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	3,11%	3,95%
Expected rate of salary/limit increase	20,00%	25,00%

##### Other benefits

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 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 not any 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 assets in the notes to the financial statements.

#### 2.21 Revenue recognition

##### Written premiums

Written premiums represent premiums ceded from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocessionaire companies are accounted as "written premiums, ceded" in the profit or loss statement. Written premiums are recorded upon the receipt of quarterly statements of accounts from cedant in treaties whereas facultative accounts are registered upon the receipt of monthly slips.

##### Claims paid

Claims paid represent payments of the Company as a reinsurance company when risks ceded from insurance and reinsurance companies are realized. Claims are recognised as expense upon the receipt of notifications. Notifications have not specific periods and depend on the initiative of the insurance and reinsurance companies.

##### Commission income and expenses

Commissions paid to the insurance and reinsurance companies and brokers related to the taken risk of written premium as a reinsurance company and the commissions received from the reinsurance companies related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses respectively within the calculation of reserve for unearned premiums for the policies produced.

##### Interest income and expenses

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

#### 2.21 Revenue recognition (continued)

##### 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 unconsolidated financial statements.

##### Dividends

Dividend income is recognized when the Company’s right to receive payment is ascertained.

#### 2.22 Leasing transactions

Tangible assets acquired through finance leasing are recognised in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

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

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes as following;

- the initial amount of lease liabilities recognised,
- lease payments made at or before the commencement date less any lease incentives received, and
- all initial direct costs incurred by the Company

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.22 Leasing transactions (continued)

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The right of use which is calculated on leasing agreements is accounted under "Tangible Assets" account.

The interest expense on the lease obligation is accounted under "Investment Management Expense - Including Interest", and the depreciation expense of the usage right asset is accounted under "Depreciation and Amortization Expenses".

Information on the duration of the operating leases and discount rates applied are as follows:

<b>Assets subject to operational leasing</b>	<b>Contract Period (Year)</b>	<b>Discount Rate - TL (%)</b>
Buildings	3-5 years	11,32-23,00
Vehicles	3 years	11,00-23,00

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.23 Dividend distribution

Dividend distributions are reflected in the financial statements as a liability in the period in which they are declared as a component of profit distribution in accordance with Turkish Commercial Law, related tax laws, Insurance legislation and the Company's Articles of Association.

#### 2.24 Insurance technical provisions

##### *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 unearned premiums reserve 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 current insurance policies. Nonetheless;

- Unearned premium reserve is calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations,

- For commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Company: for proportional reinsurance contracts, on the basis of 1/24 over the ceded premiums for treaty and facultative contracts, for commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves and for facultative and non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Company calculates unearned premiums reserve for ceded premium as retrocedant on the same basis.

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

##### *Unexpired risk reserves*

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net -outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period - unearned premiums reserve, net at the end of the period).



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions (continued)

##### Unexpired risk reserves (continued)

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 28356 dated July 17, 2012; besides the net unexpired risk reserve detailed in the above, gross unexpired risk reserve is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the unearned premiums reserve of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer's share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

According to the Circular numbered 2012/15 dated December 10, 2012, reserve for unexpired risks are calculated on main branches.

As a result of new start of the Company according to "Regulation on the technical provisions and assets which are to be invested of Insurance and Reinsurance and Pension Companies" ("Regulation"), unexpired risk reserve is not; it's calculated by the Company actuary until the end of the twenty-fourth month following the commencement of operations on net claim/premium ratio (outstanding claims (net) + claims paid (net) - provision for outstanding claims, net at the beginning of the period)/((written premiums (net) + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums (net)) for one year. According to 6th subclause of 6th article of Regulation, unexpired risk reserve is calculated on net claim/premium ratio (outstanding claims (net) + claims paid (net))/((written premiums (net) - reserve for unearned premiums (net)) as not to take catastrophic excess of loss reinsurance premiums on a sub-branch basis. If the net claims/premiums ratio exceeds 95%, net amount of unexpired risk reserve is calculated as ratio which exceeds 95% by multiplying with net amount of unearned premiums reserve, gross unexpired risk reserve is calculated by multiplying with gross amount of unearned premiums reserve.

As a result of the calculation during the reporting period, the Company has TL 22.977.195 unexpired risk reserves (December 31, 2021: TL 5.173.409).

##### Outstanding claims reserve

The Companies are obliged to reserve outstanding claims provision for unearned compensation amounts that have been accrued and calculated but have not yet been paid in the previous accounting period or if this amount has not been calculated the provision should be reserved for the estimated amount that have accrued but have not been reported ("IBNR").

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 27655 numbered and July 28, 2010 dated Official Gazette, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses are considered while the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

In accordance with the Regulation, the calculation of provisions for incurred but not reported outstanding claims and outstanding claims reserve adequacy difference calculated by the Company's actuary for the five years following the start of the activity are calculated. In addition, adequate differences will be calculated for extracted major damages that are determined by the actuary. The procedures and principles regarding the calculation of provisions for outstanding claim adequacy difference, sending these calculation table to the Republic of Turkey Ministry of Treasury and Finance and the addition of the calculated difference to provision for outstanding claims in financial statements are determined by the Republic of Turkey Ministry of Treasury and Finance.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions (continued)

##### Outstanding claims reserve (continued)

Current or related reinsurance agreement conditions are considered in calculations of provisions for outstanding claims, ceded.

Except for the life branch, the difference between the outstanding claims reserve that has accrued and determined in amount, and the results of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance, is called as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method" except its Article 9 and 10 have abolished. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Claim/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The Company, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated November 6, 2008, selections and results should be assess in detail in actuarial report by the actuary.

As of December 31, 2022, gross and ceded IBNR amount based on sub-branch except Agricultural sub-branches in the General Losses main branch was calculated by deducting incurred loss from final loss dated December 31, 2022 determined through sector loss ratio based on sub-branch due to insufficient data in branches.

However, the IBNR amounts reported by Tarsim (Insurance of Agriculture) as of December 31, 2022 in the Agriculture sub-branches of the General Losses main branch were included in the financial statements.

In the calculation of the ceded IBNR, the retrocession/gross ratio in the incurred loss on the basis of sub-branch is used.

As of December 31, 2022, the Company reflected to unconsolidated financial statement the gross IBNR amount of TL 86.009.292 (December 31, 2021: TL 9.650.212) and TL 93.929.903 net IBNR calculated according to the method explained above (December 31, 2021: TL 10.703.244).

In the framework of "Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves" dated June 10, 2016 and numbered 2016/22 published by the Republic of Ministry of Treasury and Finance and "Circular on Making Amendments on Circular Numbered 2016/22 on Discounting of Net Cash Flows arising from Outstanding Claims" dated September 15, 2017 and numbered 2017/7 of Ministry of Treasury and Finance, discounting of net cash flows arising from outstanding claims reserves calculated and allocated according to insurance legislation has become obligatory in terms of General Liability and Land Vehicles Liability branches and possible in terms of other branches.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions (continued)

##### **Outstanding claims reserve** (continued)

In accordance with the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions as of July 22, 2022, the rate taken into account for the discount has determined as 22% (December 31, 2021: 14%).

The Company has calculated taking into account the sector cash flow rates in the Table57-AZMM file uploaded on February 13, 2023 to discount of all branches. Accordingly, as of December 31 2022, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of TL 144.040.719 (December 31 2021: TL 26.958.368).

##### **Equalization reserve**

In accordance with the Communiqué on Technical Reserves put into effect starting from November 10, 2021, the companies should provide equalization reserve in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization reserve, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization reserve up to reaching 150% of the highest premium amount written in a year within the last five years. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization reserves. Claims payments are deducted from first year's equalization reserves by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity.

This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

Equalization reserves are presented under "Other technical reserves" within long term liabilities in the accompanying unconsolidated financial statements. As of the reporting date, the Company has recognized equalization reserves amounting to TL 81.627.100 (December 31, 2021: TL 31.943.256).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.25 Related parties

Parties are considered related to the Company if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
  - has an interest in the Company that gives it significant influence over the Company; or
  - has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venturer;
- (d) the party is member of the key management personnel of the Company and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

A number of transactions are entered into with related parties in the normal course of business

#### 2.26 Earning per share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

#### 2.27 Subsequent events

Subsequent events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

#### 2.28 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the unconsolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. 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, 2022 are as follows:

##### Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, 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 must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Company.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations *(continued)*

##### i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows:*(continued)*

##### **Amendments to TAS 16 - Proceeds before intended use**

In July 2020, 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 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.

The amendments did not have a significant impact on the financial position or performance of the Company.

##### **Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract**

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments 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 prospectively 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).

The amendments did not have a significant impact on the financial position or performance of the Company.

##### **Annual Improvements - 2018-2020 Cycle**

In July 2020, 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.

The amendments did not have a significant impact on the financial position or performance of the Company.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations (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 unconsolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the unconsolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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.

##### **TFRS 17 - The new Standard for insurance contracts**

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 become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

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

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations *(continued)*

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

##### **Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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

##### **Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

##### **Amendments to TAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 2 Summary of significant accounting policies (continued)

### 2.28 The new standards, amendments and interpretations (continued)

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

##### Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

### 3 Critical accounting estimates and judgments in applying accounting policies

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

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

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

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

Note 4.1 - *Management of insurance risk*

Note 4.2 - *Financial risk management*

Note 10 - *Reinsurance assets/liabilities*

Note 11 - *Financial assets*

Note 12 - *Loans and receivables*

Note 17 - *Insurance liabilities and reinsurance assets*

Note 21 - *Deferred taxes*

Note 23 - *Other liabilities and cost provisions*

Note 34 - *Financial costs*

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 4 Management of insurance and financial risk

#### 4.1 Management of insurance risk

##### Objective of managing risks arising from insurance (reinsurance) contracts and policies used to minimize such risks

Reinsurance and retrocession risk are defined as a possibility of financial loss due to inappropriate and insufficient application of reinsurance techniques in the activities of taking insurance contract responsibility partially or completely.

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Company's "Risk Acceptance Criteria" issued by the approval of the Board of Directors.

The main objective of the "Risk Acceptance Criteria" is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company's asset quality and limitations allowed by the insurance standards together with the Company's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed and reported to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

##### Sensitivity to insurance risk

Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst case scenario on the possibility of an earthquake in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Insurance risk condensation

The Company's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance):

<b>Total claims liability December 31, 2022</b>	<b>Gross total claims liability</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
General Loses	364.199.899	(5.169.334)	359.030.565
Fire and Natural Disasters	138.998.943	(8.247.653)	130.751.290
General Liabilities	123.175.671	(11.321.405)	111.854.266
Marine	82.553.330	-	82.553.330
Water Vehicles	35.581.295	-	35.581.295
Land Vehicles	6.868.868	-	6.868.868
Financial Losses	4.647.146	489.170	5.136.316
Credit	6.401.452	(592.493)	5.808.959
Accident	3.496.784	-	3.496.784
Land Vehicles Liability	881.429	-	881.429
Breach of Trust	2.285.737	-	2.285.737
Air Vehicles	1.705.028	-	1.705.028
Health	29.900	-	29.900
Legal Protection	11.133	-	11.133
Air Vehicles Liability	9.321	-	9.321
<b>Total</b>	<b>770.845.936</b>	<b>(24.841.715)</b>	<b>746.004.221</b>
<b>Total claims liability December 31, 2021</b>	<b>Gross total claims liability</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
General Loses	87.988.659	(1.387.812)	86.600.847
Fire and Natural Disasters	42.065.918	(4.706.233)	37.359.685
General Liabilities	34.402.272	(725.415)	33.676.857
Marine	18.465.538	-	18.465.538
Water Vehicles	17.485.195	-	17.485.195
Land Vehicles	10.972.437	-	10.972.437
Financial Losses	8.073.768	(741.561)	7.332.207
Credit	5.928.358	(968.284)	4.960.074
Accident	4.289.800	-	4.289.800
Land Vehicles Liability	510.228	-	510.228
Breach of Trust	164.572	-	164.572
Air Vehicles	120.231	-	120.231
Legal Protection	278	-	278
<b>Total</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Given insurance collateral amounts in respect to branches

	December 31, 2022	December 31, 2021
Fire and Natural Disasters	456.813.951.399	163.734.084.063
General Losses	181.516.218.846	69.762.785.658
Financial Losses	18.689.631.779	8.314.386.326
General Liabilities	9.512.778.365	3.704.607.688
Accident	4.230.708.643	1.714.026.707
Land Vehicles Liability	1.689.238.368	803.106.238
Water Vehicles	1.158.589.679	513.679.766
Land Vehicles	1.142.355.944	405.538.605
Marine	699.099.510	318.181.917
Air Vehicles	178.706.501	64.428.113
Credit	88.396.440	51.605.140
Breach of Trust	28.193.160	9.348.379
Health	861.369	-
Legal protection	64.189	25.563
<b>Total<sup>(*)</sup></b>	<b>675.748.794.192</b>	<b>249.395.804.163</b>

<sup>(\*)</sup> Net amount which deducted share of reinsurance.

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

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

### 4.2 Management of insurance risk

#### Introduction and overview

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Credit risk (continued)

Credit risk is the risk of financial loss to the Company if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Company fails to meet its contractual obligations. The Company manages this credit risk by regularly assessing reliability of the counterparties. The balance sheet items that the Company is exposed to credit risk are as follows:

- Banks
- Available for sale financial assets
- Held for trading financial assets
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

Credit risk is measured by both quantitative and qualitative methods. The Company assess the financial strengths, financial positions and payment performance of companies described as third party. In addition, the Company consider to credit ratings confirmed by international credit rating agencies related to retrocessionaire.

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 14)	413.817.209	841.729.403
Financial assets (Note 11)	1.814.396.632	351.979.541
Receivables from main operations (Note 12)	1.657.081.126	613.781.608
- third parties (Note 12)	1.656.140.731	613.781.608
- related parties (Note 12), (Note 45)	940.395	-
Other receivables from unrelated parties (Note 12)	7.059.104	10.091.737
- third parties (Note 12)	7.028.960	9.953.126
- related parties (Note 12), (Note 45)	30.144	138.611
Income accruals (Note 12)	70.877.754	3.489.142
Prepaid expenses (Note 12)	5.030.355	1.469.660
Other current assets (Note 12)	63.055	7.917
Other non-current assets (Note 12)	4.500	4.500
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	24.841.715	8.529.305
<b>Total</b>	<b>3.993.171.450</b>	<b>1.831.082.813</b>

<sup>(1)</sup> Stocks amounting to TL 44.975.530 are not included (December 31, 2021: TL 56.957.181).



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Credit risk (continued)

As at December 31, 2022 and 2021, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2022		December 31, 2021	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	1.627.811.598	-	603.762.936	-
Past due 0-30 days	6.675.587	-	4.436.961	-
Past due 31 - 60 days	3.610.716	-	2.022.401	-
Past due 61 - 90 days	9.690.071	-	594.253	-
Past due 90+	9.293.154	-	2.965.057	-
<b>Total</b>	<b>1.657.081.126</b>	<b>-</b>	<b>613.781.608</b>	<b>-</b>

The Company does not have any allowance for impairment losses for receivables from main operations as of December 31, 2022 (December 31, 2021: None).

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as a result of the imbalance between the Company's cash inflows and outflows in terms of maturity and volume.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

In respect of this risk which is measured by quantitative methods, any liquidity deficit is observed via the maturity analysis of assets and liabilities in the statement of balance sheet. Furthermore, liquidity structure of the Company is monitored by using the following basic indicators in respect of liquidity ratios.

- Liquid Assets/Total Assets
- Liquidity Ratio
- Current Ratio
- Premium and Reinsurance Receivables/Total Assets

Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Liquidity risk (continued)

##### Management of the liquidity risk

The Company considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	413.817.209	222.541.883	186.138.429	-	-	-	5.136.897
Financial assets	1.859.372.162	2.457.196	736.526.314	47.855.623	81.505.753	10.903.110	980.124.166
Receivables from main operations -third parties	1.656.140.731	360.786.748	1.251.477.921	29.539.120	14.336.942	-	-
Receivables from main operations -related parties	940.395	940.395	-	-	-	-	-
Other receivables from related parties	30.144	-	30.144	-	-	-	-
Other receivables and current assets	77.974.269	7.028.960	63.055	70.877.754	-	4.500	-
<b>Total monetary assets</b>	<b>4.008.274.910</b>	<b>593.755.182</b>	<b>2.174.235.863</b>	<b>148.272.497</b>	<b>95.842.695</b>	<b>10.907.610</b>	<b>985.261.063</b>
Other financial liabilities	9.544.582	408.360	841.001	1.252.497	2.393.655	4.649.069	-
Payables from main operations	134.113.873	4.369.920	114.729.500	15.014.453	-	-	-
Insurance technical reserves <sup>(1)</sup>	746.004.221	-	-	-	-	-	746.004.221
Provisions for taxes and other similar obligations	84.780.571	5.056.258	-	79.724.313	-	-	-
Other payables	10.602.716	10.602.716	-	-	-	-	-
Provisions for other risks and expense accruals	26.250.675	1.478.223	3.254.219	17.085.523	2.779.698	1.653.012	-
<b>Total monetary liabilities</b>	<b>1.011.296.638</b>	<b>21.915.477</b>	<b>118.824.720</b>	<b>113.076.786</b>	<b>5.173.353</b>	<b>6.302.081</b>	<b>746.004.221</b>

<sup>(1)</sup> Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Liquidity risk (continued)

Management of the liquidity risk (continued)

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	841.729.403	212.466.379	627.101.362	-	-	-	2.161.662
Financial assets	408.936.722	5.765.607	17.760.963	18.860.431	25.388.981	68.965.415	272.195.325
Receivables from main operations	613.781.608	16.394.788	587.250.449	5.193.305	4.943.066	-	-
Other receivables from related parties	138.611	-	138.611	-	-	-	-
Other receivables and current assets	13.454.685	7.917	2.688.412	10.753.856	-	4.500	-
<b>Total monetary assets</b>	<b>1.878.041.029</b>	<b>234.634.691</b>	<b>1.234.939.797</b>	<b>34.807.592</b>	<b>30.332.047</b>	<b>68.969.915</b>	<b>274.356.987</b>
Other financial liabilities	91.409.645	162.955	86.256.558	510.563	1.061.809	3.417.760	-
Payables from main operations	91.150.645	3.932.957	46.797.229	32.290.497	8.129.962	-	-
Insurance technical reserves <sup>(1)</sup>	221.937.949	-	-	-	-	-	221.937.949
Provisions for taxes and other similar obligations	32.497.679	1.585.049	30.912.630	-	-	-	-
Other payables	2.130.921	1.308.478	822.443	-	-	-	-
Provisions for other risks and expense accruals	5.188.503	202.938	-	3.626.392	893.506	465.667	-
<b>Total monetary liabilities</b>	<b>444.315.342</b>	<b>7.192.377</b>	<b>164.788.860</b>	<b>36.427.452</b>	<b>10.085.277</b>	<b>3.883.427</b>	<b>221.937.949</b>

<sup>(1)</sup> Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

##### Foreign currency risk

The Company is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies.

The Company's exposure to foreign currency risk is as follows.

December 31, 2022	US Dollar	Euro	Other currencies	Total
Receivables from main operations	67.974.310	19.470.236	2.495.101	89.939.647
Cash and cash equivalents	38.858.754	52.838.297	21.382.517	113.079.568
<b>Total foreign currency assets</b>	<b>106.833.064</b>	<b>72.308.533</b>	<b>23.877.618</b>	<b>203.019.215</b>
Payables from main operations	-	65.664.293	-	65.664.293
Insurance technical reserves <sup>(1)</sup>	100.872.322	156.233.401	2.418.179	259.523.902
<b>Total foreign currency liabilities</b>	<b>100.872.322</b>	<b>221.897.694</b>	<b>2.418.179</b>	<b>325.188.195</b>
<b>Net financial position</b>	<b>5.960.742</b>	<b>(149.589.161)</b>	<b>21.459.439</b>	<b>(122.168.980)</b>
December 31, 2021	US Dollar	Euro	Other currencies	Total
Receivables from main operations	18.008.405	10.069.076	55.197	28.132.678
Cash and cash equivalents	477.536.850	10.288.735	1.276.025	489.101.610
<b>Total foreign currency assets</b>	<b>495.545.255</b>	<b>20.357.811</b>	<b>1.331.222</b>	<b>517.234.288</b>
Payables from main operations	-	32.290.513	-	32.290.513
Insurance technical reserves <sup>(1)</sup>	16.041.841	38.070.509	-	54.112.350
Financial liabilities	276.198.405	-	-	276.198.405
<b>Total foreign currency liabilities</b>	<b>292.240.246</b>	<b>70.361.022</b>	<b>-</b>	<b>362.601.268</b>
<b>Net financial position</b>	<b>203.305.009</b>	<b>(50.003.211)</b>	<b>1.331.222</b>	<b>154.633.020</b>

<sup>(1)</sup> According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated July 28, 2010; foreign currency denominated claims provisions evaluated by the Central Bank of Republic of Turkey's spot selling rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical provisions are valued at the CBRT's selling rate of December 31, 2022, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, assets are valued at the CBRT buying rates and liabilities are valued at the CBRT selling rate as of December 31, 2022 and the resulting exchange rate differences are recorded as foreign exchange profit and loss.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

##### Exposure to foreign currency risk

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2022 and 2021 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2022	18,6983	19,9349	18,7320	19,9708	16,5443	17,3629
December 31, 2021	13,3290	15,0867	13,3530	15,1139	8,8541	10,4381

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2022 and 2021 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction.

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	(596.074)	(596.074)	(20.330.501)	(20.330.501)
Euro	14.958.916	14.958.916	5.000.321	5.000.321
Other	(2.145.944)	(2.145.944)	(133.122)	(133.122)
<b>Total, net</b>	<b>12.216.898</b>	<b>12.216.898</b>	<b>(15.463.302)</b>	<b>(15.463.302)</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

##### Exposure to interest rate risk

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

As at reporting date, the variable interest income and interest-bearing financial assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
<b>Financial assets/(liabilities) with fixed interest rates:</b>		
Cash at banks (Note 14)	408.680.312	839.567.741
Available for sale financial assets - Government bonds - TL (Note 11)	22.737.652	51.552.521
Available for sale financial assets - Private sector borrowing bonds - TL (Note 11)	64.773.172	24.310.310
Available for sale financial assets - Private sector bonds - TL (Note 11)	57.745.443	17.016.108
Held for trading financial assets - FX indexed financial assets (Note 11)	696.992.052	-
<b>Financial assets/(liabilities) with variable interest rate:</b>		
Available for sale financial assets - Private sector bonds - TL (Note 11)	36.989.866	43.862.458

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

###### Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Company has classified its financial assets as available for sale, held for trading or held to maturity. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying unconsolidated financial statements.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

###### Classification relevant to fair value information

TFRS 7 - *Financial instruments: Disclosures* requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

In accordance with *TFRS 13 - Measurement of Fair Value* standard effective from January 1, 2013, all assets measured at fair value are classified and presented in an order that reflects the importance of the data used in determining their fair value.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

Classification relevant to fair value information (continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	227.221.663	-	-	<b>227.221.663</b>
Held for trading financial assets (Note 11)	785.158.447	696.992.052	-	<b>1.482.150.499</b>
<b>Total</b>	<b>1.012.380.110</b>	<b>696.992.052</b>	<b>-</b>	<b>1.709.372.162</b>
	December 31, 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	193.698.578	-	-	<b>193.698.578</b>
Held for trading financial assets (Note 11)	110.740.650	-	-	<b>110.740.650</b>
<b>Total</b>	<b>304.439.228</b>	<b>-</b>	<b>-</b>	<b>304.439.228</b>

##### Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on income as a result of 10% decrease in the fair value of equity share instruments available for sale financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity share indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	(4.497.553)	(4.497.553)	(5.695.718)	(5.695.718)
<b>Total, net</b>	<b>(4.497.553)</b>	<b>(4.497.553)</b>	<b>(5.695.718)</b>	<b>(5.695.718)</b>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Gain and losses from financial assets

<i>Gains and losses recognized in the statement of income, net:</i>	January 1 - December 31, 2022	January 1 - December 31, 2021
Interest income from bank deposits	88.182.294	109.598.959
Income from debt securities classified as available for sale financial assets	55.149.591	18.173.574
Income from equity shares classified as available for sale financial assets	208.278.644	20.036.798
Income from investment funds classified as available for sale financial assets	-	29.503
Income from investment funds classified as trading financial assets	172.481.631	10.740.650
Income from derivative financial instruments	269.931.038	1.378.101
Foreign exchange gains	89.120.391	258.685.114
<b>Investment income</b>	<b>883.143.589</b>	<b>418.642.699</b>
Foreign exchange losses	(21.404.256)	(59.829.674)
Value decrease of securities	(5.579.313)	(1.051.072)
Loss from disposal of financial assets	(33.381.177)	(5.436.420)
Loss from derivative financial instruments	(124.958.387)	(178.990.850)
Investment management expenses (including interest)	(1.279.728)	(557.803)
Other investment expenses	-	(5.194)
<b>Investment expenses</b>	<b>(186.602.861)</b>	<b>(245.871.013)</b>
<b>Investment income, net</b>	<b>696.540.728</b>	<b>172.771.686</b>
<i>Gains and losses recognized in the statement of equity, net:</i>	December 31, 2022	December 31, 2021
Fair value changes in available for sale financial assets (Note 15)	17.284.492	(10.378.818)
<b>Total, net</b>	<b>17.284.492</b>	<b>(10.378.818)</b>

#### Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Company measured its minimum capital requirement as TL 931.275.595 (December 31, 2021: TL 353.526.281). As of December 31, 2022, the capital amount of the Company calculated according to the Communiqué is TL 655.432.124 (December 31, 2021: TL 469.348.700) more than the minimum capital requirement amounts.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 5 Segment Information

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

As of December 31, 2022 and 2021, the Company operates in non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market. The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

### 6 Tangible assets

Movement in tangible assets in the period from January 1 to December 31, 2022 is presented below:

	January 1, 2022	Additions	Disposals	December 31, 2022
<b>Cost:</b>				
Machinery and equipment	2.458.851	4.511.288	(56.565)	6.913.574
Furniture and fixtures	823.774	1.412.807	-	2.236.581
Other tangible assets (including leasehold improvements)	1.868.281	2.846.574	-	4.714.855
Operating leases (Buildings)	6.230.107	5.287.989	-	11.518.096
Operating leases (Vehicles)	1.783.133	2.192.505	-	3.975.638
	<b>13.164.146</b>	<b>16.251.163</b>	<b>(56.565)</b>	<b>29.358.744</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(1.003.044)	(1.069.661)	13.579	(2.059.126)
Furniture and fixtures	(229.017)	(223.531)	-	(452.548)
Other tangible assets (including leasehold improvements)	(736.831)	(611.971)	-	(1.348.802)
Operating leases (Buildings)	(2.066.123)	(2.616.508)	-	(4.682.631)
Operating leases (Vehicles)	(850.596)	(1.243.279)	-	(2.093.875)
	<b>(4.885.611)</b>	<b>(5.764.950)</b>	<b>13.579</b>	<b>(10.636.982)</b>
<b>Carrying amounts</b>	<b>8.278.535</b>			<b>18.721.762</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 6 Tangible assets (continued)

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

	January 1, 2021	Additions	Disposals	December 31, 2021
<b>Cost:</b>				
Machinery and equipment	2.440.124	358.667	(339.940)	2.458.851
Furniture and fixtures	914.751	128.127	(219.104)	823.774
Other tangible assets (including leasehold improvements)	2.274.481	251.661	(657.861)	1.868.281
Operating leases (Buildings)	4.765.663	1.464.444	-	6.230.107
Operating leases (Vehicles)	1.600.378	182.755	-	1.783.133
	<b>11.995.397</b>	<b>2.385.654</b>	<b>(1.216.905)</b>	<b>13.164.146</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(435.648)	(610.692)	43.296	(1.003.044)
Furniture and fixtures	(115.220)	(130.733)	16.936	(229.017)
Other tangible assets (including leasehold improvements)	(404.900)	(388.612)	56.681	(736.831)
Operating leases (Buildings)	(923.266)	(1.142.857)	-	(2.066.123)
Operating leases (Vehicles)	(286.677)	(563.919)	-	(850.596)
	<b>(2.165.711)</b>	<b>(2.836.813)</b>	<b>116.913</b>	<b>(4.885.611)</b>
<b>Carrying amounts</b>	<b>9.829.686</b>			<b>8.278.535</b>

There is not any mortgage over tangible assets of the Company as at December 31, 2022 (December 31, 2021: None).

### 7 Investment properties

The Company has not any investment property as at December 31, 2022 (December 31, 2021: None).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 8 Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2022 is presented below:

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
<b>Costs:</b>					
Rights	8.140.971	4.261.742	511.384	(509.033)	12.405.064
Advances on intangible fixed assets	491.140	521.939	(511.384)	-	501.695
	<b>8.632.111</b>	<b>4.783.681</b>	<b>-</b>	<b>(509.033)</b>	<b>12.906.759</b>
<b>Accumulated amortization:</b>					
Intangible assets	(2.818.726)	(2.716.194)	-	350.294	(5.184.626)
	<b>(2.818.726)</b>	<b>(2.716.194)</b>	<b>-</b>	<b>350.294</b>	<b>(5.184.626)</b>
<b>Net book value</b>	<b>5.813.385</b>				<b>7.722.133</b>

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

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
<b>Costs:</b>					
Rights	6.641.135	1.682.453	-	(182.617)	8.140.971
Advances on intangible fixed assets	-	853.530	-	(362.390)	491.140
	<b>6.641.135</b>	<b>2.535.983</b>	<b>-</b>	<b>(545.007)</b>	<b>8.632.111</b>
<b>Accumulated amortization:</b>					
Intangible assets	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
	<b>(1.061.426)</b>	<b>(1.788.858)</b>	<b>-</b>	<b>31.558</b>	<b>(2.818.726)</b>
<b>Net book value</b>	<b>5.579.709</b>				<b>5.813.385</b>

### 9 Investments in associates

	December 31, 2022		December 31, 2021	
	Net book value TL	Participation rate %	Net book value TL	Participation rate %
B3i Services AG	4.497.494	0,89	4.497.494	0,89
Impairment (-)	(4.497.494)	-	-	-
<b>Investments in equity shares (Note 4.2)</b>	<b>-</b>		<b>4.497.494</b>	
Türk Katılım Reasürans A.Ş.	100.000.000	100,00	100.000.000	100,00
T Rupt Teknoloji A.Ş.	50.000.000	100,00	-	-
<b>Subsidiaries (Note 4.2)</b>	<b>150.000.000</b>		<b>100.000.000</b>	
<b>Financial assets (Note 4.2)</b>	<b>150.000.000</b>		<b>104.497.494</b>	

Name	Shareholding rate	Total asset	Total equity	Net profit/ (loss) for the period	Whether it has passed independent audit	Period
Türk Katılım Reasürans A.Ş.	100%	364.649.096	104.157.431	1.098.556	Audited	December 31, 2022
T Rupt Teknoloji A.Ş.	100%	50.099.296	50.068.002	68.002	Unaudited	December 31, 2022

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 10 Reinsurance asset and liabilities

As of December 31, 2022 and 2021, outstanding reinsurance assets and liabilities of the Company, as reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2022	December 31, 2021
Receivables from reinsurance companies (Note 12)	6.299.215	1.306.279
Cash Deposited to insurance and reinsurance companies (Note 12)	2.433.246	-
Unearned premiums reserve, ceded (Note 17)	10.575.025	7.483.033
Unexpired risk reserve, ceded (Note 17)	889.410	182.223
Outstanding claims reserve, ceded (Note 17 and 4.2)	24.841.715	8.529.305
Other technical reserves, ceded (Note 17)	23.575.264	10.345.317
<b>Total</b>	<b>68.613.875</b>	<b>27.846.157</b>

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2022	December 31, 2021
Payables to reinsurance companies related to premiums written	300.416	1.448.332
Deferred commission income (Note 19)	1.411.629	1.566.297
Cash deposited by reinsurance companies (Note 19)	10.289.985	8.129.962
<b>Total</b>	<b>12.002.030</b>	<b>11.144.591</b>

The gains and losses recognized in the income statement in accordance with the retrocession contracts of the Company are shown in the following table:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Premiums ceded during the period (Note 17)	(208.131.568)	(119.301.288)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(7.483.033)	(4.782.266)
Unearned premiums reserve, ceded at the end of the period (Note 17)	10.575.025	7.483.033
<b>Premiums earned, ceded (Note 17)</b>	<b>(205.039.576)</b>	<b>(116.600.521)</b>
Claims paid, ceded during the period (Note 17)	12.801.091	3.721.612
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(8.529.305)	(2.378.078)
Outstanding claims reserve, ceded at the end of the period (Note 17)	24.841.715	8.529.305
<b>Claims incurred, ceded (Note 17)</b>	<b>29.113.501</b>	<b>9.872.839</b>
Commission income accrued from reinsurers during the period (Note 32)	4.452.176	5.704.981
Deferred commission income at the beginning of the period (Note 19)	1.566.297	1.060.181
Deferred commission income at the end of the period (Note 19)	(1.411.629)	(1.566.297)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>4.606.844</b>	<b>5.198.865</b>
<b>Changes in unexpired risks reserve, ceded (Note 17)</b>	<b>889.410</b>	<b>182.223</b>
<b>Changes in equalization reserve, ceded (Note 17)</b>	<b>23.575.264</b>	<b>10.345.317</b>
<b>Total, net</b>	<b>(146.854.557)</b>	<b>(91.001.277)</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 11 Financial assets

As of December 31, 2022 and 2021, the Company's financial assets portfolio are detailed as follows:

	December 31, 2022	December 31, 2021
Available for sale financial assets	227.221.663	193.698.578
Financial assets held for trading	1.482.150.499	110.740.650
<b>Total</b>	<b>1.709.372.162</b>	<b>304.439.228</b>

As of December 31, 2022 and 2021, the Company's available for sale financial assets are as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Net book value
<b>Debt instruments:</b>				
Government bonds - TL	22.934.389	19.199.474	22.737.652	22.737.652
Private sector borrowing bonds - TL	70.600.000	62.389.963	64.773.172	64.773.172
Private sector bonds - TL	90.090.000	89.534.564	94.735.309	94.735.309
<b>Total</b>	<b>171.124.001</b>	<b>171.124.001</b>	<b>182.246.133</b>	<b>182.246.133</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	1.833.392	36.070.665	44.975.530	44.975.530
<b>Total</b>	<b>1.833.392</b>	<b>36.070.665</b>	<b>44.975.530</b>	<b>44.975.530</b>
<b>Total available for sale financial assets</b> (Note 4.2)	<b>207.194.666</b>	<b>207.194.666</b>	<b>227.221.663</b>	<b>227.221.663</b>
	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
<b>Debt instruments:</b>				
Government bonds - TL	59.761.790	53.006.701	51.552.521	51.552.521
Private sector borrowing bonds - TL	24.650.000	23.926.140	24.310.310	24.310.310
Private sector bonds - TL	59.300.000	58.360.998	60.878.566	60.878.566
<b>Total</b>	<b>135.293.839</b>	<b>135.293.839</b>	<b>136.741.397</b>	<b>136.741.397</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	11.268.184	67.211.536	56.957.181	56.957.181
<b>Total</b>	<b>11.268.184</b>	<b>67.211.536</b>	<b>56.957.181</b>	<b>56.957.181</b>
<b>Total available for sale financial assets</b> (Note 4.2)	<b>202.505.375</b>	<b>202.505.375</b>	<b>193.698.578</b>	<b>193.698.578</b>

All of the debt securities of the Company shown in the above tables consist of securities traded in stock exchanges.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 11 Financial assets (continued)

As of December 31, 2022 and 2021, the details of the Company's financial assets held for trading are as follows:

	December 31, 2022			
	Nominal value	Cost value	Fair value	Net book value
<b>Other fixed income financial assets:</b>				
FX indexed financial assets <sup>(1)</sup>		690.441.912	696.992.052	696.992.052
<b>Total</b>		<b>690.441.912</b>	<b>696.992.052</b>	<b>696.992.052</b>
<b>Other non-fixed income financial assets:</b>				
Investment funds	599.368.251	606.720.883	785.148.636	785.148.636
Derivative financial instruments		9.167	9.811	9.811
<b>Total</b>		<b>606.730.050</b>	<b>785.158.447</b>	<b>785.158.447</b>
<b>Total trading financial assets (Not 4.2)</b>		<b>1.297.171.962</b>	<b>1.482.150.499</b>	<b>1.482.150.499</b>

<sup>(1)</sup> The Company classified the foreign exchange protected Turkish Lira deposits having a maturity of three months or more in scope of Law No. 7352 published in the Official Gazette dated January 29, 2022 and numbered 31734 as trading financial assets.

	December 31, 2021			
	Nominal value	Cost value	Fair value	Recorded value
<b>Other non-fixed income financial assets</b>				
Investment funds	100.000.000	100.000.000	110.740.650	110.740.650
<b>Total trading financial assets (Not 4.2)</b>		<b>100.000.000</b>	<b>110.740.650</b>	<b>110.740.650</b>

As of December 31, 2022, the Company does not have any securities classified as financial assets to be held until maturity (December 31, 2021: None).

The Company does not have any financial assets issued by its affiliates.

There are no securities representing debt issued by the Company during the period or previously issued but redeemed during the period.

Among the financial asset portfolios of the Company, there is no financial asset that is overdue but not impaired yet.

Movements of financial assets during the period are as follows:

	December 31, 2022		
	Available for sale	Held for trading	Total
<b>Balance at the beginning of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>
Acquisitions during the period	7.364.110.498	4.517.773.123	11.881.883.621
Disposals (sale and redemption)	(7.359.421.206)	(3.320.375.889)	(10.679.797.095)
Change in the fair value of financial assets	28.833.793	174.012.615	202.846.408
<b>Balance at the end of the period</b>	<b>227.221.663</b>	<b>1.482.150.499</b>	<b>1.709.372.162</b>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

**11 Financial assets** (continued)

	December 31, 2021		Total
	Available for sale	Held for trading	
<b>Balance at the beginning of the period</b>	<b>45.943.846</b>	-	<b>45.943.846</b>
Acquisitions during the period	1.190.385.878	289.111.519	1.479.497.397
Disposals (sale and redemption)	(1.033.292.031)	(189.111.519)	(1.222.403.550)
Change in the fair value of financial assets	(9.339.115)	10.740.650	1.401.535
<b>Balance at the end of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>

**12 Loan and receivables**

	December 31, 2022	December 31, 2021
Receivables from main operations (Note 4.2)	1.657.081.126	613.781.608
- third parties (Note 4.2)	1.656.140.731	613.781.608
- related parties (Note 4.2), (Note 45)	940.395	-
Other receivables (Note 4.2)	7.059.104	10.091.737
- third parties (Note 4.2) (i)	7.028.960	9.953.126
- related parties (Note 4.2), (Note 45)	30.144	138.611
Income accruals (Note 4.2) (ii)	70.877.754	3.489.142
Prepaid expenses (Note 4.2) (iii)	5.030.355	1.469.660
Other current assets (Note 4.2)	63.055	7.917
Other non-current assets (Note 4.2)	4.500	4.500
<b>Total</b>	<b>1.740.115.894</b>	<b>628.844.564</b>
Short-term receivables	1.740.111.394	628.840.064
Long-term receivables	4.500	4.500
<b>Total</b>	<b>1.740.115.894</b>	<b>628.844.564</b>

(i) Consists of receivables accrued within the scope of the Technical Operations of the Turkish Natural Catastrophe Insurance Pool and the accrued of the costs incurred for the reporting period within the scope of the Technical Operations of the Special Risks Management Center (December 31, 2021: TL 9.951.156) (Note 47).

(ii) The portion of total balance TL 10.279.088 consists of replacement premium accruals; and the portion of total balance TL 58.524.733 consists of receivables arising from Technical Operations of the Special Risks Management Center; and the remaining part are receivables from Türk Katılım Reasürans A.Ş. which is subsidiary of the Company, related to providing the services which in scope of intra-group services, specified in the 'Cost Sharing Policy'.

(iii) Prepaid expenses consist of personnel health insurance and meal benefits.

As of December 31, 2022 and 2021, receivables from main operations are detailed as follows:

	December 31, 2022	December 31, 2021
Receivables from insurance companies	1.579.047.923	591.628.444
Receivables from brokers and intermediaries	69.300.742	20.846.885
Receivables from reinsurance companies (Note 10)	6.299.215	1.306.279
<b>Total receivables from insurance operations, net</b>	<b>1.654.647.880</b>	<b>613.781.608</b>
Cash deposited to insurance and reinsurance companies	2.433.246	-
<b>Receivables from main operations</b>	<b>1.657.081.126</b>	<b>613.781.608</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 12 Loan and receivables (continued)

As of December 31, 2022, the Company does not have any mortgages and collaterals obtained for receivables (December 31, 2021: None).

#### Provisions provided for doubtful receivables that are due and not due

- a) *Receivables under legal or administrative follow up (due)*: There are not any legal and administrative follow-ups arising from main operations and other receivables (December 31, 2021: None).
- b) *Provision for premium receivables (due)*: None (December 31, 2021: None).

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in *45 -Related party transactions*.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in *Note 4.2*.

### 13 Derivative financial instruments

As of December 31, 2022, the Company has derivative financial instruments recognized in the financial assets held for trading that is amounting to TL 9.811 (December 31, 2021: None) and as of reporting period the Company does not have open interest (December 31, 2021: TL 85.921.272).

### 14 Cash and cash equivalents

As at December 31, 2022 and 2021, cash and cash equivalents are as follows:

	December 31, 2022		December 31, 2021	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	413.817.209	841.729.403	841.729.403	399.053.530
<b><i>Cash and cash equivalents in the balance sheet</i></b>	<b>413.817.209</b>	<b>841.729.403</b>	<b>841.729.403</b>	<b>399.053.530</b>
Interest accruals on bank deposits	(3.351.279)	(8.496.032)	(8.496.032)	(1.959.753)
<b><i>Cash and cash equivalents presented in the statement of cash flows</i></b>	<b>410.465.930</b>	<b>833.233.371</b>	<b>833.233.371</b>	<b>397.093.777</b>

As at December 31, 2022 and 2021, bank deposits are further analyzed as follows:

	December 31, 2022	December 31, 2021
Foreign currency denominated bank deposits		
- time deposits	89.074.368	487.004.494
- demand deposits	5.117.785	2.097.116
Bank deposits in Turkish Lira		
- time deposits	319.605.944	352.563.247
- demand deposits	19.112	64.546
<b>Banks</b>	<b>413.817.209</b>	<b>841.729.403</b>

Interest rates for time deposits to TL applied are 16,00%-27,25% (December 31, 2021: 14,42% -22,00%); for foreign currency deposits are between 0,50%-0,75% (December 31, 2021: 0,05%-2,40%).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 15 Equity

#### Paid in capital

As of December 31, 2022 and 2021, the shareholding structure of the Company is as follows:

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2022.

There are not any privileges on common shares representing share capital.

#### Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is used.

The movement table for legal reserves is as follows;

	December 31, 2022	December 31, 2021
Legal reserves at the beginning of the period	4.271.283	156.411
Transfer from profit	10.907.223	4.114.872
<b>Legal reserves at the end of the period</b>	<b>15.178.506</b>	<b>4.271.283</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 15 Equity (continued)

#### Valuation of financial assets

As of December 31, 2022 and 2021, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	December 31, 2022		December 31, 2021	
	Available for sale financial assets	Total	Available for sale financial assets	Total
<b>Revaluation differences at the beginning of the period</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>	<b>(504.811)</b>	<b>(504.811)</b>
Change in the fair value during the period	23.583.465	23.583.465	(13.703.764)	(13.703.764)
Deferred tax effect	(6.298.973)	(6.298.973)	3.324.946	3.324.946
<b>Revaluation differences at the end of the period</b>	<b>6.400.863</b>	<b>6.400.863</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>

#### Other Profit Reserves

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The movement table of other profit reserves as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
<b>Other profit reserves at the beginning of the period</b>	(39.373)	-
Actuarial (loss)/gain (Note 23)	304.753	(49.216)
Deferred tax effect	(73.728)	9.843
<b>Other profit reserves at the end of the period</b>	<b>191.652</b>	<b>(39.373)</b>

Revaluation surplus amounting to TL 21.660.007 which generated as a result of the revaluation application of depreciable tangible and intangible assets purchased before 2022 within the scope of Temporary Article 32 and reiterated Article 298's paragraph (ç) of the Tax Procedure Law, has been transferred from the 'Retained Earnings' to the 'Other Profit Reserves' within the framework of the provisions of the Tax Procedure Law General Communiqué numbered 537 and published in the Official Gazette dated January 14, 2023.

#### 16 Other reserves and equity component of discretionary participation

As of December 31, 2022 and 2021, other reserves are explained in detail in Note 15 - Equity above.

As of December 31, 2022 and 2021, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 - Summary of significant accounting policies.

As at December 31, 2022 and 2021, technical reserves of the Company are as follows:

	December 31, 2022	December 31, 2021
Unearned premiums reserve, gross	1.737.330.538	699.189.160
Unearned premiums reserve, ceded (Note 10)	(10.575.025)	(7.483.033)
<b>Unearned premiums reserve, net</b>	<b>1.726.755.513</b>	<b>691.706.127</b>
Unexpired risk reserve, gross	23.866.605	5.355.632
Unexpired risk reserve, ceded (Note 10)	(889.410)	(182.223)
<b>Outstanding claims reserve, net</b>	<b>22.977.195</b>	<b>5.173.409</b>
Outstanding claims reserve, gross	770.845.936	230.467.254
Outstanding claims reserve, ceded (Note 10)	(24.841.715)	(8.529.305)
<b>Outstanding claims reserve, net</b>	<b>746.004.221</b>	<b>221.937.949</b>
Equalization reserve, gross	105.202.364	42.288.573
Equalization reserve, ceded (Note 10)	(23.575.264)	(10.345.317)
<b>Equalization reserve, net</b>	<b>81.627.100</b>	<b>31.943.256</b>
<b>Total technical provisions, net</b>	<b>2.577.364.029</b>	<b>950.760.741</b>
Short-term	2.495.736.929	918.817.485
Mid and long-term	81.627.100	31.943.256
<b>Total technical provisions, net</b>	<b>2.577.364.029</b>	<b>950.760.741</b>

As of December 31, 2022 and 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2022		
	Gross	Ceded	Net
<b>Unearned premiums reserve</b>			
Unearned premiums reserve at the beginning of the period	699.189.160	(7.483.033)	691.706.127
Written premiums during the period	3.876.629.588	(208.131.568)	3.668.498.020
Earned premiums during the period	(2.838.488.210)	205.039.576	(2.633.448.634)
<b>Unearned premiums reserve at the end of the period</b>	<b>1.737.330.538</b>	<b>(10.575.025)</b>	<b>1.726.755.513</b>
	December 31, 2021		
	Gross	Ceded	Net
<b>Unearned premiums reserve</b>			
Unearned premiums reserve at the beginning of the period	372.180.314	(4.782.266)	367.398.048
Written premiums during the period	1.820.194.168	(119.301.288)	1.700.892.880
Earned premiums during the period	(1.493.185.322)	116.600.521	(1.376.584.801)
<b>Unearned premiums reserve at the end of the period</b>	<b>699.189.160</b>	<b>(7.483.033)</b>	<b>691.706.127</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

**17 Insurance contract liabilities and reinsurance assets***(continued)*

	December 31, 2022		
	Gross	Ceded	Net
<b>Unexpired risk reserve</b>			
Unexpired risk reserve at the beginning of the period	5.355.632	(182.223)	5.173.409
Change in unexpired risk reserves during the period	18.510.973	(707.187)	17.803.786
<b>Unexpired risk reserve at the end of the period</b>	<b>23.866.605</b>	<b>(889.410)</b>	<b>22.977.195</b>
	December 31, 2021		
	Gross	Ceded	Net
<b>Unexpired risk reserve</b>			
Unexpired risk reserve at the beginning of the period	62.977	(5.101)	57.876
Change in unexpired risk reserves during the period	5.292.655	(177.122)	5.115.533
<b>Unexpired risk reserve at the end of the period</b>	<b>5.355.632</b>	<b>(182.223)</b>	<b>5.173.409</b>
	December 31, 2022		
	Gross	Ceded	Net
<b>Outstanding claims reserve</b>			
Outstanding claims reserve at the beginning of the period	230.467.254	(8.529.305)	221.937.949
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	1.697.967.274	(29.113.501)	1.668.853.773
Claims paid during the period	(1.157.588.592)	12.801.091	(1.144.787.501)
<b>Outstanding claims reserve at the end of the period</b>	<b>770.845.936</b>	<b>(24.841.715)</b>	<b>746.004.221</b>
	December 31, 2021		
	Gross	Ceded	Net
<b>Outstanding claims reserve</b>			
Outstanding claims reserve at the beginning of the period	111.740.512	(2.378.078)	109.362.434
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	817.829.304	(9.872.839)	807.956.465
Claims paid during the period	(699.102.562)	3.721.612	(695.380.950)
<b>Outstanding claims reserve at the end of the period</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>
	December 31, 2022		
	Gross	Ceded	Net
<b>Equalization reserve</b>			
Equalization reserve at the beginning of the period	42.288.573	(10.345.317)	31.943.256
Equalization reserve during the period	62.913.791	(13.229.947)	49.683.844
<b>Equalization reserve at the end of the period</b>	<b>105.202.364</b>	<b>(23.575.264)</b>	<b>81.627.100</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets *(continued)*

Equalization reserve	December 31, 2021		Net
	Gross	Ceded	
Equalization reserve at the beginning of the period	11.597.379	(2.457.310)	9.140.069
Equalization reserve during the period	30.691.194	(7.888.007)	22.803.187
<b>Equalization reserve at the end of the period</b>	<b>42.288.573</b>	<b>(10.345.317)</b>	<b>31.943.256</b>

#### Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

The Company, being a reinsurance Company, has no obligation of providing guarantees.

#### Total amount of insurance risk on a branch basis

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Company.

#### Company's number of life insurance policies, additions, disposals during the year 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.

#### Pension investment funds established by the Company and their unit prices

None.

#### Number and amount of participation certificates in portfolio and circulation

None.

#### Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

None.

#### Valuation methods used in profit share calculation for saving life contracts with profit sharing

None.

#### Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

None.

#### Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year

None.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets *(continued)*

#### Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year

None.

#### Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

#### Profit share distribution rate of life insurances

None.

#### Deferred commission expenses

The Company capitalizes the portion of commissions paid which is belong following periods, to the intermediaries related to premium production under "Deferred acquisition costs". As at December 31, 2022, deferred acquisition costs are amounting to TL 395.864.134 (December 31, 2021: TL 169.771.022) that consist of short-term deferred commission expenses are amounting to TL 358.395.005 (December 31, 2021: TL 152.668.242) and the part amounting to TL 37.469.129 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2021: TL 17.102.780).

For the periods ended December 31, 2022 and 2021, the movement of deferred commission expenses are presented below:

	December 31, 2022	December 31, 2021
Deferred commission expenses at the beginning of the period	152.668.242	81.016.220
Commissions accrued during the period <i>(Note 32)</i>	858.137.222	429.868.592
Commissions expensed during the period <i>(Note 32)</i>	(652.410.459)	(358.216.570)
<b>Deferred commission expenses at the end of the period</b>	<b>358.395.005</b>	<b>152.668.242</b>

### 18 Investment contract liabilities

None.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 19 Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Other financial liabilities (Not 20)	9.544.582	91.409.645
Payables from reinsurance operations	123.823.888	83.020.683
Cash deposited by reinsurance companies (Note 19)	10.289.985	8.129.962
Deferred commission income (Note 10)	1.411.629	1.566.297
Taxes and other liabilities and similar obligations	84.780.571	32.497.679
Other payables	10.602.716	2.130.921
<b>Total</b>	<b>240.453.371</b>	<b>218.755.187</b>
Short-term liabilities	235.804.302	215.337.427
Long-term liabilities	4.649.069	3.417.760
<b>Total</b>	<b>240.453.371</b>	<b>218.755.187</b>

As of December 31, 2022, Other payables consist of payments to be made for outsourced benefits and services and guarantees received.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2022	December 31, 2021
Corporate tax liabilities	(167.000.000)	(73.074.356)
Taxes paid during the year	87.275.687	42.161.726
<b>Corporate tax asset/(liability), net</b>	<b>(79.724.313)</b>	<b>(30.912.630)</b>

### Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

### 20 Financial liabilities

	December 31, 2022	December 31, 2021
Expense accruals arising from derivative financial instruments	-	85.921.272
Payables from operating leases (Note 34) <sup>(1)</sup>	9.544.582	5.488.373
Short term	4.895.513	2.070.613
Mid and long term	4.649.069	3.417.760
<b>Total</b>	<b>9.544.582</b>	<b>91.409.645</b>

<sup>(1)</sup> As of December 31, 2022 and 2021, the details of financial liabilities are presented in Note 34 - Financial costs.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 21 Deferred tax

As at December 31, 2022 and 2021, deferred tax assets and liabilities are attributable to the following:

	December 31, 2022		December 31, 2021	
	Tax rate used %	Deferred tax assets/(liabilities)	Tax rate used %	Deferred tax assets/(liabilities)
Equalization reserve	25	9.783.072	20	2.613.786
Unexpired risk reserves	25	5.744.299	23	1.189.884
Expense accruals	25	2.269.935	23	194.222
Provision for unused vacation	25	694.925	20	178.701
Provisions for employee termination benefits	25	413.253	20	93.133
Adjustment of IFRS 16	25	200.847	23	84.613
Time deposits rediscount	25	20.443	23	19.212
TAS adjustment differences in depreciation	25	(806.533)	20	(327.150)
Valuation differences in financial assets	25	(2.224.069)	23	645.808
Income accrual	25	(2.569.772)	23	(802.503)
<b>Deferred tax assets/(liabilities), net</b>		<b>13.526.400</b>		<b>3.889.706</b>

As at December 31, 2022, the Company has not any deductible tax losses (December 31, 2021: None).

Movement of deferred tax assets are given below:

	December 31, 2022	December 31, 2021
<b>Opening balance at January 1</b>	<b>3.889.706</b>	<b>(349.395)</b>
Deferred tax income/expense (Note 35)	16.009.395	444.316
Deferred tax income/expense recognised in equity (Note 15)	(6.372.701)	3.334.789
Closing of corporate tax provision shown under deferred tax	-	459.996
<b>Deferred tax assets/(liabilities)</b>	<b>13.526.400</b>	<b>3.889.706</b>

### 22 Retirement benefit obligations

None.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 23 Other liabilities and expense accruals

As of December 31, 2022 and 2021, other liabilities and expense accruals are as follows:

	December 31, 2022	December 31, 2021
Substitution outstanding reserves under excess of loss agreements	9.079.738	844.442
Personnel bonus provision	8.005.785	2.781.949
Provision for unused vacation	2.779.698	893.507
Provision for employee termination benefits	1.653.012	465.667
Invoice accruals	4.732.442	202.938
<b>Total</b>	<b>26.250.675</b>	<b>5.188.503</b>

The movement of the provision for employee termination benefits within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for employee termination benefits beginning of the period	465.667	119.007
Interest cost (Note 47)	99.839	20.231
Service cost (Note 47)	1.429.671	277.213
Payments during the period (Note 47)	(37.412)	-
Actuarial loss/(gain) (Note 15)	(304.753)	49.216
<b>Provision for employee termination benefits end of the period</b>	<b>1.653.012</b>	<b>465.667</b>

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for unused vacation beginning of the period	893.507	193.953
Provision made during the period (Note 47)	1.931.110	701.754
Reversed provision during the period (Note 47)	(44.919)	(2.200)
<b>Provision for unused vacation end of the period</b>	<b>2.779.698</b>	<b>893.507</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2022			January 1 - December 31, 2021		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	2.541.088.886	(57.471.844)	2.483.617.042	1.324.163.662	(31.475.062)	1.292.688.600
Fire and Natural Disasters	1.013.190.647	(120.319.798)	892.870.849	334.563.611	(66.405.487)	268.158.124
Credit	57.840.366	(6.833.699)	51.006.667	40.745.467	(11.603.611)	29.141.856
General Liabilities	80.578.257	(12.952.400)	67.625.857	36.457.249	(4.319.415)	32.137.834
Marine	89.015.691	(2.864.250)	86.151.441	33.669.608	(1.816.398)	31.853.210
Water Vehicles	39.769.957	(2.756.332)	37.013.625	17.884.428	(1.824.105)	16.060.323
Accident	20.081.538	(1.374.588)	18.706.950	15.369.411	(414.823)	14.954.588
Financial Losses	26.963.607	(3.184.122)	23.779.485	13.303.747	(1.213.837)	12.089.910
Land Vehicles	4.723.961	(356.035)	4.367.926	3.004.365	(222.767)	2.781.598
Air Vehicles	1.507.905	-	1.507.905	396.076	-	396.076
Land Vehicles Liability	826.868	-	826.868	271.015	-	271.015
Breach of Trust	666.303	-	666.303	230.472	-	230.472
Legal Protection	281.132	(18.500)	262.632	128.341	(5.783)	122.558
Health	78.567	-	78.567	-	-	-
Air Vehicles Liability	15.903	-	15.903	6.716	-	6.716
<b>Total</b>	<b>3.876.629.588</b>	<b>(208.131.568)</b>	<b>3.668.498.020</b>	<b>1.820.194.168</b>	<b>(119.301.288)</b>	<b>1.700.892.880</b>

### 25 Fee revenue

None

### 26 Investment income

Investment income is presented in Note 4.2 - *Financial risk management*.

### 27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 - *Financial risk management*.

### 28 Asset held at fair value through profit or loss

Presented in Note 4.2 - *Financial Risk Management*.

### 29 Insurance rights and claims

	January 1 - December 31, 2022	January 1 - December 31, 2021
Claims paid, net off reinsurers' share	1.144.787.501	695.380.950
Changes in unearned premiums reserve, net off reinsurers' share	1.035.049.386	324.308.079
Changes in unexpired risk reserve, net off reinsurers' share	17.803.786	5.115.533
Change in outstanding claims reserve, net off reinsurers' share	524.066.272	112.575.515
Change in equalization reserve, net off reinsurers' share	49.683.844	22.803.187
<b>Total</b>	<b>2.771.390.789</b>	<b>1.160.183.264</b>

### 30 Investment contract benefits

None

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 - *Expenses by nature* below.

### 32 Operating expenses

	January 1 - December 31, 2022	January 1 - December 31, 2021
Commission expenses (Note 17)	652.410.459	358.216.570
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	858.137.222	429.868.592
<i>Changes in deferred commission expenses (Note 17)</i>	(205.726.763)	(71.652.022)
Employee benefit expenses (Note 33)	71.722.848	32.207.106
Administration expenses	40.835.662	9.195.145
Outsourced benefits and services	7.567.998	4.799.367
Commission income from reinsurers (Note 10)	(4.606.844)	(5.198.865)
<i>Commission income from reinsurers accrued during the period</i>	(4.452.176)	(5.704.981)
<i>Change in deferred commission income</i>	(154.668)	506.116
<b>Total</b>	<b>767.930.123</b>	<b>399.219.323</b>

### 33 Employee benefit expenses

	January 1 - December 31, 2022	January 1, - December 31, 2021
Wages and salaries	58.478.140	26.398.215
Employer's share in social security premiums	7.389.831	3.484.704
Pension fund benefits	5.854.877	2.324.187
<b>Total (Note 32)</b>	<b>71.722.848</b>	<b>32.207.106</b>

### 34 Financial costs

As of December 31, 2022, TL 1.279.728 (January 1 - December 31, 2021: TL 557.803) interest expense arising from leases that the Company is subject to *IFRS 16 Leasing Transactions* standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 3.859.787 is recognised under the "Depreciation and Amortization Expense" accounts (January 1 - December 31, 2021: TL 1.706.775).

As of December 31, 2022 and 2021, discounted reimbursement plan for operating leases of the Company is as follows:

	December 31, 2022 Operating Leases Reimbursement Plan -TL	December 31, 2021 Operating Leases Reimbursement Plan -TL
Up to 1 year	4.895.513	2.070.613
1 to 2 years	4.541.404	1.965.302
2 to 3 years	107.665	1.452.458
<b>Total (*)</b>	<b>9.544.582</b>	<b>5.488.373</b>

(\*) As of reporting date, TL 4.859.513 (December 31, 2021: TL 2.070.613) was short term, TL 4.649.069 (December 31, 2021: TL 3.417.760) was long term.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 35 Income taxes

Income tax expense in the accompanying unconsolidated financial statements is as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
<b>Corporate tax expense:</b>		
Corporate tax provision	(167.000.000)	(73.074.356)
<b>Deferred taxes:</b>		
Origination and reversal of temporary differences	16.009.395	444.316
<b>Total income tax income/(expense)</b>	<b>(150.990.605)</b>	<b>(72.630.040)</b>

For the periods then ended as of December 31, 2022 and 2021, a reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	December 31, 2022		December 31, 2021	
	845.987.801	Tax rate (%)	290.774.490	Tax rate (%)
Profit before taxes				
Taxes on income per statutory tax rate	211.496.950	25,00	72.693.623	25,00
Tax-exempt incomes	(80.854.511)	(9,56)	(5.167.257)	(1,78)
Non-deductible expenses	20.350.010	2,41	5.104.405	1,76
Donations and charities	(1.844)	(0,00)	(731)	(0,00)
<b>Total tax expense recognized in loss/(profit)</b>	<b>150.990.605</b>	<b>17,85</b>	<b>72.630.040</b>	<b>24,98</b>

### 36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 - *Financial Risk Management* above.

### 37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	January 1 - December 31, 2022	January 1 - December 31, 2021
Net profit for the period	694.997.196	218.144.450
Weighted average number of shares	600.000.000	447.123.288
Earnings per share (TL)	1,158	0,488

### 38 Dividends per share

None.

### 39 Cash generated from operations

The cash flows from main operating activities are presented in the accompanying statement of cash flows.

### 40 Convertible bonds

None.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 41 Redeemable preference shares

None.

### 42 Risks

As of December 31, 2022, the Company has not been the subject of any lawsuits (December 31, 2021: None).

### 43 Commitments

Due to the Company's activities, it provides protection to sedan companies as reinsurers in non-life insurance branches, and guarantees the insurance risk through reinsurance agreements.

The details of the guarantees that are given by the Company for the operations in non-life branches are presented in *Note 17 - Insurance contract liabilities and reinsurance assets*.

### 44 Business combinations

None.

### 45 Related party transactions

Republic of Turkey Ministry of Treasury and Finance which own 100% shares of the Company, and Türk Katılım Reasürans A.Ş and also T Rupt Teknoloji A.Ş which is the Company's subsidiaries by 100% of the shares, and B3i Services AG which is the Company's investment of the shares by 0,89%, are defined as related parties at these unconsolidated financial statements.

As of December 31, 2022 and 2021, the details of the transactions performed with related parties are as follows:

	December 31, 2022	December 31, 2021
Türk Katılım Reasürans A.Ş. - <i>receivables from main operation arising from written premium</i>	940.395	-
Türk Katılım Reasürans A.Ş. - <i>other receivables</i>	-	138.611
Türk Katılım Reasürans A.Ş. - <i>income accruals related to intra-group services</i>	1.859.853	-
T Rupt Teknoloji A.Ş. - <i>other receivables</i>	30.144	-
B3i Services AG - <i>acquisition of fixed assets</i>	10.555	491.140

### 46 Subsequent events

On February 6, 2023, two significant earthquakes occurred in Kahramanmaraş's Pazarcık and Elbistan districts, caused destruction in 11 provinces and their surroundings, and caused thousands of people to die and be injured. Preliminary examination has been completed to determine the effects of the claims caused by the aforementioned earthquake disaster on the unconsolidated financial statements of the Company.

The estimated total claim was calculated using CatMod, a catastrophic modeling platform developed in-house for the purpose of determining the total claims due to earthquakes and modeling the liabilities to be faced due to disasters.

In addition to the CatMod results, similar experiments were conducted on another modeling platform used in the industry; in order to stay in the safe zone, the modeling tool that creates higher loss amount was preferred.

As of December 31, 2022, the amount of accumulated funds related to the equalization reserve to be used for the abovementioned earthquake loss is TL 70.483.120, and it is estimated that the effect of the expected net loss amount arising from domestic treaties and facultative reinsurance acceptances on the total equity will be approximately TL 415 million, deducting the accumulated fund amount related to the equalization reserve, and including the replacement premium. Considering the Company's total equity is TL 1.605.071.619 as of December 31, 2022, no uncertainty is foreseen regarding the going concern.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

The regulation dismantling the retirement age requirement for employees who started their working life before September 1999 was published in the Official Gazette on March 3, 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Company's financial position and financial performance. Efforts to measurement of the effects of the mentioned regulation to the Company's financial position and performance continue.

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on March 12, 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. The additional tax amount to be accrued is TL 47.613 and this tax amount will be booked as an expense in the unconsolidated financial statements for 2023.

### 47 Other

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

They are presented in the related notes above.

**Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets**

None.

**Subrogation recorded in "Off-Balance Sheet Accounts"**

None.

**Explanatory note for the amounts and nature of previous years' income and losses**

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law" published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least six months, interest, profit share and other incomes are exempted from corporate tax. The Company opened a foreign exchange protected deposit with a maturity of 181 days, amounting to TL 213.834.830 on February 18 and February 23, 2022. As a result of the FX-protected deposit transaction, the Company benefited TL 14.907.187 tax exemption within the scope of the said regulation. Changes made in tax laws after the reporting date are within the scope of "non-adjusting event after the reporting period" in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment. Accordingly, the income arising tax exemption considered at corporate tax computation has been included in the financial statements for 2022.

**Information on Other technical expenses items in unconsolidated income statement for the period ended December 31, 2022 and 2021**

Other technical expenses in the income statement amounting to TL 58.570.010 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (December 31, 2021: TL 34.659.014).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 47 Other (continued)

#### Information on Other income items in income statement for the period ended December 31, 2022 and 2021

Other income and profits	January 1- December 31, 2022	January 1- December 31, 2021
Technical operating income <sup>(1)</sup>	78.710.329	20.161.698
Other income and gain	478.215	6.129
Gain on sale of assets	-	143.617
<b>Other income and gain</b>	<b>79.188.544</b>	<b>20.311.444</b>

<sup>(1)</sup> The Company is determined as 'Technical Operator' of Turkish Natural Catastrophe Insurance Pool for 5 years applicable as of August 8, 2020 with the Approval, dated October 31, 2019 and numbered 454523, Office of Deputy Minister of Republic of Turkey Ministry of Treasury and Finance as it is stated in the assignment letter, dated November 4, 2019 and numbered 71065509-030.02-E.463394 and referenced as Selection of Technical Operator of Turkish Natural Catastrophe Insurance Pool and notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.

The Company is appointed as 'Technical Operator' of Special Risks Management Center with respect to approval letter, dated July 8, 2021 and numbered 24996009-256 [258.01.02] notified by Republic of Turkey Ministry of Treasury and Finance. Accordingly, the Company is assigned as Technical Operator of the Center for 5 years effective as of July 30, 2021, with approval of Center Board of Directors in accordance with Technical Operator Agreement established between the Company and Center.

#### The details of provisions for the period ended on December 31, 2022 and 2021 are as follows:

Provisions expenses	January 1- December 31, 2022	January 1- December 31, 2021
Provision no longer required	(2.984.887)	304.001
Provision for unused vacation expense (Note 23)	1.886.191	699.554
Provision for employee termination benefits expense (Note 23)	1.492.098	297.444
Impairment in value of financial assets (Note 9)	4.497.494	-
Personnel bonus provision (Note 23)	-	2.781.949
Provision for invoices expense (Note 23)	-	202.938
<b>Provisions</b>	<b>4.890.896</b>	<b>4.285.886</b>

#### Fees paid to an independent auditor or an independent audit firm for services

	January 1- December 31, 2022	January 1- December 31, 2021
Independent audit fee for the reporting period	330.000	220.000
Fees for tax advisory services	67.500	40.000
<b>Total <sup>(1)</sup></b>	<b>397.500</b>	<b>260.000</b>

<sup>(1)</sup> The fee is excluding VAT.

TÜRK REASÜRANS ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022  
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Notes Originally Issued in Turkish)

# INDEPENDENT AUDITOR'S REPORT

## To the General Assembly of Türk Reasürans Anonim Şirketi

### A) Report on the Audit of the Consolidated Financial Statements

#### 1) Opinion

We have audited the consolidated financial statements of Türk Reasürans Anonim Şirketi

(the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance, its consolidated 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 decree 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 Consolidated Financial Statements section of our report. We are independent of the Group 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) Emphasis of Matter

We draw your attention to footnote 46, which explains that efforts to measure the impact of the earthquake, which affected many of our provinces in the southeastern part of Turkey, on the Group's operations and financial performance. Our opinion is not modified with respect to that matter.

#### 4) Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<b>Incurred But Not Reported Outstanding Claims Reserve</b>	
<p>As of December 31, 2022, the Group has insurance liabilities of TL 2.826.765.751 representing 60% of the Group's total liabilities. The Group has reflected a net provision of TL 814.576.523 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 113.207.763 which is accounted under the outstanding claims reserves, the Group 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 Group's consolidated 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. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Group are appropriate. In this context, we have performed the audit procedures related to the recording of the Group's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Group for each line of businesses both the relevant claim characteristics and the Group's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Group; reviewed the claim analyzes made by the Group's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Group past experience; assessed whether the disclosures in the notes of the consolidated financial statements are sufficient.</p>

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

# INDEPENDENT AUDITOR'S REPORT

## 5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

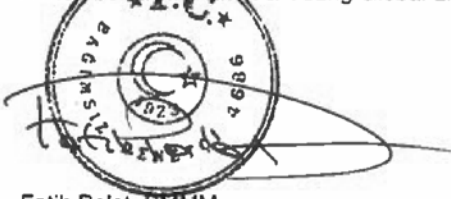


**B) Report on Other Legal and Regulatory Requirements**

- 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 January 1 - December 31, 2022 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 Bağıcı Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Fatih Polat, SMMM  
Partner

April 3, 2023  
Istanbul, Türkiye

## CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS OF DECEMBER 31, 2022

We confirm that the consolidated financial statements and related disclosures and notes as of December 31, 2022 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

Istanbul, April 3, 2023



Selva EREN  
Member of Board of Directors and  
General Manager



Dilek OĞUZ EKER  
Finance Group Manager



Erdal TURGUT  
Assistant General Manager



Orhun Emre ÇELİK  
Actuary

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021 <sup>(1)</sup>
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>		<b>617.803.942</b>	<b>945.932.366</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4.2, 14	617.803.942	945.932.366
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables with Maturity Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2</b>	<b>1.709.372.162</b>	<b>304.439.228</b>
1- Available-for-Sale Financial Assets	4.2, 11	227.221.663	193.698.578
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4.2, 11, 13	1.482.150.499	110.740.650
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>		<b>1.810.969.724</b>	<b>613.781.608</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4.2, 12	1.793.347.497	613.781.608
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies	4.2, 12	17.622.227	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>D- Due from Related Parties</b>		<b>-</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>		<b>7.059.104</b>	<b>9.953.126</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4.2, 12	7.059.104	9.953.126
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>521.141.479</b>	<b>174.736.259</b>
1- Deferred Acquisition Costs	17	447.074.588	169.771.022
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2, 12	69.017.901	3.489.142
4- Other Prepaid Expenses	4.2, 12	5.048.990	1.476.095
<b>G- Other Current Assets</b>		<b>3.382.575</b>	<b>7.917</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	4.2, 12	3.319.520	-
3- Deferred Tax Assets		-	-
4- Job Advances	4.2, 12	63.055	7.917
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>4.669.728.986</b>	<b>2.048.850.504</b>

<sup>(1)</sup> In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

II- Non-Current Assets	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021 <sup>(1)</sup>
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscout on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>		<b>4.500</b>	<b>4.500</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4,2, 12	4.500	4.500
4- Other Miscellaneous Receivables		-	-
5- Rediscout on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>		-	<b>4.497.494</b>
1- Investments in Equity Shares	4,2, 9	4.497.494	4.497.494
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets	4,2, 9	(4.497.494)	-
<b>E- Tangible Assets</b>		<b>19.365.973</b>	<b>8.493.003</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's	6	6.913.574	2.458.851
5- Furniture and Fixtures	6	2.236.581	823.774
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	4.714.855	1.868.281
8- Tangible Assets Acquired Through Finance Leases	6	16.229.975	8.247.205
9- Accumulated Depreciation	6	(10.729.012)	(4.905.108)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>		<b>7.750.650</b>	<b>5.813.385</b>
1- Rights	8	12.440.464	8.140.971
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(5.191.509)	(2.818.726)
7- Advances Paid for Intangible Assets	8	501.695	491.140
<b>G-Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H-Other Non-Current Assets</b>		<b>14.138.433</b>	<b>3.890.836</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	14.138.433	3.890.836
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>41.259.556</b>	<b>22.699.218</b>
<b>TOTAL ASSETS</b>		<b>4.710.988.542</b>	<b>2.071.549.722</b>

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021 <sup>(1)</sup>
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>		<b>5.254.877</b>	<b>88.059.843</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	20	5.254.877	88.059.843
<b>B- Payables Arising from Main Operations</b>		<b>141.243.798</b>	<b>91.150.645</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2, 19	127.543.888	83.020.683
3- Cash Deposited by Insurance and Reinsurance Companies	4.2, 10, 19	13.699.910	8.129.962
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
<b>C- Due to Related Parties</b>		<b>43.196</b>	<b>46.346</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4.2, 19	43.196	46.346
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2, 19</b>	<b>10.579.255</b>	<b>2.271.285</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2, 19	10.579.255	2.271.285
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>		<b>2.738.561.968</b>	<b>918.817.485</b>
1- Reserve for Unearned Premiums - Net	17	1.898.957.937	691.706.127
2- Reserve for Unexpired Risks - Net	17	25.027.508	5.173.409
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.1, 17	814.576.523	221.937.949
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2, 19</b>	<b>84.898.669</b>	<b>33.320.962</b>
1- Taxes and Funds Payable	4.2	2.208.791	960.228
2- Social Security Premiums Payable	4.2	2.931.445	639.840
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4.2, 19, 35	168.003.510	74.097.278
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4.2, 19	(88.279.197)	(42.388.001)
7- Provisions for Other Taxes and Similar Liabilities	4.2	34.120	11.617
<b>G- Provisions for Other Risks</b>		<b>15.572.256</b>	<b>3.878.394</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	15.572.256	3.878.394
<b>H- Deferred Income and Expense Accruals</b>		<b>10.769.341</b>	<b>2.410.739</b>
1- Deferred Commission Income	10, 19	1.420.874	1.566.297
2- Expense Accruals	23	9.348.467	844.442
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III- Total Short-Term Liabilities</b>		<b>3.006.923.360</b>	<b>1.139.955.699</b>

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021 <sup>(1)</sup>
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>		<b>4.953.319</b>	<b>3.567.319</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities	20	4.953.319	3.567.319
<b>B- Payables Arising from Main Operations</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>-</b>	<b>-</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>		<b>88.203.783</b>	<b>31.943.256</b>
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	17	88.203.783	31.943.256
<b>F- Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>1.679.030</b>	<b>465.667</b>
1- Provisions for Employment Termination Benefits	23	1.679.030	465.667
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>94.836.132</b>	<b>35.976.242</b>

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021 <sup>(*)</sup>
<b>V- Shareholders' Equity</b>	<b>Notes</b>		
<b>A- Paid in Capital</b>	<b>2.13, 15</b>	<b>600.000.000</b>	<b>600.000.000</b>
1- (Nominal) Capital	2.13, 15, 37	600.000.000	600.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>43.583.972</b>	<b>(6.651.719)</b>
1- Legal Reserves	15	15.331.450	4.271.283
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets	4.2, 15	6.400.863	(10.883.629)
6- Other Profit Reserves	15	21.851.659	(39.373)
<b>D- Retained Earnings</b>		<b>269.549.326</b>	<b>81.066.175</b>
1- Retained Earnings		269.549.326	81.066.175
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F- Net Profit/(Loss) for the Period</b>		<b>696.095.752</b>	<b>221.203.325</b>
1- Net Profit for the Year		696.095.752	221.203.325
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>1.609.229.050</b>	<b>895.617.781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4.710.988.542</b>	<b>2.071.549.722</b>

(\*) In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021 <sup>(1)</sup>
<b>I- TECHNICAL SECTION</b>	<b>Notes</b>		
<b>A- Non-Life Technical Income</b>		<b>3.542.880.677</b>	<b>1.549.500.255</b>
1- Earned Premiums (Net of Reinsurer Share)		2.818.216.252	1.371.469.268
1.1- Written Premiums (Net of Reinsurer Share)		4.045.322.161	1.700.892.880
1.1.1- Written Premiums, gross	17, 24	4.263.936.516	1.820.194.168
1.1.2- Written Premiums, ceded	10, 17, 24	(218.614.355)	(119.301.288)
1.1.3- Premiums Transferred to Social Security Institutions		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	29	(1.207.251.810)	(324.308.079)
1.2.1- Reserve for Unearned Premiums, gross	17	(1.210.421.658)	(327.008.846)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	3.169.848	2.700.767
1.2.3- Reserve for Unearned Premiums, Social Security Institution Share		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(19.854.099)	(5.115.533)
1.3.1- Reserve for Unexpired Risks, gross	17	(20.561.867)	(5.292.655)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	707.768	177.122
2- Investment Income - Transferred from Non-Technical Section		724.665.469	178.029.943
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		(1.044)	1.044
<b>B- Non-Life Technical Expense</b>		<b>(2.772.675.156)</b>	<b>(1.265.224.639)</b>
1- Incurred Losses (Net of Reinsurer Share)		(1.821.118.538)	(807.956.465)
1.1- Claims Paid (Net of Reinsurer Share)	29	(1.228.479.964)	(695.380.950)
1.1.1- Claims Paid, gross	17	(1.241.362.655)	(699.102.562)
1.1.2- Claims Paid, ceded	17	12.882.691	3.721.612
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(592.638.574)	(112.575.515)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(614.852.717)	(118.726.742)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	22.214.143	6.151.227
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17, 29	(56.260.527)	(22.803.187)
4- Operating Expenses	32	(829.581.622)	(399.805.973)
5- Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions, gross		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses (Net of Reinsurer and Less the Amounts Carried Forward)	47	(65.714.469)	(34.659.014)
6.1- Other Technical Expenses, gross	47	(65.714.469)	(34.659.014)
6.2- Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A - B)</b>		<b>770.205.521</b>	<b>284.275.616</b>

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021 <sup>(1)</sup>
<b>I- TECHNICAL SECTION</b>			
<b>D- Life Technical Income</b>		-	-
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		-	-
5- Accrued Salvage Income		-	-
<b>E- Life Technical Expense</b>		-	-
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 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 Life Mathematical Provisions		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
<b>F- Net Technical Income-Life (D - E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G - H)</b>		-	-

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021 <sup>(1)</sup>
<b>II- NON-TECHNICAL SECTION</b>	<b>Notes</b>		
<b>C- Net Technical Income - Non-Life (A-B)</b>		<b>770.205.521</b>	<b>284.275.616</b>
<b>F- Net Technical Income - Life (D-E)</b>		-	-
<b>I- Net Technical Income - Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>770.205.521</b>	<b>284.275.616</b>
<b>K- Investment Income</b>	<b>4.2</b>	<b>910.788.098</b>	<b>423.337.959</b>
1- Income from Financial Assets	4.2	148.490.971	119.453.290
2- Income from Disposal of Financial Assets	4.2	228.689.467	19.771.804
3- Valuation of Financial Assets	4.2	173.969.486	24.049.650
4- Foreign Exchange Gains	4.2	89.707.136	258.685.114
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions	4.2	269.931.038	1.378.101
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(920.745.485)</b>	<b>(428.554.102)</b>
1- Investment Management Expenses (including interest)	4.2	(1.318.839)	(565.781)
2- Diminution in Value of Investments	4.2	(5.579.313)	(1.051.072)
3- Loss from Disposal of Financial Assets	4.2	(33.381.177)	(5.436.420)
4- Investment Income Transferred to Non-Life Technical Section		(724.665.469)	(178.029.943)
5- Loss from Derivative Transactions	4.2	(124.958.387)	(178.990.850)
6- Foreign Exchange Losses	4.2	(22.203.751)	(59.829.674)
7- Depreciation and Amortisation Expenses	6, 8	(8.638.549)	(4.645.168)
8- Other Investment Expenses	4.2	-	(5.194)
<b>M- Income and Expenses from Other and Extraordinary Operation</b>		<b>103.851.128</b>	<b>16.241.130</b>
1- Provisions	47	(4.971.245)	(4.285.886)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	16.620.298	445.446
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income	47	79.188.544	20.311.444
8- Other Expenses and Losses		(1.053.911)	(229.874)
9- Prior Year's Income	47	14.067.442	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Period</b>		<b>696.095.752</b>	<b>221.203.325</b>
1- Profit for the Period		864.099.262	295.300.603
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(168.003.510)	(74.097.278)
3- Net Profit for the Period		696.095.752	221.203.325
4- Inflation Adjustment Account		-	-

<sup>(1)</sup>In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### Audited Statement of Changes in Equity - December 31, 2021 <sup>(\*)</sup>

EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences
<b>I- Balance at the end of the previous year- December 31, 2020</b>		<b>375.000.000</b>	-	<b>(504.811)</b>	-
<b>II- Change in Accounting Standards</b>		-	-	-	-
<b>III- Restated balances (I+II)- January 1, 2021</b>		<b>375.000.000</b>	-	<b>(504.811)</b>	-
A- Capital increase		225.000.000	-	-	-
1- In cash	15	225.000.000	-	-	-
2- From reserves		-	-	-	-
B- Purchase of own shares		-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-
D- Change in the value of financial assets	4,2, 15	-	-	(10.378.818)	-
E- Currency translation adjustments		-	-	-	-
F- Other gains and losses	15	-	-	-	-
G- Inflation adjustment differences		-	-	-	-
H- Net profit for the year		-	-	-	-
I- Other reserves and transfers from retained earnings		-	-	-	-
J- Dividends paid		-	-	-	-
<b>IV- Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-

### Audited Statement of Changes in Equity December 31, 2022

EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences
<b>I- Balance at the end of the previous year- (December 31, 2021)</b>	<b>2.13, 15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-
<b>II- Change in Accounting Standards</b>		-	-	-	-
<b>III- Restated Balances (January 1, 2022)</b>	<b>2.13, 15</b>	<b>600.000.000</b>	-	<b>(10.883.629)</b>	-
A- Capital increase		-	-	-	-
1- In cash		-	-	-	-
2- From reserves		-	-	-	-
B- Purchase of own shares		-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-
D- Change in the value of financial assets	4,2, 15	-	-	17.284.492	-
E- Currency translation adjustments		-	-	-	-
F- Other gains and losses	15	-	-	-	-
G- Inflation adjustment differences		-	-	-	-
H- Net profit for the year		-	-	-	-
I- Other reserves and transfers from retained earnings		-	-	-	-
J- Dividends paid		-	-	-	-
<b>IV- Balance at the end of the period December 31, 2022 (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>15</b>	<b>600.000.000</b>	-	<b>6.400.863</b>	-

(\*) In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.

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

Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
-	156.411	-	-	82.209.237	2.971.810	459.832.647
-	-	-	-	-	-	-
-	156.411	-	-	82.209.237	2.971.810	459.832.647
-	-	-	-	-	-	225.000.000
-	-	-	-	-	-	225.000.000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(10.378.818)
-	-	-	-	-	-	-
-	-	-	(39.373)	-	-	(39.373)
-	-	-	-	-	-	-
-	-	-	-	221.203.325	-	221.203.325
-	-	-	-	-	-	-
-	4.114.872	-	-	(82.209.237)	78.094.365	-
-	4.271.283	-	(39.373)	221.203.325	81.066.175	895.617.781

Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
-	4.271.283	-	(39.373)	221.203.325	81.066.175	895.617.781
-	-	-	-	-	-	-
-	4.271.283	-	(39.373)	221.203.325	81.066.175	895.617.781
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17.284.492
-	-	-	-	-	-	-
-	-	-	231.025	-	-	231.025
-	-	-	-	-	-	-
-	-	-	-	696.095.752	-	696.095.752
-	-	-	-	-	-	-
-	11.060.167	-	21.660.007	(221.203.325)	188.483.151	-
-	15.331.450	-	21.851.659	696.095.752	269.549.326	1.609.229.050

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

CASH FLOW	Notes	Audited	Audited
		Current Period January 1 - December 31, 2022	Prior Period January 1 - December 31, 2021 <sup>(*)</sup>
<b>A. Cash flows from main activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		4.326.911.316	1.895.529.505
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(3.000.328.584)	(1.131.291.686)
6. Cash used in pension business		-	-
<b>7. Cash provided from main activities</b>		<b>1.326.582.732</b>	<b>764.237.819</b>
8. Interest paid		-	-
9. Income taxes paid	19	(123.307.994)	(42.435.588)
10. Other cash inflows		23.091.909	-
11. Other cash outflows		(70.268.979)	(8.928.003)
<b>12. Net cash provided from operating activities</b>		<b>1.156.097.668</b>	<b>712.874.228</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		314.715	1.757.058
2. Acquisition of tangible assets	6, 8	(13.589.750)	(3.274.438)
3. Acquisition of financial assets	9, 11	(11.881.883.621)	(1.479.497.397)
4. Disposal of financial assets	11	10.679.797.095	1.222.403.550
5. Interests received		119.787.316	106.400.938
6. Dividends received		961.441	1.183.374
7. Other cash inflows		604.669.043	286.679.983
8. Other cash outflows		(990.964.429)	(642.081.631)
<b>9. Net cash provided by investing activities</b>		<b>(1.480.908.190)</b>	<b>(506.428.563)</b>
<b>C. Cash used in financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	225.000.000
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>-</b>	<b>225.000.000</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>1.229.356</b>	<b>107.539.890</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>(323.581.166)</b>	<b>538.985.555</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>936.079.332</b>	<b>397.093.777</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>612.498.166</b>	<b>936.079.332</b>

(\*) In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details.



## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

PROFIT DISTRIBUTION	Notes	Audited Current Period December 31, 2022 <sup>(*)</sup>	Audited Prior Period December 31, 2021 <sup>(**)</sup>
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT		864.099.262	295.300.603
1.2. TAX AND FUNDS PAYABLE		(168.003.510)	(74.097.278)
1.2.1. Corporate Income Tax (Income Tax)	35	(168.003.510)	(74.097.278)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
<b>A. NET PROFIT (1.1 - 1.2)</b>		<b>696.095.752</b>	<b>221.203.325</b>
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		34.804.788	11.060.166
1.5. STATUTORY FUND (-) <sup>(***)</sup>		-	5.137.663
<b>B. NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5))]</b>		<b>661.290.964</b>	<b>205.005.496</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. Holders of shares		-	-
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. Holders of Shares		-	-
1.10.2. Holders of Preferred shares		-	-
1.10.3. Holders of Redeemed shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss sharing certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	205.005.496
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of Shares		-	-
2.3.2. Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. HOLDERS OF SHARES <sup>(****)</sup>		-	0,3417
3.2. HOLDERS OF SHARES (%) <sup>(****)</sup>		-	34,17
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

<sup>(\*)</sup> In accordance with Article 408 of the Turkish Commercial Code, the entire authority in determining profit distribution and reserve fund transfers is in the General Assembly and the profit distribution proposal for 2022 has not been filled since the Annual Ordinary General Assembly Meeting has not been held yet as of the date these financial statements were prepared.

<sup>(\*\*)</sup> In the 2.2 - Consolidation note, information on the consolidation principles used is disclosed in details

<sup>(\*\*\*)</sup> Resources not subject to profit distribution are explained in 2.23 Dividend distribution note.

<sup>(\*\*\*\*)</sup> The number of shares corresponding to the paid up capital has been taken into account.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 1 General Information

### 1.1. Name of the Company

The Company was established by the Republic of Turkey Ministry of Treasury and Finance as of January 18, 2019 under the title of "Türk Reasürans Anonim Şirketi" in accordance with Law No. 5684 and started its activities as of register date which is September 6, 2019. As at December 31, 2021, the shareholder having direct or indirect control over the shares of Türk Reasürans Anonim Şirketi ("the Company") is the Republic of Turkey Ministry of Treasury and Finance.

In order to support the healthy and sustainable development of the participation insurance sector in Turkey, to contribute to Turkey's becoming an important player in this developing market all over the world, and to fulfill the participation reinsurance activities included in its articles of association, the Company has established Türk Katılım Reasürans Anonim Şirketi with fully paid-up capital TL 100.000.000 by 100% share on September 8, 2021.

The Company and its subsidiary, Türk Katılım Reasürans Anonim Şirketi and T Rupt Teknoloji Anonim Şirketi, (collectively referred to as the "Group") are included in the consolidated financial statements as of December 31, 2022.

### 1.2. The Company's address and legal structure and address of its registered country and registered office

The Company was registered in Turkey in September 6, 2019 and has the status of 'Incorporated Company'. The address of the Company's registered office is "Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul".

### 1.3. Business of the Company

The subject of the Company's actual activity is to perform all sorts and branches of insurance transactions of the insurance groups in Turkey and foreign countries, to perform proportional and/or non-proportional all kinds of reinsurance, retrocession and alternative risk transfer operations related to these insurances, and to participate in risk sharing and transfers by managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance.

The subject of actual activity of the Türk Katılım Reasürans A.Ş. which is the Company's subsidiary, is to fulfill the abovementioned traditional insurance and reinsurance transactions within the framework of participation principles.

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

The Company conducts its operations in accordance with the Insurance Law No. 5684 ("the Insurance Law") issued in June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law.

The Company's objective and its main work issues are as follows as stated in the Company's Articles of Association:

- To take over the portfolios of other reinsurance and insurance companies and pension companies or their agencies at Turkey and abroad, in compliance with the Insurance Law and all other regulations, and transfer them including their own portfolio when necessary;
- Managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance and participating in risk sharing and transfers;
- To purchase, sale lease and lease out or to obtain through construction of all kinds of movable and immovable goods in order to conduct the operations of the Company to keep them as Company assets;
- To issue all kinds of bonds, redeemed share, profit partnership certificate and other securities in accordance with the provisions of the Turkish Commercial Code and other legislation on the subject;
- In addition to these, to perform other operations which are deemed to be useful and required for the Company and are not prohibited by the law.

The objective and its main occupations of Türk Katılım Reasürans A.Ş., the subsidiary of the Company, are to perform the specified above company activities, to conduct its operations in accordance with the participation principles determined in the relevant legislation, and to provide and get services as religiously permissible.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 1 General Information *(continued)*

### 1.5 The average number of the personnel during the year in consideration of their categories:

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

	December 31, 2022	December 31, 2021
Top executive	7	6
Executive	14	13
Executive assistant	20	18
Expert/Authorized/Other employees	106	70
<b>Total (*)</b>	<b>147</b>	<b>107</b>

(\*) 57 personnel who are assigned for the operations of the institutions, authorized by the Company as the "Technical Operator", are included (December 31, 2021: 45).

### 1.6 Wages and similar benefits provided to the senior management

For the period that ended on December 31, 2022, TL 1.261.571 to the chairman and members of the board of directors (December 31, 2021: TL 1.038.952), TL 12.107.666 (December 31, 2021: TL 5.811.458) wages and similar benefits were provided to senior executives.

### 1.7 Keys used in the distribution of investment income and operating expenses (personnel, administrative, research and development, marketing and selling, services rendered from third parties and other operating expenses) in the financial statements

Procedures and principles related to keys used in the financial statements of the companies are determined 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.

In accordance with the above mentioned communiqué, companies may transfer the operating expenses of the technical section to the insurance section through method determined by the Republic of Turkey Ministry of Treasury and Finance or by the companies' own method which approved by Republic of Turkey Ministry of Treasury and Finance. In this framework, the Group directly allocates its costs, which are certainly documented to be made for related branches and for which there is no hesitation regarding the ownership of such costs to respective branches while it allocates its other operating expenses based on their shares within the total gross written premium during a period for each sub-branches.

Investment income from the assets covering the non-life technical provisions is transferred to technical section from non-technical section; other investment income is remained in the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow". Net cash flow is calculated by deducting net claims paid from net written premiums.

### 1.8 Information on the consolidated financial statements as to whether they comprise an individual Company or a group of companies

The accompanying consolidated financial statements consist of the consolidated financial statements of Türk Katılım Reasürans A.Ş. and T Rupt Teknoloji A.Ş, subsidiaries of the Company, according to the full consolidation method. Information about the consolidation principles applied is explained in detail in the Note 2.2 - *Consolidation note*.

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

Trade name of the Company	: Türk Reasürans Anonim Şirketi
Registered address of the head office	: Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul
The web page of the Company	: <a href="http://www.turkreasurans.com.tr">www.turkreasurans.com.tr</a>

There has been no change in the information presented above since the previous reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

## 1 General Information *(continued)*

### 1.10 Subsequent events to date of balance sheet

The financial statements prepared as at December 31, 2022, have been approved by the Company's Board of Directors on April 3, 2023.

Explanations related to date of balance sheet subsequent events are disclosed in Note 46 - *Subsequent events*.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

#### 2.1.1 Information about the principles and the specific accounting policies used in the preparation of the financial statements

The Group prepares its consolidated financial statements in accordance with the accounting principles and standards in force as per the regulations of Insurance Law numbered 5684 published in the Official Gazette dated June 14, 2007 and numbered 26522, and other regulations, statements and guidance issued by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") established by the Presidential Decree dated October 18, 2019 and "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" contains terms of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS"). The insurance legislation before the establishment of IPPRSA had been published by the Republic of Turkey Ministry of Treasury and Finance.

According to numbered 4<sup>th</sup> of related law, the procedures and principles regarding the accounting of insurance contracts, subsidiaries, jointly controlled partnerships and associates and the preparation of financial statements to be announced to the public and related disclosures and notes are determined by notices to be issued by the Republic of Turkey Ministry of Treasury and Finance.

The "Communiqué on Presentation of Financial Statements" published in the Official Gazette numbered 26851 and dated April 18, 2008 and "Communiqué on Presentation of Financial Statements with the New Accounting Codes" numbered 2012/7 and dated May 31, 2012 and published by the Republic of Turkey Ministry of Treasury and Finance determines the comparison of the financial statements with the prior periods and also other companies in terms of the format and content.

#### 2.1.2 Other accounting policies appropriate for the understanding of the financial statements

##### Accounting in hyperinflationary countries

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on TAS 29 - Financial Reporting in Hyperinflationary Economies as at December 31, 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting period, and that corresponding figures for previous years be restated in the same terms.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on December 31, 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the consolidated financial statements as of December 21, 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.1 Basis of preparation (continued)

##### 2.1.2 Other accounting policies appropriate for the understanding of the financial statements (continued)

##### Other accounting policies

The Group record premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related consolidated income statement balances consist of amounts for the three-months period ended October 1 - December 31, 2021 and nine-months period ended January 1 - September 30, 2022. Accordingly, related balance sheet balances as of December 31, 2022 do not reflect the actual position. According to the letter dated September 1, 2020 and numbered 97354901-040.03.E.474952 sent by IPPRSA to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information on other accounting policies is explained above in the section 2.1.1 - *Information about the principles and special accounting policies used in the preparation of the financial statements* and each under its own heading in the following sections of this report.

##### 2.1.3 Current and presentation currency

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

##### 2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

The accompanying consolidated financial statements are prepared on the historical cost basis except financial assets held for trading, available-for-sale financial assets, derivative financial instruments which are measured at their fair values in case of reliable measures are available.

##### 2.1.6 Accounting policies, changes in accounting estimates and errors

If changes of accounting estimations are related to only one period, it is applied on current period which is change made. If it's related to future period, it is applied rewardingly on future period.

Significant changes in accounting policies and identified significant accounting errors are applied retrospectively and previous period of financial statements are restated. In current period, there is no changes in accounting policies and no significant accounting errors identified.

Critical accounting judgements used in applying the Group's accounting policies are explained in 3 - *Critical accounting estimates and judgments in applying accounting policies*.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.2 Consolidation

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

In this framework, the financial statements of the Company's subsidiaries, Turk Katılım Reasürans A.Ş. and T Rupt Teknoloji A.Ş. are included in the consolidated financial statements to be prepared using the full consolidation method in accordance with the provisions of the *Circular for Consolidation* and *IFRS 10 Consolidated Financial Statements*.

Within the framework of *TAS 27 Consolidated and Separate Financial Statements*, *IFRS 10 Consolidated Financial Statements* and *Circular for Consolidation*, consolidated financial statements have been prepared in accordance with the same account chart and by eliminating all related equity, income, expense, and cash flows, as well as intra-Group assets and liabilities.

Since Türk Katılım Reasürans A.Ş. was registered and started its activities on September 8, 2021, the Group's detailed consolidated statement of income, consolidated statement of cash flow and consolidated statement of change in equity for the period ending on December 31, 2021 are prepared using the full consolidation method by including Türk Katılım Reasürans A.Ş.'s financial statements for the period September 8 - December 31, 2021.

According to the *Circular for Consolidation*, the Company excludes investments with a capital share of less than 10% that do not have a significant impact on the scope of consolidation, either directly or indirectly, and are accounted for at cost in financial assets.

Information on subsidiaries included to consolidation is as follows:

Name	Shareholding rate	Total asset	Total equity	Net profit/ (loss) for the period	Whether it has passed independent audit	Period
Türk Katılım Reasürans A.Ş.	100%	364.649.096	104.157.431	1.098.556	Audited	December 31, 2022
T Rupt Teknoloji A.Ş.	100%	50.099.296	50.068.002	68.002	Unaudited	December 31, 2022

#### 2.3 Segment reporting

As of December 31, 2022, the Group does not prepare the segment reporting since the Group has being continuing their activities in mainly Turkey in non-life insurance branches that is recording as only one reportable segment in scope of *IFRS 8- "Activity Segments"* standard and also the Group is not publicly held.

#### 2.4 Foreign currency transactions

Transactions are recorded in TL, which is the Group's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.5 Tangible assets

Tangible assets are shown by deducting accumulated depreciation from the acquisition cost. Depreciation is allocated based on the useful lives of tangible assets by using the straight-line method. The depreciation periods estimated based on the useful lives of tangible assets are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Machinery and equipment	3 - 10	33,3 - 10,0
Furniture and fixtures	5 - 10	20,0 - 10,0
Other tangible assets (includes leasehold improvements)	5	20,0
Leased tangible assets	3 - 5	33,3 - 20,0

In case of there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and when the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the balance of impairment associates with expense accounts.

As of December 31, 2022, the Group has no any impairment on tangible assets (December 31, 2021: None). Gains and losses on the disposal of tangible assets are determined in reference to their carrying amounts and are taken into account in determining operating profit and losses (Note 6).

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Group's accounting policy.

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

There are not any pledges, mortgages and other encumbrances on tangible assets.

There are not any changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

#### 2.6 Investment property

As at December 31, 2022, the Group has not any investment property (December 31, 2021: None).

#### 2.7 Intangible assets

Intangible fixed assets include the acquired information systems, franchise rights and computer software. Intangible fixed assets are recorded at their acquisition cost in accordance with TAS 38 - Accounting Standard for Intangible Fixed Assets and are subjected to depreciation with the straight-line depreciation method over their estimated useful lives after the date of acquisition. In case of impairment, the registered value of intangible fixed assets is brought to their recoverable value. As of December 31, 2022, the Group does not have any intangible fixed assets impaired (December 31, 2021: None) (Note 8).

Expenditures that are under the control of the Group, that can be directly associated with identifiable and unique software products and that will provide economic benefits above their cost for more than one year are considered as intangible assets.

The depreciation periods of intangible fixed assets vary between 3 and 15 years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.8 Financial assets

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

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

*Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying consolidated financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit/loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 - *Derivative financial instruments*.

*Held to maturity financial assets* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Group has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Group has no financial assets that are allowed to be classified as held to maturity financial assets.

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. The realized gain or losses through disposal are recognized directly in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The Group has accounted equity shares classified as available-for-sale according to quoted market prices or dealer price quotations for financial instruments traded in active markets or according to cost less impairment losses for financial instruments not traded in active markets.

*Investments in equity shares* are shares and partnership interests, in which the Group has a share less than 10% and which are not participating in the determination of partnership policies and management of other companies directly or indirectly and are acquired for the purpose of investment. Differences between fair value and book value of such securities are recognized under "Revaluation of financial assets" within equities items provided they can be measured reliably with their book values. Market value securities are demonstrated under assets with their market value while others are demonstrated with their net value subsequent to impairment from their book values, if available.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.8 Financial assets (continued)

*Subsidiaries* are partnership shares in which the Group's share is more than 50% or in which it has the opportunity to manage its activities that significantly affect the returns of the invested partnership. In accordance with the provisions of the Consolidation Circular and IFRS 10 Consolidated Financial Statements subsidiaries are, including in the scope of consolidation in the content of the consolidated financial statements.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized cost by effective interest method less impairment losses, if exist.

Securities are recognized and derecognized at the date of settlement.

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expired or surrendered.

#### 2.9 Impairment on assets

##### Impairment on financial assets

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

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

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

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

##### Impairment on tangible and intangible assets

On each balance sheet date, the Group evaluates whether there is an indication of impairment of fixed assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "TAS 36 - Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Provision and rediscount expenses of the period(s) are detailed in *Note 47*.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.10 Derivative financial instruments

Derivative instruments are treated as held for trading financial assets in compliance with the standard *TAS 39 - Financial Instruments: Recognition and measurement*.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "income accruals" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

As of December 31, 2022, the Group has derivative financial instruments recognized in the financial assets held for trading that is amounting to TL 9.811 (December 31, 2021: None) and as of reporting period the Group does not have open interest (December 31, 2021: TL 85.921.272).

#### 2.11 Offsetting of financial assets

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

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

#### 2.12 Cash and cash equivalents

Cash and cash equivalents, which is the basis for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than 3 months which are ready to be used by the Group or not blocked for any other purpose.

#### 2.13 Capital

As at December 31, 2022 and 2021, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2022.

As of December 31, 2022, there are not any privileges on common shares representing share capital (December 31, 2021: None).

As of December 31, 2022 and 2021, the Company is not subject to registered capital system.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.14 Insurance and investment contracts - classification

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

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

The Group acts as a reinsurer when writing insurance from an insurance company (cedant) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

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

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

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

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

As of balance sheet date, the Group does not have any insurance or investment contracts that contain a DPF (December 31, 2021: None).

#### 2.16 Investment contracts without discretionary participation feature

As of the reporting date, the Group does not have any insurance contracts and investment contracts without discretionary participation feature (December 31, 2021: None).

#### 2.17 Liabilities

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.18 Taxes

##### Corporate tax

Statutory income is subject to corporate tax at 25% (With the amendment made in Article 32 of the Corporate Tax Law No. 5520 by the Law No. 7394 on April 15, 2022, it has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2022 calendar year, starting from the declarations that must be submitted as of July 1, 2022 and being valid for the corporate earnings for the taxation period starting from January 1, 2022). 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. The 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 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.

The 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 Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their corporate tax returns to their tax offices by the end of last day of the fourth month of 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.

##### Deferred tax

In accordance with *TAS 12 - 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 Group 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.

Since, as of July 1, 2022, the corporate tax rate for after 2022 is determined as 25%, as of December 31, 2022, 25% tax rates is used for temporary differences that are expected to be realized/closed after 2022 (December 31, 2021: Since the corporate tax rate effective as of January 1, 2022 is 23%, tax rate is used 23% for the valid differences that are expected to be realized/closed after 2022).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.18 Taxes (continued)

##### Transfer pricing

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

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

#### 2.19 Employee benefits

##### Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2022 is TL 15.371,40 (December 31, 2021: TL 8.284,51).

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Group started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Group accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - *Employee Benefits*.

The major actuarial assumptions used in the calculation of the total liability as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	3,11%	3,95%
Expected rate of salary/limit increase	20,00%	25,00%

##### Other benefits

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 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 not any probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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

#### 2.21 Revenue recognition

##### Written premiums

Written premiums represent premiums ceded from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocessionaire companies are accounted as "written premiums, ceded" in the profit or loss statement. Written premiums are recorded upon the receipt of quarterly statements of accounts from cedant in treaties whereas facultative accounts are registered upon the receipt of monthly slips.

##### Claims paid

Claims paid represent payments of the Group as a reinsurance company when risks ceded from insurance and reinsurance companies are realized. Claims are recognised as expense upon the receipt of notifications. Notifications have not specific periods and depend on the initiative of the insurance and reinsurance companies.

##### Commission income and expenses

Commissions paid to the insurance and reinsurance companies and brokers related to the taken risk of written premium as a reinsurance company and the commissions received from the reinsurance companies related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses respectively within the calculation of reserve for unearned premiums for the policies produced.

##### Interest income and expenses

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.21 Revenue recognition (continued)

##### 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 consolidated financial statements.

##### Dividends

Dividend income is recognized when the Group's right to receive payment is ascertained.

#### 2.22 Leasing transactions

Tangible assets acquired through finance leasing are recognised in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

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

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes as following;

- the initial amount of lease liabilities recognised,
- lease payments made at or before the commencement date less any lease incentives received, and
- all initial direct costs incurred by the Group

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.22 Leasing transactions (continued)

##### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The right of use which is calculated on leasing agreements is accounted under "Tangible Assets" account.

The interest expense on the lease obligation is accounted under "Investment Management Expense - Including Interest", and the depreciation expense of the usage right asset is accounted under "Depreciation and Amortization Expenses".

Information on the duration of the operating leases and discount rates applied are as follows:

<b>Assets subject to operational leasing</b>	<b>Contract Period (Year)</b>	<b>Discount Rate - TL (%)</b>
Buildings	3-5 years	11,32-23,00
Vehicles	3 years	11,00-23,00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.23 Dividend distribution

Dividend distributions are reflected in the financial statements as a liability in the period in which they are declared as a component of profit distribution in accordance with Turkish Commercial Law, related tax laws, Insurance legislation and the Company's Articles of Association.

#### 2.24 Insurance technical provisions

##### *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 unearned premiums reserve 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 current insurance policies. Nonetheless;

- Unearned premium reserve is calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations,

- For commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Group: for proportional reinsurance contracts, on the basis of 1/24 over the ceded premiums for treaty and facultative contracts, for commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves and for facultative and non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Group calculates unearned premiums reserve for ceded premium as retrocedant on the same basis.

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

##### *Unexpired risk reserves*

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net -outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period - unearned premiums reserve, net at the end of the period).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions (continued)

##### Unexpired risk reserves (continued)

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 28356 dated July 17, 2012; besides the net unexpired risk reserve detailed in the above, gross unexpired risk reserve is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the unearned premiums reserve of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer's share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

According to the Circular numbered 2012/15 dated December 10, 2012, reserve for unexpired risks are calculated on main branches.

As a result of new start of the Company according to "Regulation on the technical provisions and assets which are to be invested of Insurance and Reinsurance and Pension Companies" ("Regulation"), unexpired risk reserve is not; it's calculated by the Company actuary until the end of the twenty-fourth month following the commencement of operations on net claim/premium ratio (outstanding claims (net) + claims paid (net) - provision for outstanding claims, net at the beginning of the period)/((written premiums (net) + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums (net)) for one year. According to 6th subclause of 6th article of Regulation, unexpired risk reserve is calculated on net claim/premium ratio (outstanding claims (net) + claims paid (net))/((written premiums (net) - reserve for unearned premiums (net)) as not to take catastrophic excess of loss reinsurance premiums on a sub-branch basis. If the net claims/premiums ratio exceeds 95%, net amount of unexpired risk reserve is calculated as ratio which exceeds 95% by multiplying with net amount of unearned premiums reserve, gross unexpired risk reserve is calculated by multiplying with gross amount of unearned premiums reserve.

As a result of the calculation during the reporting period, the Group has TL 22.977.195 unexpired risk reserves (December 31, 2021: TL 5.173.409).

##### Outstanding claims reserve

The Companies are obliged to reserve outstanding claims provision for unearned compensation amounts that have been accrued and calculated but have not yet been paid in the previous accounting period or if this amount has not been calculated the provision should be reserved for the estimated amount that have accrued but have not been reported ("IBNR").

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 27655 numbered and July 28, 2010 dated Official Gazette, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses are considered while the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

In accordance with the Regulation, the calculation of provisions for incurred but not reported outstanding claims and outstanding claims reserve adequacy difference calculated by the Company's actuary for the five years following the start of the activity are calculated. In addition, adequate differences will be calculated for extracted major damages that are determined by the actuary. The procedures and principles regarding the calculation of provisions for outstanding claim adequacy difference, sending these calculation table to the Republic of Turkey Ministry of Treasury and Finance and the addition of the calculated difference to provision for outstanding claims in financial statements are determined by the Republic of Turkey Ministry of Treasury and Finance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions (continued)

##### Outstanding claims reserve (continued)

Current or related reinsurance agreement conditions are considered in calculations of provisions for outstanding claims, ceded.

Except for the life branch, the difference between the outstanding claims reserve that has accrued and determined in amount, and the results of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance, is called as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method" except its Article 9 and 10 have abolished. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Claim/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The Group, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated November 6, 2008, selections and results should be assess in detail in actuarial report by the actuary.

As of December 31, 2022, gross and ceded IBNR amount based on sub-branch except Agricultural sub-branches in the General Losses main branch was calculated by deducting incurred loss from final loss dated December 31, 2022 determined through sector loss ratio based on sub-branch due to insufficient data in branches.

However, the IBNR amounts reported by Tarsim (Insurance of Agriculture) as of December 31, 2022 in the Agriculture sub-branches of the General Losses main branch were included in the financial statements.

In the calculation of the ceded IBNR, the retrocession/gross ratio in the incurred loss on the basis of sub-branch is used.

As of December 31, 2022, the Group reflected to consolidated financial statement the gross IBNR amount of TL 86.009.292 (December 31, 2021: TL 9.650.212) and TL 93.929.903 net IBNR calculated according to the method explained above (December 31, 2021: TL 10.703.244).

In the framework of "Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves" dated June 10, 2016 and numbered 2016/22 published by the Republic of Ministry of Treasury and Finance and "Circular on Making Amendments on Circular Numbered 2016/22 on Discounting of Net Cash Flows arising from Outstanding Claims" dated September 15, 2017 and numbered 2017/7 of Ministry of Treasury and Finance, discounting of net cash flows arising from outstanding claims reserves calculated and allocated according to insurance legislation has become obligatory in terms of General Liability and Land Vehicles Liability branches and possible in terms of other branches.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.24 Insurance technical provisions *(continued)*

##### **Outstanding claims reserve** *(continued)*

In accordance with the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions as of July 22, 2022, the rate taken into account for the discount has determined as 22% (December 31, 2021: 14%).

The Group has calculated taking into account the sector cash flow rates in the Table57-AZMM file uploaded on February 13, 2023 to discount of all branches. Accordingly, as of December 31 2022, the Group discounted the cash flows to will be generated by the outstanding claims provision, net of TL 144.040.719 (December 31 2021: TL 26.958.368).

##### **Equalization reserve**

In accordance with the Communiqué on Technical Reserves put into effect starting from November 10, 2021, the companies should provide equalization reserve in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization reserve, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization reserve up to reaching 150% of the highest premium amount written in a year within the last five years. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization reserves. Claims payments are deducted from first year's equalization reserves by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Group is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity.

This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

Equalization reserves are presented under "Other technical reserves" within long term liabilities in the accompanying consolidated financial statements. As of the reporting date, the Group has recognized equalization reserves amounting to TL 81.627.100 (December 31, 2021: TL 31.943.256).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.25 Related parties

Parties are considered related to the Group if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
  - has an interest in the Group that gives it significant influence over the Group; or
  - has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

A number of transactions are entered into with related parties in the normal course of business

#### 2.26 Earning per share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Group. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

#### 2.27 Subsequent events

Subsequent events that provide additional information about the Group's position at the reporting dates (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

#### 2.28 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group'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, 2022 are as follows:**

##### **Amendments to TFRS 3 - Reference to the Conceptual Framework**

In July 2020, 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 must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations *(continued)*

##### i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows: *(continued)*

###### Amendments to TAS 16 - Proceeds before intended use

In July 2020, 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 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.

The amendments did not have a significant impact on the financial position or performance of the Group.

###### Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments 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 prospectively 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).

The amendments did not have a significant impact on the financial position or performance of the Group.

###### Annual Improvements - 2018-2020 Cycle

In July 2020, 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.

The amendments did not have a significant impact on the financial position or performance of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations (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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

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 Group will wait until the final amendment to assess the impacts of the changes.

##### **TFRS 17 - The new Standard for insurance contracts**

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 become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations *(continued)*

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

##### **Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

#### 2.28 The new standards, amendments and interpretations (continued)

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

#### Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

### 3 Critical accounting estimates and judgments in applying accounting policies

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

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

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

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

Note 4.1 - *Management of insurance risk*

Note 4.2 - *Financial risk management*

Note 10 - *Reinsurance assets/liabilities*

Note 11 - *Financial assets*

Note 12 - *Loans and receivables*

Note 17 - *Insurance liabilities and reinsurance assets*

Note 21 - *Deferred taxes*

Note 23 - *Other liabilities and cost provisions*

Note 34 - *Financial costs*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 4 Management of insurance and financial risk

#### 4.1 Management of insurance risk

##### Objective of managing risks arising from insurance (reinsurance) contracts and policies used to minimize such risks

Reinsurance and retrocession risk are defined as a possibility of financial loss due to inappropriate and insufficient application of reinsurance techniques in the activities of taking insurance contract responsibility partially or completely.

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Group's "Risk Acceptance Criteria" issued by the approval of the Board of Directors.

The main objective of the "Risk Acceptance Criteria" is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Group's asset quality and limitations allowed by the insurance standards together with the Group's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed and reported to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

##### Sensitivity to insurance risk

Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst case scenario on the possibility of an earthquake in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Insurance risk condensation

The Group's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance):

<b>Total claims liability December 31, 2022</b>	<b>Gross total claims liability</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
General Loses	389.790.485	(7.077.506)	382.712.979
Fire and Natural Disasters	180.166.393	(11.711.567)	168.454.826
General Liabilities	124.301.056	(11.586.091)	112.714.965
Marine	87.710.118	(229.203)	87.480.915
Water Vehicles	36.783.560	-	36.783.560
Land Vehicles	6.936.502	(16.026)	6.920.476
Financial Losses	4.660.320	484.252	5.144.572
Credit	6.401.452	(592.493)	5.808.959
Accident	3.642.465	(14.814)	3.627.651
Land Vehicles Liability	886.501	-	886.501
Breach of Trust	2.285.737	-	2.285.737
Air Vehicles	1.705.028	-	1.705.028
Health	29.900	-	29.900
Legal Protection	11.133	-	11.133
Air Vehicles Liability	9.321	-	9.321
<b>Total</b>	<b>845.319.971</b>	<b>(30.743.448)</b>	<b>814.576.523</b>
<b>Total claims liability December 31, 2021</b>	<b>Gross total claims liability</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
General Loses	87.988.659	(1.387.812)	86.600.847
Fire and Natural Disasters	42.065.918	(4.706.233)	37.359.685
General Liabilities	34.402.272	(725.415)	33.676.857
Marine	18.465.538	-	18.465.538
Water Vehicles	17.485.195	-	17.485.195
Land Vehicles	10.972.437	-	10.972.437
Financial Losses	8.073.768	(741.561)	7.332.207
Credit	5.928.358	(968.284)	4.960.074
Accident	4.289.800	-	4.289.800
Land Vehicles Liability	510.228	-	510.228
Breach of Trust	164.572	-	164.572
Air Vehicles	120.231	-	120.231
Legal Protection	278	-	278
<b>Total</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Given insurance collateral amounts in respect to branches

	December 31, 2022	December 31, 2021
Fire and Natural Disasters	466.213.360.458	163.734.084.063
General Losses	188.875.855.229	69.762.785.658
Financial Losses	19.241.075.355	8.314.386.326
General Liabilities	9.907.785.400	3.704.607.688
Accident	4.528.084.110	1.714.026.707
Land Vehicles Liability	1.710.102.670	803.106.238
Water Vehicles	1.172.343.971	513.679.766
Land Vehicles	1.170.242.090	405.538.605
Marine	775.732.640	318.181.917
Air Vehicles	178.706.501	64.428.113
Credit	88.396.440	51.605.140
Breach of Trust	28.193.160	9.348.379
Health	861.369	-
Legal protection	64.189	25.563
<b>Total<sup>(*)</sup></b>	<b>693.890.803.582</b>	<b>249.395.804.163</b>

<sup>(\*)</sup> Net amount which deducted share of reinsurance.

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

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

#### 4.2 Management of insurance risk

##### Introduction and overview

This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Credit risk (continued)

Credit risk is the risk of financial loss to the Group if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Group fails to meet its contractual obligations. The Group manages this credit risk by regularly assessing reliability of the counterparties. The balance sheet items that the Group is exposed to credit risk are as follows:

- Banks
- Available for sale financial assets
- Held for trading financial assets
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

Credit risk is measured by both quantitative and qualitative methods. The Group assess the financial strengths, financial positions and payment performance of companies described as third party. In addition, the Group consider to credit ratings confirmed by international credit rating agencies related to retrocessionaire.

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 14)	617.803.942	945.932.366
Financial assets (Note 11)	1.664.396.632	251.979.541
Receivables from main operations (Note 12)	1.810.969.724	613.781.608
Other receivables from unrelated parties (Note 12)	7.059.104	9.953.126
Income accruals (Note 12)	69.017.901	3.489.142
Prepaid expenses (Note 12)	5.048.990	1.476.095
Prepaid taxes and funds (Note 12)	3.319.520	-
Other current assets (Note 12)	63.055	7.917
Other non-current assets (Note 12)	4.500	4.500
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	30.743.448	8.529.305
<b>Total</b>	<b>4.208.426.816</b>	<b>1.835.153.600</b>

<sup>(1)</sup> Stocks amounting to TL 44.975.530 are not included (December 31, 2021: TL 56.957.181).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Credit risk (continued)

As at December 31, 2022 and 2021, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2022		December 31, 2021	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	1.775.893.118	-	603.762.936	-
Past due 0-30 days	6.722.027	-	4.436.961	-
Past due 31 - 60 days	3.670.736	-	2.022.401	-
Past due 61 - 90 days	15.376.767	-	594.253	-
Past due 90+	9.307.076	-	2.965.057	-
<b>Total</b>	<b>1.810.969.724</b>	<b>-</b>	<b>613.781.608</b>	<b>-</b>

The Group does not have any allowance for impairment losses for receivables from main operations as of December 31, 2022 (December 31, 2021: None).

##### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as a result of the imbalance between the Group's cash inflows and outflows in terms of maturity and volume.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

In respect of this risk which is measured by quantitative methods, any liquidity deficit is observed via the maturity analysis of assets and liabilities in the statement of balance sheet. Furthermore, liquidity structure of the Group is monitored by using the following basic indicators in respect of liquidity ratios.

- Liquid Assets/Total Assets
- Liquidity Ratio
- Current Ratio
- Premium and Reinsurance Receivables/Total Assets

Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Liquidity risk (continued)

##### Management of the liquidity risk

The Group considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	617.803.942	322.177.319	240.485.949	-	-	-	55.140.674
Financial assets	1.709.372.162	2.457.196	736.526.314	47.855.623	81.505.753	10.903.110	830.124.166
Receivables from main operations -third parties	1.810.969.724	366.649.503	1.400.382.046	29.577.236	14.360.939	-	-
Other receivables and current assets	76.144.560	7.028.960	93.199	69.017.901	-	4.500	-
<b>Total monetary assets</b>	<b>4.214.290.388</b>	<b>698.312.978</b>	<b>2.377.487.508</b>	<b>146.450.760</b>	<b>95.866.692</b>	<b>10.907.610</b>	<b>885.264.840</b>
Other financial liabilities	10.208.196	436.281	898.546	1.340.748	2.579.302	4.953.319	-
Payables from main operations	141.243.798	4.809.460	117.997.462	18.436.876	-	-	-
Insurance technical reserves <sup>(1)</sup>	814.576.523	-	-	-	-	-	814.576.523
Provisions for taxes and other similar obligations	84.898.669	5.174.356	-	79.724.313	-	-	-
Other payables	10.622.451	10.622.451	-	-	-	-	-
Provisions for other risks and expense accruals	26.599.753	1.478.223	3.254.219	17.354.252	2.834.029	1.679.030	-
<b>Total monetary liabilities</b>	<b>1.088.149.390</b>	<b>22.520.771</b>	<b>122.150.227</b>	<b>116.856.189</b>	<b>5.413.331</b>	<b>6.632.349</b>	<b>814.576.523</b>

<sup>(1)</sup> Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Liquidity risk (continued)

Management of the liquidity risk (continued)

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	945.932.366	316.669.266	627.101.362	-	-	-	2.161.738
Financial assets	308.936.722	5.765.607	17.760.963	18.860.431	25.388.981	68.965.415	172.195.325
Receivables from main operations - <i>third parties</i>	613.781.608	16.394.788	587.250.449	5.193.305	4.943.066	-	-
Other receivables and current assets	13.454.685	7.917	2.688.412	10.753.856	-	4.500	-
<b>Total monetary assets</b>	<b>1.882.105.381</b>	<b>338.837.578</b>	<b>1.234.801.186</b>	<b>34.807.592</b>	<b>30.332.047</b>	<b>68.969.915</b>	<b>174.357.063</b>
Other financial liabilities	91.627.162	168.141	86.267.435	527.205	1.097.062	3.567.319	-
Payables from main operations	91.150.645	3.932.957	46.797.229	32.290.497	8.129.962	-	-
Insurance technical reserves <sup>(1)</sup>	221.937.949	-	-	-	-	-	221.937.949
Provisions for taxes and other similar obligations	33.320.962	1.611.685	31.709.277	-	-	-	-
Other payables	2.317.631	1.308.478	1.009.153	-	-	-	-
Provisions for other risks and expense accruals	5.188.503	202.938	-	3.626.392	893.506	465.667	-
<b>Total monetary liabilities</b>	<b>445.542.852</b>	<b>7.224.199</b>	<b>165.783.094</b>	<b>36.444.094</b>	<b>10.120.530</b>	<b>4.032.986</b>	<b>221.937.949</b>

<sup>(1)</sup> Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

##### Foreign currency risk

The Group is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies.

The Group's exposure to foreign currency risk is as follows.

December 31, 2022	US Dollar	Euro	Other currencies	Total
Receivables from main operations	68.034.732	19.518.369	2.495.101	90.048.202
Cash and cash equivalents	38.862.531	52.838.297	21.382.517	113.083.345
<b>Total foreign currency assets</b>	<b>106.897.263</b>	<b>72.356.666</b>	<b>23.877.618</b>	<b>203.131.547</b>
Payables from main operations	-	70.123.131	-	70.123.131
Insurance technical reserves <sup>(1)</sup>	100.970.665	168.956.241	2.418.179	272.345.085
<b>Total foreign currency liabilities</b>	<b>100.970.665</b>	<b>239.079.372</b>	<b>2.418.179</b>	<b>342.468.216</b>
<b>Net financial position</b>	<b>5.926.598</b>	<b>(166.722.706)</b>	<b>21.459.439</b>	<b>(139.336.669)</b>
December 31, 2021	US Dollar	Euro	Other currencies	Total
Receivables from main operations	18.008.405	10.069.076	55.197	28.132.678
Cash and cash equivalents	477.536.850	10.288.735	1.276.025	489.101.610
<b>Total foreign currency assets</b>	<b>495.545.255</b>	<b>20.357.811</b>	<b>1.331.222</b>	<b>517.234.288</b>
Payables from main operations	-	32.290.513	-	32.290.513
Insurance technical reserves <sup>(1)</sup>	16.041.841	38.070.509	-	54.112.350
Financial liabilities	276.198.405	-	-	276.198.405
<b>Total foreign currency liabilities</b>	<b>292.240.246</b>	<b>70.361.022</b>	<b>-</b>	<b>362.601.268</b>
<b>Net financial position</b>	<b>203.305.009</b>	<b>(50.003.211)</b>	<b>1.331.222</b>	<b>154.633.020</b>

<sup>(1)</sup> According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated July 28, 2010; foreign currency denominated claims provisions evaluated by the Central Bank of Republic of Turkey's spot selling rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical provisions are valued at the CBRT's selling rate of December 31, 2022, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, assets are valued at the CBRT buying rates and liabilities are valued at the CBRT selling rate as of December 31, 2022 and the resulting exchange rate differences are recorded as foreign exchange profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

##### Exposure to foreign currency risk

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2022 and 2021 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2022	18,6983	19,9349	18,7320	19,9708	16,5443	17,3629
December 31, 2021	13,3290	15,0867	13,3530	15,1139	8,8541	10,4381

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2022 and 2021 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction.

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	(592.660)	(592.660)	(20.330.501)	(20.330.501)
Euro	16.672.271	16.672.271	5.000.321	5.000.321
Other	(2.145.944)	(2.145.944)	(133.122)	(133.122)
<b>Total, net</b>	<b>13.933.667</b>	<b>13.933.667</b>	<b>(15.463.302)</b>	<b>(15.463.302)</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

##### Exposure to interest rate risk

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

As at reporting date, the variable interest income and interest-bearing financial assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
<b>Financial assets/(liabilities) with fixed interest rates:</b>		
Cash at banks (Note 14)	562.663.268	943.770.628
Available for sale financial assets - Government bonds - TL (Note 11)	22.737.652	51.552.521
Available for sale financial assets - Private sector borrowing bonds - TL (Note 11)	64.773.172	24.310.310
Available for sale financial assets - Private sector bonds - TL (Note 11)	57.745.443	17.016.108
Held for trading financial assets - FX indexed financial assets (Note 11)	696.992.052	-
<b>Financial assets/(liabilities) with variable interest rate:</b>		
Available for sale financial assets - Private sector bonds - TL (Note 11)	36.989.866	43.862.458

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

###### Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Group has classified its financial assets as available for sale, held for trading or held to maturity. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying consolidated financial statements.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

###### Classification relevant to fair value information

TFRS 7 - *Financial instruments: Disclosures* requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Group. This distinction brings about a fair value measurement classification generally as follows.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

In accordance with *TFRS 13 - Measurement of Fair Value* standard effective from January 1, 2013, all assets measured at fair value are classified and presented in an order that reflects the importance of the data used in determining their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Market risk (continued)

Classification relevant to fair value information (continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	227.221.663	-	-	<b>227.221.663</b>
Held for trading financial assets (Note 11)	785.158.447	696.992.052	-	<b>1.482.150.499</b>
<b>Total</b>	<b>1.012.380.110</b>	<b>696.992.052</b>	<b>-</b>	<b>1.709.372.162</b>
	December 31, 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	193.698.578	-	-	<b>193.698.578</b>
Held for trading financial assets (Note 11)	110.740.650	-	-	<b>110.740.650</b>
<b>Total</b>	<b>304.439.228</b>	<b>-</b>	<b>-</b>	<b>304.439.228</b>

##### Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on income as a result of 10% decrease in the fair value of equity share instruments available for sale financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity share indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	(4.497.553)	(4.497.553)	(5.695.718)	(5.695.718)
<b>Total, net</b>	<b>(4.497.553)</b>	<b>(4.497.553)</b>	<b>(5.695.718)</b>	<b>(5.695.718)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

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

##### Gain and losses from financial assets

<i>Gains and losses recognized in the statement of income, net:</i>	January 1 - December 31, 2022	January 1 - December 31, 2021
Interest income from bank deposits	115.240.058	114.294.219
Income from debt securities classified as available for sale financial assets	55.149.591	18.173.574
Income from equity shares classified as available for sale financial assets	208.278.644	20.036.798
Income from investment funds classified as available for sale financial assets	-	29.503
Income from investment funds classified as trading financial assets	172.481.631	10.740.650
Income from derivative financial instruments	269.931.038	1.378.101
Foreign exchange gains	89.707.136	258.685.114
<b>Investment income</b>	<b>910.788.098</b>	<b>423.337.959</b>
Foreign exchange losses	(22.203.751)	(59.829.674)
Value decrease of securities	(5.579.313)	(1.051.072)
Loss from disposal of financial assets	(33.381.177)	(5.436.420)
Loss from derivative financial instruments	(124.958.387)	(178.990.850)
Investment management expenses (including interest)	(1.318.839)	(565.781)
Other investment expenses	-	(5.194)
<b>Investment expenses</b>	<b>(187.441.467)</b>	<b>(245.878.991)</b>
<b>Investment income, net</b>	<b>723.346.631</b>	<b>177.458.968</b>
<i>Gains and losses recognized in the statement of equity, net:</i>	December 31, 2022	December 31, 2021
Fair value changes in available for sale financial assets (Note 15)	17.284.492	(10.378.818)
<b>Total, net</b>	<b>17.284.492</b>	<b>(10.378.818)</b>

#### Capital management

The Group's capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Company measured its minimum capital requirement as TL 931.275.595 (December 31, 2021: TL 353.526.281). As of December 31, 2022, the capital amount of the Company calculated according to the Communiqué is TL 655.432.124 (December 31, 2021: TL 469.348.700) more than the minimum capital requirement amounts.

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Türk Katılım Reasürans A.Ş. measured its minimum capital requirement as TL 66.302.957. As of December 31, 2022, the capital amount of the Türk Katılım Reasürans calculated according to the Communiqué is TL 44.431.157 more than the minimum capital requirement amounts.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 5 Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

As of December 31, 2022 and 2021, the Group operates in non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market. The main geographical segment the Group operates is in Turkey, so the Group does not disclose geographical segment reporting.

### 6 Tangible assets

Movement in tangible assets in the period from January 1 to December 31, 2022 is presented below:

	January 1, 2022	Additions	Disposals	December 31, 2022
<b>Cost:</b>				
Machinery and equipment	2.458.851	4.511.288	(56.565)	6.913.574
Furniture and fixtures	823.774	1.412.807	-	2.236.581
Other tangible assets (including leasehold improvements)	1.868.281	2.846.574	-	4.714.855
Operating leases (Buildings)	6.230.107	5.287.989	-	11.518.096
Operating leases (Vehicles)	2.017.098	2.928.746	(233.965)	4.711.879
	<b>13.398.111</b>	<b>16.987.404</b>	<b>(290.530)</b>	<b>30.094.985</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(1.003.044)	(1.069.661)	13.579	(2.059.126)
Furniture and fixtures	(229.017)	(223.531)	-	(452.548)
Other tangible assets (including leasehold improvements)	(736.831)	(611.971)	-	(1.348.802)
Operating leases (Buildings)	(2.066.123)	(2.616.508)	-	(4.682.631)
Operating leases (Vehicles)	(870.093)	(1.393.801)	77.989	(2.185.905)
	<b>(4.905.108)</b>	<b>(5.915.472)</b>	<b>91.568</b>	<b>(10.729.012)</b>
<b>Carrying amounts</b>	<b>8.493.003</b>			<b>19.365.973</b>

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

	January 1, 2021	Additions	Disposals	December 31, 2021
<b>Cost:</b>				
Machinery and equipment	2.440.124	358.667	(339.940)	2.458.851
Furniture and fixtures	914.751	128.127	(219.104)	823.774
Other tangible assets (including leasehold improvements)	2.274.481	251.661	(657.861)	1.868.281
Operating leases (Buildings)	4.765.663	1.464.444	-	6.230.107
Operating leases (Vehicles)	1.600.378	416.720	-	2.017.098
	<b>11.995.397</b>	<b>2.619.619</b>	<b>(1.216.905)</b>	<b>13.398.111</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(435.648)	(610.692)	43.296	(1.003.044)
Furniture and fixtures	(115.220)	(130.733)	16.936	(229.017)
Other tangible assets (including leasehold improvements)	(404.900)	(388.612)	56.681	(736.831)
Operating leases (Buildings)	(923.266)	(1.142.857)	-	(2.066.123)
Operating leases (Vehicles)	(286.677)	(583.416)	-	(870.093)
	<b>(2.165.711)</b>	<b>(2.856.310)</b>	<b>116.913</b>	<b>(4.905.108)</b>
<b>Carrying amounts</b>	<b>9.829.686</b>			<b>8.493.003</b>

There is not any mortgage over tangible assets of the Group as at December 31, 2022 (December 31, 2021: None).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 7 Investment properties

The Group has not any investment property as at December 31, 2022 (December 31, 2021: None).

### 8 Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2022 is presented below:

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
<b>Costs:</b>					
Rights	8.140.971	4.297.142	511.384	(509.033)	12.440.464
Advances on intangible fixed assets	491.140	521.939	(511.384)	-	501.695
	<b>8.632.111</b>	<b>4.819.081</b>	<b>-</b>	<b>(509.033)</b>	<b>12.942.159</b>
<b>Accumulated amortization:</b>					
Intangible assets	(2.818.726)	(2.723.077)	-	350.294	(5.191.509)
	<b>(2.818.726)</b>	<b>(2.723.077)</b>	<b>-</b>	<b>350.294</b>	<b>(5.191.509)</b>
<b>Net book value</b>	<b>5.813.385</b>				<b>7.750.650</b>

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

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
<b>Costs:</b>					
Rights	6.641.135	1.682.453	-	(182.617)	8.140.971
Advances on intangible fixed assets	-	853.530	-	(362.390)	491.140
	<b>6.641.135</b>	<b>2.535.983</b>	<b>-</b>	<b>(545.007)</b>	<b>8.632.111</b>
<b>Accumulated amortization:</b>					
Intangible assets	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
	<b>(1.061.426)</b>	<b>(1.788.858)</b>	<b>-</b>	<b>31.558</b>	<b>(2.818.726)</b>
<b>Net book value</b>	<b>5.579.709</b>				<b>5.813.385</b>

### 9 Investments in associates

	December 31, 2022		December 31, 2021	
	Net book value TL	Participation rate %	Net book value TL	Participation rate %
B3i Services AG	4.497.494	0,89	4.497.494	0,89
Impairment (-)	(4.497.494)	-	-	-
<b>Investments in equity shares (Note 4.2)</b>	<b>-</b>		<b>4.497.494</b>	
<b>Financial assets (Note 4.2)</b>	<b>-</b>		<b>4.497.494</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 10 Reinsurance asset and liabilities

As of December 31, 2022 and 2021, outstanding reinsurance assets and liabilities of the Group, as reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2022	December 31, 2021
Receivables from reinsurance companies (Note 12)	5.358.820	1.306.279
Cash Deposited to insurance and reinsurance companies (Note 12)	2.433.246	-
Unearned premiums reserve, ceded (Note 17)	10.652.881	7.483.033
Unexpired risk reserve, ceded (Note 17)	889.991	182.223
Outstanding claims reserve, ceded (Note 17 and 4.2)	30.743.448	8.529.305
Other technical reserves, ceded (Note 17)	24.274.540	10.345.317
<b>Total</b>	<b>74.352.926</b>	<b>27.846.157</b>

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2022	December 31, 2021
Payables to reinsurance companies related to premiums written	300.416	1.448.332
Deferred commission income (Note 19)	1.420.874	1.566.297
Cash deposited by reinsurance companies (Note 19)	13.699.910	8.129.962
<b>Total</b>	<b>15.421.200</b>	<b>11.144.591</b>

The gains and losses recognized in the income statement in accordance with the retrocession contracts of the Group are shown in the following table:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Premiums ceded during the period (Note 17)	(218.614.355)	(119.301.288)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(7.483.033)	(4.782.266)
Unearned premiums reserve, ceded at the end of the period (Note 17)	10.652.881	7.483.033
<b>Premiums earned, ceded (Note 17)</b>	<b>(215.444.507)</b>	<b>(116.600.521)</b>
Claims paid, ceded during the period (Note 17)	12.882.691	3.721.612
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(8.529.305)	(2.378.078)
Outstanding claims reserve, ceded at the end of the period (Note 17)	30.743.448	8.529.305
<b>Claims incurred, ceded (Note 17)</b>	<b>35.096.834</b>	<b>9.872.839</b>
Commission income accrued from reinsurers during the period (Note 32)	4.488.497	5.704.981
Deferred commission income at the beginning of the period (Note 19)	1.566.297	1.060.181
Deferred commission income at the end of the period (Note 19)	(1.420.874)	(1.566.297)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>4.633.920</b>	<b>5.198.865</b>
<b>Changes in unexpired risks reserve, ceded (Note 17)</b>	<b>889.991</b>	<b>182.223</b>
<b>Changes in equalization reserve, ceded (Note 17)</b>	<b>24.274.540</b>	<b>10.345.317</b>
<b>Total, net</b>	<b>(150.549.222)</b>	<b>(91.001.277)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 11 Financial assets

As of December 31, 2022 and 2021, the Group's financial assets portfolio are detailed as follows:

	December 31, 2022	December 31, 2021
Available for sale financial assets	227.221.663	193.698.578
Financial assets held for trading	1.482.150.499	110.740.650
<b>Total</b>	<b>1.709.372.162</b>	<b>304.439.228</b>

As of December 31, 2022 and 2021, the Group's available for sale financial assets are as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Net book value
<b>Debt instruments:</b>				
Government bonds - TL	22.934.389	19.199.474	22.737.652	22.737.652
Private sector borrowing bonds - TL	70.600.000	62.389.963	64.773.172	64.773.172
Private sector bonds - TL	90.090.000	89.534.564	94.735.309	94.735.309
<b>Total</b>	<b>171.124.001</b>	<b>182.246.133</b>	<b>182.246.133</b>	<b>182.246.133</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	1.833.392	36.070.665	44.975.530	44.975.530
<b>Total</b>	<b>36.070.665</b>	<b>44.975.530</b>	<b>44.975.530</b>	<b>44.975.530</b>
<b>Total available for sale financial assets (Note 4.2)</b>	<b>207.194.666</b>	<b>227.221.663</b>	<b>227.221.663</b>	<b>227.221.663</b>
	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
<b>Debt instruments:</b>				
Government bonds - TL	59.761.790	53.006.701	51.552.521	51.552.521
Private sector borrowing bonds - TL	24.650.000	23.926.140	24.310.310	24.310.310
Private sector bonds - TL	59.300.000	58.360.998	60.878.566	60.878.566
<b>Total</b>	<b>135.293.839</b>	<b>136.741.397</b>	<b>136.741.397</b>	<b>136.741.397</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	11.268.184	67.211.536	56.957.181	56.957.181
<b>Total</b>	<b>67.211.536</b>	<b>56.957.181</b>	<b>56.957.181</b>	<b>56.957.181</b>
<b>Total available for sale financial assets (Note 4.2)</b>	<b>202.505.375</b>	<b>193.698.578</b>	<b>193.698.578</b>	<b>193.698.578</b>

All of the debt securities of the Group shown in the above tables consist of securities traded in stock exchanges.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 11 Financial assets (continued)

As of December 31, 2022 and 2021, the details of the Group 's financial assets held for trading are as follows:

	December 31, 2022			Net book value
	Nominal value	Cost value	Fair value	
<b>Other fixed income financial assets:</b>				
FX indexed financial assets <sup>(1)</sup>		690.441.912	696.992.052	696.992.052
<b>Total</b>		<b>690.441.912</b>	<b>696.992.052</b>	<b>696.992.052</b>
<b>Other non-fixed income financial assets:</b>				
Investment funds	599.368.251	606.720.883	785.148.636	785.148.636
Derivative financial instruments		9.167	9.811	9.811
<b>Total</b>		<b>606.730.050</b>	<b>785.158.447</b>	<b>785.158.447</b>
<b>Total trading financial assets (Not 4.2)</b>		<b>1.297.171.962</b>	<b>1.482.150.499</b>	<b>1.482.150.499</b>

<sup>(1)</sup> The Group classified the foreign exchange protected Turkish Lira deposits having a maturity of three months or more in scope of Law No. 7352 published in the Official Gazette dated January 29, 2022 and numbered 31734 as trading financial assets.

	December 31, 2021			Recorded value
	Nominal value	Cost value	Fair value	
<b>Other non-fixed income financial assets</b>				
Investment funds	100.000.000	100.000.000	110.740.650	110.740.650
<b>Total trading financial assets (Not 4.2)</b>		<b>100.000.000</b>	<b>110.740.650</b>	<b>110.740.650</b>

As of December 31, 2022, the Group does not have any securities classified as financial assets to be held until maturity (December 31, 2021: None).

The Group does not have any financial assets issued by its affiliates.

There are no securities representing debt issued by the Group during the period or previously issued but redeemed during the period.

Among the financial asset portfolios of the Group, there is no financial asset that is overdue but not impaired yet.

Movements of financial assets during the period are as follows:

	December 31, 2022		Total
	Available for sale	Held for trading	
<b>Balance at the beginning of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>
Acquisitions during the period	7.364.110.498	4.517.773.123	11.881.883.621
Disposals (sale and redemption)	(7.359.421.206)	(3.320.375.889)	(10.679.797.095)
Change in the fair value of financial assets	28.833.793	174.012.615	202.846.408
<b>Balance at the end of the period</b>	<b>227.221.663</b>	<b>1.482.150.499</b>	<b>1.709.372.162</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

**11 Financial assets** (continued)

	December 31, 2021		Total
	Available for sale	Held for trading	
<b>Balance at the beginning of the period</b>	<b>45.943.846</b>	-	<b>45.943.846</b>
Acquisitions during the period	1.190.385.878	289.111.519	1.479.497.397
Disposals (sale and redemption)	(1.033.292.031)	(189.111.519)	(1.222.403.550)
Change in the fair value of financial assets	(9.339.115)	10.740.650	1.401.535
<b>Balance at the end of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>

**12 Loan and receivables**

	December 31, 2022	December 31, 2021
Receivables from main operations (Note 4.2)	1.810.969.724	613.781.608
Other receivables from third parties (Note 4.2)	7.059.104	9.953.126
Income accruals (Note 4.2) <sup>(*)</sup>	69.017.901	3.489.142
Prepaid expenses (Note 4.2) <sup>(**)</sup>	5.048.990	1.476.095
Prepaid taxes and funds (Note 12)	3.319.520	-
Other current assets (Note 4.2)	63.055	7.917
Other non-current assets (Note 4.2)	4.500	4.500
<b>Total</b>	<b>1.895.482.794</b>	<b>628.712.388</b>
Short-term receivables	1.895.478.294	628.707.888
Long-term receivables	4.500	4.500
<b>Total</b>	<b>1.895.482.794</b>	<b>628.712.388</b>

<sup>(\*)</sup> Consists of receivables accrued within the scope of the Technical Operations of the Turkish Natural Catastrophe Insurance Pool and the accrued of the costs incurred for the reporting period within the scope of the Technical Operations of the Special Risks Management Center (December 31, 2021: TL 9.951.156) (Note 47).

<sup>(\*\*)</sup> The portion of total balance TL 10.279.088 consists of replacement premium accruals; and the portion of total balance TL 58.524.733 consists of receivables arising from Technical Operations of the Special Risks Management Center.

<sup>(\*\*\*)</sup> Prepaid expenses consist of personnel health insurance and meal benefits.

As of December 31, 2022 and 2021, receivables from main operations are detailed as follows:

	December 31, 2022	December 31, 2021
Receivables from insurance companies	1.733.588.361	591.628.444
Receivables from brokers and intermediaries	69.589.297	20.846.885
Receivables from reinsurance companies (Note 10)	5.358.820	1.306.279
<b>Total receivables from insurance operations, net</b>	<b>1.808.536.478</b>	<b>613.781.608</b>
Cash deposited to insurance and reinsurance companies	2.433.246	-
<b>Receivables from main operations</b>	<b>1.810.969.724</b>	<b>613.781.608</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 12 Loan and receivables (continued)

As of December 31, 2022, the Group does not have any mortgages and collaterals obtained for receivables (December 31, 2021: None).

#### Provisions provided for doubtful receivables that are due and not due

- a) *Receivables under legal or administrative follow up (due)*: There are not any legal and administrative follow-ups arising from main operations and other receivables (December 31, 2021: None).
- b) *Provision for premium receivables (due)*: None (December 31, 2021: None).

The Group's receivables from and payables to shareholders, associates and subsidiaries are detailed in 45 -*Related party transactions*.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in Note 4.2.

### 13 Derivative financial instruments

As of December 31, 2022, the Group has derivative financial instruments recognized in the financial assets held for trading that is amounting to TL 9.811 (December 31, 2021: None) and as of reporting period the Group does not have open interest (December 31, 2021: TL 82.182).

### 14 Cash and cash equivalents

As at December 31, 2022 and 2021, cash and cash equivalents are as follows:

	December 31, 2022		December 31, 2021	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	617.803.942	945.932.366	945.932.366	399.053.530
<b>Cash and cash equivalents in the balance sheet</b>	<b>617.803.942</b>	<b>945.932.366</b>	<b>945.932.366</b>	<b>399.053.530</b>
Interest accruals on bank deposits	(5.305.776)	(9.853.034)	(9.853.034)	(1.959.753)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>612.498.166</b>	<b>936.079.332</b>	<b>936.079.332</b>	<b>397.093.777</b>

As at December 31, 2022 and 2021, bank deposits are further analyzed as follows:

	December 31, 2022	December 31, 2021
Foreign currency denominated bank deposits		
- time deposits	89.074.368	487.004.494
- demand deposits	5.121.562	2.097.116
Bank deposits in Turkish Lira		
- time deposits	473.588.900	456.766.134
- demand deposits	50.019.112	64.622
<b>Banks</b>	<b>617.803.942</b>	<b>945.932.366</b>

Interest rates for time deposits to TL applied are 9,50%-27,25% (December 31, 2021: 14,00% -22,00%); for foreign currency deposits are between 0,50%-0,75% (December 31, 2021: 0,05%-2,40%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 15 Equity

#### Paid in capital

As of December 31, 2022 and 2021, the shareholding structure of the Company is as follows:

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2022.

There are not any privileges on common shares representing share capital.

#### Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is used.

The movement table for legal reserves is as follows;

	December 31, 2022	December 31, 2021
Legal reserves at the beginning of the period	4.271.283	156.411
Transfer from profit	11.060.167	4.114.872
<b>Legal reserves at the end of the period</b>	<b>15.331.450</b>	<b>4.271.283</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 15 Equity (continued)

#### Valuation of financial assets

As of December 31, 2022 and 2021, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	December 31, 2022		December 31, 2021	
	Available for sale financial assets	Total	Available for sale financial assets	Total
<b>Revaluation differences at the beginning of the period</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>	<b>(504.811)</b>	<b>(504.811)</b>
Change in the fair value during the period	23.583.465	23.583.465	(13.703.764)	(13.703.764)
Deferred tax effect	(6.298.973)	(6.298.973)	3.324.946	3.324.946
<b>Revaluation differences at the end of the period</b>	<b>6.400.863</b>	<b>6.400.863</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>

#### Other Profit Reserves

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Group started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The movement table of other profit reserves as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
<b>Other profit reserves at the beginning of the period</b>	(39.373)	-
Actuarial (loss)/gain (Note 23)	304.753	(49.216)
Deferred tax effect	(73.728)	9.843
<b>Other profit reserves at the end of the period</b>	<b>191.652</b>	<b>(39.373)</b>

Revaluation surplus amounting to TL 21.660.007 which generated as a result of the revaluation application of depreciable tangible and intangible assets purchased before 2022 within the scope of Temporary Article 32 and reiterated Article 298's paragraph (ç) of the Tax Procedure Law, has been transferred from the 'Retained Earnings' to the 'Other Profit Reserves' within the framework of the provisions of the Tax Procedure Law General Communiqué numbered 537 and published in the Official Gazette dated January 14, 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 16 Other reserves and equity component of discretionary participation

As of December 31, 2022 and 2021, other reserves are explained in detail in Note 15 - Equity above.

As of December 31, 2022 and 2021, the Group does not hold any insurance or investment contracts which contain a discretionary participation feature.

### 17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Group. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Group makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 - Summary of significant accounting policies.

As at December 31, 2022 and 2021, technical reserves of the Group are as follows:

	December 31, 2022	December 31, 2021
Unearned premiums reserve, gross	1.909.610.818	699.189.160
Unearned premiums reserve, ceded (Note 10)	(10.652.881)	(7.483.033)
<b>Unearned premiums reserve, net</b>	<b>1.898.957.937</b>	<b>691.706.127</b>
Unexpired risk reserve, gross	25.917.499	5.355.632
Unexpired risk reserve, ceded (Note 10)	(889.991)	(182.223)
<b>Outstanding claims reserve, net</b>	<b>25.027.508</b>	<b>5.173.409</b>
Outstanding claims reserve, gross	845.319.971	230.467.254
Outstanding claims reserve, ceded (Note 10)	(30.743.448)	(8.529.305)
<b>Outstanding claims reserve, net</b>	<b>814.576.523</b>	<b>221.937.949</b>
Equalization reserve, gross	112.478.323	42.288.573
Equalization reserve, ceded (Note 10)	(24.274.540)	(10.345.317)
<b>Equalization reserve, net</b>	<b>88.203.783</b>	<b>31.943.256</b>
<b>Total technical provisions, net</b>	<b>2.826.765.751</b>	<b>950.760.741</b>
Short-term	2.738.561.968	918.817.485
Mid and long-term	88.203.783	31.943.256
<b>Total technical provisions, net</b>	<b>2.826.765.751</b>	<b>950.760.741</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets *(continued)*

As of December 31, 2022 and 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums reserve	December 31, 2022		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	699.189.160	(7.483.033)	691.706.127
Written premiums during the period	4.263.936.516	(218.614.355)	4.045.322.161
Earned premiums during the period	(3.053.514.858)	215.444.507	(2.838.070.351)
<b>Unearned premiums reserve at the end of the period</b>	<b>1.909.610.818</b>	<b>(10.652.881)</b>	<b>1.898.957.937</b>

Unearned premiums reserve	December 31, 2021		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	372.180.314	(4.782.266)	367.398.048
Written premiums during the period	1.820.194.168	(119.301.288)	1.700.892.880
Earned premiums during the period	(1.493.185.322)	116.600.521	(1.376.584.801)
<b>Unearned premiums reserve at the end of the period</b>	<b>699.189.160</b>	<b>(7.483.033)</b>	<b>691.706.127</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

**17 Insurance contract liabilities and reinsurance assets**(continued)

Unexpired risk reserve	December 31, 2022		Net
	Gross	Ceded	
Unexpired risk reserve at the beginning of the period	5.355.632	(182.223)	5.173.409
Change in unexpired risk reserves during the period	20.561.867	(707.768)	19.854.099
<b>Unexpired risk reserve at the end of the period</b>	<b>25.917.499</b>	<b>(889.991)</b>	<b>25.027.508</b>
Unexpired risk reserve	December 31, 2021		Net
	Gross	Ceded	
Unexpired risk reserve at the beginning of the period	62.977	(5.101)	57.876
Change in unexpired risk reserves during the period	5.292.655	(177.122)	5.115.533
<b>Unexpired risk reserve at the end of the period</b>	<b>5.355.632</b>	<b>(182.223)</b>	<b>5.173.409</b>
Outstanding claims reserve	December 31, 2022		Net
	Gross	Ceded	
Outstanding claims reserve at the beginning of the period	230.467.254	(8.529.305)	221.937.949
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	1.856.215.372	(35.096.834)	1.821.118.538
Claims paid during the period	(1.241.362.655)	12.882.691	(1.228.479.964)
<b>Outstanding claims reserve at the end of the period</b>	<b>845.319.971</b>	<b>(30.743.448)</b>	<b>814.576.523</b>
Outstanding claims reserve	December 31, 2021		Net
	Gross	Ceded	
Outstanding claims reserve at the beginning of the period	111.740.512	(2.378.078)	109.362.434
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	817.829.304	(9.872.839)	807.956.465
Claims paid during the period	(699.102.562)	3.721.612	(695.380.950)
<b>Outstanding claims reserve at the end of the period</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>
Equalization reserve	December 31, 2022		Net
	Gross	Ceded	
Equalization reserve at the beginning of the period	42.288.573	(10.345.317)	31.943.256
Equalization reserve during the period	70.189.750	(13.929.223)	56.260.527
<b>Equalization reserve at the end of the period</b>	<b>112.478.323</b>	<b>(24.274.540)</b>	<b>88.203.783</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets (continued)

Equalization reserve	December 31, 2021		Net
	Gross	Ceded	
Equalization reserve at the beginning of the period	11.597.379	(2.457.310)	9.140.069
Equalization reserve during the period	30.691.194	(7.888.007)	22.803.187
<b>Equalization reserve at the end of the period</b>	<b>42.288.573</b>	<b>(10.345.317)</b>	<b>31.943.256</b>

#### Total amount of guarantee that should be placed by the Group for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

The Group, being a reinsurance company, has no obligation of providing guarantees.

#### Total amount of insurance risk on a branch basis

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Group.

#### Group's number of life insurance policies, additions, disposals during the year 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 Group's portfolio as individual or group during the period

None.

#### Pension investment funds established by the Group and their unit prices

None.

#### Number and amount of participation certificates in portfolio and circulation

None.

#### Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

None.

#### Valuation methods used in profit share calculation for saving life contracts with profit sharing

None.

#### Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

None.

#### Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year

None.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 17 Insurance contract liabilities and reinsurance assets *(continued)*

#### Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year

None.

#### Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

#### Profit share distribution rate of life insurances

None.

#### Deferred commission expenses

The Group capitalizes the portion of commissions paid which is belong following periods, to the intermediaries related to premium production under "Deferred acquisition costs". As at December 31, 2022, deferred acquisition costs are amounting to TL 447.074.588 (December 31, 2021: TL 169.771.022) that consist of short-term deferred commission expenses are amounting to TL 403.020.706 (December 31, 2021: TL 152.668.242) and the part amounting to TL 44.053.882 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2021: TL 17.102.780).

For the periods ended December 31, 2022 and 2021, the movement of deferred commission expenses are presented below:

	December 31, 2022	December 31, 2021
Deferred commission expenses at the beginning of the period	152.668.242	81.016.220
Commissions accrued during the period <i>(Note 32)</i>	956.628.098	429.868.592
Commissions expensed during the period <i>(Note 32)</i>	(706.275.634)	(358.216.570)
<b>Deferred commission expenses at the end of the period</b>	<b>403.020.706</b>	<b>152.668.242</b>

### 18 Investment contract liabilities

None.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 19 Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Other financial liabilities (Not 20)	10.208.196	91.627.162
Payables from reinsurance operations	127.543.888	83.020.683
Cash deposited by reinsurance companies (Note 19)	13.699.910	8.129.962
Deferred commission income (Note 10)	1.420.874	1.566.297
Taxes and other liabilities and similar obligations	84.898.669	33.320.962
Other payables	10.622.451	2.317.631
<b>Total</b>	<b>248.393.988</b>	<b>219.982.697</b>
Short-term liabilities	243.440.669	216.415.378
Long-term liabilities	4.953.319	3.567.319
<b>Total</b>	<b>248.393.988</b>	<b>219.982.697</b>

As of December 31, 2022, Other payables consist of payments to be made for outsourced benefits and services and guarantees received.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2022	December 31, 2021
Corporate tax liabilities	(168.003.510)	(74.097.278)
Taxes paid during the year	91.598.717	42.388.001
<b>Corporate tax asset/(liability), net</b>	<b>(76.404.793)</b>	<b>(31.709.277)</b>

### Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

### 20 Financial liabilities

	December 31, 2022	December 31, 2021
Expense accruals arising from derivative financial instruments	-	85.921.272
Payables from operating leases (Note 34) <sup>(1)</sup>	10.208.196	5.705.890
Short term	5.254.877	2.138.571
Mid and long term	4.953.319	3.567.319
<b>Total</b>	<b>10.208.196</b>	<b>91.627.162</b>

<sup>(1)</sup> As of December 31, 2022 and 2021, the details of financial liabilities are presented in Note 34 - Financial costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 21 Deferred tax

As at December 31, 2022 and 2021, deferred tax assets and liabilities are attributable to the following:

	December 31, 2022		December 31, 2021	
	Tax rate used %	Deferred tax assets/(liabilities)	Tax rate used %	Deferred tax assets/(liabilities)
Equalization reserve	25	9.785.061	20	2.613.786
Unexpired risk reserves	25	6.256.877	23	1.189.884
Expense accruals	25	2.337.117	23	194.222
Provision for unused vacation	25	708.508	23	178.701
Provisions for employee termination benefits	25	419.758	23	93.133
Adjustment of IFRS 16	25	205.698	20	85.315
Time deposits rediscount	25	27.017	20	19.640
TAS adjustment differences in depreciation	25	(807.762)	23	(327.150)
Valuation differences in financial assets	25	(2.224.069)	20	645.808
Income accrual	25	(2.569.772)	23	(802.503)
<b>Deferred tax assets/(liabilities), net</b>		<b>14.138.433</b>		<b>3.890.836</b>

As at December 31, 2022, the Group has not any deductible tax losses (December 31, 2021: None).

Movement of deferred tax assets are given below:

	December 31, 2022	December 31, 2021
<b>Opening balance at January 1</b>	<b>3.890.836</b>	<b>(349.395)</b>
Deferred tax income/expense (Note 35)	16.620.298	445.446
Deferred tax income/expense recognised in equity (Note 15)	(6.372.701)	3.334.789
Closing of corporate tax provision shown under deferred tax	-	459.996
<b>Deferred tax assets/(liabilities)</b>	<b>14.138.433</b>	<b>3.890.836</b>

### 22 Retirement benefit obligations

None.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 23 Other liabilities and expense accruals

As of December 31, 2022 and 2021, other liabilities and expense accruals are as follows:

	December 31, 2022	December 31, 2021
Substitution outstanding reserves under excess of loss agreements	9.348.467	844.442
Personnel bonus provision	8.005.785	2.781.949
Provision for unused vacation	2.834.029	893.507
Provision for employee termination benefits	1.679.030	465.667
Invoice accruals	4.732.442	202.938
<b>Total</b>	<b>26.599.753</b>	<b>5.188.503</b>

### 23 Other liabilities and expense accruals

The movement of the provision for employee termination benefits within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for employee termination benefits beginning of the period	465.667	119.007
Interest cost (Note 47)	99.839	20.231
Service cost (Note 47)	1.455.689	277.213
Payments during the period (Note 47)	(37.412)	-
Actuarial loss/(gain) (Note 15)	(304.753)	49.216
<b>Provision for employee termination benefits end of the period</b>	<b>1.679.030</b>	<b>465.667</b>

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for unused vacation beginning of the period	893.507	193.953
Provision made during the period (Note 47)	1.985.441	701.754
Reversed provision during the period (Note 47)	(44.919)	(2.200)
<b>Provision for unused vacation end of the period</b>	<b>2.834.029</b>	<b>893.507</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2022			January 1 - December 31, 2021		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	2.846.946.274	(60.550.726)	2.786.395.548	1.324.163.662	(31.475.062)	1.292.688.600
Fire and Natural Disasters	1.083.936.701	(126.675.760)	957.260.941	334.563.611	(66.405.487)	268.158.124
Credit	57.840.366	(6.833.699)	51.006.667	40.745.467	(11.603.611)	29.141.856
General Liabilities	83.416.511	(13.319.849)	70.096.662	36.457.249	(4.319.415)	32.137.834
Marine	93.226.462	(3.094.872)	90.131.590	33.669.608	(1.816.398)	31.853.210
Water Vehicles	42.268.769	(2.987.837)	39.280.932	17.884.428	(1.824.105)	16.060.323
Accident	20.675.450	(1.452.311)	19.223.139	15.369.411	(414.823)	14.954.588
Financial Losses	27.415.720	(3.301.519)	24.114.201	13.303.747	(1.213.837)	12.089.910
Land Vehicles	4.817.141	(378.114)	4.439.027	3.004.365	(222.767)	2.781.598
Air Vehicles	1.507.905	-	1.507.905	396.076	-	396.076
Land Vehicles Liability	843.312	-	843.312	271.015	-	271.015
Breach of Trust	666.303	-	666.303	230.472	-	230.472
Legal Protection	281.132	(19.668)	261.464	128.341	(5.783)	122.558
Health	78.567	-	78.567	-	-	-
Air Vehicles Liability	15.903	-	15.903	6.716	-	6.716
<b>Total</b>	<b>4.263.936.516</b>	<b>(218.614.355)</b>	<b>4.045.322.161</b>	<b>1.820.194.168</b>	<b>(119.301.288)</b>	<b>1.700.892.880</b>

### 25 Fee revenue

None

### 26 Investment income

Investment income is presented in Note 4.2 - *Financial risk management*.

### 27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 - *Financial risk management*.

### 28 Asset held at fair value through profit or loss

Presented in Note 4.2 - *Financial Risk Management*.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 29 Insurance rights and claims

	January 1 - December 31, 2022	January 1 - December 31, 2021
Claims paid, net off reinsurers' share	1.228.479.964	695.380.950
Changes in unearned premiums reserve, net off reinsurers' share	1.207.251.810	324.308.079
Changes in unexpired risk reserve, net off reinsurers' share	19.854.099	5.115.533
Change in outstanding claims reserve, net off reinsurers' share	592.638.574	112.575.515
Change in equalization reserve, net off reinsurers' share	56.260.527	22.803.187
<b>Total</b>	<b>3.104.484.974</b>	<b>1.160.183.264</b>

### 30 Investment contract benefits

None

### 31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 - *Expenses by nature* below.

### 32 Operating expenses

	January 1 - December 31, 2022	January 1 - December 31, 2021
Commission expenses (Note 17)	706.275.634	358.216.570
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	956.628.098	429.868.592
<i>Changes in deferred commission expenses (Note 17)</i>	(250.352.464)	(71.652.022)
Employee benefit expenses (Note 33)	77.155.830	32.347.381
Administration expenses	42.285.112	9.496.953
Outsourced benefits and services	8.498.966	4.943.934
Commission income from reinsurers (Note 10)	(4.633.920)	(5.198.865)
<i>Commission income from reinsurers accrued during the period</i>	(4.488.497)	(5.704.981)
<i>Change in deferred commission income</i>	(145.423)	506.116
<b>Total</b>	<b>829.581.622</b>	<b>399.805.973</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 33 Employee benefit expenses

	January 1 - December 31, 2022	January 1, - December 31, 2021
Wages and salaries	63.787.289	26.519.645
Employer's share in social security premiums	7.502.633	3.499.826
Pension fund benefits	5.865.908	2.327.910
<b>Total (Note 32)</b>	<b>77.155.830</b>	<b>32.347.381</b>

### 34 Financial costs

As of December 31, 2022, TL 1.318.839 (January 1 - December 31, 2021: TL 565.781) interest expense arising from leases that the Group is subject to *IFRS 16 Leasing Transactions* standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 4.010.308 is recognised under the "Depreciation and Amortization Expense" accounts (January 1 - December 31, 2021: TL 1.726.272).

As of December 31, 2022 and 2021, discounted reimbursement plan for operating leases of the Group is as follows:

	December 31, 2022 Operating Leases Reimbursement Plan -TL	December 31, 2021 Operating Leases Reimbursement Plan -TL
Up to 1 year	5.254.877	2.138.571
1 to 2 years	4.845.654	2.045.459
2 to 3 years	107.665	1.521.860
<b>Total (*)</b>	<b>10.208.196</b>	<b>5.705.890</b>

(\*) As of reporting date, TL 5.254.877 (December 31, 2021: TL 2.138.571) was short term, TL 4.953.319 (December 31, 2021: TL 3.567.319) was long term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 35 Income taxes

Income tax expense in the accompanying consolidated financial statements is as follows:

	January 1 - December 31 2022	January 1 - December 31, 2021
<b>Corporate tax expense:</b>		
Corporate tax provision	(168.003.510)	(74.097.278)
<b>Deferred taxes:</b>		
Origination and reversal of temporary differences	16.620.298	445.446
<b>Total income tax income/(expense)</b>	<b>(151.383.212)</b>	<b>(73.651.832)</b>

### 35 Income taxes

For the periods then ended as of December 31, 2022 and 2021, a reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	December 31, 2022		December 31, 2021	
	847.478.964	Tax rate (%)	294.855.157	Tax rate (%)
<b>Profit before taxes</b>				
Taxes on income per statutory tax rate	211.869.741	25,00	73.713.789	25,00
Tax-exempt incomes	(81.467.109)	(9,61)	(5.168.387)	(1,75)
Non-deductible expenses	20.982.424	2,48	5.107.160	1,73
Donations and charities	(1.844)	(0,00)	(731)	(0,00)
<b>Total tax expense recognized in loss/(profit)</b>	<b>151.383.212</b>	<b>17,86</b>	<b>73.651.831</b>	<b>24,98</b>

### 36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 - *Financial Risk Management* above.

### 37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	January 1 - December 31, 2022	January 1 - December 31, 2021
Net profit for the period	696.095.752	221.203.325
Weighted average number of shares	600.000.000	447.123.288
Earnings per share (TL)	1,160	0,495

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 38 Dividends per share

None.

### 39 Cash generated from operations

The cash flows from main operating activities are presented in the accompanying statement of cash flows.

### 40 Convertible bonds

None.

### 41 Redeemable preference shares

None.

### 42 Risks

As of December 31, 2022, the Group has not been the subject of any lawsuits (December 31, 2021: None).

### 43 Commitments

Due to the Group's activities, it provides protection to sedan companies as reinsurers in non-life insurance branches, and guarantees the insurance risk through reinsurance agreements.

The details of the guarantees that are given by the Group for the operations in non-life branches are presented in *Note 17 - Insurance contract liabilities and reinsurance assets*.

### 44 Business combinations

None.

### 45 Related party transactions

Republic of Turkey Ministry of Treasury and Finance which own 100% shares of the Company and B3i Services AG which is the Company's investment of the shares by 0,89%, are defined as related parties at these consolidated financial statements.

As of December 31, 2022 and 2021, the details of the transactions performed with related parties are as follows:

	December 31, 2022	December 31, 2021
B3i Services AG - <i>acquisition of fixed assets</i>	10.555	491.140

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 46 Subsequent events

On February 6, 2023, two significant earthquakes occurred in Kahramanmaraş's Pazarcık and Elbistan districts, caused destruction in 11 provinces and their surroundings, and caused thousands of people to die and be injured. Preliminary examination has been completed to determine the effects of the claims caused by the aforementioned earthquake disaster on the consolidated financial statements of the Group.

The estimated total claim was calculated using CatMod, a catastrophic modeling platform developed in-house for the purpose of determining the total claims due to earthquakes and modeling the liabilities to be faced due to disasters.

In addition to the CatMod results, similar experiments were conducted on another modeling platform used in the industry; in order to stay in the safe zone, the modeling tool that creates higher loss amount was preferred.

As of December 31, 2022, the amount of accumulated funds related to the equalization reserve to be used for the abovementioned earthquake loss is TL 77.059.803, and it is estimated that the effect of the expected net loss amount arising from domestic treaties and facultative reinsurance acceptances on the total equity will be approximately TL 472 million, deducting the accumulated fund amount related to the equalization reserve, and including the replacement premium. Considering the Group's total equity is TL 1.609.229.050 as of December 31, 2022, no uncertainty is foreseen regarding the going concern.

The regulation dismantling the retirement age requirement for employees who started their working life before September 1999 was published in the Official Gazette on March 3, 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Group's financial position and financial performance. Efforts to measurement of the effects of the mentioned regulation to the Group's financial position and performance continue.

### 46 Subsequent events

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on March 12, 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. The additional tax amount to be accrued is TL 47.613 and this tax amount will be booked as an expense in the consolidated financial statements for 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 47 Other

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

They are presented in the related notes above.

**Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets**

None.

**Subrogation recorded in "Off-Balance Sheet Accounts"**

None.

**Explanatory note for the amounts and nature of previous years' income and losses**

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law" published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least six months, interest, profit share and other incomes are exempted from corporate tax. The Group opened a foreign exchange protected deposit with a maturity of 181 days, amounting to TL 213.834.830 on February 18 and February 23, 2022. As a result of the FX-protected deposit transaction, the Group benefited TL 14.907.187 tax exemption within the scope of the said regulation. Changes made in tax laws after the reporting date are within the scope of "non-adjusting event after the reporting period" in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment. Accordingly, the income arising tax exemption considered at corporate tax computation has been included in the financial statements for 2022.

**Information on Other technical expenses items in consolidated income statement for the period ended December 31, 2022 and 2021**

Other technical expenses in the income statement amounting to TL 65.714.469 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (December 31, 2021: TL 34.659.014).

**Information on Other income items in income statement for the period ended December 31, 2022 and 2021**

<b>Other income and profits</b>	<b>January 1- December 31, 2022</b>	<b>January 1 - December 31, 2021</b>
Technical operating income <sup>(1)</sup>	78.710.329	20.161.698
Other income and gain	478.215	6.129
Gain on sale of assets	-	143.617
<b>Other income and gain</b>	<b>79.188.544</b>	<b>20.311.444</b>

<sup>(1)</sup> The Company is determined as 'Technical Operator' of Turkish Natural Catastrophe Insurance Pool for 5 years applicable as of August 8, 2020 with the Approval, dated October 31, 2019 and numbered 454523, Office of Deputy Minister of Republic of Turkey Ministry of Treasury and Finance as it is stated in the assignment letter, dated November 4, 2019 and numbered 71065509-030.02-E.463394 and referenced as Selection of Technical Operator of Turkish Natural Catastrophe Insurance Pool and notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

### 47 Other (continued)

The Company is appointed as 'Technical Operator' of Special Risks Management Center with respect to approval letter, dated July 8, 2021 and numbered 24996009-256 [258.01.02] notified by Republic of Turkey Ministry of Treasury and Finance. Accordingly, the Company is assigned as Technical Operator of the Center for 5 years effective as of July 30, 2021, with approval of Center Board of Directors in accordance with Technical Operator Agreement established between the Company and Center.

#### The details of provisions for the period ended on December 31, 2022 and 2021 are as follows:

Provisions expenses	January 1 - December 31, 2022	January 1 - December 31, 2021
Provision no longer required	(2.984.887)	304.001
Provision for unused vacation expense (Note 23)	1.940.522	699.554
Provision for employee termination benefits expense (Note 23)	1.518.116	297.444
Impairment in value of financial assets (Note 9)	4.497.494	-
Personnel bonus provision (Note 23)	-	2.781.949
Provision for invoices expense (Note 23)	-	202.938
<b>Provisions</b>	<b>4.971.245</b>	<b>4.285.886</b>

#### Fees paid to an independent auditor or an independent audit firm for services

	January 1 - December 31, 2022	January 1 - December 31, 2021
Independent audit fee for the reporting period	525.000	245.000
Fees for tax advisory services	108.000	40.000
<b>Total (*)</b>	<b>633.000</b>	<b>285.000</b>

(\*) The fee is excluding VAT.



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