

Türk Reasürans Anonim Şirketi

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)*



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax +90 212 230 8291
ey.com
Ticaret Sicil No 479920
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report and unconsolidated financial statements 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.



**Building a better
working world**

(Convenience translation of a report and unconsolidated financial statements originally issued in Turkish)

Key audit matter	How our audit addressed the key audit matter
Incurred But Not Reported Outstanding Claims Reserve	
<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.



**Building a better
working world**

(Convenience translation of a report and unconsolidated financial statements originally issued in Turkish)

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.



**Building a better
working world**

(Convenience translation of a report and unconsolidated financial statements originally issued in Turkish)

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.

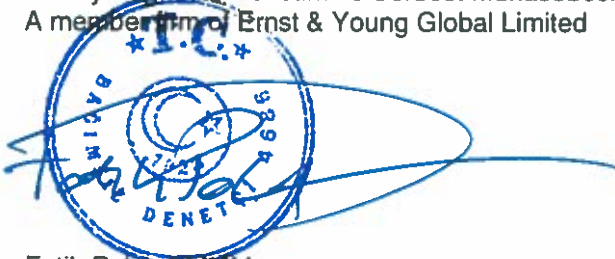
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law 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

TÜRK REASÜRANS ANONİM ŞİRKETİ
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

CONTENTS	PAGE
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-5
UNCONSOLIDATED STATEMENT OF INCOME	6-8
UNCONSOLIDATED STATEMENT OF CASH FLOW	9
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION	11
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS	12-69
NOTE 1 GENERAL INFORMATION.....	12-13
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	14-35
NOTE 3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS	35
NOTE 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK.....	36-46
NOTE 5 SEGMENT REPORTING.....	47
NOTE 6 TANGIBLE ASSETS.....	47
NOTE 7 INVESTMENT PROPERTIES	48
NOTE 8 INTANGIBLE ASSETS	48
NOTE 9 INVESTMENTS IN ASSOCIATES	48
NOTE 10 REINSURANCE ASSETS AND LIABILITIES.....	49
NOTE 11 FINANCIAL ASSETS	50-52
NOTE 12 LOANS AND RECEIVABLES	52-53
NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS.....	53
NOTE 14 CASH AND CASH EQUIVALENTS.....	53
NOTE 15 EQUITY	54-55
NOTE 16 OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION	55
NOTE 17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS.....	56-59
NOTE 18 INVESTMENT CONTRACT LIABILITIES.....	59
NOTE 19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME	60
NOTE 20 FINANCIAL LIABILITIES.....	61
NOTE 21 DEFERRED TAX	61
NOTE 22 RETIREMENT BENEFIT OBLIGATIONS.....	61
NOTE 23 OTHER LIABILITIES AND EXPENSE ACCRUALS	62
NOTE 24 NET INSURANCE PREMIUM REVENUE.....	63
NOTE 25 FEE REVENUE	63
NOTE 26 INVESTMENT INCOME.....	63
NOTE 27 NET INCOME ACCRUAL ON FINANCIAL ASSETS	63
NOTE 28 ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS	63
NOTE 29 INSURANCE RIGHT AND CLAIMS.....	64
NOTE 30 INVESTMENT CONTRACT BENEFITS.....	64
NOTE 31 OTHER EXPENSES	64
NOTE 32 OPERATING EXPENSES	64
NOTE 33 EMPLOYEE BENEFIT EXPENSES	64
NOTE 34 FINANCIAL COSTS	65
NOTE 35 INCOME TAX	65
NOTE 36 NET FOREIGN EXCHANGE GAINS.....	66
NOTE 37 EARNING PER SHARE	66
NOTE 38 DIVIDEND PER SHARE	66
NOTE 39 CASH GENERATED FROM OPERATIONS	66
NOTE 40 CONVERTIBLE BONDS.....	66
NOTE 41 REDEEMABLE PREFERENCE SHARES	66
NOTE 42 RISKS	66
NOTE 43 COMMITMENTS	66
NOTE 44 BUSINESS COMBINATIONS.....	66
NOTE 45 RELATED PARTY TRANSACTIONS.....	67
NOTE 46 SUBSEQUENT EVENTS.....	67
NOTE 47 OTHER	68-69

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of December 31, 2022

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

I- Current Assets	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Cash and Cash Equivalents		413.817.209	841.729.403
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- Financial Assets and Financial Investments with Risks on Policyholders	4.2	1.709.372.162	304.439.228
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		-	-
C- Receivables from Main Operations		1.657.081.126	613.781.608
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		-	-
D- Due from Related Parties		30.144	138.611
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		-	-
E- Other Receivables		7.028.960	9.953.126
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		-	-
F- Prepaid Expenses and Income Accruals		471.772.243	174.729.824
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
G- Other Current Assets		63.055	7.917
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		-	-
I- Total Current Assets		4.259.164.899	1.944.779.717

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

Türk Reasürans Anonim Şirketi

Unconsolidated 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
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables		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		-	-
D- Financial Assets		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)	-
E- Tangible Assets		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)		-	-
F- Intangible Assets		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
G-Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H-Other Non-Current Assets		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		-	-
II- Total Non-Current Assets		189.974.795	122.483.620
TOTAL ASSETS		4.449.139.694	2.067.263.337

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of December 31, 2022

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

III- Short-Term Liabilities	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Financial Liabilities		4.895.513	87.991.885
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- Payables Arising from Main Operations		134.113.873	91.150.645
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		-	-
C-Due to Related Parties		39.648	46.346
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		-	-
D- Other Payables	4.2, 19	10.563.068	2.084.575
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		-	-
E-Insurance Technical Provisions		2.495.736.929	918.817.485
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		-	-
F- Provisions for Taxes and Other Similar Obligations	4.2, 19	84.780.571	32.497.679
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
G- Provisions for Other Risks		15.517.925	3.878.394
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	15.517.925	3.878.394
H- Deferred Income and Expense Accruals		10.491.367	2.410.739
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		-	-
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
III – Total Short-Term Liabilities		2.756.138.894	1.138.877.748

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of December 31, 2022

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

IV- Long-Term Liabilities	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Financial Liabilities		4.649.069	3.417.760
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- Payables Arising from Main Operations		-	-
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		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		81.627.100	31.943.256
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
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		1.653.012	465.667
1- Provisions for Employment Termination Benefits	23	1.653.012	465.667
2- Provisions for Employee Pension Funds Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		87.929.181	35.826.683

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of December 31, 2022

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

V- Shareholders' Equity	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Paid in Capital	2.13, 15	600.000.000	600.000.000
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- Capital Reserves		-	-
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		-	-
C- Profit Reserves		43.431.028	(6.651.719)
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)
D- Retained Earnings		266.643.395	81.066.175
1- Retained Earnings		266.643.395	81.066.175
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Period		694.997.196	218.144.450
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		-	-
V- Total Equity		1.605.071.619	892.558.906
TOTAL EQUITY AND LIABILITIES		4.449.139.694	2.067.263.337

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

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

I-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2022	Audited Prior Period January 1 – December 31, 2021
A- Non-Life Technical Income		3.313.464.259	1.544.804.995
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- Non-Life Technical Expense		(2.545.037.750)	(1.264.637.989)
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		-	-
C- Net Technical Income-Non-Life (A – B)		768.426.509	280.167.006

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

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

I-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2022	Audited Prior Period January 1 – December 31, 2021
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-
5- Accrued Salvage Income		-	-
E- Life Technical Expense		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer 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 (-)		-	-
F- Net Technical Income- Life (D – E)		-	-
G- Pension Business Technical Income		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G – H)		-	-

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

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

II-NON-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2022	Audited Prior Period January 1 – December 31, 2021
C- Net Technical Income – Non-Life (A-B)		768.426.509	280.167.006
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		768.426.509	280.167.006
K- Investment Income	4.2	883.143.589	418.642.699
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		-	-
L- Investment Expense		(892.904.460)	(423.831.367)
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)
M- Income and Expenses from Other and Extraordinary Operation		103.331.558	16.240.468
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		-	-
N- Net Profit for the Period		694.997.196	218.144.450
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.

Türk Reasürans Anonim Şirketi

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 Current Period January 1 – December 31, 2022	Audited Prior Period January 1 – December 31, 2021
A. Cash flows from main activities			
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		-	-
7. Cash provided from main activities		1.238.555.395	764.237.819
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)
12. Net cash provided from operating activities		1.071.226.055	712.961.890
B. Cash flows from investing activities			
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)
9. Net cash provided by investing activities		(1.495.068.631)	(609.362.186)
C. Cash used in financing activities			
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		-	-
7. Net cash used in financing activities		-	225.000.000
D. Impact of currency differences on cash and cash equivalents		1.075.135	107.539.890
E. Net increase/(decrease) in cash and cash equivalents		(422.767.441)	436.139.594
F. Cash and cash equivalents at the beginning of the period	14	833.233.371	397.093.777
G. Cash and cash equivalents at the end of the period	14	410.465.930	833.233.371

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

Türk Reasürans Anonim Şirketi

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	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I – Balance at the end of the previous year – December 31, 2020		375.000.000	-	(504.811)	-	-	156.411	-	-	82.209.237	2.971.810	459.832.647
II – Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III – Restated balances (I+II) – January 1, 2021		375.000.000	-	(504.811)	-	-	156.411	-	-	82.209.237	2.971.810	459.832.647
A – Capital increase		225.000.000	-	-	-	-	-	-	-	-	-	225.000.000
1 – In cash	15	225.000.000	-	-	-	-	-	-	-	-	-	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)	-	-	-	-	-	-	-	(10.378.818)
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses	15	-	-	-	-	-	-	-	(39.373)	-	-	(39.373)
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	218.144.450	-	218.144.450
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid		-	-	-	-	-	4.114.872	-	-	(82.209.237)	78.094.365	-
IV- Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)	15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906

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	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I – Balance at the end of the previous year – (December 31, 2021)	2.13, 15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
II- Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances (January 1, 2022)	2.13, 15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
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	-	-	-	-	-	-	-	17.284.492
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses	15	-	-	-	-	-	-	-	231.025	-	-	231.025
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	694.997.196	-	694.997.196
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid		-	-	-	-	-	10.907.223	-	21.660.007	(218.144.450)	185.577.220	-
IV- Balance at the end of the period December 31, 2022 (III+A+B+C+D+E+F+G+H+I+J)	15	600.000.000	-	6.400.863	-	-	15.178.506	-	21.851.659	694.997.196	266.643.395	1.605.071.619

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

Türk Reasürans Anonim Şirketi

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 ^(*)	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		-	-
A NET PROFIT (1.1 – 1.2)		694.997.196	218.144.450
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		34.749.860	10.907.223
1.5. STATUTORY FUND (-) ^(**)		-	5.137.663
B NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		660.247.336	202.099.564
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		-	-
II. DISTRIBUTION OF RESERVES			
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 (-)		-	-
III. PROFIT PER SHARE			
3.1. HOLDERS OF SHARES ^(***)		-	0,3368
3.2. HOLDERS OF SHARES (%) ^(***)		-	33,68
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) 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.

(**) Resources not subject to profit distribution are explained in 2.23 Dividend distribution note.

(***) 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.

Türk Reasürans Anonim Şirketi

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
Total (*)	144	105

(*) 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).

Türk Reasürans Anonim Şirketi

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

1.7 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

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*.

Türk Reasürans Anonim Şirketi

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 4th 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 21, 2022.

Türk Reasürans Anonim Şirketi

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*.

Türk Reasürans Anonim Şirketi

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 being 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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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*.

Türk Reasürans Anonim Şirketi

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
Paid in capital	600.000.000	100,00	600.000.000	100,00

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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).

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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;

- (a) the initial amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) 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.

Türk Reasürans Anonim Şirketi

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:

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

Türk Reasürans Anonim Şirketi

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).

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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).

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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*

Türk Reasürans Anonim Şirketi

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.

Türk Reasürans Anonim Şirketi

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):

Total claims liability December 31, 2022	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
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
Total	770.845.936	(24.841.715)	746.004.221

Total claims liability December 31, 2021	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
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
Total	230.467.254	(8.529.305)	221.937.949

Türk Reasürans Anonim Şirketi

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
Total(*)	675.748.794.192	249.395.804.163

(*) 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.

Türk Reasürans Anonim Şirketi

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
Total	3.993.171.450	1.831.082.813

(*) Stocks amounting to TL 44.975.530 are not included (December 31, 2021: TL 56.957.181).

Türk Reasürans Anonim Şirketi

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	-
Total	1.657.081.126	-	613.781.608	-

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.

Türk Reasürans Anonim Şirketi

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 - <i>third parties</i>	1.656.140.731	360.786.748	1.251.477.921	29.539.120	14.336.942	-	-
Receivables from main operations - <i>related parties</i>	940.395	940.395	-	-	-	-	-
Other receivables from <i>related parties</i>	30.144	-	30.144	-	-	-	-
Other receivables and current assets	77.974.269	7.028.960	63.055	70.877.754	-	4.500	-
Total monetary assets	4.008.274.910	593.755.182	2.174.235.863	148.272.497	95.842.695	10.907.610	985.261.063
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 ^(*)	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	-
Total monetary liabilities	1.011.296.638	21.915.477	118.824.720	113.076.786	5.173.353	6.302.081	746.004.221

(*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

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	-
Total monetary assets	1.878.041.029	234.634.691	1.234.939.797	34.807.592	30.332.047	68.969.915	274.356.987
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 ^(*)	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	-
Total monetary liabilities	444.315.342	7.192.377	164.788.860	36.427.452	10.085.277	3.883.427	221.937.949

(*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

Türk Reasürans Anonim Şirketi

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
Total foreign currency assets	106.833.064	72.308.533	23.877.618	203.019.215
Payables from main operations	-	65.664.293	-	65.664.293
Insurance technical reserves (*)	100.872.322	156.233.401	2.418.179	259.523.902
Total foreign currency liabilities	100.872.322	221.897.694	2.418.179	325.188.195
Net financial position	5.960.742	(149.589.161)	21.459.439	(122.168.980)

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
Total foreign currency assets	495.545.255	20.357.811	1.331.222	517.234.288
Payables from main operations	-	32.290.513	-	32.290.513
Insurance technical reserves (*)	16.041.841	38.070.509	-	54.112.350
Financial liabilities	276.198.405	-	-	276.198.405
Total foreign currency liabilities	292.240.246	70.361.022	-	362.601.268
Net financial position	203.305.009	(50.003.211)	1.331.222	154.633.020

(*) 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.

Türk Reasürans Anonim Şirketi

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 ^(*)	Profit or loss	Equity ^(*)
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)
Total, net	12.216.898	12.216.898	(15.463.302)	(15.463.302)

(*) 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
Financial assets / (liabilities) with fixed interest rates:		
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	-
Financial assets / (liabilities) with variable interest rate:		
Available for sale financial assets – Private sector bonds – TL (Note 11)	36.989.866	43.862.458

Türk Reasürans Anonim Şirketi

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

IFRS 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 *IFRS 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.

Türk Reasürans Anonim Şirketi

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	
Financial assets:				
Available for sale financial assets (Note 11)	227.221.663	-	-	227.221.663
Held for trading financial assets (Note 11)	785.158.447	696.992.052	-	1.482.150.499
Total	1.012.380.110	696.992.052	-	1.709.372.162

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	193.698.578	-	-	193.698.578
Held for trading financial assets (Note 11)	110.740.650	-	-	110.740.650
Total	304.439.228	-	-	304.439.228

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)
Total, net	(4.497.553)	(4.497.553)	(5.695.718)	(5.695.718)

Türk Reasürans Anonim Şirketi

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

	January 1- December 31, 2022	January 1 – December 31, 2021
<i>Gains and losses recognized in the statement of income, net:</i>		
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
Investment income	883.143.589	418.642.699
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)
Investment expenses	(186.602.861)	(245.871.013)
Investment income, net	696.540.728	172.771.686
<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)
Total, net	17.284.492	(10.378.818)

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.

Türk Reasürans Anonim Şirketi

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
<i>Cost:</i>				
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
	13.164.146	16.251.163	(56.565)	29.358.744
<i>Accumulated depreciation:</i>				
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)
	(4.885.611)	(5.764.950)	13.579	(10.636.982)
Carrying amounts	8.278.535			18.721.762

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
<i>Cost:</i>				
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
	11.995.397	2.385.654	(1.216.905)	13.164.146
<i>Accumulated depreciation:</i>				
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)
	(2.165.711)	(2.836.813)	116.913	(4.885.611)
Carrying amounts	9.829.686			8.278.535

There is not any mortgage over tangible assets of the Company as at December 31, 2022 (December 31, 2021: None).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

7 Investment properties

The Company 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
<i>Costs:</i>					
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
	8.632.111	4.783.681	-	(509.033)	12.906.759
<i>Accumulated amortization:</i>					
Intangible assets	(2.818.726)	(2.716.194)	-	350.294	(5.184.626)
	(2.818.726)	(2.716.194)	-	350.294	(5.184.626)
Net book value	5.813.385				7.722.133

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
<i>Costs:</i>					
Rights	6.641.135	1.682.453	-	(182.617)	8.140.971
Advances on intangible fixed assets	-	853.530	-	(362.390)	491.140
	6.641.135	2.535.983	-	(545.007)	8.632.111
<i>Accumulated amortization:</i>					
Intangible assets	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
Net book value	5.579.709				5.813.385

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)	-	-	-
Investments in equity shares (Note 4.2)	-		4.497.494	
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	-	-
Subsidiaries (Note 4.2)	150.000.000		100.000.000	
Financial assets (Note 4.2)	150.000.000		104.497.494	

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

Türk Reasürans Anonim Şirketi

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
Total	68.613.875	27.846.157

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
Total	12.002.030	11.144.591

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
Premiums earned, ceded (Note 17)	(205.039.576)	(116.600.521)
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
Claims incurred, ceded (Note 17)	29.113.501	9.872.839
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)
Commission income earned from reinsurers (Note 32)	4.606.844	5.198.865
Changes in unexpired risks reserve, ceded (Note 17)	889.410	182.223
Changes in equalization reserve, ceded (Note 17)	23.575.264	10.345.317
Total, net	(146.854.557)	(91.001.277)

Türk Reasürans Anonim Şirketi

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
Total	1.709.372.162	304.439.228

As of December 31, 2022 and 2021, the Company’s available for sale financial assets are as follows:

	December 31, 2022			Net book value
	Nominal value	Cost	Fair value	
Debt instruments:				
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
Total	171.124.001	171.124.001	182.246.133	182.246.133
Non-fixed income financial assets:				
Equity shares	1.833.392	36.070.665	44.975.530	44.975.530
Total		36.070.665	44.975.530	44.975.530
Total available for sale financial assets (Note 4.2)		207.194.666	227.221.663	227.221.663

	December 31, 2021			Net book value
	Nominal value	Cost	Fair value	
Debt instruments:				
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
Total		135.293.839	136.741.397	136.741.397
Non-fixed income financial assets:				
Equity shares	11.268.184	67.211.536	56.957.181	56.957.181
Total		67.211.536	56.957.181	56.957.181
Total available for sale financial assets (Note 4.2)		202.505.375	193.698.578	193.698.578

All of the debt securities of the Company shown in the above tables consist of securities traded in stock exchanges.

Türk Reasürans Anonim Şirketi

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			Net book value
	Nominal value	Cost value	Fair value	
Other fixed income financial assets:				
FX indexed financial assets (*)		690.441.912	696.992.052	696.992.052
Total		690.441.912	696.992.052	696.992.052
Other non-fixed income financial assets:				
Investment funds	599.368.251	606.720.883	785.148.636	785.148.636
Derivative financial instruments		9.167	9.811	9.811
Total		606.730.050	785.158.447	785.158.447
Total trading financial assets (Not 4.2)		1.297.171.962	1.482.150.499	1.482.150.499

(*) 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			Recorded value
	Nominal value	Cost value	Fair value	
Other non-fixed income financial assets				
Investment funds	100.000.000	100.000.000	110.740.650	110.740.650
Total trading financial assets (Not 4.2)		100.000.000	110.740.650	110.740.650

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		Total
	Available for sale	Held for trading	
Balance at the beginning of the period	193.698.578	110.740.650	304.439.228
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
Balance at the end of the period	227.221.663	1.482.150.499	1.709.372.162

Türk Reasürans Anonim Şirketi

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	
Balance at the beginning of the period	45.943.846	-	45.943.846
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
Balance at the end of the period	193.698.578	110.740.650	304.439.228

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) (*)	7.028.960	9.953.126
- related parties (Note 4.2), (Note 45)	30.144	138.611
Income accruals (Note 4.2) (**)	70.877.754	3.489.142
Prepaid expenses (Note 4.2) (***)	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
Total	1.740.115.894	628.844.564
Short-term receivables	1.740.111.394	628.840.064
Long-term receivables	4.500	4.500
Total	1.740.115.894	628.844.564

(*) 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).

(**) 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'.

(***) 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
Total receivables from insurance operations, net	1.654.647.880	613.781.608
Cash deposited to insurance and reinsurance companies	2.433.246	-
Receivables from main operations	1.657.081.126	613.781.608

Türk Reasürans Anonim Şirketi

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
<i>Cash and cash equivalents in the balance sheet</i>	413.817.209	841.729.403	841.729.403	399.053.530
Interest accruals on bank deposits	(3.351.279)	(8.496.032)	(8.496.032)	(1.959.753)
<i>Cash and cash equivalents presented in the statement of cash flows</i>	410.465.930	833.233.371	833.233.371	397.093.777

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
Banks	413.817.209	841.729.403

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%).

Türk Reasürans Anonim Şirketi

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
Paid in capital	600.000.000	100,00	600.000.000	100,00

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
Legal reserves at the end of the period	15.178.506	4.271.283

Türk Reasürans Anonim Şirketi

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
Revaluation differences at the beginning of the period	(10.883.629)	(10.883.629)	(504.811)	(504.811)
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
Revaluation differences at the end of the period	6.400.863	6.400.863	(10.883.629)	(10.883.629)

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
Other profit reserves at the beginning of the period	(39.373)	-
Actuarial (loss)/gain (Note 23)	304.753	(49.216)
Deferred tax effect	(73.728)	9.843
Other profit reserves at the end of the period	191.652	(39.373)

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.

Türk Reasürans Anonim Şirketi

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)
Unearned premiums reserve, net	1.726.755.513	691.706.127
Unexpired risk reserve, gross	23.866.605	5.355.632
Unexpired risk reserve, ceded (Note 10)	(889.410)	(182.223)
Outstanding claims reserve, net	22.977.195	5.173.409
Outstanding claims reserve, gross	770.845.936	230.467.254
Outstanding claims reserve, ceded (Note 10)	(24.841.715)	(8.529.305)
Outstanding claims reserve, net	746.004.221	221.937.949
Equalization reserve, gross	105.202.364	42.288.573
Equalization reserve, ceded (Note 10)	(23.575.264)	(10.345.317)
Equalization reserve, net	81.627.100	31.943.256
Total technical provisions, net	2.577.364.029	950.760.741
Short-term	2.495.736.929	918.817.485
Mid and long-term	81.627.100	31.943.256
Total technical provisions, net	2.577.364.029	950.760.741

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
Unearned premiums reserve			
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)
Unearned premiums reserve at the end of the period	1.737.330.538	(10.575.025)	1.726.755.513
	December 31, 2021		
	Gross	Ceded	Net
Unearned premiums reserve			
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)
Unearned premiums reserve at the end of the period	699.189.160	(7.483.033)	691.706.127

Türk Reasürans Anonim Şirketi

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)

Unexpired risk reserve	December 31, 2022		
	Gross	Ceded	Net
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
Unexpired risk reserve at the end of the period	23.866.605	(889.410)	22.977.195

Unexpired risk reserve	December 31, 2021		
	Gross	Ceded	Net
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
Unexpired risk reserve at the end of the period	5.355.632	(182.223)	5.173.409

Outstanding claims reserve	December 31, 2022		
	Gross	Ceded	Net
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)
Outstanding claims reserve at the end of the period	770.845.936	(24.841.715)	746.004.221

Outstanding claims reserve	December 31, 2021		
	Gross	Ceded	Net
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)
Outstanding claims reserve at the end of the period	230.467.254	(8.529.305)	221.937.949

Equalization reserve	December 31, 2022		
	Gross	Ceded	Net
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
Equalization reserve at the end of the period	105.202.364	(23.575.264)	81.627.100

Türk Reasürans Anonim Şirketi

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
Equalization reserve at the end of the period	42.288.573	(10.345.317)	31.943.256

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.

Türk Reasürans Anonim Şirketi

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 (Note 32)	858.137.222	429.868.592
Commissions expensed during the period (Note 32)	(652.410.459)	(358.216.570)
Deferred commission expenses at the end of the period	358.395.005	152.668.242

18 Investment contract liabilities

None.

Türk Reasürans Anonim Şirketi

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
Total	240.453.371	218.755.187
Short-term liabilities	235.804.302	215.337.427
Long-term liabilities	4.649.069	3.417.760
Total	240.453.371	218.755.187

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
Corporate tax asset/(liability), net	(79.724.313)	(30.912.630)

Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

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) (*)	9.544.582	5.488.373
Short term	4.895.513	2.070.613
Mid and long term	4.649.069	3.417.760
Total	9.544.582	91.409.645

(*) As of December 31, 2022 and 2021, the details of financial liabilities are presented in Note 34 – Financial costs.

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)
Deferred tax assets / (liabilities), net		13.526.400		3.889.706

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
Opening balance at January 1	3.889.706	(349.395)
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
Deferred tax assets / (liabilities)	13.526.400	3.889.706

22 Retirement benefit obligations

None.

Türk Reasürans Anonim Şirketi

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
Total	26.250.675	5.188.503

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
Provision for employee termination benefits end of the period	1.653.012	465.667

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)
Provision for unused vacation end of the period	2.779.698	893.507

Türk Reasürans Anonim Şirketi

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
Total	3.876.629.588	(208.131.568)	3.668.498.020	1.820.194.168	(119.301.288)	1.700.892.880

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*.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated 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	1.144.787.501	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
Total	2.771.390.789	1.160.183.264

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)	652.410.459	358.216.570
Commissions to the intermediaries accrued during the period (Note 17)	858.137.222	429.868.592
Changes in deferred commission expenses (Note 17)	(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)
Commission income from reinsurers accrued during the period	(4.452.176)	(5.704.981)
Change in deferred commission income	(154.668)	506.116
Total	767.930.123	399.219.323

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
Total (Note 32)	71.722.848	32.207.106

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

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	December 31, 2021
	Operating Leases	Operating Leases
	Reimbursement Plan -TL	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
Total (*)	9.544.582	5.488.373

(*) 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.

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
Corporate tax expense:		
Corporate tax provision	(167.000.000)	(73.074.356)
Deferred taxes:		
Origination and reversal of temporary differences	16.009.395	444.316
Total income tax income / (expense)	(150.990.605)	(72.630.040)

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	
		Tax rate		Tax rate
Profit before taxes	845.987.801	(%)	290.774.490	(%)
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)
Total tax expense recognized in loss / (profit)	150.990.605	17,85	72.630.040	24,98

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

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.

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

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.

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated 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 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).

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 (*)	78.710.329	20.161.698
Other income and gain	478.215	6.129
Gain on sale of assets	-	143.617
Other income and gain	79.188.544	20.311.444

(*) 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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of December 31, 2022

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

47 Other (continued)

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
Provisions	4.890.896	4.285.886

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
Total (*)	397.500	260.000

(*) The fee is excluding VAT.