

# Assessment of Financial Standing, Profitability and Claims Payment Ability

In addition to its leadership in Non-Life branch, it ranks first in Fire and Natural Disasters branch and the affiliated TCIP branch, in General Losses branch and the affiliated State-Subsidized Agriculture branch, in Accident branch and the affiliated Personal Accident, as well as the main branches of Aircraft and Aircraft Liability and sub-branch of State-Subsidized Credit Insurance.

In 2022, the Company continued to maintain its leadership with a 12.33% market share in the Non-Life sector, where it generated TL 25 billion 173 million in premiums with a growth of 114%. In addition to being the leader in the Non-Life sector, it also ranked first in the sector in many sub- and main branches.

While the Company's net written premiums amounted to TL 12 billion 783 million, net claims paid was TL 5 billion 102 million. The increase in inflation caused especially auto and health damages to increase from 76% to 105%, which resulted in a 61% decrease in the technical department balance.

In 2022, the Company's asset size went up to TL 28 billion 199 million by 96% and equity capital increased to TL 6 billion 421 million, compared to the previous year.

The ratio of cash and securities and financial assets to current assets corresponded to 73% in 2022. Income from financial investments amounted to TL 1 billion 468 million. The Company proceeds with firm steps in sustainable profitability targets with its return on assets of 4.4% and return on equity of 18%.

With the Insurance and Private Pension Regulation and Supervision Agency communiqué which states that capital adequacy levels would be increased from 115% to 135% in 2022 to make sure that companies increase their liquidity and strengthen their financial structures, it was announced that companies may distribute dividends providing that their capital adequacy levels would be below this level. Türkiye Sigorta gained the advantage of its high profitability and capital adequacy ratios in dividend distribution.

The Company's pre-tax profit reached TL 1,265,659,477 while after-tax profit reached TL 941,403,358.

Türkiye Sigorta will continue to channel its earnings from insurance activities to insurance activities. It builds its financial structure on strong assets, profits from insurance activities and investment revenues. The Company proceeds with the firm steps in its premium- and profitability-based sustainable leadership target in the industry.

# Summary Financial Statements for the Last Four Years

TL	2019	2020	2021	2022
Total Assets	8,704,611,067	11,064,114,586	14,351,084,761	28,199,127,771
Equity	2,484,251,273	3,459,501,032	4,220,065,907	6,420,726,465
Paid in Capital	939,000,000	1,161,523,363	1,161,523,363	1,161,523,363
Written Premiums (gross)	7,167,001,712	8,887,128,129	11,749,646,570	25,173,422,675
Claims Paid (gross)	(2,502,124,937)	(2,439,351,323)	(3,769,970,197)	(6,915,516,192)
Outstanding Claims	(4,546,964,366)	(5,475,335,425)	(7,205,869,195)	(11,036,700,384)
Premium Retention Share	3,650,014,776	3,664,788,912	4,991,928,776	12,782,535,050
Technical Profit	915,161,026	1,340,620,603	1,297,036,851	502,449,048
Retention Ratio (%)	51	41	42	51
Net Loss Premium Ratio (%)	69	57	76	105
Operational Expenses	(765,030,241)	(922,400,711)	(956,720,453)	(1,868,501,653)
Investment Income	1,015,379,446	1,160,393,702	2,384,794,477	4,111,822,225
Investment Expenses	(790,634,623)	(908,496,485)	(2,095,222,399)	(3,583,819,045)
Profit on Investments	224,744,823	251,897,217	289,572,078	528,003,180
Net Period Profit/Loss	828,378,599	1,153,019,269	1,058,300,968	941,403,358
Return on Equity (%)	33	33	28	18
Return on Assets (%)	10	10	8	4
Technical Profit / Written Premiums (%)	13	15	11	2
Net Profit / Written Premiums (%)	12	13	9	4

TÜRKİYE SİGORTA AŞ

**CONVENIENCE TRANSLATION OF  
STATUTORY UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND  
THE INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

# INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Türkiye Sigorta A.Ş.

## A. Audit of the Financial Statements

### 1. Opinion

We have audited the accompanying financial statements of Türkiye Sigorta A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2022 and the statement of income, statement of changes in shareholders' equity, statement of cash flows and Profit distribution for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

### 2 Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (Independence standards included) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3 Key Audit Matters

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

# INDEPENDENT AUDITOR'S REPORT



<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b>Estimation of claims incurred but not reported</b></p> <p>As explained in Notes 2 and 17, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 6,039 million as of 31 December 2022.</p> <p>Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated 5 December 2014 and numbered 2014/16 published by the Ministry of Treasury and Finance. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.</p> <p>During our audit, we tested the mathematical accuracy of the calculation of incurred but not reported claims provision and reconciled the provision amount to the financial statements for selected branches. In addition, in specified branches, in the calculation of the incurred but not reported compensation amount. In addition, the actuarial methods selected by the Company's actuary in the calculation of the incurred but not reported claim in specified branches, as well as the expected loss development trends, were evaluated by the actuaries in our company using actuarial techniques. Except those, for selected branches, Reasonable range estimates have been determined as of the balance sheet date of the acceptable reserve ranges for the incurred but not reported claims provision and compared them with the amounts included in Company's accounting records.</p> <p>We checked the conformity and accuracy of the disclosures in the financial statements related to such provisions against Regulation on Insurance Accounting and Financial Reporting Principles</p>

## 4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and TAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## 5 Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 February 2023.

### ***Additional Paragraph for Convenience Translation into English***

As discussed in Note 2 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

### **ORIGINALLY ISSUED IN TURKISH**

Ramazan Yüksekaya, SMMM  
Partner

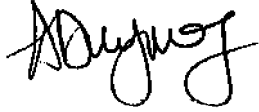
Istanbul, 16 February 2023

## UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

We confirm that the unconsolidated financial statements, related disclosures and footnotes as at 31 December 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.

Türkiye Sigorta A.Ş.

16 February 2023



Aslihan DUYMAZ  
Actuary  
Register Number: 61



Murat SÜZER  
Assistant General Manager  
General Manager



Atilla BENLİ  
Vice Chairman of the Board

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**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

ASSETS	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>4.2 and 14</b>	<b>9,034,205,139</b>	<b>6,103,547,210</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	6,903,558,985	5,314,977,287
4- Cheques Given and Payment Orders		-	-
5- Bank Warranted and Shorter Than 3 Months Credit Card Receivables	14	2,130,646,154	788,569,923
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2 and 11</b>	<b>8,605,624,564</b>	<b>2,173,847,016</b>
1- Available-for-Sale Financial Asset	4.2 and 11	2,260,695,716	733,378,944
2- Held to Maturity Investments	4.2 and 11	1,028,456,030	149,676,608
3- Financial Assets Held for Trading	4.2 and 11	5,316,472,818	1,290,791,464
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments (-)		-	-
<b>C- Receivables from Main Operations</b>	<b>4.2 and 12</b>	<b>4,535,533,038</b>	<b>3,376,909,487</b>
1- Receivables from Insurance Operations	12	3,965,710,498	3,080,219,872
2- Provision for Receivables from Insurance Operations (-)	12	(18,493,280)	(18,632,012)
3- Receivables from Reinsurance Operations	12	584,700,606	311,526,634
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	690,001,724	586,368,685
10- Provision for Doubtful Receivables from Main Operations	12	(686,386,510)	(582,573,692)
<b>D- Due from Related Parties</b>		<b>103,900</b>	<b>399,831</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		103,900	399,831
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>E- Other Receivables</b>	<b>4.2 and 12</b>	<b>10,538,504</b>	<b>14,949,108</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47	10,538,504	14,949,108
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		423,504	423,504
7- Provision for Other Doubtful Receivables (-)		(423,504)	(423,504)
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>1,902,896,221</b>	<b>791,419,559</b>
1- Deferred Acquisition Costs	17	1,789,287,122	747,591,142
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	113,609,099	43,828,417
<b>G- Other Current Assets</b>		<b>55,117,850</b>	<b>49,619,497</b>
1- Stocks to be used in the Following Months		-	-
2- Prepaid Taxes and Funds	4.2 and 12	51,512,542	46,854,946
3- Deferred Tax Assets		-	-
4- Business Advances		-	660,098
5- Advances Given to Personnel	4.2	126,001	91,643
6- Inventory Count Deficiency		-	-
7- Other Miscellaneous Current Assets		3,479,307	2,012,810
8- Provision for Other Miscellaneous Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>24,144,019,216</b>	<b>12,510,691,708</b>

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

# TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

ASSETS	Notes	Audited	Audited
		Current Period Audited Current Period December 31, 2022	Prior Period Audited Prior Period December 31, 2021
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
<b>B- Due from Related Parties</b>			
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscout on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>C- Other Receivables</b>		<b>6,047,766</b>	<b>6,011,685</b>
	<b>4.2 and 12</b>		
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		6,047,766	6,011,685
	<b>4.2 and 12</b>		
4- Other Miscellaneous Receivables		-	-
5- Rediscout on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>3,040,303,474</b>	<b>1,364,570,549</b>
1- Investments in Equity Shares	9	2,240,556,916	1,356,863,258
2- Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries	9	18,215,590	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures	9	786,550,000	12,500,000
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 (-)	9	(5,019,032)	(15,046,834)
<b>E- Tangible Assets</b>		<b>715,923,687</b>	<b>404,203,629</b>
1- Investment Property	7	107,435,771	51,300,737
2- Impairment in Value of Investment Properties (-)		-	-
3- Land and Buildings Held for Utilisation	6	515,335,000	302,775,000
4- Machinery and Equipments	6	86,001,961	47,147,975
5- Furnitures And Fixtures	6	23,909,923	19,695,771
6- Motor vehicles	6	11,970,448	11,403,174
7- Other Tangible Assets, Including Leasehold Improvements	6	2,599,279	2,599,279
8- Tangible Assets Acquired Through Finance Leases	6	57,975,683	35,958,864
9- Accumulated Amortizations	6	(69,304,378)	(66,677,171)
10- Advances for Tangible Assets, Including Construction in Progress		-	-
<b>F- Intangible Assets</b>		<b>38,657,979</b>	<b>27,628,749</b>
1- Rights	8	71,031,354	49,310,640
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	38,238,939	38,238,939
6- Accumulated Amortization (-)	8	(70,612,314)	(59,920,830)
7- Advances Paid for Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
<b>H- Other Non-Current Assets</b>		<b>254,175,649</b>	<b>37,978,441</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	254,175,649	37,978,441
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
<b>II- Total Non-Current Assets</b>		<b>4,055,108,555</b>	<b>1,840,393,053</b>
<b>Total Assets</b>		<b>28,199,127,771</b>	<b>14,351,084,761</b>

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

**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

LIABILITIES	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>4.2</b>	<b>1,882,898,544</b>	<b>159,759</b>
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	15,110,650	226,887
3- Deferred Leasing Costs (-)	20	(3,487,073)	(67,128)
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	1,871,274,967	-
<b>B- Payables Arising from Main Operations</b>	<b>4.2 and 19</b>	<b>2,975,252,693</b>	<b>2,186,924,896</b>
1- Payables Arising from Insurance Operations	19	2,975,252,693	2,186,924,755
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies	19	-	141
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations (-)		-	-
<b>C- Due to Related Parties</b>	<b>4.2</b>	<b>7,163,651</b>	<b>8,569,158</b>
1- Due to Shareholders	45	5,154,582	5,352,519
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		2,009,069	3,216,639
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2</b>	<b>360,630,488</b>	<b>128,419,958</b>
1- Deposits and Guarantees Received		-	-
2- Debts to SSI for treatment expenses	19	194,636,293	54,288,391
3- Other Miscellaneous Payables	19 and 47	165,994,195	74,131,567
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>		<b>14,726,410,334</b>	<b>6,738,721,353</b>
1- Reserve for Unearned Premiums - Net	17	7,502,226,940	2,764,336,028
2- Reserve for Unexpired Risks- Net	2.23 and 17	1,178,816,442	26,715,793
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.2 and 17	5,898,533,022	3,737,253,538
5- Provision for Bonus and Discounts - Net	17	10,029,321	10,029,321
6- Other Technical Provisions - Net	10 and 17	136,804,609	200,386,673
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2</b>	<b>394,920,037</b>	<b>270,982,980</b>
1- Taxes and Funds Payable		301,977,797	134,826,029
2- Social Security Premiums Payable		27,545,177	7,709,342
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities Payable		9,946,980	-
5- Corporate Tax Liability Provision on Period Profit		318,067,355	344,521,741
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(262,617,272)	(216,074,132)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>		<b>129,286,146</b>	<b>89,133,488</b>
1- Provision for Termination Indemnities		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	129,286,146	89,133,488
<b>H- Deferred Income and Expense Accruals</b>		<b>913,861,548</b>	<b>491,674,938</b>
1- Deferred Commission Income	10 and 19	913,861,548	491,674,938
2- Expense Accruals		-	-
3- Other Deferred Income Accruals		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>21,390,423,441</b>	<b>9,914,586,530</b>

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

LIABILITIES	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	4.2 and 20	17,468,698	13,221,630
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	22,709,308	18,777,202
3- Deferred Leasing Costs (-)	20	(5,240,610)	(5,555,572)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	4.2	36,781,701	26,812,458
1- Deposits and Guarantees Received	4.2	36,781,701	26,812,458
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>	2.25 and 17	159,944,693	130,853,892
1- Reserve for Unearned Premiums – Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts – Net		-	-
6- Other Technical Provisions – Net	2.25 and 17	159,944,693	130,853,892
<b>F- Other Liabilities and Relevant Accruals</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		173,782,773	45,544,344
1- Provisions for Severance Pay	23	173,782,773	45,544,344
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>387,977,865</b>	<b>216,432,324</b>

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

## CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

SHAREHOLDERS' EQUITY	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
<b>V- Shareholders' Equity</b>			
<b>A- Paid in Capital</b>	<b>2.13 and 15</b>	<b>1,161,523,363</b>	<b>1,161,523,363</b>
1- (Nominal) Capital	2.13 and 15	1,161,523,363	1,161,523,363
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to Be Registered		-	-
<b>B- Capital Reserves</b>	<b>15</b>	<b>1,522,110</b>	<b>74,828,291</b>
1- Share Premium		7,020,555	7,020,555
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		(5,498,445)	67,807,736
<b>C- Profit Reserves</b>		<b>4,313,838,159</b>	<b>1,924,577,800</b>
1- Legal Reserves	15	324,063,778	241,811,386
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	753,350,209	307,517,679
4- Special Funds, Reserves		-	-
5- Revaluation of Financial Assets	15	2,834,326,564	1,134,601,892
6- Other Profit Reserves	15	402,097,608	240,646,843
<b>D- Retained Earnings</b>		<b>2,439,475</b>	<b>835,485</b>
1- Retained Earnings		2,439,475	835,485
<b>E- Accumulated Losses (-)</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses (-)		-	-
<b>F- Net Profit/(Loss) for the Period</b>		<b>941,403,358</b>	<b>1,058,300,968</b>
1- Net Profit for the Year		589,443,448	1,058,300,968
2- Net Loss for the Year (-)		-	-
3- Net Profit That Is Not Subject to Distribution		351,959,910	-
<b>Total Equity</b>		<b>6,420,726,465</b>	<b>4,220,065,907</b>
<b>Total Equity and Liabilities</b>		<b>28,199,127,771</b>	<b>14,351,084,761</b>

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

I- TECHNICAL PART	Notes	Audited January 1 - December 31, 2022	Audited January 1 - December 31, 2021
<b>A- Non-Life Technical Income</b>		<b>9,663,011,716</b>	<b>5,389,053,416</b>
1- Earned Premiums (Net of Reinsurer Share)	5	6,892,543,489	4,100,973,479
1.1- Written Premiums (Net of Reinsurer Share)	5, 17, 24	12,782,535,050	4,991,928,776
1.1.1- Written Premiums, gross	17, 24	25,173,422,675	11,749,646,570
1.1.2- Written Premiums, ceded	10, 17, 24	(11,797,107,742)	(6,580,416,021)
1.1.3- Premiums transferred to SSI	10, 17, 24	(593,779,883)	(177,301,773)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5 and 17	(4,737,890,912)	(869,372,721)
1.2.1- Reserve for Unearned Premiums, gross	17	(7,854,511,620)	(2,294,600,371)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	2,883,547,755	1,378,630,698
1.2.3- SSI Share of Reserve for Unearned Premium	10, 17	233,072,953	46,596,952
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	(1,152,100,649)	(21,582,576)
1.3.1- Reserve for Unexpired Risks, gross	17	(1,510,239,512)	(6,466,731)
1.3.2- Reserve for Unexpired Risks, ceded	10 and 17	358,138,863	(15,115,845)
2- Investment Income - Transferred from Non-Technical Section	5	2,631,017,086	1,116,240,833
3- Other Technical Income (Net of Reinsurer Share)		7,534,404	9,289,241
3.1- Other Technical Income, gross		7,534,404	9,289,241
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income		131,916,737	162,549,863
<b>B- Non-Life Technical Expense</b>		<b>(9,160,562,668)</b>	<b>(4,092,016,565)</b>
1- Incurred Losses (Net of Reinsurer Share)	5	(7,262,970,213)	(3,113,715,848)
1.1- Claims Paid (Net of Reinsurer Share)	5	(5,101,690,729)	(2,552,862,659)
1.1.1- Claims Paid, gross		(6,915,516,192)	(3,769,970,197)
1.1.2- Claims Paid, ceded	10	1,813,825,463	1,217,107,538
1.2- Change in Provisions for Outstanding Claims, (Net of Reinsurer Share and Provision Carried Forward)	5	(2,161,279,484)	(560,853,189)
1.2.1- Change in Provisions for Outstanding Claims, gross		(3,830,831,189)	(1,730,533,769)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	1,669,551,705	1,169,680,580
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision 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	(29,090,802)	(21,580,264)
4- Operating Expenses	5, 32	(1,868,501,653)	(956,720,453)
5- Change in mathematical provisions (net off circulating part) (Net off Circulating Part)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses		-	-
6.1- Other Technical Expenses, gross		-	-
6.2- Gross Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A - B)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>

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

**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

I- TECHNICAL PART	Notes	Audited January 1 - December 31, 2022	Audited January 1 - December 31, 2021
<b>D- Life Technical Income</b>		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Expenses, gross		-	-
4.2- Gross Other Technical Expenses, reinsurer share		-	-
5- Accrued subrogation income		-	-
<b>E- Life Technical Expense</b>		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid (Net of Reinsurer Share)		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Mathematical Reserves (-)		-	-
3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D - E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G - H)</b>		-	-

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

II - NON TECHNICAL PART	Notes	Audited January 1 - December 31, 2022	Audited January 1 - December 31, 2021
<b>C- Net Technical Income - Non-Life (A-B)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>
<b>F- Net Technical Income - Life (D-E)</b>		-	-
<b>I - Net Technical Income - Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>
<b>K- Investment Income</b>		<b>4,111,822,225</b>	<b>2,384,794,477</b>
1- Income from Financial Assets	26	1,799,499,881	1,094,412,635
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	668,636,382	55,194,627
4- Foreign Exchange Gains	26	935,167,684	1,154,916,604
5- Income from Associates	26	562,195,972	62,214,858
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	26	56,853,537	18,055,753
8- Income from Derivative Transactions	26	89,468,769	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(3,583,819,045)</b>	<b>(2,095,222,399)</b>
1- Investment Management Expenses (Inc. interest)		(61,272,080)	(7,898,118)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(2,631,017,086)	(1,116,240,833)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26	(724,898,059)	(862,013,777)
7- Depreciation and Amortization Expenses		(40,356,076)	(30,890,852)
8- Other Investment Expenses		(126,275,744)	(78,178,819)
<b>M- Income and Expenses from Other and Extraordinary Operations</b>		<b>235,207,249</b>	<b>(183,786,220)</b>
1- Provisions	47	(61,898,579)	(216,657,819)
2- Rediscounts		(10,706,810)	2,374,283
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21 and 35	300,447,077	29,125,841
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income and Profit		9,276,181	2,196,576
8- Other Expenses and Losses		(1,910,620)	(825,101)
9- Prior Year's Income and Profit		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Year</b>	<b>37</b>	<b>941,403,358</b>	<b>1,058,300,968</b>
1- Profit for the Year		1,265,659,477	1,402,822,709
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(324,256,119)	(344,521,741)
3- Net Profit for the Year		941,403,358	1,058,300,968

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



## CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### Statements of Changes in Equity –Restated <sup>(1)</sup> (Audited)

	Share Capital	Value Own Shares of the Company(-)	Inflation Increase/ (Decrease) In Assets	Adjustment Differences In Shareholders	Currency Translation Adjustments
<b>PREVIOUS PERIOD</b>					
<b>I - Balance at the Prior Period End</b>					
December 31, 2020 (Previously Reported)	1,161,523,363	-	1,010,715,148	-	-
A - Capital Increase	-	-	-	-	-
B - Own Shares of The Company	-	-	-	-	-
C - Gain and Losses Not Recognized					
In the Statement of Income	-	-	-	-	-
D - Change In The Value of Financial Assets	-	-	123,886,744	-	-
E - Currency Translation Adjustments	-	-	-	-	-
F - Other Gains or Losses	-	(12,328,131)	-	-	-
G - Inflation Adjustment Differences	-	-	-	-	-
H - Net Profit for The Period	-	-	-	-	-
I - Dividends Paid	-	-	-	-	-
J - Transfer	-	-	-	-	-
<b>II - Balance at - December 31, 2021</b>	<b>1,161,523,363</b>	<b>(12,328,131)</b>	<b>1,134,601,892</b>	<b>-</b>	<b>-</b>
<b>CURRENT PERIOD</b>					
<b>I - Balance at the Prior Period End</b>					
December 31, 2021	1,161,523,363	(12,328,131)	1,134,601,892	-	-
A - Capital Increase	-	-	-	-	-
B - Own Stocks Purchased by the Business	-	-	-	-	-
C - Gain And Losses Not Recognized					
In The Statement of Income	-	-	-	-	-
D - Change In The Value of Assets	-	-	1,699,724,672	-	-
E - Currency Translation Adjustments	-	-	-	-	-
F - Other Gains or Losses	-	(73,306,181)	-	-	-
G - Inflation Adjustment Differences	-	-	-	-	-
H - Net Profit For The Period	-	-	-	-	-
I - Dividends Paid	-	-	-	-	-
J - Transfer	-	-	-	-	-
<b>II - Balance at - December 31, 2022</b>	<b>1,161,523,363</b>	<b>(85,634,312)</b>	<b>2,834,326,564</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Explained in note 15.

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

## Statements of Changes in Equity –Restated (\*) (Audited)

Legal Reserves	Other Statutory Reserve	Reserve and Retained Profit	Net Profit (Loss) For the Period	Retained Earnings	Total
165,610,126	-	467,474,857	1,153,019,269	(498,841,731)	3,459,501,032
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(9,883,457)	-	-	(9,883,457)
-	-	92,753,266	-	-	216,640,010
-	-	-	-	-	-
-	-	-	-	835,485	(11,492,646)
-	-	-	-	-	-
-	-	-	1,058,300,968	-	1,058,300,968
-	-	-	(493,000,000)	-	(493,000,000)
76,201,260	-	84,976,278	(660,019,269)	498,841,731	-
<b>241,811,386</b>	<b>-</b>	<b>635,320,944</b>	<b>1,058,300,968</b>	<b>835,485</b>	<b>4,220,065,907</b>
<b>241,811,386</b>	<b>-</b>	<b>635,320,944</b>	<b>1,058,300,968</b>	<b>835,485</b>	<b>4,220,065,907</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(87,281,778)	-	-	(87,281,778)
-	-	248,732,543	-	-	1,948,457,215
-	-	-	-	-	-
-	-	-	-	1,603,990	(71,702,191)
-	-	-	-	-	-
-	-	-	941,403,358	-	941,403,358
-	-	-	(530,216,046)	-	(530,216,046)
82,252,392	-	445,832,530	(528,084,922)	-	-
<b>324,063,778</b>	<b>-</b>	<b>1,242,604,239</b>	<b>941,403,358</b>	<b>2,439,475</b>	<b>6,420,726,465</b>

## CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND 2021

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

	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period January 1 - December 31, 2021
<b>A. CASH GENERATED FROM MAIN OPERATIONS</b>			
1. Cash provided from insurance activities		27,696,794,113	13,716,585,598
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(22,594,605,571)	(12,724,420,327)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
<b>7. Cash Provided from Operating Activities</b>		<b>5,102,188,542</b>	<b>992,165,271</b>
8. Interest paid		-	-
9. Income taxes paid		(391,064,881)	(232,723,055)
10. Other cash inflows		9,276,181	2,196,576
11. Other cash outflows		(682,699,896)	(122,476,182)
<b>12. Net Cash Provided from Operating Activities</b>		<b>4,037,699,946</b>	<b>639,162,610</b>
<b>B. CASH FLOWS FROM INVESTING OPERATIONS</b>			
1. Disposal of tangible and intangible assets		14,698,719	7,819,628
2. Acquisition of tangible and intangible assets		(97,604,443)	(49,036,525)
3. Acquisition of financial assets		(14,623,665,694)	(3,839,129,247)
4. Disposal of financial assets		9,958,973,300	1,793,601,314
5. Interests received		1,166,282,998	1,135,982,998
6. Dividends received		92,916,092	49,883,364
7. Other cash inflows		56,292,087	536,589,371
8. Other cash outflows		-	-
<b>9. Net Cash Provided by Investing Activities</b>		<b>(3,432,106,941)</b>	<b>(364,289,097)</b>
<b>C. CASH FLOWS FROM FINANCING OPERATIONS</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments	20	(12,646,866)	(7,426,327)
4. Dividends paid	15	(530,216,046)	(493,000,000)
5. Other cash inflows		1,871,274,967	-
6. Other cash outflows		-	-
<b>7. Net Cash Used in Financing Activities (-)</b>		<b>1,328,412,055</b>	<b>(500,426,327)</b>
<b>D. EFFECT OF EXCHANGE DIFFERENCES ON</b>			
<b>CASH AND CASH EQUIVALENTS</b>		<b>210,269,624</b>	<b>282,176,033</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>2,144,274,684</b>	<b>56,623,219</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>5,531,095,652</b>	<b>5,474,472,433</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>7,675,370,336</b>	<b>5,531,095,652</b>

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

Notes	Current Period <sup>(*)</sup> (TRY)	Prior Period <sup>(*)</sup>
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. PROFIT FOR THE PERIOD	1,286,656,920	1,430,797,989
1.2 TAXES PAYABLE AND LEGAL LIABILITIES	(324,256,119)	(344,521,741)
1.2.1. Corporate Tax (Income Tax)	(324,256,119)	(344,521,741)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Legal Liabilities	-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>	<b>962,400,801</b>	<b>1,086,276,248</b>
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE	-	(35,038,404)
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)	-	-
<b>B NET DISTRIBUTABLE - PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>	<b>-</b>	<b>1,051,237,844</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	58,076,168
1.6.1. To common shareholders	-	-
1.6.2. To preferred shareholders	-	-
1.6.3 To owners of participating redeemed shares	-	-
1.6.4 To owners of profit-sharing securities	-	-
1.6.5 To owners of profit and loss sharing securities	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)	-	472,139,878
1.10.1. To common shareholders	-	-
1.10.2. To preferred shareholders	-	-
1.10.3. To owners of participating redeemed shares	-	-
1.10.4. To owners of profit-sharing securities	-	-
1.10.5. To owners of profit and loss sharing securities	-	-
1.11. SECOND LEGAL RESERVE AKÇE (-)	-	47,213,988
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	473,807,810
1.14 OTHER RESERVES	-	-
1.15 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To common shareholders	-	-
2.3.2 To preferred shareholders	-	-
2.3.3 To owners of participating redeemed shares	-	-
2.3.4 To owners of profit-sharing securities	-	-
2.3.5 To owners of profit and loss sharing securities	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
<b>III. PROFIT PER SHARE</b>		
3.1. TO COMMON SHAREHOLDERS	0.83	0.94
3.2. TO COMMON SHAREHOLDERS (%)	83%	94%
3.3. TO PREFERRED SHAREHOLDERS	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
<b>IV. DIVIDENDS PER SHARE</b>		
4.1. TO COMMON SHAREHOLDERS	-	0.46
4.2. TO COMMON SHAREHOLDERS (%)	-	46%
4.3 TO PREFERRED SHAREHOLDERS	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

<sup>(\*)</sup> The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between January 1 - December 31, 2022 was not held as of the preparation date of the financial statements.

<sup>(\*)</sup> In accordance with the relevant legislation, the Company's consolidated profit is included in the current period profit distribution table.

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

## 1. GENERAL INFORMATION

### 1.1 Name of the Company and the ultimate parent of the group

As of December 31, 2022 and December 31, 2021 Türkiye Sigorta A.Ş ('the Company'), the dominant partner with a 81.10% shareholding TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar A.Ş."); Türkiye Varlık Fonu is the ultimate partner of the T.C Cumhurbaşkanlığı Türkiye Varlık Fonu. As of December 31, 2022, and December 31, 2021, 18.90% of the company's share are publicly traded

### 1.2 Location and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)

The Company has been registered in Istanbul, Turkey in 1957 and operates as a joint stock company in accordance with Turkish Commercial Code ('TCC'). The Headquarter of the Company is located in 'Güneş Plaza, Büyükdere Cad. No: 110 Esentepe Şişli 34394'.

Excepting Istanbul - Headquarter office, the Company has regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun and a liaison office in the Eastern Black Sea. As at December 31, 2022, the Company has 3,880 agencies (December 31, 2021: 4,097 authorized agencies).

### 1.3 Nature of operations

The Company operates in non-life insurance branches consisting of automotive and non-automotive accident, fire, marine, engineering, health, agriculture, liabilities, financial losses, loan and legal protection.

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

The Company conducts its operations as stated in Note 1.3 above in accordance with the Insurance Law No.5684 issued in the Official Gazette dated June 14, 2007 and numbered 26552 ('the Insurance Law') and the communiqués and other regulations in effect issued by Republic of Turkey Ministry of Treasury and Finance ('Ministry of Treasury and Finance'). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

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

The average number of the personnel during the period was as follows:

	December 31, 2022	December 31, 2021
Senior Management (*)	15	14
Other personnel	1,572	1,264
<b>Total</b>	<b>1,587</b>	<b>1,278</b>

(\*) The chairman and members of the board of directors, general manager, assistant general managers, group managers and the chairman of the inspection board are grouped in the senior management class.

**TÜRKİYE SİGORTA AŞ**  
**CONVENIENCE TRANSLATION OF THE NOTES**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**1. GENERAL INFORMATION (Continued)**

**1.6 The total amount of the salaries and similar benefits provided to the senior management including General Manager, and Assistant General Managers:**

<b>Provided to senior executives short term benefits</b>	<b>January 1 - December 31, 2022</b>	<b>January 1 - December 31, 2021</b>
Salaries	10,860,037	5,687,686
Bonuses	3,791,717	1,938,054
Other	854,555	417,729
<b>Total benefits provided to senior management</b>	<b>15,506,309</b>	<b>8,043,469</b>
Provision for employment termination benefits	521,552	112,101

**1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the financial statements**

Procedures and principles related to keys used in the distribution of investment income and operating expenses in the financial statements are determined in accordance with 'Communiqué on the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In accordance with Insurance Accounting Plan' dated January 4, 2008 and numbered 2008/1 issued by Ministry of Treasury and Finance.

In accordance with the related communiqué, all income that is generated by the Company assets invested for non-life technical provisions is transferred from non-technical to technical part. The other investment income is classified under non-technical part. The Company allocates general expenses transferred to technical part to branches based on the weighted average of the number of policies, amount of premium production and number of claim notifications in last three years.

**1.8 Information on the financial statements as to whether they comprise an individual company or a group of companies**

Unconsolidated financial statements include only one company (Türkiye Sigorta A.Ş.). The company will also publish the consolidated financial statements to be prepared for the accounting period of January 1 - December 31, 2022.

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

Name of the Company	: Türkiye Sigorta Anonim Şirketi
Registered address of the head office	: Güneş Plaza, Büyükdere Cad. No:110 Esentepe Şişli 34394 İstanbul
The website of the Company	: <a href="http://www.turkiyesigorta.com.tr">www.turkiyesigorta.com.tr</a>

**1.10 Subsequent Events**

Financial statements of January 1 - December 31, 2022 are approved by Board of Directors at February 16, 2022. Explanations related to subsequent events are disclosed in detail in Note 46.

# **CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of Preparation**

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

The Company prepares its financial statements in accordance with the Insurance Law and SEDDK. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No:1) and announcement of new account codes in the Insurance Account Plan dated December 27, 2011 and numbered 2011/14. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated June 18, 2008 and the Communiqué on the New Accounting Codes and Presentation of Financial Statements published in the Official Gazette dated May 31, 2012 and numbered 2012/7.

The financial statements were prepared as in a TRY and historical cost basis, except for the financial assets and investment properties and properties held for use measured at their fair value.

In accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, and also in accordance with the communiqués which may be issued by Ministry of Treasury and Finance, operations of insurance companies shall be accounted for in accordance with the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TASK") and other regulations, communiqués and explanations issued by Ministry of Treasury and Finance regarding accounting and financial reporting issues. With reference to the notice of Ministry of Treasury and Finance No. 9 dated 18 February 2008, "TAS 1 - Financial Statements and Presentation", "TAS 27- Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, insurance companies are not required to prepare consolidated financial statements pursuant to the official statement on Regulation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies issued in the Official Gazette, dated on 31 December 2008 and numbered 27097.

The Company accounts and recognizes its insurance technical provisions in its not financial statements as of December 31, 2022 in accordance with the 'Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,' ('Regulation on Technical Reserves') dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry (Notes 2.22, 2.23, 2.24 and 2.25).

With the letter of the Ministry of Treasury and Finance dated 4 April 2005 and numbered 19387, the financial statements of insurance companies dated 31 December 2004 were published in the Sermaye Piyasası Kurulu's ("SPK") Official Gazette dated January 15, 2003 and numbered 25290. It has been explained that they need to be rearranged in accordance with the provisions on 'Adjustment of Financial Statements in High Inflation Periods' in the Communiqué on Accounting Standards in Capital Markets No: 25. The Ministry of Treasury and Finance also stated that, based on the SPK's decision on March 17, 2005, it is not necessary to apply inflation accounting, effective from January 1, 2005. Based on the relevant letter of the Ministry of Treasury and Finance, the Company re-arranged its financial statements dated 31 December 2004 in accordance with the provisions of "Adjustment of Financial Statements in High Inflation Periods" and, starting from January 1, 2005, TAS 29, "Financial Reporting in Hyperinflationary Economies". did not apply the standard.

On January 20, 2022, Kamu Gözetimi Kurumu "(KGK)" made a statement on "Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises". Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29, "Financial Reporting in High Inflation Economies".

# TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES

### FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of Preparation (Continued)

#### 2.1.1 Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

As of the preparation date of these financial statements, there is no new disclosure has been made by KGK within the scope of TAS 29, and there is no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 31 December 2022.

#### Comparative Information and Restatement of Prior Period Financial Statements

The Company's financial statements are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is rearranged when deemed necessary and important differences are disclosed.

#### 2.1.2 Functional and presentation currency

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

## 2.2 Consolidation

'Circular on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies' issued by Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ('the Circular for Consolidation') requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009. The company will also publish the consolidated financial statements to be prepared as of December 31, 2022.

## 2.3 Segment Reporting

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.

Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented.

Information about the Company's business reports regarding all branches are explained in the context of TFRS 8 - Business segments in Note 5.

## 2.4 Foreign currency transactions

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the date 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.



**CONVENIENCE TRANSLATION OF THE NOTES  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.4 Foreign currency transactions (Continued)**

Changes in the fair value of financial assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortized cost of the asset and other changes in the carrying amount of the asset. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

**2.5 Tangible Assets**

All tangible assets except for buildings for operational use are carried at cost by deducting accumulated depreciation. Properties for operational use are recorded at their fair value on the basis of a valuation made by an independent valuation expert less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net carrying amount is restated to the revalued amount.

Increases in the carrying amounts arising on revaluation of property, net of tax effects, are credited to 'Other Capital Reserves' under shareholders' equity. Any subsequent decrease in value offsetting previous increases in the carrying amount of the same asset is charged against the funds in the equity; and all other decreases are charged to profit or loss. At each reporting date, the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from 'Other Capital Reserves' to retained earnings.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and reflected to the statement of income of the related period. Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the costs or revalued amounts of tangible assets. Depreciation rates and estimated useful lives are below.

	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
Buildings (Land and buildings held for utilisation)	50	2
Machinery and equipment	4 - 50	25 - 2
Furniture and fixtures	4 - 50	25 - 2
Motor vehicles	4 - 5	25 - 20
Other tangible assets, Including leasehold improvements	3 - 5	33 - 20

An investigation is to be performed to determine the possible impairment in case of there are existing conditions which point out impairment of tangible assets except properties for operational use and as a result of that investigation; accrual is to be booked to reduce net book value of tangible assets in case of recoverable value amount is less than net book value of related tangible asset. Profits and losses arising from disposal of tangible assets will be kept in 'Other income and expense' account. In case of disposal of revalued assets, amount on 'Other Capital Reserves' account related to that assets are to be transferred to retained earnings account (Note 6).

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.5 Tangible Assets (Continued)****Right of Use Assets**

The Company accounts for its rights-to-use assets on the date the financial lease contract commences (for example, as of the date the relevant asset is available for use). The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure will be corrected.

Right of use assets are measured at cost comprising the following:

- (a) The amount of the initial measurement of lease liability,
- (b) Any lease payments made at or before the commencement date less any lease incentives received
- (c) Any initial direct costs and restoration costs.

Unless the transfer of ownership of the asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset. Right of use assets are subject to impairment assessment.

**Lease Liability**

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 31, 2022. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 31, 2022 was 17% for local currency liabilities (December 31, 2021: 17%).

**2.6 Investment Property**

The lands and buildings, which are obtained either to earn income or for capital appreciation or for both, instead of either for the Company's operations or for management purposes or for sale during the regular operations, are classified under investment properties. Investment properties are reflected in the financial statement at fair value. Changes in fair values of investment properties are recognized in the income statement under investment income (Note 7).

**2.7 Intangible Assets**

The Company's intangible assets consist of rights and computer software. Intangible assets are accounted at cost accounting for intangible assets.

The Company record the amortization amount for intangible assets on a straight-line basis over their estimated useful lives. The useful lives of intangible assets vary between 5 and 10 years (Note 8).

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.8 Financial Assets

##### Classification and measurement

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 two categories: as, available-for-sale financial assets and loans and receivables.

*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 those are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

*Receivables from pension operations*; Pension business receivables consist of 'receivable from pension investment funds for fund management fees', 'entry fee receivable from participants' and 'receivables from clearing house on behalf of the participants. 'Receivables from Pension Operations' classified within non-current assets are composed of the receivables from the custodian company and shows the receivables on fund-basis from the custodian company on behalf of the participants and it operates together with the payables to the participants account under the debts from the retirement activities where the fund-basis obligations belonging to the participants are presented under liabilities. Individual Retirement government participation share is the amount paid to the individual retirement account of the participant by the government in compliance with the additional 1st article of the Law no 4632. Twenty-five percent of the contribution share paid on the basis of participants on behalf of the citizens of Turkish Republic and those who are Turkish Republic citizens and lost Turkish citizenship by taking permission for ceasing to be a citizen according to the 28th article of Turkish Citizenship Law no 5901 dated 29 May 2009 and their descendants and transferred as cash to the company accounts, is paid by the government as the government share to the participant's individual retirement account in compliance with the additional 1st article of the Law no 4632, on condition not to exceed the annual total gross minimum wage determined for the relevant calendar year. Currency protected deposits are also classified under financial assets held-to-maturity in line with the relevant insurance legislation.

Financial Assets Held for Trading (Financial assets classified as fair value through profit/loss); If a financial instrument is held for trading purposes, or if it is to be held for trading in this way after being registered for the first time, this financial instrument is classified as financial assets at fair value through profit or loss. If the company manages the said investments and decides to buy and sell these investments at the fair value in line with the risk management and investment strategies of the Company, the said financial assets are recorded as financial assets whose fair value is reflected to profit/loss. After the first recording, all transaction costs are reflected directly in profit or loss. Financial assets whose fair value is reflected to profit/loss are valued with their fair values and changes in their fair values are recorded in the income statement. In determining the fair values, the expected best purchase price occurred as of the balance sheet date was taken as basis. Fair value is based on the best buy orders among the current orders pending at Borsa İstanbul A.Ş., the price of the most recent transaction in their absence, and, in their absence, the effective interest (future cash flows of the financial asset or liability to the current net book value). It expresses the cost price advanced with the equalizing rate method.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.8 Financial Assets (Continued)****Classification and measurement (Continued)**

*Available-for-sale financial assets* consists of financial assets classified under tied securities. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. For investments whose shares are traded on the stock exchange, the prices formed in the stock exchange as of the balance sheet date are taken into account. However, assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in 'Revaluation of financial assets' under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the profit or loss. During the available-for-sale asset is first recognized, additional costs of recognition will be added to fair value.

*Joint Ventures (Jointly controlled partnerships)*; Including business partnerships and ordinary partnerships, it refers to partnerships established at home or abroad, which the parent company controls together with other companies within the framework of a partnership agreement.

*Subsidiaries*; The Company either (a) has the right to exercise more than 50% of the voting rights related to the shares in the companies as a result of the shares owned directly and/or indirectly by the Company and over which the Company has voting rights; or (b) 50% of the voting rights. It refers to the companies that it has the authority and power to control the financial and operating policies in line with the interests of the Company, by using the effect of actual dominance over the financial and operating policies, although it does not have the authority to use more than.

*Capital Commitments to Joint Ventures (Jointly controlled partnerships)*; Including ordinary partnerships, it refers to partnerships established in Turkey or abroad that the parent company controls together with other companies within the framework of a partnership agreement. The Company's investment, which is accounted for under the 'Joint Ventures' account item, is carried at cost in the balance sheet within the scope of TAS 27, 'Individual Financial Statements' standard (Note 9).

The investment of the Company, which is accounted for in the "Joint Ventures" account item, is carried at fair value in the unconsolidated balance sheet within the scope of TAS 27, "Individual Financial Statements" standard. (Note 9).

**Derecognition**

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, expire or are surrendered.

**2.9 Impairment of Assets****Impairment of financial assets**

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired; if and only, 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 be incurred due to future events are not recognized even if the probability of loss is high.

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **2.9 Impairment of Assets (Continued)**

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 and trading financial assets that are debt securities, the reversal is recognized in the statement of income. Impairment provisions arising from investments for equity instruments classified as available-for-sale financial assets and accounted in the income statement cannot be reversal from the income statement in the following periods.

#### **Impairment on tangible assets**

On each reporting date the Company evaluates whether there is an indication of impairment of tangible and intangible assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Discount and provision expenses of the period are detailed in Note 47.

#### **2.10 Derivative financial instruments**

Derivative financial instruments of the period are detailed in Note 13.

#### **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 Turkish Financial Reporting Standards, or for gains and losses arising from a group of similar transactions included in the Company's trading activities.

#### **2.12 Cash and Cash Equivalents**

Cash and cash equivalents, which is the basis for 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 three months and readily to be used by the Company or not blocked for any other purpose (Note 14).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.13 Share Capital**

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

Name of Shareholders	December 31, 2022		December 31, 2021	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	942,015,417	81.10	942,015,417	81.10
Publicly Traded Shares	219,507,946	18.90	219,507,946	18.90
<b>Paid-in Capital</b>	<b>1,161,523,363</b>	<b>100.00</b>	<b>1,161,523,363</b>	<b>100.00</b>

**The Company's registered share capital**

The Capital Markets Board's letter dated July 17, 2020 and numbered 7303, the Insurance and Private Pension Regulation and Supervision Agency's letter dated July 27, 2020 and numbered 331, the Ministry of Commerce General Directorate of Domestic Trade dated July 27, 2020 and 500035491-431.02 In line with the permissions granted based on the letter E.-00056175174 and the decision of the Presidency of the Republic of Turkey dated July 15, 2020 and numbered 2772; With the decision taken at the Extraordinary General Assembly meeting held on August 27, 2020, the registered capital ceiling of the Company from TRY540,000,000 to TRY5,000,000,000, the registered capital ceiling validity period was determined as 2020-2024 (5 years). As of December 31, 2022 and December 31, 2021, the Company consists of 1,161,523,363 fully paid shares.

**2.14 Insurance and investments 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 coverage 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.

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

- (i) Those 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,
- (iii) Those 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 at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

**Investment contracts without DPF**

As at the reporting date, the Company does not have any insurance contracts and investment contracts without DPF.

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(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.16 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 extinguished.

### **2.17 Taxes**

#### **Corporate tax**

With the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, 20% for corporate earnings has been determined to be effective as of 1 January 2006. The Corporate Tax rate which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the Law on the Amendment of Certain Laws and the Law on Collection of Public Claims No. 7316 published in the Official Gazette on April 22, 2021, It has been determined as 25% to be applied to corporate earnings for the period of 2022 and 23% to be applied to corporate earnings for the 2022 taxation period. In addition, Article 26 of the Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law No. 7394, which entered into force after being published in the Official Gazette dated April 15, 2022 and numbered 31810, and the provisional article 13 of the Corporate Tax Law No. 5520. With the added paragraph, it has been determined that for certain companies, including insurance companies, the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and 25% will be applied. With this amendment, 25% rate will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of July 1, 2022.

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. 15% withholding tax is applied on dividend payments other than these. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

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

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income provided unless they do not exceed 5 years. However, financial losses cannot be offset against previous years' profits.

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.17 Taxes (Continued)**

**Deferred income taxes**

Deferred income tax assets and liabilities are recognized according to using the balance sheet method, on all taxable temporary differences arising between the tax bases and 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 income tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity (Note 21).

**2.18 Employee benefits**

*Reserve for severance indemnity:*

In accordance with existing Turkish Labor 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. As of December 31, 2022, the applicable ceiling amount as at TRY15,371.40 (December 31, 2021: TRY8,284.51).

The fundamental assumption is that maximum ceiling for the yearly services increases in line with the inflation; therefore, the discount rate reflects the real rate after netting of the effects of inflation. The provision for termination benefits and severance payment has been calculated by using the ceiling amounting to TRY19,982.83 which is applicable starting from January 1, 2023, as it is adjusted yearly (January 1, 2022: TRY10,848.59).

The Company are calculated provision for employee severance indemnities using actuarial methods. The major statistical assumptions used in the calculation of the total liability as at December 31, 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount rate	(0.93%)	3.67%
Estimated employee turnover rate	9.90%	5.31%

*Other employee benefits:*

The Company has provided for undiscounted short-term employee benefits earned during the financial period as per services in the accompanying financial statements (Note 23).



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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.19 Provisions**

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset (Note 23).

### **2.20 Revenue Recognition**

#### **Written Premiums**

Written premiums represent premiums on policies written during the year net of taxes, premiums of the cancelled policies which were produced in prior years and premiums ceded to reinsurance companies. Premiums ceded to reinsurance companies on gross premiums are booked in 'premiums ceded to reinsurance companies' account of statement of income (Note 24).

#### **Claim recovery and salvage income and related receivable**

In the calculations related to provisions for outstanding claims accrued and identified, accrued or collected subrogation, salvage or similar income items cannot be deducted. However, accrued subrogation, salvage, and similar income items can be recognized in the assets section of the balance sheet and income statement.

In order to accrue receivable or income of subrogation, salvage; acquisition of the right of subrogation, determination of the amount certainly, and must not have been charged by the end of the period are needed. In accordance with Turkish Commercial Code, the compensation must be paid for getting the right of subrogation.

In accordance with the Circular 2010/13 dated September 20, 2010 of Ministry of Treasury and Finance; the Company can account for income accrual for subrogation receivables up to the guarantee limit of insurance companies without any voucher for insurance companies after the completion of the claim payments made to the insure and receipt of voucher (bank statement related to the claim payment) from third parties other than insurance companies and notice of the insurance companies or third part parties. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance company, the provision is provided after four months.

On the other hand, if there is an agreement with the insurance company or third parties; where there is a payment plan up to one year, or receipt of cheques, bills or similar documents, the Company is not required to provide provision for subrogation receivables that overdue six months from insurance and four months from other counterparties are under the instalment plan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.20 Revenue Recognition (Continued)**

**Claim recovery and salvage income and related receivable (Continued)**

At the reporting date, in accordance with the related circular, the Company recognized TRY102,305,586 (December 31, 2021: TRY64,021,103) net salvage and subrogation receivables in the receivables from main operations and provided TRY14,375,566 (December 31, 2021: TRY14,184,652) allowance for salvage and subrogation receivables that are overdue as described in the related circular (Note 4.2 and 12).

When the subrogation is subject to a court case, the amount is recorded on the date of the transaction and the same amount of provision is provided on the same day.

The Company provided a provision for net subrogation receivables under legal follow up and TRY648,105,114 (December 31, 2021: TRY554,472,860) that is presented under doubtful receivables under main operations (Note 4.2 and 12).

In order to account for salvage income expected from the sale of the assets, the claim amount should be paid to the insure and the ownership of the related assets should be transferred to the Company. When the assets are transferred to the insure, sold to third parties by the Company or by an intermediary; salvage income is recorded and should not be recorded as a deduction from provisions for outstanding claims and paid claims.

For the years ended December 31, 2022 and 2021, accrued salvage and subrogation income per-branches is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Motor own damage	56,713,654	40,215,454
Motor third party liability	33,497,468	13,563,253
Fire	8,753,562	8,920,072
Other	3,340,902	1,322,324
<b>Total</b>	<b>102,305,586</b>	<b>64,021,103</b>

For the period January 1, - December 31, 2022 and 2021, salvage and subrogation collections are as follows:

	<b>January 1 - December 31, 2022</b>	<b>January 1 - December 31, 2021</b>
Motor own damage	364,995,490	285,650,563
Motor third party liability	126,551,887	29,554,793
Fire	21,160,689	55,900,106
Other	40,043,263	12,131,229
<b>Total</b>	<b>552,751,329</b>	<b>383,236,691</b>

**Commission income and expense**

As further detailed in Note 2.22, commissions paid to the agencies related to the production of the policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums and they are recognized in 'Deferred commission income' and 'Deferred commission expense'.

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.20 Revenue Recognition (Continued)**

#### **Commission income and expense**

Interest income and expense 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.

#### **Dividend**

Dividend income is accounted when related dividend right arises.

### **2.21 Dividend distribution**

Dividends distributed are recorded by deducting them from the accumulated profit in the period in which they are declared.

### **2.22 Reserve for Unearned Premiums**

Reserve for unearned premiums, effective insurance contracts premiums occur from gross amounts without any commission or other discount and based on daily premium calculations for the following period or periods. For the goods marine insurance contracts without a specific expire date, the premiums accrued from the last three months, 50% of the remaining amount is allocated as reserve for unearned premium.

The reserve for unearned premiums during the day basis evaluation while following sections of the extended periods are being evaluated it is assumed that in general implementation, the policy starts at noon 12:00 and ends again at noon 12:00.

Unearned portion of the commissions paid to the intermediaries for written premiums and commissions received from reinsurers for the premiums ceded are recognized in short term Prepaid Expenses and Income Accruals and Deferred Income and Expense Accruals respectively in the balance sheet. They are also recognized in the operating expenses after netting off.

In accordance with the Communiqué on Technical Reserves, for the calculation of reserve for unearned premium of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank are used, unless there is a specified exchange rate in the agreement (Note 17).

### **2.23 Reserve for unexpired risks**

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums, above the mentioned expected loss ratio is calculated on the basis of main branches as of 31 December 2020, in accordance with the 'Regulation regarding the Changes in the Calculation of Unexpired Risk Reserve' dated 13 December 2012 and numbered 2012/15 published by Ministry of Treasury and Finance. In case where the expected loss ratio is higher than 95% net unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

With the "Circular No. 2022/27 on the Provision for Unexpired Risks" ("Circular No. 2022/27") published by the Insurance and Private Pensions Regulation and Supervision Agency, the gross loss premium rate to be used in the calculation of the provision for continuing risks to the insurance companies is determined. It is possible to calculate by dividing the amount of final claim found for each quarter (including indirect works) of the last year, based on the current year, by the earned premium. As an alternative to this method, the gross loss premium rate can be calculated by insurance companies over the sum of the last four quarters, including the current period, based on the writing (working) year, including indirect works, and in the relevant method, the policies written in the last year in calculating the amount of damage incurred by the company actuary. In terms of the writing (working) year, the immaturity of the damage development process should be taken into account within the framework of the best estimation principles. If the gross loss premium ratio calculated based on the accident year in the Land Vehicles, Voluntary Liability and General Liability branches of the Company is above 85%, the excess amount is multiplied by the gross unearned premium reserve; net unearned premium reserve has been multiplied by the net unearned premium reserve. However, the Company evaluated the current situation for the Compulsory Traffic branch as of the balance sheet date, and within the scope of the Circular no 2022/27, the loss premium rate calculated on the basis of the writing (working) year calculated by the Company actuary in the URP calculation of the said branch as of 31 December 2022 has used. Within the scope of the aforementioned circular, the calculation based on the writing (working) year instead of the accident year in the Compulsory Traffic branch had a reducing effect on the net URP recorded as of 31 December 2022 by TL 865,443,290.

In accordance with the Circular no 2022/27, the amounts of the direct works (including the works transferred to the Risky Insured Pool) related to the works in which 100% of the direct production is transferred to the pools established in Turkey are not included in the gross loss premium calculation. Since the liabilities of the companies in relation to these productions arise only from indirect production (such as the works from the Risky Insured Pool and the works received from the pool under the reinsurance agreement, such as the Yeşilkart insurance pool), only indirect productions can be used to determine the actual liability of the company for these works and similar works. The calculation is made separately from the other production of the branch, taking into account the damages and other income and expense items in this division. If the company considers that the weight of the production in question in the branch or the general portfolio of the company is insignificant, a separate calculation may not be made for this production.

If a separate calculation is made for the business in which 100% of the direct production is transferred to the pools established in Turkey, if the gross loss premium rate is above 100%, and for other works, the gross loss premium rate is above 85%, the net URP amount is determined by multiplying the excess amount by the gross unearned premium reserve (UPR) and multiplying the gross URP by the net UPR.

As of December 31, 2022, the Company has calculated a net unexpired risk reserve of TRY1,178,816,442 and booked (December 31, 2021: TRY26,715,793) (Note 17).

The loss ratio (after discount) and gross and net provisions calculated by branches are presented on the following page:

Branch	Claim/Premium	December 31, 2022		December 31, 2021	
		Gross URR	Net URR	Gross URR	Net URR
Motor Vehicles		1,317,344,229	1,011,388,088	26,980,427	26,715,793
- Compulsory traffic (except RIP)	119%	862,161,225	852,601,110	26,980,427	26,715,793
- RIP acquired	159%	149,269,073	149,269,073	-	-
- RIP transferred	158%	296,359,716	-	-	-
- Discretionary liability	102%	9,554,215	9,517,905	-	-
Disease	113%	159,559,989	159,559,989	-	-
General Liability	107%	58,799,240	7,106,451	-	-
Surety bond	104%	1,516,481	761,914	-	-
<b>Total</b>		<b>1,537,219,939</b>	<b>1,178,816,442</b>	<b>26,980,427</b>	<b>26,715,793</b>

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.24 Provision for outstanding claims**

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim provisions, claim recoveries, salvage and similar gains are not deducted.

In accordance with the Communiqué on Technical Reserves and 2011/1 and dated January 14, 2011, starting from July 1, 2012, the Company provided provision for the files that there is uncertainty about their amount and/or which are defined as pilot case based on the average amounts of which the calculation procedure and methods defined by Ministry of Treasury and Finance and updated the provision based on the further court decision and the expert reports.

As of December 31, 2022, the difference between the provision for outstanding claim that is accrued and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the 'Circular on Provision for Outstanding Claim' numbered. 2014/16 and dated December 5, 2014 and is effective from January 1, 2015, is accounted for as incurred but not reported claims provision.

In accordance with 'the Circular on Provision for Outstanding Claim' dated 5 December 2014 and numbered 2014/16 published by Ministry of Treasury and Finance, since 1 January 2015, the calculation of incurred but not reported claim provision for outstanding claim considering that best estimations of the Company's actuary has been adjudicated. Based on mentioned circular letter, the data selection on incurred but not reported claim provision calculations, the amendments and adjustments and the selection of the best method and interference with development factor are done by the Company's actuaries based on actuarial methods. In this related circular letter, on the calculation of incurred but not reported provision for outstanding claim amount, the Company has been given the right to choose Actuarial Chain Ladder Methods (ACLM) for each branch of Chain Ladder Method, Loss Ratio, Cape Cod, Frequency-Severity Techniques, Munich Chain Ladder Method and Bornhuetter - Ferguson. The Company has chosen the actuarial method based on the actuarial opinion and the related methods are explained in Note 17.

The data related accrued claim recoveries, salvage and equivalent income in the balance sheet are taken into consideration in the ACLM calculations with collections. In addition, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with in-forced reinsurance agreements of the Company. The gross and net incurred but not reported claim provision to be added or to be deducted for each branch and the calculation methodology as at December 31, 2022 and 2020 are explained in the Note 17.

In accordance with the circular numbered 2011/18 of the Ministry of Treasury and Finance; In the calculation of realized but not reported compensation amounts for Compulsory Traffic, Compulsory Road Transport Financial Liability and Bus Compulsory Seat Personal Accident branches made with the actuarial chain ladder method, all data on compensation for treatment expenses, outstanding claims and recourse, salvage and similar income collected excluded.

As of December 31, 2022, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to TRY6,039,113,738 in its financial statements (December 31, 2021: TRY2,719,279,643).

The "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated June 10, 2016 and numbered 2016/22 and the Ministry of Treasury and Finance dated September 15, 2017 and numbered 2017/7 "Net Cash Arising from Outstanding Claims Reserve In accordance with the Circular on the Amendment of the Circular No. 2016/22 on the Discounting of Flows, the Company has a net amount of TRY3,852,024,009 as of December 31, 2022 (December 31, 2021: TRY1,448,945,234) for the branches in the table below discount calculated. In accordance with the Circular numbered 2021/30, the discount calculation as of 31 December 2021 was made by taking into account the annual rate of 22% (December 31, 2021: 14% per annum). In accordance with the Circular numbered 2021/30, it is stated that the differences between the periods due to the said discount rate change should be accepted as a change in estimation. The said discount rate change had a reducing effect on the net outstanding claims provision as of December 31, 2022, amounting to TRY 873,365,688.

**TÜRKİYE SİGORTA AŞ**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.24 Provision for outstanding claims (Continued)**

As of December 31, 2022, 2021 the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

<b>December 31, 2022 Branch</b>	<b>Net outstanding claims before discount</b>	<b>Discount Amount</b>	<b>Discounted net outstanding claims provision</b>
Motor Liability	8,616,755,501	(3,615,364,571)	5,001,390,930
Motor own damage	347,319,626	(37,393,936)	309,925,690
Health	252,753,130	(11,697,732)	241,055,398
General Liability	222,026,018	(120,378,259)	101,647,759
Fire and Natural	136,202,542	(24,879,272)	111,323,270
General Losses	83,032,135	(11,572,202)	71,459,933
Accident	60,408,378	(26,051,422)	34,356,956
Logistic	21,512,677	(2,702,242)	18,810,435
Financial losses	5,083,609	(779,724)	4,303,885
Watercrafts	3,351,052	(559,486)	2,791,566
Indemnity	1,449,207	(465,460)	983,747
Legal Protection	392,778	(116,606)	276,172
Credit	270,377	(63,096)	207,281
<b>Total</b>	<b>9,750,557,030</b>	<b>(3,852,024,008)</b>	<b>5,898,533,022</b>
<b>December 31, 2021 Branch</b>	<b>Net outstanding claims before discount</b>	<b>Discount Amount</b>	<b>Discounted net outstanding claims provision</b>
Motor Liability	4,383,838,730	(1,322,635,296)	3,061,203,434
Motor own damage	240,668,436	(15,158,668)	225,509,768
Health	146,057,783	(4,333,582)	141,724,201
General Liability	185,286,028	(77,084,481)	108,201,547
Fire and Natural	102,880,495	(4,900,326)	97,980,169
General Losses	48,822,896	(4,646,590)	44,176,306
Accident	57,027,071	(18,678,269)	38,348,802
Logistic	12,288,979	-	12,288,979
Financial losses	2,917,388	(997,369)	1,920,019
Watercrafts	4,766,937	-	4,766,937
Indemnity	1,333,833	(463,378)	870,455
Legal Protection	186,848	(36,166)	150,682
Credit	123,348	(11,109)	112,239
<b>Total</b>	<b>5,186,198,772</b>	<b>(1,448,945,234)</b>	<b>3,737,253,538</b>

**TÜRKİYE SİGORTA AŞ****1 OCAK - 31 ARALIK 2022 HESAP DÖNEMİNE AİT  
KONSOLİDE OLMAYAN FİNANSAL TABLOLARA İLİŞKİN DİPNOTLAR**

(Para Birimi aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.24 Provision for outstanding claims (Continued)**

The methods applied for estimating the net cash flows of the Company as of December 31, 2022 and December 31, 2021 and the estimated net cash flows for each main branch are given below.

<b>December 31, 2022</b>	<b>Methods</b>						
<b>Branch</b>	<b>Applied</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Motor Liability	Tablo 57	2,203,272,416	1,220,588,764	970,783,838	914,937,729	844,764,706	763,631,667
Motor Own Damage	Tablo 57	287,721,293	16,410,518	13,064,096	11,912,855	9,008,599	3,860,411
Health	Tablo 57	243,981,312	7,531,960	1,169,440	38,259	(24,999)	41,723
General Liability	Tablo 57	18,128,892	20,699,551	24,852,336	29,474,667	33,619,920	33,153,940
Fire and Natural	Tablo 57	91,207,020	15,086,744	8,397,598	7,151,006	6,830,149	5,920,678
General Losses	Tablo 57	61,762,586	11,589,432	4,797,863	2,085,217	1,251,162	796,455
Accident	Tablo 57	13,043,692	8,786,654	7,840,077	7,831,593	6,833,319	5,413,194
Logistics	Tablo 57	15,320,683	6,111,895	(94,905)	291,849	205,616	(432,924)
Financial losses	Tablo 57	3,992,637	561,543	80,785	77,312	95,323	104,155
Watercrafts	Tablo 57	2,602,432	342,213	39,024	123,010	(291,487)	48,536
Indemnity	Tablo 57	392,204	205,033	466,134	202,319	169,709	1,019
Legal Protection	Tablo 57	130,539	113,603	55,956	41,083	22,909	15,244
Credit	Tablo 57	138,433	74,583	2,966	(4,959)	46,082	126

<b>December 31, 2021</b>	<b>Methods</b>						
<b>Branch</b>	<b>Applied</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Motor Liability	Tablo 57	1,095,754,206	698,921,537	592,558,315	524,365,682	455,113,168	384,206,809
Motor Own Damage	Tablo 57	207,579,737	10,791,091	7,234,338	5,936,847	4,164,463	2,252,575
Health	Tablo 57	142,007,962	3,309,322	686,184	45,168	(20,112)	22,932
General Liability	Tablo 57	17,612,271	18,988,532	21,005,763	21,366,346	23,476,860	27,467,379
Fire and Natural	Tablo 57	88,248,199	9,557,550	4,016,936	3,380,513	2,546,394	582,708
General Losses	Tablo 57	36,812,657	6,293,697	2,712,231	1,184,342	920,748	691,284
Accident	Tablo 57	11,576,031	8,570,281	7,660,929	7,354,784	6,791,828	5,710,754
Financial losses	Tablo 57	1,113,618	202,371	99,709	115,588	154,958	116,709
Indemnity	Tablo 57	224,119	132,152	238,770	215,690	158,443	138,488
Legal Protection	Tablo 57	77,250	44,263	27,281	17,424	11,343	7,701
Credit	Tablo 57	91,272	29,351	3,509	(784)	-	-

2028	2029	2030	2031	Total
665,766,402	610,395,670	355,516,056	67,098,253	8,616,755,501
2,706,337	1,740,337	1,054,347	(159,167)	347,319,626
14,823	612	-	-	252,753,130
32,798,409	19,552,357	8,949,272	796,674	222,026,018
1,606,452	(95,475)	59,411	38,959	136,202,542
324,449	289,199	132,901	2,871	83,032,135
4,516,838	3,866,385	1,839,763	436,863	60,408,378
(254,674)	172,139	148,628	44,370	21,512,677
117,772	53,322	760	-	5,083,609
113,487	304,791	65,435	3,611	3,351,052
1,870	10,465	454	-	1,449,207
9,245	4,199	-	-	392,778
9,465	3,681	-	-	270,377

2028	2029	2030	2031	Total
290,765,060	207,458,974	105,341,206	29,353,773	4,383,838,730
1,461,933	1,044,918	286,024	(83,490)	240,668,436
5,912	415	-	-	146,057,783
21,355,847	18,385,701	13,079,056	2,548,273	185,286,028
(1,066,333)	(1,306,075)	(1,676,035)	(1,403,362)	102,880,495
159,503	34,015	14,021	398	48,822,896
4,182,478	2,978,768	1,825,361	375,857	57,027,071
303,178	372,447	340,339	98,471	2,917,388
209,160	16,653	358	-	1,333,833
1,381	205	-	-	186,848
-	-	-	-	123,348



## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Provision for outstanding claims (Continued)

In accordance with the Circular No. 2011/23, it is possible to calculate a winning rate over the amounts of the lawsuits filed against the Company according to the realizations of the last five years according to the realizations of the last five years, and according to the calculated win rate, it is possible to make a discount from the outstanding claims reserves accrued for the files in the litigation process. As of December 31, 2018, the company calculated the winning rates by sub-branches by proportioning the amount of the claims, whose all judicial processes were completed in the last five years, to the total amount of the files. In the calculation of the winning ratio, only the principal amounts related to the compensation are included in the calculation, and the interest and other expenses are not taken into account. In accordance with the Circular numbered 2011/23 for the branches with a winning ratio of over 25%, a discount was made from the outstanding claims reserve amount by using 25% for those with sufficient previous files and 15% for other branches. The company made the said calculations on the gross amounts and the reinsurance shares of the discount amount were determined by taking into account the reinsurance share of the related files.

As of 31 December 2021, the net deduction amount of the Company's earning rates calculated on the basis of sub-branches and the provision for outstanding claims accrued is TRY743,999,784 (December 31, 2021: TRY485,664,401) (Note 17). The winning rates used on a branch basis as of December 31, 2022, 2021 are as follows:

Branch	December 31, 2022	December 31, 2021
	Used Winning Ratio (%)	Used Winning Ratio (%)
Fire	25.00%	25.00%
Loss of Profit	25.00%	25.00%
Marine Cargo	25.00%	25.00%
Marine Hull and Machinery	25.00%	25.00%
Compulsory Financial Liability Insurance for Transportation on Road	25.00%	25.00%
MTPL – facultative	25.00%	25.00%
Motor vehicles – Insurance	25.00%	25.00%
Compulsory Seat Occupational responsibility for Insurance Transportation on Road	25.00%	25.00%
Third party financial liability	25.00%	25.00%
Robbery	25.00%	25.00%
Aircraft Financial Liability	25.00%	25.00%
ZMSS on Medical Malpractice	25.00%	25.00%
Private Security Financial Liability	25.00%	25.00%
Occupational responsibility	25.00%	25.00%
Optional Earthquake	25.00%	25.00%
Flood	25.00%	25.00%
Landslide	25.00%	25.00%
Loss of Rent and Income	25.00%	25.00%
Loss of Rent and Income	25.00%	25.00%
Legal Protection	25.00%	25.00%
Machinery breakdown	25.00%	25.00%
Installation	25.00%	25.00%
Construction	25.00%	25.00%
Compulsory Product Liability for LPG	25.00%	25.00%
Health	25.00%	25.00%
Travel Health	25.00%	25.00%
Compulsory Traffic (Excluding Green Card)	24.21%	24.21%
Electronic Equipment	22.69%	22.69%
Employer financial liability	14.10%	14.10%

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.25 Equalization provision**

In accordance with the Communiqué on Technical Reserves, the Insurance Companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalization reserve, provided that no deduction has been made from current year charge to the reserve.

As of December 31, 2022, equalization provision amounting to TRY159,944,693 (December 31, 2021: TRY130,853,892) is presented under 'Other Technical Reserves' under the long term-liabilities in the accompanying financial statements (Note 17).

**2.26 Related Parties**

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties (Note 45).

**2.27 Earnings 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. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the bonus issue of shares retrospectively from the beginning of the previous reporting period (Note37).

**2.28 Subsequent events**

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.29 New standards and interpretations

##### *a) Standards, amendments, and interpretations applicable as of December 31, 2022:*

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

**Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

##### *b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:*

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **IFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES  
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**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk (Note 4.1) and management of financial risk (Note 4.2).

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

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.

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 6 - Tangible assets

Note 7 - Investment properties

Note 8 - Intangible assets

Note 9 - Investments in associates

Note 10 - Reinsurance assets and liabilities

Note 11 - Financial assets

Note 12 - Loans and receivables

Note 21 - Deferred taxes

Note 42 - Risks

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK****4.1 Management of insurance risk**

The risk under an insurance contract is the probability of an insured event's occurring including the uncertainty of the amount of any resulting claim. This risk is impossible to estimate because of its structure. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

In accordance with Code of Risk Acceptance of the Company, risks are allocated in terms of their branches and potential effects. The main part of this risk management is the evaluation of all possibilities to eliminate, control or reinsure the risk by defining in all parts of the insurance operations.

According to risk types, the Company makes some analysis to decide about which branches it can operate in which city or region by using the analysis of district-city actuarial methods.

These analyses are updated about the new information received and so that policies will change about the priorities of the operations.

With the risk policies developed by these methods, it is aimed to increase the Company's profitability on the basis of branches, regions and cities.

**CONVENIENCE TRANSLATION OF THE NOTES  
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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.1 Management of insurance risk (Continued)**

Risks are divided into branches and sizes in terms of the Company's Risk Acceptance Regulations. Acceptance or rejection according to the result of risk examination's evaluations is decided by the Company's Risk Engineers, Related Branch Managers, and Technical Unit Assistant of General Manager after evaluation.

The Company determines annual 'risk acceptance policies' regarding the products of the Company and revise these policies during the year, if necessary. Based on the mentioned risk acceptance policies, the maximum and minimum limits for risk analysis during the period from order process to the issuance of the policy and the risks which will be excluded are determined for each product. Furthermore, the Company, by considering its financial structure, obtains coverage for the significant risks and catastrophic losses through the use of reinsurance agreements.

The most common method to manage insurance risk is to arrange reinsurance agreements. But the transfer of insurance risk through reinsurance agreements is not eliminating the liability of the Company as the first one made the insurance. If reinsurance company does not pay the loss, Company's liability towards the policyholder continues. The company evaluates the reliability of reinsurance company by analyzing the financial condition before annual contract.

The Company not only creates new policies within the context of risk evaluation as mentioned above, also transfers the risks to reinsurer companies with reinsurance agreements. The Company transfers the risks with special acceptance of excess loss insurance and quota surplus reinsurance within the context of the agreements.

Reinsurance agreements: It includes excess of excess, quota share, excess of risk loss and catastrophic excess of loss according to the characteristics of the branch.

Generally, the Company has agreements of fire and natural disasters, marine, accident, transportation vehicles (land), transportation vehicles (air), transportation vehicles (sea), general losses, transportation vehicles (land) liability, transportation vehicles (sea) liability, general liability, financial losses, legal protection and health branches. Insurance guarantee amounts are also explained in Note 17.

Reinsurance agreements are the agreements signed, paid by the company and are also carried out by the both The Company and Reinsurance Company. These agreements have the sufficient conditions to be able to classify as insurance agreements which are used in purpose of losses result from one or more insurance agreements.

As of December 31, 2022, QBE and Liberty is the leader reinsurers of the Company in branches such as fire and engineering, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Everest Re, Milli Re, Odyssey Re Labuan Re, China Re and Sirius.

The last credit-scaling notes as follows in the table:

<b>Reinsurer</b>	<b>Scale</b>	<b>Outlook</b>	<b>Date</b>
Liberty Mutual Insurance Company	A	AM Best	July 29, 2022
QBE Europe nv/sa	A	AM Best	April 7, 2022
Sirius International Insurance Corporation (publ)	A-	AM Best	April 1, 2022
Everest Reinsurance Company	A+	AM Best	June 15, 2022
Odyssey Reinsurance Company	A	AM Best	June 23, 2022
China Re.	A	AM Best	November 18, 2022
Labuan Re	A-	AM Best	October 28, 2022
Milli Reasürans T.A.Ş.	BBB-	S&P	September 30, 2022

The company has annual excess treaty in fire, marine, engineering and miscellaneous accident branches, as for quota share agreements for marine, commodity, farming, building completion and credit branches as of the date December 31, 2022.

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.1 Management of insurance risk (Continued)****Premiums transferred to the Social Security Institution**

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of 'The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees' (the 'Law') numbered 6111 published in the Official Gazette dated 25 February 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ('SSI') regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated August 27, 2011 ('The Regulation'), 'The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated September 15, 2011 and numbered 2011/17 (the 'Communiqué numbered 2011/17') and 'The Communiqué on the Accounting of Payments to Social Security Institution ('SSI') with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart' dated October 17, 2011 (the 'Communiqué numbered 2011/18'), the regulation ('2012/3 numbered notice) making changes in 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated March 16, 2012 and numbered 2012/3 and the communiqué about changes related 'the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated April 30, 2012 and numbered 2012/6 (the 'Communiqué numbered 2012/6'). Within this framework, the Company is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of February 25, 2011, the notice numbered 2012/3 and the communiqué numbered 2012/6 in 'Compulsory Marine', 'Compulsory Traffic' and 'Compulsory Motor Personal Accident' branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - December 31, 2022 account period as TRY593,779,883 under the account of 'premiums transferred to SSI' (1 January - December 31, 2021: TRY177,301,773).

**Premiums and claims transferred to the Risky Insured Pool**

April 12, 2017 for high level of damage frequency and/or vehicle groups as determined by the 'Regulation on the Amendment of the Regulation on Tariff Implementation Principles in the Compulsory Financial Liability Insurance for Motor Vehicles', published by Ministry of Treasury and Finance in the Official Gazette dated July 11, 2017 and numbered 30121 The 'Risk Insured Pool' ('Pool') was established to be valid for the traffic insurance policies written since April 12, 2017. According to the risk insured Pool Work Essentials enacted with the regulation in question, the premium for the pool covered by traffic insurance policy and damage Turkey Motor Vehicle Bureau ('TMTB') to be calculated in two stages. Accordingly, 50% of the premiums and damages are shared equally among the insurance companies; while the remaining 50% is distributed considering the share of insurance companies in the last 3 years of traffic insurance premiums.>

The Company has recorded the premiums, indemnities and commission amounts transferred from the Risky Insurance Pool within the scope of the Company's share within the scope of the regulation, taking into consideration the estimated amounts of the unreported periods at the closing date of the accounts and the monthly receipts finalized by TMTB. As of December 31, 2022, the Company has transferred TRY749,041,945 premium and TRY450,630,830 paid compensation and recovery income to the Pool. TRY426,259,250 premium, TRY128,125,595.95 commission, TRY311,531,782 paid as compensation from Pool to the Company were recognized in accordance with the relevant legislation.

The 'Compulsory Medical Malpractice Law' which is annexed to the 'Procedures and Principles Regarding the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice' (2010/1) published by Ministry of Treasury and Finance in the Official Gazette dated October 7, 2017 and numbered 30203 Liability Insurance Tariff and Instruction 'B. INCIDENT', the Premiums and Claims Sharing Basis for the Medical Malpractice Insurance Liability Insurance, the premiums and claims related to the financial liability policies in the application are calculated in two stages by the company appointed by the Evaluation Committee. Accordingly, 50% of the premiums and claims are shared equally among the insurance companies; and the remaining 50% is distributed considering the share of insurance companies' medical liability insurance premiums in the last three years.

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## **4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

### **4.1 Management of insurance risk (Continued)**

The Company has accounted the amounts of premiums, claims and commissions that are taken over from the Pool within the scope of the Company's market share and ceded to the Medical Malpractice Liability Pool within the scope of the regulation, considering the amounts in the monthly statements that is finalized by other insurance companies. As of December 31, 2022, The Company has ceded TRY16,748,481 premium to the Pool and accounted TRY5,443,719 premium, TRY1,238,245 compensation and TRY2,283,883 commission income; based on its share which are reported by the Pool, on the financial statements in accordance with the legislation.

### **4.2 Management of financial 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 analysed 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.

#### **Credit risk**

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The balance sheet items that the Company is exposed to credit risk are as follows:

- Banks
- Other cash and cash equivalents (excluding cash on hand)
- Financial assets
- Receivables from policyholders
- Receivables from intermediaries (agencies)
- Receivables from reinsurance companies related to commissions and claims paid
- Reinsurance shares of insurance liability
- Other receivables

Financial assets of the Company, subject to credit risk are mainly demand and time deposits held at banks in Turkey and other financial intermediaries, and credit card receivables. All these receivables are assumed that they do not have a high credit risk.

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of financial risk (Continued)**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash equivalents (Note 14)	9,034,205,139	6,103,547,210
Receivables from operating activities (Note 12)	4,535,533,038	3,376,909,487
Reinsurer's share in provision for outstanding claims (Note 10)	5,138,167,362	3,468,615,657
Financial assets (Note 11)	8,605,624,564	2,173,847,016
Prepaid taxes and funds (Note 12)	51,512,542	46,854,946
Other receivables (Note 12)	16,586,270	20,960,793
Advances given to personnel	126,001	91,643
<b>Total</b>	<b>27,381,754,916</b>	<b>15,190,826,752</b>

Details of guarantees and securities taken for the receivables are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Letter of guarantee	100,589,967	74,307,681
Notes received	63,603,878	60,530,776
Cash guarantees	54,436,576	26,797,460
Other guarantee and commitments	75,283,550	52,378,393
<b>Total</b>	<b>293,913,971</b>	<b>214,014,310</b>



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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

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

	December 31, 2022		December 31, 2021	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	3,897,539,059	-	2,948,812,879	-
Past due 0-30 days	314,390,343	-	152,612,496	-
Past due 31-60 days	206,328,648	-	175,299,603	-
Past due 61-180 days	15,028,187	-	29,888,122	-
More than 181 days receivables	56,715,891	(42,399,110)	53,008,127	(32,548,191)
	<b>4,490,002,128</b>	<b>(42,399,110)</b>	<b>3,359,621,227</b>	<b>(32,548,191)</b>
Subrogation and salvage receivables	102,305,586	(14,375,566)	64,021,103	(14,184,652)
Doubtful receivables from main operations				
- subrogation receivables	648,105,114	(648,105,114)	554,472,860	(554,472,860)
<b>Total</b>	<b>5,240,412,828</b>	<b>(704,879,790)</b>	<b>3,978,115,190</b>	<b>(601,205,703)</b>

The movement in the allowance for impairment in respect of premium receivables during the period is as follows:

	2022
<b>Beginning of the period – January 1</b>	<b>(601,205,703)</b>
Change in provision for recovery receivables under legal follow-up (Note 47)	(101,316,105)
Other	(2,357,982)
<b>Period ending – December 31</b>	<b>(704,879,790)</b>

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

#### Managing Liquidity Risk

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

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of financial risk (Continued)**

The table below shows the distribution of the Company's financial and insurance liabilities as of the balance sheet dates, based on contractual or expected terms:

Monetary asset and liabilities' remaining periods to maturity:

<b>December 31, 2022</b>	<b>Book Value</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
<b>Assets</b>						
Cash and cash equivalents	9,034,205,139	4,917,646,324	4,061,926,616	54,632,199	-	-
Financial assets	8,605,624,564	3,425,311,322	1,293,487,366	1,091,757,565	1,970,706,266	824,362,045
Receivables from operating activities	4,535,533,038	1,169,694,256	1,104,123,207	2,141,334,659	120,380,916	-
Other receivables	16,586,270	9,882,172	395,574	260,758	6,047,766	-
<b>Total monetary assets</b>	<b>22,191,949,011</b>	<b>9,522,534,074</b>	<b>6,459,932,763</b>	<b>3,287,985,181</b>	<b>2,097,134,948</b>	<b>824,362,045</b>
<b>Liabilities</b>						
Payables from operating activities	2,975,252,693	914,692,073	1,107,587,931	900,545,328	52,427,361	-
Due to related parties	7,163,651	257,842	2,653,555	4,252,254	-	-
Other payables	397,412,189	162,161,147	218,724,336	16,526,706	-	-
Provision for outstanding claims, net	5,898,533,022	367,436,763	1,087,236,961	4,213,866,866	209,084,031	20,908,401
Provision for tax and other similar liabilities	394,920,037	332,838,634	58,765,743	3,315,660	-	-
Financial liabilities	1,900,367,242	1,882,898,544	-	-	17,468,698	-
<b>Total monetary liabilities</b>	<b>11,573,648,834</b>	<b>3,660,285,003</b>	<b>2,474,968,526</b>	<b>5,138,506,814</b>	<b>278,980,090</b>	<b>20,908,401</b>

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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

December 31, 2021	Book Value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
<b>Assets</b>						
Cash and cash equivalents	6,103,547,210	3,658,432,008	2,282,569,102	162,546,100	-	-
Financial assets	2,173,847,016	248,597,521	340,705,632	423,492,812	819,344,555	341,706,496
Receivables from operating activities	3,376,909,487	1,272,038,634	553,401,123	1,489,214,326	62,255,404	-
Other receivables	20,960,793	13,643,670	786,787	518,651	6,011,685	-
<b>Total monetary assets</b>	<b>11,675,264,506</b>	<b>5,192,711,833</b>	<b>3,177,462,644</b>	<b>2,075,771,889</b>	<b>887,611,644</b>	<b>341,706,496</b>
<b>Liabilities</b>						
Payables from operating activities	2,186,924,896	1,204,435,769	392,796,996	519,467,601	70,224,530	-
Due to related parties	8,569,158	308,431	3,174,182	5,086,545	-	-
Other payables	155,232,416	36,528,998	85,435,495	6,455,465	26,812,458	-
Provision for outstanding claims, net	3,737,253,538	232,804,384	688,862,835	2,669,865,336	132,473,622	13,247,361
Provision for tax and other similar liabilities	270,982,980	142,535,371	-	128,447,609	-	-
Financial liabilities	13,381,389	159,759	-	-	13,221,630	-
<b>Total monetary liabilities</b>	<b>6,372,344,377</b>	<b>1,616,772,712</b>	<b>1,170,269,508</b>	<b>3,329,322,556</b>	<b>242,732,240</b>	<b>13,247,361</b>

#### Market risk

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.

#### Currency risk

The Company is exposed to currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of financial risk (Continued)**

The Company's exposure to foreign currency risk is as follows:

<b>December 31, 2022</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	711,398,417	195,303,716	3,336,079	910,038,212
Financial Assets	423,342,229	-	-	423,342,229
Receivables from operating activities	1,211,890,250	532,319,786	6,950,069	1,751,160,105
<b>Total foreign currency assets</b>	<b>2,346,630,896</b>	<b>727,623,502</b>	<b>10,286,148</b>	<b>3,084,540,546</b>
<b>Liabilities:</b>				
Payables arising from operating activities	1,360,212,366	352,300,904	332,923	1,712,846,193
Provision for outstanding claims	27,971,414	20,162,938	5,532,722	53,667,074
Deposits and collaterals received	21,558,390	5,384,996	-	26,943,386
<b>Total foreign currency liabilities</b>	<b>1,409,742,170</b>	<b>377,848,838</b>	<b>5,865,645</b>	<b>1,793,456,653</b>
<b>Balance sheet position</b>	<b>936,888,726</b>	<b>349,774,664</b>	<b>4,420,503</b>	<b>1,291,083,893</b>
<b>December 31, 2021</b>	<b>USD</b>	<b>EUR</b>	<b>Other currencies</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	442,353,632	140,487,777	3,060,385	585,901,794
Financial Assets	118,622,301	-	-	118,622,301
Receivables from operating activities	1,303,765,079	395,021,428	7,167,370	1,705,953,877
<b>Total foreign currency assets</b>	<b>1,864,741,012</b>	<b>535,509,205</b>	<b>10,227,755</b>	<b>2,410,477,972</b>
<b>Liabilities:</b>				
Payables arising from operating activities	1,317,749,142	336,243,073	8,387,902	1,662,380,117
Provision for outstanding claims	18,823,349	10,115,671	3,750,937	32,689,957
Deposits and collaterals received	16,130,432	4,412,188	-	20,542,620
<b>Total foreign currency liabilities</b>	<b>1,352,702,923</b>	<b>350,770,932</b>	<b>12,138,839</b>	<b>1,715,612,694</b>
<b>Balance sheet position</b>	<b>512,038,089</b>	<b>184,738,273</b>	<b>(1,911,084)</b>	<b>694,865,278</b>

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented above.

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of financial risk (Continued)**

*Exposure to currency risk*

20 percent devaluation of the TRY against the following currencies as at December 31, 2022 and 2021 would have increased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 20 percent appreciation of the TRY against the following currencies' effect will be in opposite direction.

	January 1 - December 31, 2022		January 1 - December 31, 2021	
	Profit or loss	Equity	Profit or loss	Equity
USD	187,377,745	187,377,745	102,407,618	102,407,618
EUR	69,954,933	69,954,933	36,947,655	36,947,655
Other currencies	884,101	884,101	(382,217)	(382,217)
<b>Total, net</b>	<b>258,216,779</b>	<b>258,216,779</b>	<b>138,973,056</b>	<b>138,973,056</b>

*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 re-pricing bands.

As at December 31, 2022 and 2021, the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed below:

	December 31, 2022	December 31, 2021
<b>Financial assets with fixed interest rate:</b>		
Deposits in banks (Note 14)	6,781,587,526	5,147,085,000
Financial assets available for sale (Note 11)	585,782,233	733,378,944
Financial assets will be kept till maturity (Note 11)	992,450,784	133,121,716
Financial assets held for trading (Note 11)	1,655,341,460	848,908,165
<b>Financial assets with variable interest rate:</b>		
Deposits in banks (Note 14)	-	123,002,954
Financial assets available for sale (Note 11)	1,674,913,483	-
Financial assets will be kept till maturity (Note 11)	36,005,246	16,554,892
Financial assets held for trading (Note 11)	3,661,131,358	441,883,299
<b>Financial liabilities with fixed interest rate:</b>		
Liabilities from financial leasing transactions (Note 20)	29,092,275	13,381,389
Other financial debts (Liabilities) (Note 20)	1,871,274,967	-

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.2 Management of financial 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.

Available-for-sale financial assets are measured at their fair values based on their quoted prices in the accompanying financial statement. To measure the fair values of the debt securities which has no quoted prices in the financial markets, a valuation technique is applied, which all inputs are based on the observable information.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying amounts.

*Classification of fair value measurement*

'IFRS 7 - Financial Instruments: Disclosures requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification prioritizes observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Company. This sort of categorization generally results in the classifications below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

Classification of financial assets and liabilities' fair values is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	513,490,656	1,747,205,060	-	2,260,695,716
Financial assets available for trading	3,215,024,056	2,101,448,762	-	5,316,472,818
Investment in equity shares <sup>(1)</sup>	-	-	2,233,415,588	2,233,415,588
Joint-Ventures	-	-	786,550,000	786,550,000
Properties held for use (Note 6)	-	515,335,000	-	515,335,000
Investment Properties (Note 7)	-	107,435,771	-	107,435,771
	<b>3,728,514,712</b>	<b>4,471,424,593</b>	<b>3,019,965,588</b>	<b>11,219,904,893</b>
December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	733,378,944	-	-	733,378,944
Financial assets available for trading (Note 11)	192,434,703	1,098,356,761	-	1,290,791,464
Investment in equity shares <sup>(1)</sup>	273,988,374	-	1,066,862,399	1,340,850,773
Properties held for use (Note 6)	-	302,775,000	-	302,775,000
Investment Properties (Note 7)	-	51,300,737	-	51,300,737
	<b>1,199,802,021</b>	<b>1,452,432,498</b>	<b>1,066,862,399</b>	<b>3,719,096,918</b>

<sup>(1)</sup> There are no investments carried out from the cost value in the investment in equity shares.

Fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies. The fair values of the securities whose shares are not traded in the market are determined according to the fair value methods in accordance with the valuation reports prepared by independent valuation companies.

#### Sensitivity of fair value of equity shares

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a change in index. If market prices had increased/decreased by 5% and all other variables had remained constant, the Company's equity would have been TRY 378,858,427 (December 31, 2021: TRY 114,907,939) more/lower as of December 31, 2022, excluding tax effects.

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.2 Management of financial risk (Continued)****Capital Management**

The Company's major capital management policies include the following:

- To comply with the insurance capital requirements required by insurance legislation
- To safeguard the Company's ability to continue as going concern and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk assumed.

The Company has taken following actions to increase profitability and sustain a structure;

- The company makes production and risk selection in accordance with the new legal regulations in traffic insurances.
- The actuarial schedules related to motor vehicles and traffic branches are regularly reviewed and revised. The company intends to increase its profitability and production in the motor vehicles and to reduce the harm caused by balanced production in the traffic branch.
- In order to set an individual profitable portfolio, the Company operates by adopting adequate price and accurate conditions policy
- The Company has adopted the policy of increasing the treaty capacity in Fire and Construction branches to constitute a profitable portfolio.

The Company's capital adequacy measurement is carried out twice a year, in June and December, within the two months following these periods, within the framework of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies. When the company management evaluates its equity capital as of 31 December 2022, considering the circular numbered 2023/1 dated 4 January 2023 and the circular numbered 2023/5 dated 4 January 2023 and the circular numbered 2023/5 dated 9 February 2023, it is of the opinion that the required minimum equity capital adequacy has been achieved.

Information about earnings from financial assets is indicated in Note 26. The details of financial expenses are as follows:

The details of financial gains and losses recognized in equity are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Changes in fair value of		
Investments at associates, after tax	1,699,724,672	123,886,744
	<b>1,699,724,672</b>	<b>123,886,744</b>

**5. SEGMENT REPORTING**

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.

**Business Segments**

Information about the Company's segment reporting is explained in this section within the context of TFRS 8 - Business Segments Standards.

Not only reports given to upper level management to give a decision about reporting sub-operating segments, also numerical sub limits within the context of TFRS 8 - Business Segments Standards are taken into consideration and premium production, and technical profitability are evaluated as a different business segment.



## **CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

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### **5. SEGMENT REPORTING (Continued)**

#### **Fire Insurance**

With this insurance, damages on the insured goods as a result of fire, lightning, blast, fume, steam, and fever are insured up to the insurance coverage.

#### **Motor Vehicles Insurance**

The company provide physical damage thereby danger and invasion by motor own damage policyholder motor can be used in road, from non-motorized vehicles, and the trailer or caravan with backhoe, advantage arising from the tractor wheel; can be used in highway motor vehicle, struggle with non-motorized transport, on the move or pause position involuntarily policyholder or user of the car, strike of an object which was moving or the car striking to object tipping, falling, rolling, such as accidents, or movements with bad faith by third party, vehicle's combustion, be stealing of car or attempt to steal.

#### **Motor Vehicles (Land) Liability Insurance**

The Company described the policy that if the mentioned motor vehicle, during the operation, will cause a person's death or injury or damage a thing, in accordance with No. 2918 Road Traffic Act, the operator's legal responsibility will be provided up to insurance limits.

The damages occurred by trailers, or semi-trailers (including light trailers) will be covered by the trailer's insurance policy. Trailers to carry people will be covered if there is an additional liability insurance, specified the special conditions

In order to prevent or minimize the damage after an accident, the Insuree's reasonable and necessary expenses will be covered by the Company. This insurance is the operator (the Insuree) to ensure the defence against unjustified claims.

#### **Health Insurance**

Health insurance: during the period of insurance, provides the treatment costs if the insuree got illness, accident, if also there is, daily paid claims up to written amounts in the insurance policy. The policy's geographical borders are mentioned in the policy.

#### **Geographical Reporting**

The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

Since the performance measurement and follow-up of the operating segments does not require a separate follow-up of assets and liabilities, an analysis on assets and liabilities is not presented.

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**5. SEGMENT REPORTING (Continued)**

As of January 1- December 31, 2022 segment results are as follows:

	Motor Third						
	Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>2,959,084,200</b>	<b>2,103,139,133</b>	<b>789,912,959</b>	<b>1,290,801,239</b>	<b>2,520,074,185</b>	-	<b>9,663,011,716</b>
1 - Earned premiums (net off reinsurers' share)	2,045,601,487	1,639,541,833	591,263,324	898,609,609	1,717,527,236	-	6,892,543,489
1.1 - Written premiums (net off reinsurers' share)	5,037,303,711	2,336,535,095	1,324,750,848	1,374,036,804	2,709,908,592	-	12,782,535,050
1.2 - Change in reserve for unearned premiums	(2,007,029,930)	(696,993,262)	(573,927,535)	(475,427,195)	(984,512,990)	-	(4,737,890,912)
1.3 - Change in reserve for unexpired risk	(984,672,294)	-	(159,559,989)	-	(7,868,366)	-	(1,152,100,649)
2 - Other technical incomes and accrued salvage and							
Subrogation receivables (net off reinsurer's share)	51,597,012	55,613,263	508,021	15,597,089	16,135,756	-	139,451,141
3 - Investment Income Transferred from Non-Technical Part	861,885,701	407,984,037	198,141,614	376,594,541	786,411,193	-	2,631,017,086
<b>Technical Expense</b>	<b>(4,949,260,954)</b>	<b>(1,638,182,889)</b>	<b>(1,142,174,261)</b>	<b>(555,745,329)</b>	<b>(875,199,235)</b>	-	<b>(9,160,562,668)</b>
1 - Claims accrued (net off reinsurers' share)	(4,458,043,800)	(1,227,995,784)	(844,711,152)	(288,769,468)	(443,450,009)	-	(7,262,970,213)
1.1 - Claims paid (net off reinsurers' share)	(2,517,856,304)	(1,143,579,861)	(745,379,954)	(275,426,367)	(419,448,243)	-	(5,101,690,729)
1.2 - Change in provision for outstanding claims							
(net off reinsurers' share and deferred part) (+/-)	(1,940,187,496)	(84,415,923)	(99,331,198)	(13,343,101)	(24,001,766)	-	(2,161,279,484)
2- Change in other technical provisions	-	(3,016,720)	-	(24,211,904)	(1,862,178)	-	(29,090,802)
3- Operating expenses	(491,217,154)	(407,170,385)	(297,463,109)	(242,763,957)	(429,887,048)	-	(1,868,501,653)
<b>Technical Profit/(loss)</b>	<b>(1,990,176,754)</b>	<b>464,956,244</b>	<b>(352,261,302)</b>	<b>735,055,910</b>	<b>1,644,874,950</b>	-	<b>502,449,048</b>
Investment income	-	-	-	-	-	4,111,822,225	4,111,822,225
Investment expenses	-	-	-	-	-	(3,543,462,969)	(3,543,462,969)
Amortization expense	-	-	-	-	-	(40,356,076)	(40,356,076)
Other operating expenses	-	-	-	-	-	(65,239,828)	(65,239,828)
Tax expense	-	-	-	-	-	(23,809,042)	(23,809,042)
<b>Net period profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438,954,310</b>	<b>941,403,358</b>

**TÜRKİYE SİGORTA AŞ**

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**5. SEGMENT REPORTING (Continued)**

As of January 1- December 31, 2021 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>1,317,152,925</b>	<b>1,232,278,276</b>	<b>726,140,949</b>	<b>760,254,765</b>	<b>1,353,226,501</b>	-	<b>5,389,053,416</b>
1 - Earned premiums (net off reinsurers' share)	1,055,567,491	954,535,413	604,609,108	533,813,875	952,447,592	-	4,100,973,479
1.1 - Written premiums (net off reinsurers' share)	1,445,475,992	1,122,654,644	617,776,031	627,448,564	1,178,573,545	-	4,991,928,776
1.2 - Change in reserve for unearned premiums	(363,192,708)	(168,119,231)	(13,166,923)	(93,634,689)	(231,259,170)	-	(869,372,721)
1.3 - Change in reserve for unexpired risk	(26,715,793)	-	-	-	5,133,217	-	(21,582,576)
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	76,814,417	56,292,421	529,324	32,155,761	6,047,181	-	171,839,104
3 - Investment Income Transferred from Non-Technical Part	184,771,017	221,450,442	121,002,517	194,285,129	394,731,728	-	1,116,240,833
<b>Technical Expense</b>	<b>(1,615,683,579)</b>	<b>(952,695,106)</b>	<b>(623,147,369)</b>	<b>(353,151,291)</b>	<b>(547,339,220)</b>	-	<b>(4,092,016,565)</b>
1 - Claims accrued (net off reinsurers' share)	(1,446,990,932)	(706,767,324)	(444,927,568)	(206,317,258)	(308,712,766)	-	(3,113,715,848)
1.1 - Claims paid (net off reinsurers' share)	(1,018,351,588)	(641,639,406)	(354,944,971)	(205,439,437)	(332,487,257)	-	(2,552,862,659)
1.2 - Change in provision for outstanding claims (net off reinsurers' share and deferred part) (+/-)	(428,639,344)	(65,127,918)	(89,982,597)	(877,821)	23,774,491	-	(560,853,189)
2- Change in other technical provisions	-	(3,050,912)	-	(17,133,051)	(1,396,301)	-	(21,580,264)
3- Operating expenses	(168,692,647)	(242,876,870)	(178,219,801)	(129,700,982)	(237,230,153)	-	(956,720,453)
<b>Technical Profit/(loss)</b>	<b>(298,530,654)</b>	<b>279,583,170</b>	<b>102,993,580</b>	<b>407,103,474</b>	<b>805,887,281</b>	-	<b>1,297,036,851</b>
Investment income	-	-	-	-	-	2,384,794,477	2,384,794,477
Investment expenses	-	-	-	-	-	(2,064,331,547)	(2,064,331,547)
Amortization expense	-	-	-	-	-	(30,890,852)	(30,890,852)
Other operating expenses	-	-	-	-	-	(212,912,061)	(212,912,061)
Tax expense	-	-	-	-	-	(315,395,900)	(315,395,900)
<b>Net period profit</b>	-	-	-	-	-	<b>(238,735,883)</b>	<b>1,058,300,968</b>

**TÜRKİYE SİGORTA AŞ**  
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**6. TANGIBLE ASSETS**

Movements of tangible assets in the period from January 1 to December 31, 2022 and 2021 is follows:

	January 1, 2022	Additions	Disposals	Valuation Increase	Transfers	December 31, 2022
<b>Cost/Reevaluated:</b>						
Real estate property						
held for use	302,775,000	-	-	212,560,000	-	515,335,000
Machinery and equipment	47,147,975	39,761,018	(907,032)	-	-	86,001,961
Furniture and fixtures	19,695,771	4,701,402	(487,250)	-	-	23,909,923
Motor vehicles	11,403,174	586,274	(19,000)	-	-	11,970,448
Other tangibles						
(include leasehold improvements)	2,599,279	-	-	-	-	2,599,279
Leased assets	35,958,864	30,765,734	(8,748,915)	-	-	57,975,683
	<b>419,580,063</b>	<b>75,814,428</b>	<b>(10,162,197)</b>	<b>212,560,000</b>	<b>-</b>	<b>697,792,294</b>
<b>Accumulated depreciation:</b>						
Machinery and equipment	(22,447,645)	(11,606,207)	731,196	-	-	(33,322,656)
Furniture and fixtures	(12,071,092)	(1,936,802)	487,249	-	-	(13,520,645)
Motor vehicles	(5,245,335)	(2,277,450)	19,000	-	-	(7,503,785)
Other tangibles						
(include leasehold improvements)	(2,221,578)	(137,323)	-	-	-	(2,358,901)
Leased assets	(24,691,521)	(11,205,947)	3,299,077	-	-	(32,598,391)
	<b>(66,677,171)</b>	<b>(27,163,729)</b>	<b>4,536,522</b>	<b>-</b>	<b>-</b>	<b>(89,304,378)</b>
<b>Net book value</b>	<b>352,902,892</b>					<b>608,487,916</b>

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

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## 6. TANGIBLE ASSETS (Continued)

	January 1, 2021	Additions	Disposals	Increase	Valuation Transfers	December 31, 2021
<b>Cost/Reevaluated:</b>						
Real estate property						
held for use	187,918,000	-	-	114,857,000	-	302,775,000
Machinery and equipment	34,670,032	14,592,086	(2,114,143)	-	-	47,147,975
Furniture and fixtures	15,332,689	5,409,134	(1,046,052)	-	-	19,695,771
Motor vehicles	11,403,174	-	-	-	-	11,403,174
Other tangibles						
(include leasehold improvements)	2,599,279	-	-	-	-	2,599,279
Leased assets	27,267,932	9,496,568	(805,636)	-	-	35,958,864
	<b>279,191,106</b>	<b>29,497,788</b>	<b>(3,965,831)</b>	<b>114,857,000</b>	<b>-</b>	<b>419,580,063</b>
<b>Accumulated depreciation:</b>						
Machinery and equipment	(14,059,412)	(10,396,067)	2,007,834	-	-	(22,447,645)
Furniture and fixtures	(11,748,308)	(1,363,111)	1,040,327	-	-	(12,071,092)
Motor vehicles	(3,007,940)	(2,237,395)	-	-	-	(5,245,335)
Other tangibles						
(include leasehold improvements)	(2,081,433)	(140,145)	-	-	-	(2,221,578)
Leased assets	(18,534,059)	(6,963,098)	805,636	-	-	(24,691,521)
	<b>(49,431,152)</b>	<b>(21,099,816)</b>	<b>3,853,797</b>	<b>-</b>	<b>-</b>	<b>(66,677,171)</b>
<b>Net book value</b>	<b>229,759,954</b>					<b>352,902,892</b>

The Company's properties held for use is recognized at fair value. As of December 31, 2022, and 2021 the properties are carried at their fair values identified by the peer comparison method as stated in the appraisal reports prepared by CMB certified independent expertise companies:

	December 31, 2022	December 31, 2021
Güneş Plaza	475,000,000	285,000,000
Other	40,335,000	17,775,000
<b>Total</b>	<b>515,335,000</b>	<b>302,775,000</b>

## 6. TANGIBLE ASSETS (Continued)

**TÜRKİYE SİGORTA AŞ**  
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The expertise reports of the Company prepared as of December 31, 2022 are prepared by Gedaş Gayrimenkul Değerleme A.Ş.

Revaluation increases arising from valuation of land and buildings, net of deferred tax effects, are credited to 'Other Profit Reserves' under shareholders' equity. Revaluation decreases arising from valuation of land and buildings are charged against 'Other Profit Reserves' for the corresponding asset under shareholders' equity. Fair value decreases per revaluation fund recorded in 'Other Profit Reserves' are charged to the income statement.

The movements of the revaluation increase for the land and buildings accounted for using revaluation model is below:

	<b>2022</b>	<b>2021</b>
Beginning – January 1	235,541,545	142,788,279
Increase in value arising(decreasing) from revaluation	212,560,000	114,857,000
Deferred tax arising from revaluation difference	36,172,544	(22,103,734)
<b>Period ending - December 31</b>	<b>484,274,089</b>	<b>235,541,545</b>

As of December 31 2022, and 2021, reconciliation between net book value, calculated by costs of properties held for own use and revalued amounts are as follows:

	<b>December 31 2022</b>	<b>December 31 2021</b>
Cost	51,743,389	51,743,389
Accumulated depreciation (-)	(20,682,478)	(19,777,038)
<b>Net book value</b>	<b>31,060,911</b>	<b>31,966,351</b>

As of December 31 2022, and 2021, reconciliation between net book value, calculated by costs of properties held for own use and revalued amounts are as follows:

	<b>December 31 2022</b>	<b>December 31 2021</b>
Revaluated amount	515,335,000	302,775,000
Net book values calculated on cost values	(31,060,911)	(31,966,351)
<b>Revaluation fund before tax</b>	<b>484,274,089</b>	<b>270,808,649</b>
Calculated deferred tax liability	-	(35,267,104)
<b>Revaluation fund, (net) (Note 15)</b>	<b>484,274,089</b>	<b>235,541,545</b>

There is no commitment on the properties held for use (December 31, 2021: None).

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

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### 7. INVESTMENT PROPERTY

As at December 31, 2022 and 2021, movements of the investment properties are as follows:

	January 1, 2022	Additions	Disposals	Valuation	Increase	Transfers	December 31, 2022
<b>Cost:</b>							
Investment properties	51,300,737	-	-	56,135,034	-	107,435,771	
	January 1, 2021	Additions	Disposals	Valuation	Increase	Transfers	December 31, 2021
<b>Cost:</b>							
Investment properties	33,799,258	-	-	17,501,479	-	51,300,737	

The lands and buildings for getting rental income or holding for appreciation or for both instead of using in the operations of the Company, administrative purposes or sailing in the ordinary course of business, are classified as investment properties.

As of December 31, 2022 and 2021, investment properties are reflected into the financial statements at their fair values obtained from appraisal reports prepared by independent professional valuation experts.

	December 31, 2022	December 31, 2021
İzmir Konak Land <sup>(1)</sup>	49,594,771	28,612,368
Tekirdağ Farm <sup>(2)</sup>	27,567,000	6,300,000
Other land and buildings <sup>(2)</sup>	30,274,000	16,388,369
<b>Total</b>	<b>107,435,771</b>	<b>51,300,737</b>

(1) "The related real estate has been valued using the 'peer comparison approach' method.

(2) "The relevant real estates were valued using the 'Equivalent comparison approach' and 'Cost approach' methods.

Rental income is TRY718,503 from investment properties (January 1 - December 31, 2021: TRY554,274). There are no pledges on the investment properties (December 31, 2021: None).

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**8. INTANGIBLE ASSETS**

Movements in intangible assets in the period from January 1 to December 31, 2022 and 2021 are as follows:

	January 1, 2022	Additions	Disposals	Transfers	December 31, 2022
<b>Cost:</b>					
Rights	49,310,640	21,790,016	(69,302)	-	71,031,354
Computer softwares	38,238,939	-	-	-	38,238,939
	<b>87,549,579</b>	<b>21,790,016</b>	<b>(69,302)</b>	<b>-</b>	<b>109,270,293</b>
<b>Accumulated amortization:</b>					
Rights	(24,540,991)	(9,926,126)	1,926	-	(34,465,191)
Computer software	(35,379,839)	(767,284)	-	-	(36,147,123)
	<b>(59,920,830)</b>	<b>(10,693,410)</b>	<b>1,926</b>	<b>-</b>	<b>(70,612,314)</b>
<b>Net book value</b>	<b>27,628,749</b>				<b>38,657,979</b>
	January 1, 2021	Additions	Disposals	Transfers	December 31, 2021
<b>Cost:</b>					
Rights	29,771,903	19,538,737	-	-	49,310,640
Computer software	38,238,939	-	-	-	38,238,939
	<b>68,010,842</b>	<b>19,538,737</b>	<b>-</b>	<b>-</b>	<b>87,549,579</b>
<b>Accumulated amortization:</b>					
Rights	(17,454,578)	(7,086,413)	-	-	(24,540,991)
Computer software	(32,675,216)	(2,704,623)	-	-	(35,379,839)
	<b>(50,129,794)</b>	<b>(9,791,036)</b>	<b>-</b>	<b>-</b>	<b>(59,920,830)</b>
<b>Net book value</b>	<b>17,881,048</b>				<b>27,628,749</b>



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**9. INVESTMENT IN EQUITY SHARES**

	December 31, 2022			December 31, 2021		
	Share(%)	Cost	Book Value	Share(%)	Cost	Book Value
Vakıf Finansal Kiralama A.Ş.	-	-	-	15.65	78,244,918	241,776,797
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	-	-	-	11.00	3,300,000	18,281,998
Vakıf Gayrimenkul Yatı. Ort. A.Ş.	-	-	-	0.87	8,705,501	13,929,579
<b>Publicly traded investment in equity shares <sup>(1)</sup></b>		-	-		<b>90,250,419</b>	<b>273,988,374</b>
Türkiye Hayat ve Emeklilik A.Ş. <sup>(2)</sup>	7.36	55,650,000	2,233,415,588	7.36	27,260,175	971,497,028
Other		2,226,317	2,122,296		38,371,801	96,331,022
<b>Other investments in equity shares</b>		<b>57,876,317</b>	<b>2,235,537,884</b>		<b>65,631,976</b>	<b>1,067,828,050</b>
Türk P ve I Sigorta A.Ş. <sup>(3)</sup>	50.00	12,500,000	786,550,000	50.00	12,500,000	12,500,000
<b>Investments in Joint Ventures</b>		<b>12,500,000</b>	<b>786,550,000</b>		<b>12,500,000</b>	<b>12,500,000</b>
OSEM Sertifikasyon A.Ş. <sup>(4)</sup>	100.00	18,215,590	18,215,590	100.00	10,254,125	10,254,125
<b>Subsidiaries</b>		<b>18,215,590</b>	<b>18,215,590</b>		<b>10,254,125</b>	<b>10,254,125</b>
<b>Financial assets total</b>		<b>88,591,907</b>	<b>3,040,303,474</b>		<b>178,636,520</b>	<b>1,364,570,549</b>

(1) Affiliated securities whose shares are traded on the stock exchange are valued at the stock market value on the balance sheet date.

(2) The Company has classified its investment in Türkiye Hayat ve Emeklilik A.Ş. as linked securities in its financial statements and has been accounted for at fair value. As of December 31, 2022, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study made on January 4, 2023. Within the scope of the valuation study, the fair value of the related investment; it is calculated by weighting (50%-50%) according to the discounted dividend model and market multipliers methods. If the annual discount rate used in the valuation study was reduced by 1%, the fair value of the investment would increase by TRY 88,597,711; If it had been increased by 1%, it would have decreased by TRY 78,627,894 (As of December 31, 2021, the fair value of the investment has been determined by a valuation company licensed by the CMB based on the valuation study made on January 12, 2022. The fair value of the related investment within the scope of the mentioned valuation study; calculated by weighting according to the Discounted Dividend Model and Market Multiplier methods (50%, 50%, respectively). If the annual discount rate used in the valuation study was decreased by 1%, the fair value of the investment would increase by TRY 35,031,853, if increased by 1%, it would decrease by TRY 30,913,747).

(3) As of 31 December 2022, the Company has accounted for its investment in Türk P and I Sigorta A.Ş with its fair value in the balance sheet within the scope of TAS 27, "Individual Financial Statements" standard. As of 31 December 2022, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study conducted on 4 January 2023 Within the scope of the valuation study, the fair value of the related investment; It is calculated by weighting the ratios of 75%-25% according to the discounted dividend model and market multipliers methods, respectively. If the annual discount rate used in the valuation is reduced by 1%, the fair value of the investment will increase by TL 80,600,000; If it had been increased by 1%, 65,650,000 TL would have decreased. Fair value differences are accounted for in the "Valuation of Financial Assets" account in equity.

(4) It is carried at cost in the balance sheet within the scope of TAS 27, "Individual Financial Statements" standard.

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**9. INVESTMENT IN EQUITY SHARES (Continued)**

Movements of financial fixed assets during the period as follows:

	2022	2021
Beginning of the period – January 1	1,364,570,549	1,130,185,821
Fair value increases, recognized in equity	2,044,276,100	180,598,738
Purchase share	(368,543,175)	49,376,590
Other	-	4,409,400
<b>Period ending – December 31</b>	<b>3,040,303,474</b>	<b>1,364,570,549</b>

**10. REINSURANCE ASSETS AND LIABILITIES**

As a ceding company, outstanding reinsurance assets and liabilities of the Company shown in detail as follows:

	December 31, 2022	December 31, 2021
<b>Reinsurance Assets/(Liabilities)</b>		
Provision for outstanding claims, ceded (Note 17)	6,783,881,701	3,900,333,946
Reserve for unearned premiums, ceded (Note 17)	5,138,167,362	3,468,615,657
Reserve for unexpired risks reinsurance share (Note 17)	358,403,497	264,634
Unearned premiums SSI share (Note 17)	332,020,272	98,947,319
Deferred commission income (Note 19)	(913,861,548)	(491,674,938)
Current account net debts of reinsurer companies	(2,390,552,087)	(1,874,235,378)

As of December 31, 2022, the Company accounted for a provision amounting to TRY136,804,609 in short term 'other technical provisions' for the claim receivables from several reinsurance companies and reinsurance share of certain outstanding claim files considering that they are under arbitration process or impaired (December 31, 2021: TRY200,386,673) (Note 17).

	January 1- December 31, 2022	January 1- December 31, 2021
<b>Reinsurance Income/(Expenses)</b>		
Change in Unearned premium reserve- Reinsurer Share	2,883,547,755	1,378,630,698
Paid Claims - Reinsurer Share	1,813,825,463	1,217,107,538
Outstanding claim provision- Reinsurer Share	1,669,551,705	1,169,680,580
Commissions received from reinsurers, net	1,307,777,194	824,844,936
Unexpired risk Reserve - Reinsurer Share	358,138,863	(15,115,845)
Change in Unearned premium reserve SSI Share	233,072,953	46,596,952
Ceded premiums to reinsurers	(11,797,107,742)	(6,580,416,021)
Ceded premiums to SSI	(593,779,883)	(177,301,773)

Detailed explanations about reinsurance agreements are disclosed in Note 2.14

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### 11. FINANCIAL ASSETS

	December 31, 2022	December 31, 2021
Available-for-Sale Financial Asset	2,260,695,716	733,378,944
Held to Maturity Investments	1,028,456,030	149,676,608
Financial assets held for trading	5,316,472,818	1,290,791,464
	<b>8,605,624,564</b>	<b>2,173,847,016</b>

As of December 31, 2022, and 2021 the details of the Company's trading financial assets are as follows:

December 31, 2022	Fair Nominal	Book Value	Value
<b>Available for Sale Financial Asset</b>	<b>2,165,895,163</b>	<b>2,260,695,716</b>	<b>2,260,695,716</b>
Government debt securities	2,165,893,234	2,260,658,303	2,260,658,303
Stocks	1,929	37,413	37,413
<b>Held to Maturity Investments</b>	<b>844,505,770</b>	<b>939,056,207</b>	<b>1,028,456,030</b>
Private sector bond	26,662,348	54,334,583	235,320,686
Government debt securities	277,064,117	345,951,675	243,539,093
Other financial assets	540,779,305	538,769,949	549,596,251
<b>Financial assets held for trading</b>	<b>4,839,059,488</b>	<b>5,316,472,818</b>	<b>5,316,472,818</b>
Private sector bond	1,961,783,746	2,085,821,294	2,085,821,294
Investment Funds	2,706,530,638	2,968,154,131	2,968,154,131
Government debt securities	12,291,429	15,627,469	15,627,469
Stocks	<b>158,453,675</b>	<b>246,869,924</b>	<b>246,869,924</b>
<b>Total Available for Sale Financial Asset</b>	<b>7,849,460,421</b>	<b>8,516,224,741</b>	<b>8,605,624,564</b>

December 31, 2021	Fair Nominal	Book Value	Value
<b>Available for Sale Financial Asset</b>	<b>791,932,722</b>	<b>733,378,944</b>	<b>733,378,944</b>
Government debt securities	791,930,793	733,341,532	733,341,532
Stocks	1,929	37,412	37,412
<b>Held to Maturity Investments</b>	<b>99,698,675</b>	<b>156,108,863</b>	<b>149,676,608</b>
Private sector bond	10,000,000	10,000,000	10,111,909
Government debt securities	89,698,675	146,108,863	139,564,699
<b>Financial assets held for trading</b>	<b>1,286,245,608</b>	<b>1,290,791,464</b>	<b>1,290,791,464</b>
Private sector bond	1,149,264,236	1,179,669,268	1,179,669,268
Government debt securities	136,981,372	111,122,196	111,122,196
	<b>2,177,877,005</b>	<b>2,180,279,271</b>	<b>2,173,847,016</b>

As of 31 December 2022, 423,562,629 TL of financial assets are blocked in favor of SEDDK. (December 31, 2021 TRY 452,246,166).

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**11. FINANCIAL ASSETS (Continued)**

Movements of financial assets during the period as follows:

	January 1, 2022	Purchase	Sales/ Amortizations	Valuation increase/ (decrease)	December 31, 2022
Available-for-Sale Financial Assets	733,378,944	3,339,808,110	(1,907,292,077)	94,800,739	2,260,695,716
Held to Maturity Investments	149,676,608	5,064,612,170	(4,762,433,934)	576,601,186	1,028,456,030
Financial assets held for trading	1,290,791,464	6,219,245,414	(2,670,969,728)	477,405,668	5,316,472,818
<b>Total</b>	<b>2,173,847,016</b>	<b>14,623,665,694</b>	<b>(9,340,695,739)</b>	<b>1,148,807,593</b>	<b>8,605,624,564</b>

	January 1, 2021	Purchase	Sales/ Amortizations	Valuation increase/ (decrease)	December 31, 2021
Available-for-Sale Financial Assets	37,412	791,932,722	-	(58,591,190)	733,378,944
Held to Maturity Investments	37,396,299	73,131,502	-	39,148,807	149,676,608
Financial assets held for trading	149,813,209	2,924,688,434	(1,793,601,314)	9,891,135	1,290,791,464
<b>Total</b>	<b>187,246,920</b>	<b>3,789,752,658</b>	<b>(1,793,601,314)</b>	<b>(9,551,248)</b>	<b>2,173,847,016</b>

**12. LOANS AND RECEIVABLES**

	December 31, 2022	December 31, 2021
Receivables from operating activities (Note 4.2)	4,535,533,038	3,376,909,487
Prepaid taxes and funds (Note 4.2)	51,512,542	46,854,946
Other receivables (Note 4.2)	16,586,270	20,960,793
	<b>4,603,631,850</b>	<b>3,444,725,226</b>
Short - term receivables	4,597,584,084	3,438,713,541
Long-term receivables	6,047,766	6,011,685
	<b>4,603,631,850</b>	<b>3,444,725,226</b>

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### 12. LOANS AND RECEIVABLES (Continued)

As at December 31, 2022 and December 31, 2021, receivables from operating activities are detailed as follows:

	December 31, 2022	December 31, 2021
Receivables from agents, brokers and intermediaries	3,508,401,828	2,729,877,540
Receivables from policyholders	355,003,084	286,321,229
Receivables from reinsurance	584,700,606	311,526,634
Salvage and subrogation (Note 2.20)	102,305,586	64,021,103
<b>Total receivables from main insurance operations</b>	<b>4,550,411,104</b>	<b>3,391,746,506</b>
Provision for salvage and subrogation receivables (Note 2.20)	(14,375,566)	(14,184,652)
Provision for premium receivables	(4,117,714)	(4,447,360)
<b>Provisions for receivables from insurance operations</b>	<b>(18,493,280)</b>	<b>(18,632,012)</b>
<b>Total receivables from main insurance operations - net</b>	<b>4,531,917,824</b>	<b>3,373,114,494</b>
Salvage and subrogation receivables under administrative and legal follow up - net	648,105,114	554,472,860
Doubtful receivables from main operations	41,896,610	31,895,825
<b>Doubtful receivables from main operations</b>	<b>690,001,724</b>	<b>586,368,685</b>
<b>Receivables from main operations - gross</b>	<b>5,221,919,548</b>	<b>3,959,483,179</b>
Provisions for salvage and subrogation receivables under administrative and legal follow up	(648,105,114)	(554,472,860)
Provisions for doubtful receivables from main operations	(38,281,396)	(28,100,832)
<b>Allowances for doubtful receivables from main operating activities</b>	<b>(686,386,510)</b>	<b>(582,573,692)</b>
<b>Receivables from main operations</b>	<b>4,535,533,038</b>	<b>3,376,909,487</b>

The related party transactions of the Company are presented in Note 45 in detail.

The receivables and payables denominated in foreign currencies and detailed analyses of foreign currency balances are presented in Note 4.2.

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**13. DERIVATIVE FINANCIAL INSTRUMENTS**

	December 31, 2022				Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	More than 5 years	
Currency protected deposit <sup>(1)</sup>	478,779,305	-	-	-	478,779,305
<b>Total</b>	<b>478,779,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,779,305</b>

<sup>(1)</sup> It has been classified under "Financial Assets Held to Maturity" in accordance with the relevant legislation.

In the accounting period ending on 31 December 2022, the Company recognized a net derivative transaction income amounting to TL 89,468,769 in the income statement due to the transactions carried out during the period. (2021: None) (Note 26).

**14. CASH AND CASH EQUIVALENT ASSETS**

As of December 31, 2022, and December 31, 2021, cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Banks	6,903,558,985	5,314,977,287
Receivables from Credit Cards	2,130,646,154	788,569,923
	<b>9,034,205,139</b>	<b>6,103,547,210</b>
Blocked amounts	(1,244,497,142)	(514,405,984)
Accrued interest bank deposits	(114,337,661)	(58,045,574)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>7,675,370,336</b>	<b>5,531,095,652</b>

	December 31, 2022	December 31, 2021
Foreign currency denominated bank deposit		
- Time deposit	888,928,902	576,352,949
- Demand deposit	21,109,310	9,548,845
Bank deposit in Turkish Lira		
- Time deposit	5,892,658,624	4,693,735,005
- Demand deposit	100,862,149	35,340,488
<b>Banks</b>	<b>6,903,558,985</b>	<b>5,314,977,287</b>

As of December 31, 2022, the Company has blocked bank deposits in favour of Ministry of Treasury and Finance in the amount of TRY885,802,308 (December 31, 2021: TRY317,502,954), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY349,750,534 (December 31, 2021: TRY189,442,953), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY8,944,300 (December 31, 2021: TRY7,460,077 TL).

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### 14. CASH AND CASH EQUIVALENT ASSETS (Continued)

As of December 31, 2022, maturity distributions of time deposits are between 2 days and 189 days (December 31, 2021: 2-189 days). Interest rates of time deposits are as follows.

	December 31, 2022	December 31, 2021
TRY	15.00% -27.00%	14.75% - 25.00%
USD	1.50% - 4.50%	1.18%
EUR	1.00%- 3.50%	0.52%

### 15. SHAREHOLDERS EQUITY

#### Paid in capital

The Company's paid-in capital as of December 31, 2022 and December 31, 2021, is TRY1,161,523,363; It is divided into 1,161,523,363 shares, each with a nominal value of TRY1. As of December 31, 2022 and December 31, 2021, the capital group controlled directly concerned with 81.10% share capital by TVF Finansal Yatırımlar A.Ş. on the Company.

Capital Reserves	December 31, 2022	December 31, 2021
Funds of profit from sale of properties	80,135,867	80,135,867
Premium on issued shares	7,020,555	7,020,555
Share Repurchased	(85,634,312)	(12,328,131)
<b>Capital Reserves</b>	<b>1,522,110</b>	<b>74,828,291</b>

In accordance with tax legislation, 75% of profits from sales of land and buildings and participation shares included in the assets of companies is exempted from corporate tax on a condition that it is classified under a special fund for five years. The exempted gains cannot be transferred to another account except for capital expenditure or cannot be paid as dividend for five years.

#### Legal Reserves

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

	December 31, 2022	December 31, 2021
Legal Reserves	324,063,778	241,811,386
	<b>324,063,778</b>	<b>241,811,386</b>

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**15. SHAREHOLDERS EQUITY (Continued)**

**Extraordinary Reserves**

	31 Aralık 2022	31 Aralık 2021
Extraordinary Reserves	740,275,301	307,517,679
Revaluation fund allocated according to tax legislation <sup>(1)</sup>	13,074,908	-
	<b>753,350,209</b>	<b>307,517,679</b>

<sup>(1)</sup> The mentioned fund has been reserved in accordance with the relevant tax legislation and cannot be subject to profit distribution.

**Valuation of financial assets**

As at December 31, 2022, December 31, 2021, financial assets classified as available for sale securities, investments and equity securities resulting from changes in the fair value of the details are as follows:

	December 31, 2022	December 31, 2021
Investment in equity shares	2,834,326,564	1,134,601,892
<b>Valuation of financial assets</b>	<b>2,834,326,564</b>	<b>1,134,601,892</b>

As at December 31, 2022 and December 31, 2021, financial assets classified as available for sale securities, investments and equity securities resulting from changes in the fair value of the details are as follows:

	2022	2021
Beginning of the period – January 1	1,134,601,892	1,010,715,148
Fair value increase, net	1,850,083,751	119,254,281
Tax effect on fair value increase, net	(150,359,079)	4,632,463
<b>Period ending – December 31</b>	<b>2,834,326,564</b>	<b>1,134,601,892</b>

**Other profit reserves**

	December 31, 2022	December 31, 2021
Revaluation fund (Note 6)	484,274,089	235,541,545
Earthquake claim provision transferred to shareholder's equity	19,490,473	19,490,473
Transferred reserves from profits of prior years'	6,592,945	6,592,946
Actuarial loss (-)	(108,259,899)	(20,978,121)
<b>Other profit reserves</b>	<b>402,097,608</b>	<b>240,646,843</b>

**Dividends**

The Company with the decision taken at the Extraordinary General Assembly, decided to distribute a dividend of TRY530,216,046 to its shareholders on the said date at its General Assembly dated March 28, 2022 (2021: TRY493,000,000).



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### 16. OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION FEATURE

The information about other reserves which are within the share holders' equity is at Note 15.

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

As of December 31, 2022 ve December 31, 2021, details of technical provisions are as follows:

	December 31, 2022	December 31, 2021
Reserve for unearned premiums, gross	14,618,128,913	6,763,617,293
Reserve for unearned premiums, ceded (Note 10)	(6,783,881,701)	(3,900,333,946)
Reserve for unearned premiums, SSI ceded (Note 10)	(332,020,272)	(98,947,319)
<b>Reserve for unearned premiums, net</b>	<b>7,502,226,940</b>	<b>2,764,336,028</b>
Provision for outstanding claims, gross	11,036,700,384	7,205,869,195
Provision for outstanding claims, ceded (Note 10)	(5,138,167,362)	(3,468,615,657)
<b>Provision for outstanding claims, net</b>	<b>5,898,533,022</b>	<b>3,737,253,538</b>
<b>Reserve for unexpired risks, net</b>	<b>1,178,816,442</b>	<b>26,715,793</b>
<b>Equalization provision, net</b>	<b>159,944,693</b>	<b>130,853,892</b>
<b>Bonuses and discounts provision, net</b>	<b>10,029,321</b>	<b>10,029,321</b>
<b>Other technical provisions, net</b>	<b>136,804,609</b>	<b>200,386,673</b>
<b>Total technical provisions, net</b>	<b>14,886,355,027</b>	<b>6,869,575,245</b>

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

In accordance with the December 5, 2014 dated and 2014/16 numbered 'Circular on Provision for Outstanding Claim' by Ministry of Treasury and Finance, the Company decided ACLM methods for each branch depending on the actuary's recommendation. In addition, development and tail factors has been determined by using statistical methods and implemented to ACLM triangles in accordance with actuary's opinion. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with the methods presented below. As of December 31, 2022 and 2021, ACLM calculation methods for branches and as a result of these calculations, additional gross or net reserves that will be reserved or that will be reduced from reserves are described below:

	Method Used	December 31, 2022		December 31, 2021	
		Provision	Provision	Provision	Provision
		Gross Add	Net Add	Gross Add	Net Add
Compulsory Traffic	Standard/	7,045,085,424	5,767,242,011	3,241,824,350	2,630,379,354
General Liability	Standard/Bornhuetter Ferguson	961,805,298	73,131,135	495,974,557	47,976,799
Facultative Financial Liability	Standard/	157,453,371	157,219,569	46,733,800	46,586,377
Air Vehicles	Claim/Premium	145,729,135	-	270,167,822	-
Fire and Natural Disasters	Standard	128,646,176	9,472,028	(4,284,978)	(14,063,745)
General Losses	Standard	108,384,842	5,552,361	26,226,247	3,660,788
Air vehicles Liability	CapeCod	63,807,640	-	188,676,376	-
Accident	Standard/Frequency Intensity	37,165,073	26,052,187	24,501,352	16,402,690
Marine	Standard	25,844,550	5,940,715	7,907,330	2,755,357
Financial Losses	Standard	25,697,077	1,319,620	7,823,872	705,142
Health	Standard	12,232,787	12,232,787	15,152,053	15,152,053
Water Vehicles	Standard	10,105,867	648,195	4,564,740	406,248
Surety	Standard	5,028,082	445,971	2,472,988	180,736
Legal Protection	Standard	171,475	170,689	81,376	62,487
Credits	Standard	19,331	49,420	197,994	(27,900)
Land Vehicles	Standard/Bornhuetter Ferguson	(20,567,406)	(20,362,950)	(30,875,525)	(30,896,743)
<b>Total</b>		<b>8,706,608,722</b>	<b>6,039,113,738</b>	<b>4,297,144,354</b>	<b>2,719,279,643</b>

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

Below are the details of methods used to calculate net amount of provisions with additional gross, as a result of ACLM calculations for branches:

<b>Branches</b>	<b>Used Net Off Method</b>
Compulsory Traffic	Conservation rate of incurred claims in incurred period
General Liability	Conservation rate of incurred claims in incurred period (after large claim elimination)
Air Vehicles	Conservation rate of incurred claims in incurred period
Fire and Natural Disasters	Conservation rate of incurred claims in incurred period (after large claim elimination)
Air vehicles Liability	Conservation rate of incurred claims in incurred period
Facultative Financial Liability	Conservation rate of incurred claims in incurred period
General Loses	Conservation rate of incurred claims in incurred period (after large claim elimination)
Accident	Conservation rate of incurred claims in incurred period (after large claim elimination)
Financial Losses	Conservation rate of incurred claims in incurred period (after large claim elimination)
Marine	Conservation rate of incurred claims in incurred period
Water Vehicles	Conservation rate of incurred claims in incurred period (after large claim elimination)
Health	Conservation rate of incurred claims in incurred period
Legal Protection	Conservation rate of incurred claims in incurred period
Breach of Trust	Conservation rate of incurred claims in incurred period (after large claim elimination)
Motor Vehicles	Conservation rate of incurred claims in incurred period

The Company, while doing the ACLM calculations, eliminated the major 3 claims in a separate file to have a more homogeneous data set of calculations with the statistical methods, accepted by circular. As a result of these investigations, it has intervened in the end claims that are thought to have a misleading effect on the claim developments in the Safety Abuse, General Losses, Financial Losses, Water Vehicles and Fire branches. The large loss limits used for the Compulsory Traffic branch were used for the development coefficients selections and the files exceeding these limits were not subjected to elimination. No end claim elimination has been made for other branches.

<b>Branches</b>	<b>December 31, 2022</b>
	4,597,858
General Loses	896,758
Fire and Natural Disasters	Manuel
Breach of Trust	Manuel
Water Vehicles	Manuel
Financial Losses	Manuel
Accident	Manuel
General Responsible	Manuel
Logistics	

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

As of December 31, 2022 and 2021, movements of insurance liabilities and reinsurance assets are as follows:

**Reserve for unearned premiums:**

	2022			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - January 1	6,763,617,293	(3,900,333,946)	(98,947,319)	2,764,336,028
Written premium during the period	25,173,422,675	(11,797,107,742)	(593,779,883)	12,782,535,050
Earned premiums during the period	(17,318,911,055)	8,913,559,987	360,706,930	(8,044,644,138)
<b>Period ending – December 31</b>	<b>14,618,128,913</b>	<b>(6,783,881,701)</b>	<b>(332,020,272)</b>	<b>7,502,226,940</b>

	2021			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period -January 1	4,469,016,922	(2,521,703,248)	(52,350,367)	1,894,963,307
Written premium during the period	11,749,646,570	(6,580,416,021)	(177,301,773)	4,991,928,776
Earned premiums during the period	(9,455,046,199)	5,201,785,323	130,704,821	(4,122,556,055)
<b>Period ending – December 31</b>	<b>6,763,617,293</b>	<b>(3,900,333,946)</b>	<b>(98,947,319)</b>	<b>2,764,336,028</b>

**Provision for outstanding claims:**

	2022			
	Gross	Reinsurer's Share	Net	
<b>Beginning of the period – January 1</b>		6,124,238,196	(3,171,654,666)	2,952,583,530
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period		10,547,451,114	(3,942,900,839)	6,604,550,275
Claims paid during the period		(6,915,516,192)	1,813,825,463	(5,101,690,729)
<b>Total reported claims end of the period</b>		<b>9,756,173,118</b>	<b>(5,300,730,042)</b>	<b>4,455,443,076</b>
Deduction amount calculated in accordance with winning ratio		(1,167,167,139)	423,167,355	(743,999,784)
Incurred but not reported claims		8,706,608,722	(2,667,494,984)	6,039,113,738
Discount adjustment for outstanding claim reserve		(6,258,914,317)	2,406,890,309	(3,852,024,008)
<b>Period ending - December 31</b>		<b>11,036,700,384</b>	<b>(5,138,167,362)</b>	<b>5,898,533,022</b>

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	2021		
	Gross	Reinsurer's Share	Net
<b>Beginning of the period - January 1</b>	<b>4,163,921,941</b>	<b>(2,037,374,895)</b>	<b>2,126,547,046</b>
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period	3,053,669,412	(1,583,937,643)	1,469,731,769
Claims paid during the period	(1,093,353,157)	449,657,872	(643,695,285)
<b>Total reported claims end of the period</b>	<b>6,124,238,196</b>	<b>(3,171,654,666)</b>	<b>2,952,583,530</b>
Deduction amount calculated in accordance with winning ratio	(802,043,306)	316,378,905	(485,664,401)
Incurred but not reported claims	4,297,144,354	(1,577,864,711)	2,719,279,643
Discount adjustment for outstanding claim reserve	(2,413,470,049)	964,524,815	(1,448,945,234)
<b>Period ending – December 31</b>	<b>7,205,869,195</b>	<b>(3,468,615,657)</b>	<b>3,737,253,538</b>

#### Equalization provision:

	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - January 1	513,934,240	(383,080,348)	130,853,892
Net change	217,746,713	(188,655,912)	29,090,802
<b>Period ending - December 31</b>	<b>731,680,953</b>	<b>(571,736,260)</b>	<b>159,944,693</b>

	2021		
	Gross	Reinsurer's Share	Net
Beginning of the period - January 1	387,622,089	(278,348,461)	109,273,628
Net change	126,312,151	(104,731,887)	21,580,264
<b>Period ending - December 31</b>	<b>513,934,240</b>	<b>(383,080,348)</b>	<b>130,853,892</b>

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

**Unexpired Risk Provision:**

	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - January 1	26,980,427	(264,634)	26,715,793
Net change	1,510,239,512	(358,138,863)	1,152,100,649
<b>Period ending - December 31</b>	<b>1,537,219,939</b>	<b>(358,403,497)</b>	<b>1,178,816,442</b>
	2021		
	Gross	Reinsurer's Share	Net
Beginning of the period - January 1	20,513,696	(15,380,479)	5,133,217
Net change	6,466,731	15,115,845	21,582,576
<b>Period ending - December 31</b>	<b>26,980,427</b>	<b>(264,634)</b>	<b>26,715,793</b>

**Claim Development Tables**

The basic assumption used in estimation of the provision for outstanding claims is the Company's past experience of claims development. In determining the effect of external factors like court decisions and legal changes provision for outstanding claims; The Company management uses its own judgments. Sensitivity of estimations caused by legal changes and other ambiguities in the process of estimation is not measurable. Also, the long intervals between the time claim happens and the payment time prevent the provision for outstanding claims to be determined clearly. Consequently, total liabilities can change according to subsequent events and differences occurred by this re-estimation of the total liabilities are booked in financial statements in succeeding periods

Development of insurance liabilities allows measuring the performance of the Company in estimating the total claims liability. The amounts in the upper part of the tables below show the changes in the Company's estimations of aggregate claims from the time that claims happened,

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

December 31, 2022

Claim period	January 1, 2016 - December 31, 2016	January 1, 2017 - December 31, 2017	January 1, 2018 - December 31, 2018	January 1, 2019 - December 31, 2019	January 1, 2020 - December 31, 2020	January 1, 2021 - December 31, 2021	January 1, 2022 - December 31, 2022	Total
Claim Year								
1 year later	1,177,948,850	1,497,880,059	1,884,015,864	1,828,489,239	2,245,872,872	3,530,295,455	7,579,524,348	19,744,026,687
2 year later	591,267,520	877,253,567	1,038,594,289	809,268,588	1,443,912,115	2,612,401,875	-	7,372,697,954
3 year later	373,480,863	536,738,469	896,060,911	645,420,954	840,107,009	-	-	3,291,808,206
4 year later	344,422,638	466,068,456	1,129,021,083	636,190,720	-	-	-	2,575,702,897
5 year later	331,028,411	565,538,084	1,206,105,756	-	-	-	-	2,102,672,251
6 year later	378,610,794	628,687,646	-	-	-	-	-	1,007,298,440
7 year later	423,663,994	-	-	-	-	-	-	423,663,994
<b>Total incurred</b>								
<b>Loss- gross</b>	<b>3,620,423,070</b>	<b>4,572,166,281</b>	<b>6,153,797,903</b>	<b>3,919,369,501</b>	<b>4,529,891,996</b>	<b>6,142,697,330</b>	<b>7,579,524,348</b>	<b>36,517,870,429</b>

December 31, 2021

Claim Period	January 1, 2015 - December 31, 2015	January 1, 2016 - December 31, 2016	January 1, 2017 - December 31, 2017	January 1, 2018 - December 31, 2018	January 1, 2019 - December 31, 2019	January 1, 2020 - December 31, 2020	January 1, 2021 - December 31, 2021	Total
Claim Year								
1 year later	1,086,577,937	1,177,952,420	1,497,866,601	1,884,007,785	1,828,491,740	2,245,873,108	3,530,292,981	13,251,062,572
2 year later	574,496,410	591,248,864	877,256,310	1,038,592,342	809,266,293	1,443,912,981	-	5,334,773,200
3 year later	370,060,348	373,476,450	536,743,186	896,069,850	645,414,135	-	-	2,821,763,969
4 year later	353,770,346	344,413,598	466,067,090	1,129,016,926	-	-	-	2,293,267,960
5 year later	334,915,314	331,028,345	565,538,084	-	-	-	-	1,231,481,743
6 year later	347,324,787	378,608,626	-	-	-	-	-	725,933,413
7 year later	389,272,655	-	-	-	-	-	-	389,272,655
<b>Total incurred</b>								
<b>Loss-gross</b>	<b>3,456,417,797</b>	<b>3,196,728,303</b>	<b>3,943,471,271</b>	<b>4,947,686,903</b>	<b>3,283,172,168</b>	<b>3,689,786,089</b>	<b>3,530,292,981</b>	<b>26,047,555,512</b>

**Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets**

	December 31, 2022		December 31, 2021	
	Should be placed (*)	Placed (**)	Should be placed(*)	Placed
Non-life:				
Banks deposits		885,802,308		317,502,954
Financial assets		423,562,629		452,246,166
	<b>1.822.562.460</b>	<b>1,309,364,937</b>	<b>782,724,742</b>	<b>769,749,120</b>

(\*) Under the article 4 of the 'The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies', published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

(\*\*) As of December 31, 2021, the collateral amount calculated as a result of capital adequacy will be established within the legal period.

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

**Total amount of insurance risk on a branch basis**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Motor Vehicles Liability	23,129,486,161,763	9,912,825,540,190
Fire and Natural Disasters	4,038,136,356,634	3,084,382,476,652
Health	2,959,721,496,809	836,673,798,309
General Losses	835,321,068,705	816,193,516,910
Accident	304,773,045,670	133,205,193,086
General Liability	278,619,971,937	235,127,782,599
Motor Vehicles	204,445,063,932	189,748,861,205
Air Vehicles Liability	176,201,543,900	96,540,261,740
Financial Losses	84,443,999,678	46,655,242,503
Marine	35,151,722,166	30,863,462,133
Other	384,277,053,500	47,083,428,593
<b>Total</b>	<b>32,430,577,484,694</b>	<b>15,429,299,563,920</b>

**Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves**

None (December 31, 2021: None).

**Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period**

None (December 31, 2021: None).

**Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period**

None (December 31, 2021: None).

**Deferred commission expenses**

Deferred portion of commissions paid to the intermediaries in relation to the policy production are capitalized under the account of 'short-term prepaid expenses' in the accompanying financial statements. Total prepaid expenses amounting to TRY1,902,896,221 (December 31, 2021: TRY791,419,559) is composed of deferred commission expenses amounting to TRY1,789,287,122 (December 31, 2021: TRY747,591,142) and other prepaid expenses amounting to TRY113,609,099 (December 31, 2021: TRY43,828,417).

**18. INVESTMENT CONTRACT LIABILITIES**

None (December 31, 2021: None).



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### 19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	December 31, 2022	December 31, 2021
Payables arising from operating activities	2,975,252,693	2,186,924,896
Deferred Commission Incomes (Note 10)	913,861,548	491,674,938
Payables to SSI	194,636,293	54,288,391
Other payables	36,781,701	26,812,458
Other various payables	165,994,195	74,131,567
	<b>4,286,526,430</b>	<b>2,833,832,250</b>

#### Other various payables

Payables to suppliers and contracted institutions	83,433,001	29,465,589
DASK current accounts	81,488,873	29,246,971
Other	1,072,321	15,419,007
	<b>165,994,195</b>	<b>74,131,567</b>

As of December 31, 2022, payables arising from operating activities are debts to reinsurance companies amounting to TRY2,972,582,418 (December 31, 2021: TRY1,932,094,062) (Note 10).

As of December 31, 2022, payables arising from main activities are debts amounting to TRY530,014,713 (December 31, 2021: TRY253,667,950) composed of TARSIM debts.

### 20. FINANCIAL PROPERTIES

#### Lease Liabilities

As of December 31, 2022 and 2021, the Company's total lease obligation and lease liabilities, which are recognized as part of the transition to TFRS 16 Leases, are as follows:

	December 31, 2022	December 31, 2021
Short - term leases liabilities	15,110,650	226,887
Long - term lease liabilities	22,709,308	18,777,202
Alternative borrowing rate and discount amount	(8,727,683)	(5,622,700)
<b>Total lease liabilities</b>	<b>29,092,275</b>	<b>13,381,389</b>

	2022	2021
As of January 1 total lease obligation	13,381,389	10,197,272
Rent payments	(12,646,866)	(7,426,327)
New adding and interest cost	28,357,752	10,610,444
<b>Total lease liabilities as of December 31</b>	<b>29,092,275</b>	<b>13,381,389</b>

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**21. FINANCIAL PROPERTIES (Continued)**

**Other Financial Liabilities**

	December 31, 2022		
	Annual Interest Rate (%)	Maturity (days)	Amount (TRY)
Halk Yatırım Menkul Değerler A.Ş.	12.18	21	1,422,024,298
İstanbul Takas ve Saklama Bankası A.Ş.	12.25	23	249,130,212
Ziraat Yatırım Menkul Değerler A.Ş.	11.00	7	200,120,457
<b>Total</b>			<b>1,871,274,967</b>

As of 31 December 2022, funds obtained from other financial debts are used in investment activities. (December 31, 2021: None).

**22. DEFERRED TAXES**

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law. The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method.

As December 31, 2022, December 31, 2021 the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows.

	Deferred tax Assets/(liabilities)	
	December 31, 2022	December 31, 2021
Unexpired Risk Provision	294,704,111	6,678,948
Equalization provision	35,839,888	31,274,415
Provision for reinsurance receivables	34,201,152	50,096,668
Traded securities fair value differences	(197,075,018)	(46,715,941)
Other, net	86,505,516	(3,355,649)
<b>Total Deferred Tax Assets</b>	<b>254,175,649</b>	<b>37,978,441</b>

The movement of deferred tax (liabilities)/assets during the period are as follows:

	2022	2021
Beginning of the period -1 January	37,978,441	24,758,447
Deferred tax income/(expense)	300,447,077	29,125,841
Deferred tax, recognized in equity over the revaluation	(84,249,869)	(15,905,847)
<b>Period ending - December 31</b>	<b>254,175,649</b>	<b>37,978,441</b>

**22. RETIREMENT BENEFIT OBLIGATIONS**

None (December 31, 2021: None).

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### 23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at December 31, 2022, 2021 the details of the provisions for other liabilities and expenses are as follows:

	December 31, 2022	December 31, 2021
Personnel bonus provisions	91,000,000	41,744,066
Provision for unused vacations	24,399,725	11,992,419
Provision for case	9,991,761	7,903,210
Provisions for agency commission	850,000	27,493,793
Diğer	3,044,660	-
<b>Provision for accrued expenses</b>	<b>129,286,146</b>	<b>89,133,488</b>
Provision for severance pay	<b>173,782,773</b>	<b>45,544,344</b>

Movements of provision for cost expense during the period are presented below:

	Personnel bonus provisions	Provisions for agency commission	Other	Total
Beginning of the period - 1 January 2022	41,744,066	27,493,793	19,895,629	89,133,488
Changes during the period	49,255,934	(26,643,793)	17,540,517	40,152,658
<b>At the end of the period</b>				
<b>December 31, 2021</b>	<b>91,000,000</b>	<b>850,000</b>	<b>37,436,146</b>	<b>129,286,146</b>

	Personnel bonus provisions	Provisions for agency commission	Other	Total
Beginning of the period - 1 January 2021	34,660,324	30,951,288	14,594,454	80,206,066
Changes during the period	7,083,742	(3,457,495)	5,301,175	8,927,422
<b>At the end of the period</b>				
<b>December 31, 2021</b>	<b>41,744,066</b>	<b>27,493,793</b>	<b>19,895,629</b>	<b>89,133,488</b>

Movements of provision for severance pay during the period are presented below:

	2022	2021
<b>Beginning of the period – January 1</b>	<b>45,544,344</b>	<b>30,853,702</b>
Interest cost	9,055,358	3,956,177
Service cost	6,065,407	3,727,836
Payments during the period	(5,006,218)	(5,347,692)
Actuarial loss/(gain)	118,123,882	12,354,321
<b>At the end of the period</b>		
<b>December 31</b>	<b>173,782,773</b>	<b>45,544,344</b>

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**24. NET INSURANCE PREMIUM INCOME**

As of January 1 - December 31, 2022 and 2021 details of written premiums are as follows:

	January 1 - December 31, 2022				January 1 - December 31, 2021			
	Gross	Re Share	SSI Ceded	Net	Gross	Re Share	SSI Ceded	Net
General Loses	7,335,342,686	(6,320,775,488)	-	1,014,567,198	3,914,042,417	(3,362,383,300)	-	551,659,117
Motor Vehicles Liability	6,649,847,001	(1,018,783,747)	(593,759,543)	5,037,303,711	2,118,032,096	(495,279,050)	(177,277,054)	1,445,475,992
Fire and Natural Disasters	4,103,492,305	(2,729,455,499)	-	1,374,036,806	2,220,613,135	(1,593,164,571)	-	627,448,564
Motor Vehicles Accident	2,354,567,189	(18,032,093)	-	2,336,535,096	1,126,418,653	(3,764,009)	-	1,122,654,644
Health	1,526,516,755	(83,801,093)	(20,340)	1,442,695,322	582,121,664	(70,457,828)	(24,719)	511,639,117
Air vehicles Liability	1,324,750,846	-	-	1,324,750,846	617,820,174	(44,143)	-	617,776,031
General Liability	525,218,409	(525,218,409)	-	-	245,374,367	(245,374,367)	-	-
Air Vehicles	505,014,599	(433,978,728)	-	71,035,871	338,457,427	(286,445,054)	-	52,012,373
Water Vehicles	245,345,572	(245,345,572)	-	-	219,529,401	(219,529,401)	-	-
Marine	224,446,398	(221,665,429)	-	2,780,969	162,505,502	(167,922,461)	-	(5,416,959)
Legal Protection	133,315,592	(100,591,116)	-	32,724,476	75,462,447	(59,924,990)	-	15,537,457
Credit	120,450,741	1,832	-	120,452,573	32,118,994	(1,910)	-	32,117,084
Financial Losses	58,192,308	(57,692,735)	-	499,573	38,048,734	(37,835,599)	-	213,135
Surety	40,879,172	(28,425,307)	-	12,453,865	39,727,562	(32,098,017)	-	7,629,545
Other	26,043,102	(13,344,358)	-	12,698,744	19,048,045	(6,191,321)	-	12,856,724
	-	-	-	-	325,952	-	-	325,952
<b>Total</b>	<b>25,173,422,675</b>	<b>(11,797,107,742)</b>	<b>(593,779,883)</b>	<b>12,782,535,050</b>	<b>11,749,646,570</b>	<b>(6,580,416,021)</b>	<b>(177,301,773)</b>	<b>4,991,928,776</b>

**25. SUBSCRIPTION FEE REVENUE**

None (December 31, 2021: None).

**26 INVESTMENT INCOME**

	January 1 - December 31, 2022	January 1 - December 31, 2021
Income from financial investments	1,799,499,881	1,094,412,635
<i>Interest income from time deposit</i>	992,823,852	993,775,248
<i>Interest income from debt instrument</i>	806,676,029	100,637,387
Valuation of financial investments	668,636,382	55,194,627
Dividends and sales income from Joint-Ventures	562,195,972	49,883,364
Foreign exchange gains	210,269,625	292,902,827
Dividend income from linked securities	89,468,769	-
Rent and Valuation incomes	56,853,537	18,055,753
Other Investments	-	12,331,494
<b>Total</b>	<b>3,386,924,166</b>	<b>1,522,780,700</b>

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### 27 NET REALIZED GAINS ON FINANCIAL ASSETS

Net realized gains on financial assets are presented in Note 4.2.

### 28 NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

Net realized gains on financial assets are presented in Note 4.2.

### 29 INSURANCE RIGHTS AND CLAIMS

Disclosed in Note 17.

### 30 INVESTMENT CONTRACT BENEFITS

None (December 31, 2021: None)

### 31 OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32.

### 32 EXPENSE BY NATURE

Details of operating expenses included in the income statement are as follows

	January 1 - December 31, 2022	January 1 - December 31, 2021
Commission expenses	2,115,471,513	1,230,431,727
Employee benefit expense (Note 33)	650,552,269	320,244,935
Management expenses	91,823,382	55,601,831
External benefits and services	67,664,947	45,221,709
Advertising expenses	50,566,481	39,284,161
Acquired commission incomes from reinsurer (Note 10)	(1,307,777,194)	(824,844,936)
Other operating expenses	200,200,255	90,781,026
<b>Total</b>	<b>1,868,501,653</b>	<b>956,720,453</b>

### 33 EMPLOYEE BENEFIT EXPENSES

The details of employee benefit expenses are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Wages and salaries	482,010,873	237,190,574
Employer's share in social security premiums	67,157,543	35,106,212
Other fringe benefits	59,673,749	24,082,751
Other benefits	41,710,104	23,865,398
	<b>650,552,269</b>	<b>320,244,935</b>

### 34 FINANCE COSTS

January 1 December 31, 2022 financial expenses recognized in the income statement for the accounting period TRY 3,514,465 (2021: 2,387,622 TRY) There are no finance costs classified in production costs or capitalized on tangible assets.

**TÜRKİYE SİGORTA AŞ**  
**CONVENIENCE TRANSLATION OF THE NOTES**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**35 INCOME TAXES**

Income tax expense in the accompanying financial statements is as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Current period tax expense (-)	(324,256,119)	(344,521,741)
Deferred tax income/(expense)	300,447,077	29,125,841
<b>Total income tax expense recognized in statement of income (-)</b>	<b>(23,809,042)</b>	<b>(315,395,900)</b>

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 for

January 1 - December 31, 2022 and 2021 is as follows:

	2022	2021
Profit before tax	965,212,400	1,373,696,868
Tax rate	25%	25%
Income Tax Provision at statutory tax rate	(241,303,100)	(343,424,217)
Income not subject to tax	111,219,001	12,470,841
Disallowable expenses other adjustments effect	106,275,057	15,557,476
<b>Total tax expense on the income statement (-)</b>	<b>(23,809,042)</b>	<b>(315,395,900)</b>

**36. NET FOREIGN EXCHANGE GAINS**

Net foreign exchange gains are presented in Note 26.

**37. GAIN/(LOSS) PER SHARE**

Earnings (loss) per share are calculated by dividing net profit (loss) for the period into weighted average number of shares of the Company.

	January 1 - December 31, 2022	January 1 - December 31, 2021
Net income for the period	941,403,358	1,058,300,968
Weighted average number of shares	1,161,523,363	1,161,523,363
Earnings/(loss) per share (TRY)	0.81	0.91

**38. DIVIDENDS PER SHARE**

Information on dividend distribution is explained in notes 15 and 45. Profit share per share for the accounting period of January 1 - December 31, 2022 has been calculated as TRY 0.46.

**39. CASH GENERATED FROM OPERATIONS**

The cash flows from operating activities are presented in the accompanying statement of cash flows.

**40. CONVERTIBLE BONDS**

None (December 31, 2021: None).

**CONVENIENCE TRANSLATION OF THE NOTES  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**41. REDEEMABLE PREFERENCE SHARES**

None (December 31, 2021: None).

**42. RISKS**

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, in which mainly stem from its insurance operations. The necessary income/expense provision for those revocable cases against/on behalf of the Company are provided whether under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As of December 31, 2022, if all cases in which the Company is defendant, result in against the Company, amount of arising potential liability (including interest and other expenses) is TRY4,848,800,386 (December 31, 2021: TRY3,439,814,754). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements.

As a result of the tax inspection performed at the Company by the Ministry of Finance Tax Supervisory Board relating to 2007 insurance transactions, the Company was notified of tax principal and penalties equal to TRY1,343,490. As a result of the lawsuit filed by the Company regarding the cancellation of the said transaction, the transaction subject to the lawsuit was cancelled. The case is at the stage of appeal review and the file is pending at the Council of State for referral on the merits.

As a result of the tax inspection regarding the insurance transactions carried out by the Tax Inspection Board of the Ministry of Treasury and Finance, a tax/penalty notice amounting to TRY 2,450,607 for 2010, together with the original tax and penalty, was notified to the Company. As a result of the lawsuit filed by the Company regarding the cancellation of the said transaction, taxes and penalties were canceled. The case is at the stage of decision revision review and the file is pending at the Council of State for referral on the merits.

Within this scope, and considering the results of the Company's lawsuits, no provisions were made in the financial statements regarding this issue.

**43. COMMITMENTS**

The details of the guarantees which are given by the Company in favour or the Ministry of Treasury and Finance for insurance operations are presented in Note 17.

**44. BUSINESS COMBINATIONS**

None. (January 1 – December 31, 2021: None).

**TÜRKİYE SİGORTA AŞ**  
**CONVENIENCE TRANSLATION OF THE NOTES**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**45. RELATED PARTY TRANSACTIONS**

Türkiye Varlık Fonu Group companies are considered as related parties.

As at December 31, 2022 and 2021, related party balances are as follows:

	December 31, 2022	December 31, 2021
<b>Bank Deposits</b>		
Vakıfbank	2,087,231,318	1,158,670,120
Türkiye Halk Bankası A.Ş.	1,602,198,554	1,362,699,560
T.C. Ziraat Bankası A.Ş.	1,356,896,877	840,513,323
Other	378,310,285	427,282,587
	<b>5,424,637,034</b>	<b>3,789,165,590</b>
<b>Financial Assets</b>		
Ziraat Portföy Yönetimi A.Ş.	2,636,932,935	-
TVF İFM A.Ş.	66,198,577	50,205,799
T.C. Ziraat Bankası A.Ş.	44,282,363	31,447,584
Vakıfbank	28,805,023	55,882,892
Halk Yatırım Menkul Değerler A.Ş.	4,926,808	-
Halk Finansal Kiralama A.Ş.	-	19,532,855
Vakıf Faktoring A.Ş.	-	34,671,943
	<b>2,781,145,706</b>	<b>191,741,073</b>
<b>Receivables from main activities</b>		
Vakıfbank	784,207,629	451,020,838
T.C. Ziraat Bankası A.Ş.	675,979,684	589,580,802
Türkiye Halk Bankası A.Ş.	285,912,703	135,527,540
Other	30,875,434	24,672,085
	<b>1,776,975,450</b>	<b>1,200,801,265</b>
<b>Receivables from main activities</b>		
Türkiye Halk Bankası A.Ş.	30,487,268	15,056,253
Vakıfbank	330,831	16,715,588
Other	1,570,173	3,061,219
	<b>32,388,272</b>	<b>34,833,060</b>
<b>Payables from main activities</b>		
Payables to dividends	5,154,582	5,352,519
	<b>5,154,582</b>	<b>5,352,519</b>



## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### 45. RELATED PARTY TRANSACTIONS (Continued)

	December 31, 2022	December 31, 2021
<b>Other financial liabilities</b>		
Halk Yatırım Menkul Değerler A.Ş.	1,422,024,298	-
İstanbul Takas ve Saklama Bankası A.Ş.	249,130,212	-
Ziraat Yatırım Menkul Değerler A.Ş.	200,120,457	-
	<b>1,871,274,967</b>	<b>-</b>

The operations performed with related party in organizations are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
<b>Written premiums</b>		
Türk Hava Yolları Anonim Ortaklığı	745,549,345	446,921,034
Turkish Petroleum BTC. LTD.	471,648,093	-
Turkcell İletişim Hizmetleri A.Ş.	240,934,467	-
Türkiye Halk Bankası A.Ş.	155,498,198	102,649,691
Türkiye Petrolleri Anonim Ortaklığı	95,923,726	30,206,580
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	80,007,317	-
Halk Finansal Kiralama A.Ş.	67,624,444	40,156,125
Ziraat Katılım Bankası A.Ş.	41,494,606	26,898,000
T.C. Ziraat Bankası A.Ş.	36,595,137	32,592,041
Türkiye Hayat ve Emeklilik A.Ş.	31,492,304	-
Other	245,350,155	62,507,942
	<b>2,212,117,792</b>	<b>741,931,413</b>

### Premiums written through related parties

	January 1 - December 31, 2022	January 1 - December 31, 2021
T.C. Ziraat Bankası A.Ş.	7,811,071,348	4,204,921,369
Vakıfbank	2,523,724,504	1,256,293,543
Türkiye Halk Bankası A.Ş.	1,468,100,596	728,939,388
	<b>11,802,896,448</b>	<b>6,190,154,300</b>

The Company has also paid a commission amounting to TRY 1,766,439,419 to the relevant banks regarding the premiums written through the branches of the banks of the Turkey Wealth Fund Group as described above for the period January 1 - December 31, 2022 (January 1 - December 31, 2021: 813,671,369 TRY).

**TÜRKİYE SİGORTA AŞ**  
**CONVENIENCE TRANSLATION OF THE NOTES**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**45. RELATED PARTY TRANSACTIONS (Continued)**

	January 1 - December 31, 2022	January 1 - December 31, 2021
<b>Other commission paid</b>		
Türkiye Halk Bankası A.Ş.	16,462,136	11,626,818
Halk Finansal Kiralama A.Ş.	10,597,257	6,256,337
Ziraat Katılım Bankası A.Ş.	6,656,823	3,867,609
Other	9,195,171	1,308,099
	<b>42,911,387</b>	<b>23,058,863</b>
<b>Rent income</b>		
Vakıfbank	718,503	554,274
	<b>718,503</b>	<b>554,274</b>
<b>Rent expenses</b>		
Türkiye Hayat ve Emeklilik A.Ş.	234,703	207,117
Türkiye Halk Bankası A.Ş.	-	9,789
	<b>234,703</b>	<b>216,906</b>
<b>Finance income</b>		
Vakıfbank	399,918,749	197,144,862
Türkiye Halk Bankası A.Ş.	219,357,711	297,650,120
T.C. Ziraat Bankası A.Ş.	109,501,147	275,911,762
Other	176,816,592	35,283,841
	<b>905,594,199</b>	<b>805,990,585</b>
<b>Dividend Income</b>		
Türkiye Emeklilik ve Hayat A.Ş.	90,040,246	47,715,628
Other	2,875,846	2,167,736
	<b>92,916,092</b>	<b>49,883,364</b>
<b>Dividend distributed</b>		
TVF Financial Investments	430,014,328	399,831,475
Other	100,201,718	93,168,525
	<b>530,216,046</b>	<b>493,000,000</b>

## CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

### 46. SUBSEQUENT EVENTS

The effects of the earthquakes that occurred in Kahramanmaraş on February 6, 2023 and were effective in a wide area, on the financial statements of the Company to be prepared in the following periods, continue to be evaluated as of the preparation date of the financial statements. The company has decided to donate 50,000,000 TL to aid the regions affected by the earthquakes.

### 47. OTHER

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

	December 31, 2022	December 31, 2021
<b>Other Receivables</b>		
DASK receivables from agents	10,028,133	14,049,689
Other	510,371	899,419
	<b>10,538,504</b>	<b>14,949,108</b>
<b>Other Liabilities</b>		
Payables to suppliers and contracted institutions	83,433,001	29,465,589
DASK current accounts	81,488,873	29,246,971
Other	1,072,321	15,419,007
	<b>165,994,195</b>	<b>74,131,567</b>

Total amount of receivables from personnel and payables to personnel, which are included in the "Other receivables" and "Other short-term or long-term payables" account item and exceed one percent of the total assets of the balance sheet.

None (December 31, 2021: None).

Total amount of receivables from personnel and payables to personnel, which are included in the "Other receivables" and "Other short-term or long-term payables" account item and exceed one percent of the total assets of the balance sheet.

None (December 31, 2021: None).

#### Subrogation receivables followed under the off-balance sheet accounts

None (December 31, 2021: None).

#### Description and amount of rights in real on property

None (December 31, 2021: None).

#### Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (December 31, 2021: None).

**TÜRKİYE SİGORTA AŞ**  
**CONVENIENCE TRANSLATION OF THE NOTES**  
**FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

**47. OTHER (Continued)**

For the years ended December 31, 2022 and 2021, details of rediscount and provision expenses are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Receivable under legal follow-up (Note 4.2)	(101,316,105)	(174,536,139)
Other	39,417,526	(42,121,680)
	<b>(61,898,579)</b>	<b>(216,657,819)</b>

Fees for services received from independent auditor/independent audit firm:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Independent audit expense for the reporting period	1,900,000	2,006,734
Fees for tax advisory services	60,000	15,000
<b>Total<sup>(*)</sup> (**)</b>	<b>1,960,000</b>	<b>2,021,734</b>

<sup>(\*)</sup> The fee is excluding VAT.

<sup>(\*\*)</sup> It also includes fees for services received for a joint venture.

TÜRKİYE SİGORTA AŞ

**CONVENIENCE TRANSLATION OF  
STATUTORY CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND  
THE INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

# INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Türkiye Sigorta A.Ş.

## A. Independent Audit of Consolidated Financial Statements

### 1. Opinion

We have audited the accompanying consolidated financial statements of Türkiye Sigorta A.Ş. (the "Company") which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, statement of changes in consolidated shareholders' equity, statement of consolidated cash flows and Profit distribution for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

### 2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (Independence standards included) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Key Audit Matters

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

# INDEPENDENT AUDITOR'S REPORT



<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><b>Estimation of claims incurred but not reported</b> As explained in Notes 2 and 17, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 6,039 million as of 31 December 2022.</p> <p>Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated 5 December 2014 and numbered 2014/16 published by the Ministry of Treasury and Finance. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the consolidated financial statements and the significant actuarial judgments and estimates required by the nature of provision in the consolidated financial statements.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.</p> <p>During our audit, we tested the mathematical accuracy of the calculation of incurred but not reported claims provision and reconciled the provision amount to the consolidated financial statements for selected branches. In addition, in specified branches, in the calculation of the incurred but not reported compensation amount. In addition, the actuarial methods selected by the Company's actuary in the calculation of the incurred but not reported claim in specified branches, as well as the expected loss development trends, were evaluated by the actuaries in our company using actuarial techniques. Except those, for selected branches, Reasonable range estimates have been determined as of the balance sheet date of the acceptable reserve ranges for the incurred but not reported claims provision and compared them with the amounts included in Company's accounting records.</p> <p>We checked the conformity and accuracy of the disclosures in the consolidated financial statements related to such provisions against Regulation on Insurance Accounting and Financial Reporting Principles.</p>

## 4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Company management; It is responsible for for the preparation and fair presentation of the consolidated financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, their fair presentation, and the preparation of them in a way that does not contain any material misstatement due to error or fraud.

In preparing the consolidated 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.

## 5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 February 2023.

### ***Additional Paragraph for Convenience Translation into English***

As discussed in Note 2 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

### **ORIGINALLY ISSUED IN TURKISH**

Ramazan Yüksekaya, SMMM  
Partner

Istanbul, 16 February 2023



# CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

We confirm that the consolidated financial statements, related disclosures and footnotes as at 31 December 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.

Türkiye Sigorta A.Ş.

16 February 2023



Aslihan DUYMAZ  
Actuary  
Registor Number: 61



Murat SÜZER  
Assistant General Manager  
General Manager



Atilla BENLİ  
Vice Chairman of the Board

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**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS  
ON 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>4.2 and 14</b>	<b>9,034,205,139</b>	<b>6,103,547,210</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Cash at Banks	14	6,903,558,985	5,314,977,287
4- Cheques Given and Payment Orders		-	-
5- Bank Warrantied and Shorter Than 3 Months Credit Card Receivables	14	2,130,646,154	788,569,923
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2 and 11</b>	<b>8,605,624,564</b>	<b>2,173,847,016</b>
1- Available-for-Sale Financial Asset	4.2 and 11	2,260,695,716	733,378,944
2- Held to Maturity Investments	4.2 and 11	1,028,456,030	149,676,608
3- Financial Assets Held for Trading	4.2 and 11	5,316,472,818	1,290,791,464
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments (-)		-	-
<b>C- Receivables from Main Operations</b>	<b>4.2 and 12</b>	<b>4,535,533,038</b>	<b>3,376,909,487</b>
1- Receivables from Insurance Operations	12	3,965,710,498	3,080,219,872
2- Provision for Receivables from Insurance Operations (-)	12	(18,493,280)	(18,632,012)
3- Receivables from Reinsurance Operations	12	584,700,606	311,526,634
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	690,001,724	586,368,685
10- Provision for Doubtful Receivables from Main Operations	12	(686,386,510)	(582,573,692)
<b>D- Due from Related Parties</b>		<b>103,900</b>	<b>399,831</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		103,900	399,831
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>E- Other Receivables</b>	<b>4.2 and 12</b>	<b>10,538,504</b>	<b>14,949,108</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47	10,538,504	14,949,108
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		423,504	423,504
7- Provision for Other Doubtful Receivables (-)		(423,504)	(423,504)
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>1,902,896,221</b>	<b>791,419,559</b>
1- Deferred Acquisition Costs	17	1,789,287,122	747,591,142
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	113,609,099	43,828,417
<b>G- Other Current Assets</b>		<b>55,117,850</b>	<b>49,619,497</b>
1- Stocks to be used in the Following Months		-	-
2- Prepaid Taxes and Funds	4.2 and 12	51,512,542	46,854,946
3- Deferred Tax Assets		-	-
4- Business Advances		-	660,098
5- Advances Given to Personnel	4.2	126,001	91,643
6- Inventory Count Deficiency		-	-
7- Other Miscellaneous Current Assets		3,479,307	2,012,810
8- Provision for Other Miscellaneous Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>24,144,019,216</b>	<b>12,510,691,708</b>

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

# TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS

### ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscout on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>C- Other Receivables</b>	<b>4.2 and 12</b>	<b>6,047,766</b>	<b>6,011,685</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2 and 12	6,047,766	6,011,685
4- Other Miscellaneous Receivables		-	-
5- Rediscout on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>2,323,664,543</b>	<b>1,400,984,175</b>
1- Investments in Equity Shares	9	2,240,556,916	1,356,863,258
2- Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries	9	18,215,590	10,254,125
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures	9	69,911,069	48,913,626
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 (-)	9	(5,019,032)	(15,046,834)
<b>E- Tangible Assets</b>		<b>715,923,687</b>	<b>404,203,629</b>
1- Investment Property	7	107,435,771	51,300,737
2- Impairment in Value of Investment Properties (-)		-	-
3- Land and Buildings Held for Utilization	6	515,335,000	302,775,000
4- Machinery and Equipments	6	86,001,961	47,147,975
5- Furnitures and Fixtures	6	23,909,923	19,695,771
6- Motor vehicles	6	11,970,448	11,403,174
7- Other Tangible Assets, Including Leasehold Improvements	6	2,599,279	2,599,279
8- Tangible Assets Acquired Through Finance Leases	6	57,975,683	35,958,864
9- Accumulated Amortizations	6	(89,304,378)	(66,677,171)
10- Advances Given for Tangible Assets (including construction in progress)		-	-
<b>F- Intangible Assets</b>		<b>38,657,979</b>	<b>27,628,749</b>
1- Rights	8	71,031,354	49,310,640
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	38,238,939	38,238,939
6- Accumulated Amortization (-)	8	(70,612,314)	(59,920,830)
7- Advances Paid for Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
<b>H- Other Non-Current Assets</b>		<b>300,835,024</b>	<b>37,978,441</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	300,835,024	37,978,441
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
<b>II- Total Non-Current Assets</b>		<b>3,385,128,999</b>	<b>1,876,806,679</b>
<b>TOTAL ASSETS</b>		<b>27,529,148,215</b>	<b>14,387,498,387</b>

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

# CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>4.2</b>	<b>1,882,898,544</b>	<b>159,759</b>
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	15,110,650	226,887
3- Deferred Leasing Costs (-)	20	(3,487,073)	(67,128)
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	1,871,274,967	-
<b>B- Payables Arising from Main Operations</b>	<b>4.2 and 19</b>	<b>2,975,252,693</b>	<b>2,186,924,896</b>
1- Payables Arising from Insurance Operations	19	2,975,252,693	2,186,924,755
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies	19	-	141
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations (-)		-	-
<b>C- Due to Related Parties</b>	<b>4.2</b>	<b>7,163,651</b>	<b>8,569,158</b>
1- Due to Shareholders	45	5,154,582	5,352,519
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		2,009,069	3,216,639
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2</b>	<b>360,630,488</b>	<b>128,419,958</b>
1- Deposits and Guarantees Received		-	-
2- Debts to SSI for treatment expenses	19	194,636,293	54,288,391
3- Other Miscellaneous Payables	19 and 47	165,994,195	74,131,567
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>		<b>14,726,410,334</b>	<b>6,738,721,353</b>
1- Reserve for Unearned Premiums - Net	17	7,502,226,940	2,764,336,028
2- Reserve for Unexpired Risks - Net	2.23 and 17	1,178,816,442	26,715,793
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.2 and 17	5,898,533,022	3,737,253,538
5- Provision for Bonus and Discounts - Net	17	10,029,321	10,029,321
6- Other Technical Provisions - Net	10 and 17	136,804,609	200,386,673
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2</b>	<b>394,920,037</b>	<b>270,982,980</b>
1- Taxes and Funds Payable		301,977,797	134,826,029
2- Social Security Premiums Payable		27,545,177	7,709,342
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities Payable		9,946,980	-
5- Corporate Tax Liability Provision on Period Profit		318,067,355	344,521,741
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(262,617,272)	(216,074,132)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>		<b>129,286,146</b>	<b>89,133,488</b>
1- Provision for Termination Indemnities		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	129,286,146	89,133,488
<b>H- Deferred Income and Expense Accruals</b>		<b>913,861,548</b>	<b>491,674,938</b>
1- Deferred Commission Income	10 and 19	913,861,548	491,674,938
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>21,390,423,441</b>	<b>9,914,586,530</b>

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

# TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

LIABILITIES	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	4.2 and 20	17,468,698	13,221,630
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	22,709,308	18,777,202
3- Deferred Leasing Costs (-)	20	(5,240,610)	(5,555,572)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	4.2	36,781,701	26,812,458
1- Deposits and Guarantees Received	4.2	36,781,701	26,812,458
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>	2.25 and 17	159,944,693	130,853,892
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks- Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.25 and 17	159,944,693	130,853,892
<b>F- Other Liabilities and Relevant Accruals</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		173,782,773	45,544,344
1- Provisions for Severance Pay	23	173,782,773	45,544,344
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		387,977,865	216,432,324

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

**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS  
ON 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

SHAREHOLDERS' EQUITY	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
<b>V- Shareholders' Equity</b>			
<b>A- Paid in Capital</b>	<b>2.13 and 15</b>	<b>1,161,523,363</b>	<b>1,161,523,363</b>
1- (Nominal) Capital	2.13 and 15	1,161,523,363	1,161,523,363
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to Be Registered		-	-
<b>B- Capital Reserves</b>	<b>15</b>	<b>1,522,110</b>	<b>74,828,291</b>
1- Share Premium		7,020,555	7,020,555
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		(5,498,445)	67,807,736
<b>C- Profit Reserves</b>		<b>3,586,447,534</b>	<b>1,924,577,800</b>
1- Legal Reserves		324,063,778	241,811,386
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	753,350,209	307,517,679
4- Special Funds, Reserves		-	-
5- Special Funds, Reserves	15	2,106,935,939	1,134,601,892
6- Other Profit Reserves	15	402,097,608	240,646,843
<b>D- Retained Earnings</b>		<b>38,853,101</b>	<b>9,273,831</b>
1- Retained Earnings		38,853,101	9,273,831
<b>E- Accumulated Losses (-)</b>		<b>-</b>	<b>-</b>
1- - Accumulated Losses		-	-
<b>F- Net Profit/(Loss) for the Period</b>		<b>962,400,801</b>	<b>1,086,276,248</b>
1- Net Profit for the Year		610,440,891	1,086,276,248
2- Net Loss for the Year (-)		-	-
3- Net Profit That Is Not Subject to Distribution		351,959,910	-
<b>Total Equity</b>		<b>5,750,746,909</b>	<b>4,256,479,533</b>
<b>Total Equity and Liabilities</b>		<b>27,529,148,215</b>	<b>14,387,498,387</b>

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
<b>A- Non-Life Technical Income</b>		<b>9,663,011,716</b>	<b>5,389,053,416</b>
1- Earned Premiums (Net of Reinsurer Share)	5	6,892,543,489	4,100,973,479
1.1- Written Premiums (Net of Reinsurer Share)	5, 17, 24	12,782,535,050	4,991,928,776
1.1.1- Written Premiums, gross	17, 24	25,173,422,675	11,749,646,570
1.1.2- Written Premiums, ceded	10, 17, 24	(11,797,107,742)	(6,580,416,021)
1.1.3- Premiums transferred to SSI	10, 17, 24	(593,779,883)	(177,301,773)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5 and 17	(4,737,890,912)	(869,372,721)
1.2.1- Reserve for Unearned Premiums, gross	17	(7,854,511,620)	(2,294,600,371)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	2,883,547,755	1,378,630,698
1.2.3- SSI Share of Reserve for Unearned Premium	10, 17	233,072,953	46,596,952
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	(1,152,100,649)	(21,582,576)
1.3.1- Reserve for Unexpired Risks, gross	17	(1,510,239,512)	(6,466,731)
1.3.2- Reserve for Unexpired Risks, ceded	10 and 17	358,138,863	(15,115,845)
2- Investment Income - Transferred from Non-Technical Section	5	2,631,017,086	1,116,240,833
3- Other Technical Income (Net of Reinsurer Share)		7,534,404	9,289,241
3.1- Other Technical Income, gross		7,534,404	9,289,241
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income		131,916,737	162,549,863
<b>B- Non-Life Technical Expense</b>		<b>(9,160,562,668)</b>	<b>(4,092,016,565)</b>
1- Incurred Losses (Net of Reinsurer Share)	5	(7,262,970,213)	(3,113,715,848)
1.1- Claims Paid (Net of Reinsurer Share)	5	(5,101,690,729)	(2,552,862,659)
1.1.1- Claims Paid, gross		(6,915,516,192)	(3,769,970,197)
1.1.2- Claims Paid, ceded	10	1,813,825,463	1,217,107,538
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Provision Carried Forward)	5	(2,161,279,484)	(560,853,189)
1.2.1- Change in Provisions for Outstanding Claims, gross		(3,830,831,189)	(1,730,533,769)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	1,669,551,705	1,169,680,580
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision 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 5, 32	(29.090.802) (1,868,501,653)	(21,580,264) (956,720,453)
5- Change in mathematical provisions (Net off Circulating Part)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses		-	-
6.1- Other Technical Expenses, gross		-	-
6.2- Gross Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A - B)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>

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



**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
<b>D- Life Technical Income</b>		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Expenses, gross		-	-
4.2- Gross Other Technical Expenses, reinsurer share		-	-
5- Accrued subrogation income		-	-
<b>E- Life Technical Expense</b>		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Mathematical Reserves		-	-
3.1.1- Actuarial Mathematical Reserves		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D - E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G - H)</b>		-	-

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

## TÜRKİYE SİGORTA AŞ

# CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

II - NON-TECHNICAL PART	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
<b>C- Net Technical Income - Non-Life (A-B)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>
<b>F- Net Technical Income - Life (D-E)</b>		-	-
<b>I - Net Technical Income - Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>502,449,048</b>	<b>1,297,036,851</b>
<b>K- Investment Income</b>		<b>4,132,819,668</b>	<b>2,412,769,757</b>
1- Income from Financial Assets	26	1,799,499,881	1,094,412,635
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	668,636,382	55,194,627
4- Foreign Exchange Gains	26	935,167,684	1,154,916,604
5- Income from Associates	26	562,195,972	62,118,411
6- Income from Subsidiaries and Joint Ventures	9	20,997,443	28,071,727
7- Income from Property, Plant and Equipment	26	56,853,537	18,055,753
8- Income from Derivative Transactions	26	89,468,769	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(3,583,819,045)</b>	<b>(2,095,222,399)</b>
1- Investment Management Expenses (Inc. interest)		(61,272,080)	(7,898,118)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(2,631,017,086)	(1,116,240,833)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26	(724,898,059)	(862,013,777)
7- Depreciation and Amortization Expenses		(40,356,076)	(30,890,852)
8- Other Investment Expenses		(126,275,744)	(78,178,819)
<b>M- Income and Expenses from Other and Extraordinary Operations</b>		<b>235,207,249</b>	<b>(183,786,220)</b>
1- Provisions	47	(61,898,579)	(216,657,819)
2- Rediscounts		(10,706,810)	2,374,283
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21 ve 35	300,447,077	29,125,841
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		9,276,181	2,196,576
8- Other Expenses and Losses		(1,910,620)	(825,101)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Year</b>	<b>37</b>	<b>962,400,801</b>	<b>1,086,276,248</b>
1- Profit for the Year		1,286,656,920	1,430,797,989
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(324,256,119)	(344,521,741)
3- Net Profit for the Year		962,400,801	1,086,276,248
4- Monetary Gains and Losses		-	-

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

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### Statements of Changes in Equity - Audited <sup>(\*)</sup>

	Share Capital	Own Shares of the Company (-)	Value Increase/ (Decrease) In Assets	Inflation Adjustment Differences In Shareholders	Foreign Currency Translation Adjustments
<b>I - PRIOR PERIOD</b>					
Balance at the Prior Period End 31 December 2020	1,161,523,363	-	1,010,715,148	-	-
A - Capital Increase	-	-	-	-	-
B - Own Shares of the Company	-	-	-	-	-
C - Gain and losses not recognized in the statement of income	-	-	-	-	-
D - Change in the value of financial assets	-	-	123,886,744	-	-
E - Currency translation adjustments	-	-	-	-	-
F - Other gains or losses	-	(12,328,131)	-	-	-
G - Inflation adjustment differences	-	-	-	-	-
H - Net profit for the period	-	-	-	-	-
I - Dividends paid	-	-	-	-	-
J - Transfer	-	-	-	-	-
<b>II – Balance - 31 December 2021</b>	<b>1,161,523,363</b>	<b>(12,328,131)</b>	<b>1,134,601,892</b>	<b>-</b>	<b>-</b>
<b>CURRENT PERIOD</b>					
<b>I – Balance at the Prior Period End- 31 December 2021</b>	<b>1,161,523,363</b>	<b>(12,328,131)</b>	<b>1,134,601,892</b>	<b>-</b>	<b>-</b>
A - Capital Increase	-	-	-	-	-
B - Own Shares of the Company	-	-	-	-	-
C Gain and losses not recognized in the statement of income	-	-	-	-	-
D - Change in the value of financial assets	-	-	972,334,047	-	-
E - Currency translation adjustments	-	-	-	-	-
F - Other gains or losses	-	(73,306,181)	-	-	-
G - Inflation adjustment differences	-	-	-	-	-
H - Net profit for the period	-	-	-	-	-
I - Dividends paid	-	-	-	-	-
J - Transfer	-	-	-	-	-
<b>II – Balance at – 31 December 2022</b>	<b>1,161,523,363</b>	<b>(85,634,312)</b>	<b>2,106,935,939</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Explained in note 15

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

Legal Reserves	Statutory Reserve	Other Reserves and Retained Profit	Net Profit/(Loss) For the Period	Retained Earnings	Total
165,610,126	-	467,474,857	1,161,457,615	(498,841,731)	3,467,939,378
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(9,883,457)	-	-	(9,883,457)
-	-	92,753,266	-	-	216,640,010
-	-	-	-	-	-
-	-	-	-	835,485	(11,492,646)
-	-	-	-	-	-
-	-	-	1,086,276,248	-	1,086,276,248
-	-	-	(493,000,000)	-	(493,000,000)
76,201,260	-	84,976,278	(668,457,615)	507,280,077	-
<b>241,811,386</b>	<b>-</b>	<b>635,320,944</b>	<b>1,086,276,248</b>	<b>9,273,831</b>	<b>4,256,479,533</b>
<b>241,811,386</b>	<b>-</b>	<b>635,320,944</b>	<b>1,086,276,248</b>	<b>9,273,831</b>	<b>4,256,479,533</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(87,281,778)	-	-	(87,281,778)
-	-	248,732,543	-	-	1,221,066,590
-	-	-	-	-	-
-	-	-	-	1,603,990	(71,702,191)
-	-	-	-	-	-
-	-	-	962,400,801	-	962,400,801
-	-	-	(530,216,046)	-	(530,216,046)
82,252,392	-	445,832,530	(556,060,202)	27,975,280	-
<b>324,063,778</b>	<b>-</b>	<b>1,242,604,239</b>	<b>962,400,801</b>	<b>38,853,101</b>	<b>5,750,746,909</b>

## CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		Audited Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
	Notes		
<b>A. CASH GENERATED FROM MAIN OPERATIONS</b>			
1. Cash provided from insurance activities		27,696,794,113	13,716,585,598
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(22,594,605,571)	(12,724,420,327)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
<b>7. Cash Provided from Operating Activities</b>		<b>5,102,188,542</b>	<b>992,165,271</b>
8. Interest paid		-	-
9. Income taxes paid		(391,064,881)	(232,723,055)
10. Other cash inflows		9,276,181	2,196,576
11. Other cash outflows		(682,699,896)	(122,476,182)
<b>12. Net Cash Provided from Operating Activities</b>		<b>4,037,699,946</b>	<b>639,162,610</b>
<b>B. CASH FLOWS FROM INVESTING OPERATIONS</b>			
1. Disposal of tangible and intangible assets		14,698,719	7,819,628
2. Acquisition of tangible and intangible assets		(97,604,443)	(49,036,525)
3. Acquisition of financial assets		(14,623,665,694)	(3,839,129,247)
4. Disposal of financial assets		9,958,973,300	1,793,601,314
5. Interests received		1,166,282,998	1,135,982,998
6. Dividends received		92,916,092	49,883,364
7. Other cash inflows		56,292,087	536,589,371
8. Other cash outflows		-	-
<b>9. Net Cash Provided by Investing Activities</b>		<b>(3,432,106,941)</b>	<b>(364,289,097)</b>
<b>C. CASH FLOWS FROM FINANCING OPERATIONS</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments	20	(12,646,866)	(7,426,327)
4. Dividends paid	15	(530,216,046)	(493,000,000)
5. Other cash inflows		1,871,274,967	-
6. Other cash outflows		-	-
<b>7. Net Cash Used in Financing Activities (-)</b>		<b>1,328,412,055</b>	<b>(500,426,327)</b>
<b>D. EFFECT OF EXCHANGE DIFFERENCES IN CASH AND CASH EQUIVALENTS</b>			
		<b>210,269,624</b>	<b>282,176,033</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>2,144,274,684</b>	<b>56,623,219</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>5,531,095,652</b>	<b>5,474,472,433</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>7,675,370,336</b>	<b>5,531,095,652</b>

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

## TÜRKİYE SİGORTA AŞ

# CONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Notes	Current Period <sup>(*)</sup> (**)	Prior Period <sup>(*)</sup>
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. PROFIT FOR THE PERIOD	1,286,656,920	1,430,797,989
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	(324,256,119)	(344,521,741)
1.2.1. Corporate Tax (Income Tax)	(324,256,119)	(344,521,741)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Legal Liabilities	-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>	<b>962,400,801</b>	<b>1,086,276,248</b>
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVE	-	(35,038,404)
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)	-	-
<b>B NET DISTRIBUTABLE - PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>	<b>-</b>	<b>1,051,237,844</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	58,076,168
1.6.1. To common shareholders	-	-
1.6.2. To preferred shareholders	-	-
1.6.3. To owners of participating redeemed shares	-	-
1.6.4. To owners of profit-sharing securities	-	-
1.6.5. To owners of profit and loss sharing securities	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)	-	472,139,878
1.10.1. To common shareholders	-	-
1.10.2. To preferred shareholders	-	-
1.10.3. To owners of participating redeemed shares	-	-
1.10.4. To owners of profit-sharing securities	-	-
1.10.5. To owners of profit and loss sharing securities	-	-
1.11. SECOND LEGAL RESERVE (-)	-	47,213,988
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	473,807,810
1.14. EXTRAORDINARY RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To common shareholders	-	-
2.3.2. To preferred shareholders	-	-
2.3.3. To owners of participating redeemed shares	-	-
2.3.4. To owners of profit-sharing securities	-	-
2.3.5. To owners of profit and loss sharing securities	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
<b>III. PROFIT PER SHARE</b>		
3.1. TO COMMON SHAREHOLDERS	0.83	0.94
3.2. TO COMMON SHAREHOLDERS (%)	83%	94%
3.3. TO PREFERRED SHAREHOLDERS	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
<b>IV. DIVIDENDS PER SHARE</b>		
4.1. TO COMMON SHAREHOLDERS	-	0.46
4.2. TO COMMON SHAREHOLDERS (%)	-	46%
4.3. TO PREFERRED SHAREHOLDERS	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

<sup>(\*)</sup> The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between 1 January - 31 December 2022 was not held as of the preparation date of the consolidated financial statements.

<sup>(\*\*)</sup> In accordance with the relevant legislation, the Company's consolidated profit is included in the current period profit distribution table

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

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**1. GENERAL INFORMATION****1.1 Name of the Company and the ultimate parent of the group**

As of December 31, 2022 and December 31, 2021, Türkiye Sigorta A.Ş. ('the Company') the dominant partner with a 81.10% shareholding TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar A.Ş."); Asset Fund is the ultimate partner of the T.C Presidential Turkey Wealth Funds. As of 31 December 2022 and 31 December 2021, 18.90% of the company's share are publicly traded at Borsa Istanbul.

**1.2 Location and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)**

The Company has been registered in Istanbul, Turkey in 1957 and operates as a joint stock company in accordance with Turkish Commercial Code ('TCC'). The Headquarter of the Company is located in 'Güneş Plaza, Büyükdere Cad. No: 110 Esentepe Şişli 34394'.

Excepting Istanbul - Headquarter office, the Company has regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, İstanbul Anatolia, İstanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun and a liaison office in the Eastern Black Sea. As at 31 December 2022, the Company has 3.880 (31 December 2021: 4.097) authorized agencies.

**1.3 Nature of operations**

The Company operates in non-life insurance branches consisting of automotive and non-automotive accident, fire, marine, engineering, health, agriculture, liabilities, financial losses, loan and legal protection.

**1.4 Description of the main operations of the Company**

The Company conducts its operations as stated in Note 1.3 above in accordance with the Insurance Law No.5684 issued in the Official Gazette dated 14 June 2007 and numbered 26552 ('the Insurance Law') and the communiqués and other regulations in effect issued by Republic of Turkey Ministry of Treasury and Finance ('Ministry of Treasury and Finance'). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').

**1.5 The average number of the personnel during the period in consideration of their categories**

The average number of the personnel during the period was as follows:

	31 December 2022	31 December 2021
Senior Management <sup>(1)</sup>	15	14
Other personnel	1,572	1,264
<b>Total</b>	<b>1,587</b>	<b>1,278</b>

<sup>(1)</sup> The chairman and members of the board of directors, general manager, assistant general managers, group managers and the chairman of the inspection board are grouped in the senior management class.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**1. GENERAL INFORMATION (Continued)**

**1.6 The total amount of the salaries and similar benefits provided to the senior management including Chairman, Member of the Board of Directors, General Manager, Inspection Manager, Group Managers, and Assistant General Managers:**

<b>Provided to senior executives short term benefits</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Salaries	10,860,037	5,687,686
Bonuses	3,791,717	1,938,054
Other	854,555	417,729
<b>Total benefits provided to senior management</b>	<b>15,506,309</b>	<b>8,043,469</b>
Provision for employment termination benefits	521,552	112,101

**1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the consolidated financial statements**

Procedures and principles related to keys used in the distribution of investment income and operating expenses in the consolidated financial statements are determined in accordance with 'Communiqué on the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In accordance with Insurance Accounting Plan' dated 4 January 2008 and numbered 2008/1 issued by Ministry of Treasury and Finance.

In accordance with the related communiqué, all income that is generated by the Company assets invested for non-life technical provisions is transferred from non-technical to technical part. The other investment income is classified under non-technical part. The Company allocates general expenses transferred to technical part to branches based on the weighted average of the number of policies, amount of premium production and number of claim notifications in last three years.

**1.8 Information on the consolidated financial statements as to whether they comprise an individual company or a group of companies**

The consolidated financial statements of one company (Turkey Insurance Inc.) contains. The company purchased all the shares of its subsidiary OSEM Sertifikasyon A.Ş. in 2021. In accordance with the provisions of the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance Companies and Pension Companies", considering the materiality principle, OSEM Sertifikasyon A.Ş.'s total assets are less than one percent of the Company's total assets. Excluded from the scope of consolidation and carried over the cost value in the balance sheet. In addition, the Company has accounted for its investment in Türk P and I Sigorta A.Ş., a joint venture, in the consolidated financial statements prepared as of December 31, 2022, within the framework of the accounting policies specified in Note 2, using the equity method

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

Name of the Company:	Türkiye Sigorta Anonim Şirketi
Registered address of the head office:	Güneş Plaza, Büyükdere Cad. No:110 Esentepe Şişli 34394 İstanbul
The website of the Company:	<a href="http://www.turkiyesigorta.com.tr">www.turkiyesigorta.com.tr</a>

**1.10 Subsequent events**

Consolidated financial statements of 1 January - 31 December 2022 are approved by Board of Directors 8 February 2023 and signed by General Manager Atilla Benli and Deputy General Murat Süzer and the company's actuary Aslıhan Duymaz. Explanations related to subsequent events are disclosed in detail in Note 46.



# **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of Preparation**

#### **2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements**

The Company prepares its consolidated financial statements in accordance with the Insurance Law and SEDDK. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').

The consolidated financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by Ministry of Treasury and Finance regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No: 25686) dated 30 December 2004 (Insurance Accounting System Communiqué No.1) and 27 December 2011 dated and 2011/14 numbered Notice regarding to the Opening of New Account Codes In Insurance Account Plan. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated 18 April 2008 and numbered 2012/7 and dated 31 May 2012 Notice regarding to the Presentation of the New Account Codes and Financial Statements. The financial statements were prepared as in a TRY and historical cost basis, except for the financial assets and investment properties and properties held for use measured at their fair value.

In accordance with the 'Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies' issued on 14 July 2007 and effective from 1 January 2008, and also in accordance with the communiqués which may be issued by Ministry of Treasury and Finance, operations of insurance companies shall be accounted for in accordance with the Turkish Financial Reporting Standards ('TFRS') as issued by the Turkish Accounting Standards Board ('TASK') and other regulations, communiqués and explanations issued by Ministry of Treasury and Finance regarding accounting and financial reporting issues. With reference to the notice of Ministry of Treasury and Finance No. 9 dated 18 February 2008, 'TAS 1 - Financial Statements and Presentation', 'TAS 27- Consolidated and Unconsolidated Financial Statements', 'TFRS 1 - Transition to TFRS' and 'TFRS 4- Insurance Contracts' have been scoped out of this application. In addition, insurance companies are not required to prepare consolidated financial statements pursuant to the official statement on Regulation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies issued in the Official Gazette, dated on 31 December 2008 and numbered 27097.

The Company accounts and recognizes its insurance technical reserves in its financial statements as of 31 December 2022 in accordance with the 'Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested' ('Regulation on Technical Reserves') dated 28 July 2010 published in official gazette numbered 27655 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by Ministry of Treasury and Finance (Note 2.22, 2.23, 2.24 and 2.25).

With the letter of the Ministry of Treasury and Finance dated 4 April 2005 and numbered 19387, the financial statements of insurance companies dated 31 December 2004 were published in the Sermaye Piyasası Kurulu's ("SPK") Official Gazette dated January 15, 2003 and numbered 25290. It has been explained that they need to be rearranged in accordance with the provisions on 'Adjustment of Financial Statements in High Inflation Periods' in the Communiqué on Accounting Standards in Capital Markets No: 25. The Ministry of Treasury and Finance also stated that, based on the SPK's decision on March 17, 2005, it is not necessary to apply inflation accounting, effective from January 1, 2005. Based on the relevant letter of the Ministry of Treasury and Finance, the Company re-arranged its financial statements dated 31 December 2004 in accordance with the provisions of "Adjustment of Financial Statements in High Inflation Periods" and, starting from January 1, 2005, TAS 29, "Financial Reporting in Hyperinflationary Economies". did not apply the standard.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.1. Basis of Preparation (Continued)**

On January 20, 2022, Kamu Gözetimi Kurumu ("KGK") made a statement on "Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises". Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2022 within the scope of TAS 29, "Financial Reporting in High Inflation Economies".

**Comparative Information and Restatement of Prior Period Financial Statements**

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is revised when necessary and significant differences are disclosed.

**2.1.2 Functional and presentation currency**

The financial information presented in TRY has been rounded to the nearest TRY values.

**2.2. Consolidation**

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

*Subsidiaries;* The Company either (a) has the right to exercise more than 50% of the voting rights related to the shares in the companies as a result of the shares owned directly and/or indirectly by the Company and over which the Company has voting rights; or (b) 50% of the voting rights. It refers to the companies that it has the authority and power to control the financial and operating policies in line with the interests of the Company, by using the effect of actual dominance over the financial and operating policies, although it does not have the authority to use more than.

The company purchased all the shares of its subsidiary OSEM Sertifikasyon A.Ş. in 2021. In accordance with the provisions of the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance Companies and Pension Companies", considering the materiality principle, OSEM Sertifikasyon A.Ş.'s total assets are less than one percent of the Company's total assets. Excluded from the scope of consolidation and carried over the cost value in the balance sheet.

*Joint Ventures (Jointly controlled partnerships);* Including business partnerships and ordinary partnerships, it refers to partnerships established at home or abroad, which the parent company controls together with other companies within the framework of a partnership agreement.

# **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.2. Consolidation (Continued)**

Under the equity method, investment in a joint venture is initially recognized at cost. The carried value of the investment is adjusted to account for the changes in the share of the Company in the net assets of the joint venture since the date of purchase. Goodwill associated with the joint venture is included in the carried value of the investment and is not redeemed or individually tested for impairment. The profit or loss statement reflects the share of the Company in the operating results of the enterprise subject to joint management. Any change in the income statement of the invested companies is shown as a part of the company's income. In addition, when there is a change in the equity of the joint venture, the Company accounts for its share of any change in the statement of changes in equity. Unrealized gains and losses arising from the transactions between the company and the joint venture are eliminated to the extent of the share in the joint venture. Financial statements of joint ventures are prepared in the same reporting period as the Company. When necessary, adjustments are made to make the accounting policies the same with the accounting policies of the Company. The company determines whether it is necessary to recognize an impairment loss on its investment in joint ventures after the equity method is applied. The company decides at each reporting date whether there is objective evidence that the investment in the joint venture is impaired. If there is such an indicator, the Company calculates the depreciation amount as the difference between the recoverable value and the carried value of the joint venture and accounts the loss in the income statement (Note 9).

### **2.3 Segment Reporting**

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.

Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented.

Information about the Company's business reports regarding all branches are explained in the context of TFRS 8 - Business segments in Note 5.

### **2.4. Foreign currency transactions**

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the date 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.

Changes in the fair value of financial assets denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the asset and other changes in the carrying amount of the asset. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.5. Tangible Assets**

All tangible assets except for buildings for operational use are carried at cost by deducting accumulated depreciation. Properties for operational use are recorded at their fair value on the basis of a valuation made by an independent valuation expert less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net carrying amount is restated to the revalued amount.

Increases in the carrying amounts arising on revaluation of property, net of tax effects, are credited to 'Other Capital Reserves' under shareholders' equity. Any subsequent decrease in value offsetting previous increases in the carrying amount of the same asset is charged against the funds in the equity; and all other decreases are charged to profit or loss. At each reporting date, the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from 'Other Capital Reserves' to retained earnings.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and reflected to the statement of income of the related period. Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the costs or revalued amounts of tangible assets. Depreciation rates and estimated useful lives are below.

	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
Buildings (Land and buildings held for utilisation)	50	2
Machinery and equipment	4 - 50	25 - 2
Furniture and fixtures	4 - 50	25 - 2
Motor vehicles	4 - 5	25 - 20
Other tangible assets, Including leasehold improvements	3 - 5	33 - 20

An investigation is to be performed to determine the possible impairment in case of there are existing conditions which point out impairment of tangible assets except properties for operational use and as a result of that investigation; accrual is to be booked to reduce net book value of tangible assets in case of recoverable value amount is less than net book value of related tangible asset. Profits and losses arising from disposal of tangible assets will be kept in 'Other income and expense' account. In case of disposal of revalued assets; amount on 'Other Capital Reserves' account related to that assets are to be transferred to retained earnings account (Note 6).

**Right of Use Assets**

The Company accounts for its rights-to-use assets on the date the financial lease contract commences (for example, as of the date the relevant asset is available for use). The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure will be corrected.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.5 Tangible Assets (Continued)

Right of use assets are measured at cost comprising the following:

- (a) The amount of the initial measurement of lease liability,
- (b) Any lease payments made at or before the commencement date less any lease incentives received
- (c) Any initial direct costs and restoration costs.

Unless the transfer of ownership of the asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset. Right of use assets are subject to impairment assessment.

#### Lease Liability

At the commencement date of the lease, the Company measures the lease liability over the present value of the unrealized lease payments at that date. Lease payments, if the interest rate implied in the lease can be easily determined, by using this rate; If the implied interest rate cannot be determined easily, it is discounted using the lessee's alternative borrowing interest rate. The weighted average of the alternative borrowing rates used by the Company for Turkish Lira leases as of December 31, 2022 17% (31 December 2021: 17%).

#### 2.6 Investment Property

The lands and buildings, which are obtained either to earn income or for capital appreciation or for both, instead of either for the Company's operations or for management purposes or for sale during the regular operations, are classified under investment properties. Investment properties are reflected in the financial statement at fair value. Changes in fair values of investment properties are recognized in the income statement under investment income (Note 7).

#### 2.7 Intangible Assets

The Company's intangible assets consist of rights and computer software. Intangible assets are accounted at cost accounting for intangible assets.

The Company record the amortization amount for intangible assets on a straight-line basis over their estimated useful lives. The useful lives of intangible assets vary between 5 and 10 years (Note 8).

#### 2.8 Financial Assets

##### Classification and measurement

A *financial asset* is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity. Financial assets are classified in two categories: as, available-for-sale financial assets and loans and receivables.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.8 Financial Assets (Continued)**

*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 those are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

*Held to Maturity Investments;* which are held with the intention of keeping to maturity and include the fixed or determinable payments with fixed or determinable payments, except for loans and receivables and reasonable value during the initial recognition. These are financial assets that are not classified as financial assets, the difference of which is reflected in the income statement and are not shown ready for sale in the records. These assets are first recorded at acquisition cost and this value is accepted as reasonable value. The fair value of the assets held to maturity is determined on the basis of the market price of similar instruments or the market prices of similar financial instruments. Financial assets held to maturity are valued at their 'discounted value'. Contribution income from assets held to maturity is reflected in the income statement. The Company does not allocate impairment based on short-term market fluctuations, provided that there is no collection risk in securities representing the borrowing classified under financial assets held to maturity. In the event of a collection risk, the amount of the said impairment is the difference between the book value of the financial asset and the value of the cash flows still expected to be collected from the financial asset, if any, based on the original effective rate of return.

*Financial assets classified as held for trading;* If a financial instrument is held for trading after the initial recognition, the financial asset is classified as financial assets at fair value through profit or loss. If the company manages related investments and decides to purchase and sell the fair value of these investments in accordance with the company's written risk management and investment strategies, the financial assets are recognized as financial assets at fair value through profit or loss. After the initial recognition, all kind of transaction costs are recognized in profit or loss. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Best expected purchase price as of the balance sheet date is used as a base in the determination of fair value. The fair value represents the best purchase order amount current pending orders at Borsa Istanbul A.Ş., the price of most recent transaction realized in the absence of these orders and the cost price which is forwarded by effective interest rate (the ratio which equalize the future cash flows of a financial asset or liability to its current net book value) in the absence of all other method.

*Available-for-sale financial assets* are the financial assets other than loans and receivables. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in 'Revaluation of financial assets' under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the profit or loss. During the available-for-sale asset is first recognized, additional costs of recognition will be added to fair value.

# **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **2.8 Financial Assets (Continued)**

#### **Derecognition**

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, expire or are surrendered.

### **2.9 Impairment of Assets**

#### **Impairment of financial assets**

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired; if and only, 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 be incurred due to future events are not recognized even if the probability of loss is high.

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 and trading financial assets that are debt securities, the reversal is recognized in the statement of income. Impairment provisions arising from investments for equity instruments classified as available-for-sale financial assets and accounted in the income statement cannot be reversal from the income statement in the following periods

#### **Impairment on tangible assets**

On each reporting date the Company evaluates whether there is an indication of impairment of tangible and intangible assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. Discount and provision expenses of the period are detailed in Note 47.

### **2.10 Derivative financial instruments**

Derivative financial instruments of the period are detailed in Note 13.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****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 Turkish Financial Reporting Standards, or for gains and losses arising from a group of similar transactions included in the Company's trading activities.

**2.12. Cash and Cash Equivalents**

Cash and cash equivalents, which is the basis for 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 three months and readily to be used by the Company or not blocked for any other purpose (Note 14)

**2.13 Share Capital**

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

Name of Shareholders	31 December 2022		31 December 2021	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	942,015,417	81.10	942,015,417	81.10
Public shares	219,507,946	18.90	219,507,946	18.90
<b>Paid-in Capital</b>	<b>1,161,523,363</b>	<b>100.00</b>	<b>1,161,523,363</b>	<b>100.00</b>

**The Company's registered share capital**

The Capital Markets Board's letter dated 17 July 2020 and numbered 7303, the Insurance and Private Pension Regulation and Supervision Agency's letter dated 27 July 2020 and numbered 331, the Ministry of Commerce General Directorate of Domestic Trade dated 27 July 2020 and 500035491-431.02 In line with the permissions granted based on the letter E.-00056175174 and the decision of the Presidency of the Republic of Turkey dated 15 July 2020 and numbered 2772; With the decision taken at the Extraordinary General Assembly meeting held on 27 August 2020, the registered capital ceiling of the Company from TRY540,000,000 to TRY5,000,000,000, the registered capital ceiling validity period was determined as 2020-2024 (5 years). As of 31 December 2022 and 31 December 2021, the Company consists of 1,161,523,363 fully paid shares.

**2.14 Insurance and investments 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 coverage 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. As of reporting date, the Company does not have a predetermined risk guaranteeing contract which is classified as an investment contract.



# **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **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) Those 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;

(iii) Those 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 at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

### **Investment contracts without DPF**

As at the reporting date, the Company does not have any insurance contracts and investment contracts without DPF.

### **2.16 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 extinguished.

### **2.17 Taxes**

#### **Corporate tax**

With the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, 20% for corporate earnings has been determined to be effective as of 1 January 2006. The Corporate Tax rate which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the Law on the Amendment of Certain Laws and the Law on Collection of Public Claims No. 7316 published in the Official Gazette on April 22, 2021, It has been determined as 25% to be applied to corporate earnings for the period of 2022 and 23% to be applied to corporate earnings for the 2022 taxation period. In addition, Article 26 of the Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law No. 7394, which entered into force after being published in the Official Gazette dated April 15, 2022 and numbered 31810, and the provisional article 13 of the Corporate Tax Law No. 5520. With the added paragraph, it has been determined that for certain companies, including insurance companies, the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and 25% will be applied. With this amendment, 25% rate will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of July 1, 2022.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 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 retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.17 Taxes (Continued)**

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income provided unless they do not exceed 5 years. However, financial losses cannot be offset against previous years' profits.

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

**Deferred income taxes**

Deferred income tax assets and liabilities are recognized according to using the balance sheet method, on all taxable temporary differences arising between the tax bases and 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 income tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity (Note 21).

**2.18 Employee benefits***Reserve for severance indemnity:*

In accordance with existing Turkish Labor 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. As of 31 December 2022, the applicable ceiling amount as at TRY15,371.40 (31 December 2021: TRY8,284.51).

The fundamental assumption is that maximum ceiling for the yearly services increases in line with the inflation; therefore, the discount rate reflects the real rate after netting of the effects of inflation. The provision for termination benefits and severance payment has been calculated by using the ceiling amounting to TRY19,982.83 which is applicable starting from 1 January 2023, as it is adjusted yearly (1 January 2022: TRY10,848.59).

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.18 Employee benefits (Continued)**

The Company are calculated provision for employee severance indemnities using actuarial methods. The major statistical assumptions used in the calculation of the total liability as at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount rate	(0.93%)	3.67%
Estimated employee turnover rate	9.90%	5.31%

*Other employee benefits:*

The Company has provided for undiscounted short-term employee benefits earned during the financial period as per services in the accompanying financial statements (Note 23).

**2.19 Provisions**

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset (Note 23).

**2.20 Revenue Recognition****Written Premiums**

Written premiums represent premiums on policies written during the year net of taxes, premiums of the cancelled policies which were produced in prior years and premiums ceded to reinsurance companies. Premiums ceded to reinsurance companies on gross premiums are booked in 'premiums ceded to reinsurance companies' account of statement of income (Note 24).

**Claim recovery and salvage income and related receivable**

In the calculations related to provisions for outstanding claims accrued and identified, accrued or collected subrogation, salvage or similar income items cannot be deducted. However, accrued subrogation, salvage, and similar income items can be recognized in the assets section of the balance sheet and income statement.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.20 Revenue Recognition (Continued)**

In order to accrue receivable or income of subrogation, salvage; acquisition of the right of subrogation, determination of the amount certainly, and must not have been charged by the end of the period are needed. In accordance with Turkish Commercial Code, the compensation must be paid for getting the right of subrogation.

In accordance with the Circular 2010/13 dated 20 September 2010 of Ministry of Treasury and Finance; the Company can account for income accrual for subrogation receivables up to the guarantee limit of insurance companies without any voucher for insurance companies after the completion of the claim payments made to the insuree and receipt of voucher (bank statement related to the claim payment) from third parties other than insurance companies and notice of the insurance companies or third part parties. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance company, the provision is provided after four months.

On the other hand, if there is an agreement with the insurance company or third parties; where there is a payment plan up to one year, or receipt of cheques, bills or similar documents, the Company is not required to provide provision for subrogation receivables that overdue six months from insurance and four months from other counterparties are under the instalment plan.

At the reporting date, in accordance with the related circular, the Company recognized TRY102,305,586 (31 December 2021: TRY64,021,103) net salvage and subrogation receivables in the receivables from main operations and provided TRY14,375,566 (31 December 2021: TRY14,184,652) allowance for salvage and subrogation receivables that are overdue as described in the related circular (Note 4.2 and 12).

When the subrogation is subject to a court case, the amount is recorded on the date of the transaction and the same amount of provision is provided on the same day.

The Company provided a provision for net subrogation receivables under legal follow up and TRY648,105,114 (31 December 2021: TRY554,472,860) that is presented under doubtful receivables under main operations (Note 4.2 and 12).

In order to account for salvage income expected from the sale of the assets, the claim amount should be paid to the insuree and the ownership of the related assets should be transferred to the Company. When the assets are transferred to the insuree, sold to third parties by the Company or by an intermediary; salvage income is recorded and should not be recorded as a deduction from provisions for outstanding claims and paid claims.

For the years ended 31 December 2022 and 2021, accrued salvage and subrogation income per branches is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Motor own damage	56,713,654	40,215,454
Motor third party liability	33,497,468	13,563,253
Fire	8,753,562	8,920,072
Other	3,340,902	1,322,324
<b>Total</b>	<b>102,305,586</b>	<b>64,021,103</b>

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.20 Revenue Recognition (Continued)**

For the period 1 January - 31 December 2022 and 2021, salvage and subrogation collections are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Motor own damage	364,995,490	285,650,563
Motor third party liability	126,551,887	29,554,793
Fire	21,160,689	55,900,106
Other	40,043,263	12,131,229
<b>Total</b>	<b>552,751,329</b>	<b>383,236,691</b>

**Commission income and expense**

As further detailed in Note 2.22, commissions paid to the agencies related to the production of the policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums and they are recognized in 'Deferred commission income' and 'Deferred commission expense'.

**Interest income and expense**

Interest income and expense 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.

**Dividend**

Dividend income is accounted when related dividend right arises.

**2.21 Dividend distribution**

Dividends distributed are recorded by deducting them from the accumulated profit in the period in which they are declared.

**2.22 Reserve for unearned premiums**

Reserve for unearned premiums, effective insurance contracts premiums occur from gross amounts without any commission or other discount and based on daily premium calculations for the following period or periods. For the goods marine insurance contracts without a specific expire date, the premiums accrued from the last three months, 50% of the remaining amount is allocated as reserve for unearned premium.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.22 Reserve for unearned premiums (Continued)**

The reserve for unearned premiums during the day basis evaluation while following sections of the extended periods are being evaluated it is assumed that in general implementation, the policy starts at noon 12:00 and ends again at noon 12:00.

Unearned portion of the commissions paid to the intermediaries for written premiums and commissions received from reinsurers for the premiums ceded are recognized in short term Prepaid Expenses and Income Accruals and Deferred Income and Expense Accruals respectively in the balance sheet. They are also recognized in the operating expenses after netting off.

In accordance with the Communiqué on Technical Reserves, for the calculation of reserve for unearned premium of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank are used, unless there is a specified exchange rate in the agreement (Note 17)

**2.23 Reserve for unexpired risks**

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums, above the mentioned expected loss ratio is calculated on the basis of main branches as of 31 December 2019, in accordance with the 'Regulation regarding the Changes in the Calculation of Unexpired Risk Reserve' dated 13 December 2012 and numbered 2012/15 published by Ministry of Treasury and Finance. In case where the expected loss ratio is higher than 95% net unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share.

With the "Circular No. 2022/27 on the Provision for Unexpired Risks" ("Circular No. 2022/27") published by the Insurance and Private Pensions Regulation and Supervision Agency, the gross loss premium rate to be used in the calculation of the provision for continuing risks to the insurance companies is determined. It is possible to calculate by dividing the amount of final claim found for each quarter (including indirect works) of the last year, based on the current year, by the earned premium. As an alternative to this method, the gross loss premium rate can be calculated by insurance companies over the sum of the last four quarters, including the current period, based on the writing (working) year, including indirect works, and in the relevant method, the policies written in the last year in calculating the amount of damage incurred by the company actuary. In terms of the writing (working) year, the immaturity of the damage development process should be taken into account within the framework of the best estimation principles. If the gross loss premium ratio calculated based on the accident year in the Land Vehicles, Voluntary Liability and General Liability branches of the Company is above 85%, the excess amount is multiplied by the gross unearned premium reserve; net unearned premium reserve has been multiplied by the net unearned premium reserve. However, the Company evaluated the current situation for the Compulsory Traffic branch as of the balance sheet date, and within the scope of the Circular no 2022/27, the loss premium rate calculated on the basis of the writing (working) year calculated by the Company actuary in the URP calculation of the said branch as of 31 December 2022 has used. Within the scope of the aforementioned circular, the calculation based on the writing (working) year instead of the accident year in the Compulsory Traffic branch had a reducing effect on the net URP recorded as of 31 December 2022 by TL 865,443,290.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.23 Reserve for unexpired risks (Continued)

In accordance with the Circular no 2022/27, the amounts of the direct works (including the works transferred to the Risky Insured Pool) related to the works in which 100% of the direct production is transferred to the pools established in Turkey are not included in the gross loss premium calculation. Since the liabilities of the companies in relation to these productions arise only from indirect production (such as the works from the Risky Insured Pool and the works received from the pool under the reinsurance agreement, such as the Yeşilkart insurance pool), only indirect productions can be used to determine the actual liability of the company for these works and similar works. The calculation is made separately from the other production of the branch, taking into account the damages and other income and expense items in this division. If the company considers that the weight of the production in question in the branch or the general portfolio of the company is insignificant, a separate calculation may not be made for this production.

If a separate calculation is made for the business in which 100% of the direct production is transferred to the pools established in Turkey, if the gross loss premium rate is above 100%, and for other works, the gross loss premium rate is above 85%, the net URP amount is determined by multiplying the excess amount by the gross unearned premium reserve (UPR) and multiplying the gross URP by the net UPR.

As of 31 December 2022, the Company has calculated a net unexpired risk reserve of TRY1,178,816,442 and booked (31 December 2021: TRY26,715,793) (Note 17).

The loss ratio (after discount) and gross and net provisions calculated by branches are presented on the following page:

Branch	Claim/ Premium	31 December 2022		31 December 2021	
		Gross URR	Net URR	Gross URR	Net URR
Motor Vehicles		1,317,344,229	1,011,388,088	26,980,427	26,715,793
- Compulsory traffic (except RIP)	119%	862,161,225	852,601,110	26,980,427	26,715,793
- RIP acquired	159%	149,269,073	149,269,073	-	-
- RIP transferred	158%	296,359,716	-	-	-
- Discretionary liability	102%	9,554,215	9,517,905	-	-
Disease	113%	159,559,989	159,559,989	-	-
General Liability	107%	58,799,240	7,106,451	-	-
Surety bond	104%	1,516,481	761,914	-	-
<b>Total</b>		<b>1,537,219,939</b>	<b>1,178,816,442</b>	<b>26,980,427</b>	<b>26,715,793</b>

#### 2.24 Provision for outstanding claims

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim provisions, claim recoveries, salvage and similar gains are not deducted.

In accordance with the Communiqué on Technical Reserves and 2011/1 and dated 14 January 2011, starting from 1 July 2012, the Company provided provision for the files that there is uncertainty about their amount and/or which are defined as pilot case based on the average amounts of which the calculation procedure and methods defined by Ministry of Treasury and Finance and updated the provision based on the further court decision and the expert reports

As of 31 December 2022, the difference between the provision for outstanding claim that is accrued and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the 'Circular on Provision for Outstanding Claim' numbered. 2014/16 and dated 5 December 2014 and is effective from 1 January 2015, is accounted for as incurred but not reported claims provision

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.24 Provision for outstanding claims (Continued)**

In accordance with 'the Circular on Provision for Outstanding Claim' dated 5 December 2014 and numbered 2014/16 published by Ministry of Treasury and Finance, since 1 January 2015, the calculation of incurred but not reported claim provision for outstanding claim considering that best estimations of the Company's actuary has been adjudicated. Based on mentioned circular letter, the data selection on incurred but not reported claim provision calculations, the amendments and adjustments and the selection of the best method and interference with development factor are done by the Company's actuaries based on actuarial methods. In this related circular letter, on the calculation of incurred but not reported provision for outstanding claim amount, the Company has been given the right to choose Actuarial Chain Ladder Methods (ACLM) for each branch of Chain Ladder Method, Loss Ratio, Cape Cod, Frequency-Severity Techniques, Munich Chain Ladder Method and Bornhuetter - Ferguson. The Company has chosen the actuarial method on the basis of the actuarial opinion and the related methods are explained in Note 17.

The data related accrued claim recoveries, salvage and equivalent income in the balance sheet are taken into consideration in the ACLM calculations with collections. In addition, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with in-forced reinsurance agreements of the Company. The gross and net incurred but not reported claim provision to be added or to be deducted for each branch and the calculation methodology as at 31 December 2022 and 2021 are explained in the Note 17.

In accordance with the circular numbered 2011/18 of the Ministry of Treasury and Finance; In the calculation of realized but not reported compensation amounts for Compulsory Traffic, Compulsory Road Transport Financial Liability and Bus Compulsory Seat Personal Accident branches made with the actuarial chain ladder method, all data on compensation for treatment expenses, outstanding claims and recourse, salvage and similar income collected excluded.

As of 31 December 2022, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to, TRY6,039,113,738 in its consolidated financial statements (31 December 2021: TRY2,719,279,643).

The "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated 10 June 2016 and numbered 2016/22 and the Ministry of Treasury and Finance dated 15 September 2017 and numbered 2017/7 "Net Cash Arising from Outstanding Claims Reserve In accordance with the Circular on the Amendment of the Circular No. 2016/22 on the Discounting of Flows, and "Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Compensation Provisions" dated 30 December 2022 and numbered 2021/30 ("Circular No. 2021/30") published by SEDDK the Company has a net amount of TRY3,852,024,009 31 as of December 2021 (31 December 2021: TRY1,448,945,234) for the branches in the table below discount calculated. In accordance with the Circular numbered 2021/30, the discount calculation as of 31 December 2021 was made by taking into account the annual rate of 14% (31 December 2021: 14% per annum). In accordance with the Circular numbered 2021/30, it is stated that the differences between the periods due to the said discount rate change should be accepted as a change in estimation. The said discount rate change had a reducing effect on the net outstanding claims provision as of 31 December 2022, amounting to TRY 873,365,688.



## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Provision for outstanding claims (Continued)

As of December 31, 2022 and 2021, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2022 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	8,616,755,501	(3,615,364,571)	5,001,390,930
Motor own damage	347,319,626	(37,393,936)	309,925,690
Health	252,753,130	(11,697,732)	241,055,398
General Liability	222,026,018	(120,378,259)	101,647,759
Fire and Natural Disasters	136,202,542	(24,879,272)	111,323,270
General Losses	83,032,135	(11,572,202)	71,459,933
Accident	60,408,378	(26,051,422)	34,356,956
Marine	21,512,677	(2,702,242)	18,810,435
Financial Losses	5,083,609	(779,724)	4,303,885
Water Vehicles	3,351,052	(559,486)	2,791,566
Surety	1,449,207	(465,460)	983,747
Legal Protection	392,778	(116,606)	276,172
Credit	270,377	(63,096)	207,281
<b>Total</b>	<b>9,750,557,030</b>	<b>(3,852,024,008)</b>	<b>5,898,533,022</b>

## TÜRKİYE SİGORTA AŞ

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.24 Provision for outstanding claims (Continued)**

<b>31 December 2021</b>	<b>Net outstanding claims</b>	<b>Discount</b>	<b>Discounted net</b>
<b>Branch</b>	<b>before discount</b>	<b>amount</b>	<b>Outstanding claims</b>
			<b>provisions</b>
Motor Third Party Liability	4,383,838,730	(1,322,635,296)	3,061,203,434
Motor own damage	240,668,436	(15,158,668)	225,509,768
Health	146,057,783	(4,333,582)	141,724,201
General Liability	185,286,028	(77,084,481)	108,201,547
Fire and Natural Disasters	102,880,495	(4,900,326)	97,980,169
General Losses	48,822,896	(4,646,590)	44,176,306
Accident	57,027,071	(18,678,269)	38,348,802
Marine	12,288,979	-	12,288,979
Financial Losses	2,917,388	(997,369)	1,920,019
Water Vehicles	4,766,937	-	4,766,937
Surety	1,333,833	(463,378)	870,455
Legal Protection	186,848	(36,166)	150,682
Credit	123,348	(11,109)	112,239
<b>Total</b>	<b>5,186,198,772</b>	<b>(1,448,945,234)</b>	<b>3,737,253,538</b>

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.24 Provision for outstanding claims (Continued)

The methods applied to estimate the net cash flows of the Company as at 31 December 2022 and 2021 and the estimated net cash flows for each major branch are as follows.

31 December 2022	Methods					
Branch	Applied	2023	2024	2025	2026	2027
Motor Third Party Liability	Tablo 57	2,203,272,416	1,220,588,764	970,783,838	914,937,729	844,764,706
Motor own damage	Tablo 57	287,721,293	16,410,518	13,064,096	11,912,855	9,008,599
Health	Tablo 57	243,981,312	7,531,960	1,169,440	38,259	(24,999)
General Liability	Tablo 57	18,128,892	20,699,551	24,852,336	29,474,667	33,619,920
Fire and Natural Disasters	Tablo 57	91,207,020	15,086,744	8,397,598	7,151,006	6,830,149
General Losses	Tablo 57	61,762,586	11,589,432	4,797,863	2,085,217	1,251,162
Accident	Tablo 57	13,043,692	8,786,654	7,840,077	7,831,593	6,833,319
Marine	Tablo 57	15,320,683	6,111,895	(94,905)	291,849	205,616
Financial Losses	Tablo 57	3,992,637	561,543	80,785	77,312	95,323
Water Vehicles	Tablo 57	2,602,432	342,213	39,024	123,010	(291,487)
Surety	Tablo 57	392,204	205,033	466,134	202,319	169,709
Legal Protection	Tablo 57	130,539	113,603	55,956	41,083	22,909
Credit	Tablo 57	138,433	74,583	2,966	(4,959)	46,082

31 December 2021	Methods					
Branch	Applied	2022	2023	2024	2025	2026
Motor Third Party Liability	Tablo 57	1,095,754,206	698,921,537	592,558,315	524,365,682	455,113,168
Motor own damage	Tablo 57	207,579,737	10,791,091	7,234,338	5,936,847	4,164,463
Health	Tablo 57	142,007,962	3,309,322	686,184	45,168	(20,112)
General Liability	Tablo 57	17,612,271	18,988,532	21,005,763	21,366,346	23,476,860
Fire and Natural Disasters	Tablo 57	88,248,199	9,557,550	4,016,936	3,380,513	2,546,394
General Losses	Tablo 57	36,812,657	6,293,697	2,712,231	1,184,342	920,748
Accident	Tablo 57	11,576,031	8,570,281	7,660,929	7,354,784	6,791,828
Financial Losses	Tablo 57	1,113,618	202,371	99,709	115,588	154,958
Surety	Tablo 57	224,119	132,152	238,770	215,690	158,443
Legal Protection	Tablo 57	77,250	44,263	27,281	17,424	11,343
Credit	Tablo 57	91,272	29,351	3,509	(784)	-

2028	2029	2030	2031	2032	Total
763,631,667	665,766,402	610,395,670	355,516,056	67,098,253	8,616,755,501
3,860,411	2,706,337	1,740,337	1,054,347	(159,167)	347,319,626
41,723	14,823	612	-	-	252,753,130
33,153,940	32,798,409	19,552,357	8,949,272	796,674	222,026,018
5,920,678	1,606,452	(95,475)	59,411	38,959	136,202,542
796,455	324,449	289,199	132,901	2,871	83,032,135
5,413,194	4,516,838	3,866,385	1,839,763	436,863	60,408,378
(432,924)	(254,674)	172,139	148,628	44,370	21,512,677
104,155	117,772	53,322	760	-	5,083,609
48,536	113,487	304,791	65,435	3,611	3,351,052
1,019	1,870	10,465	454	-	1,449,207
15,244	9,245	4,199	-	-	392,778
126	9,465	3,681	-	-	270,377

2027	2028	2029	2030	2031	Total
384,206,809	290,765,060	207,458,974	105,341,206	29,353,773	4,383,838,730
2,252,575	1,461,933	1,044,918	286,024	(83,490)	240,668,436
22,932	5,912	415	-	-	146,057,783
27,467,379	21,355,847	18,385,701	13,079,056	2,548,273	185,286,028
582,708	(1,066,333)	(1,306,075)	(1,676,035)	(1,403,362)	102,880,495
691,284	159,503	34,015	14,021	398	48,822,896
5,710,754	4,182,478	2,978,768	1,825,361	375,857	57,027,071
116,709	303,178	372,447	340,339	98,471	2,917,388
138,488	209,160	16,653	358	-	1,333,833
7,701	1,381	205	-	-	186,848
-	-	-	-	-	123,348

# CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.24 Provision for outstanding claims (Continued)

In accordance with the Circular No. 2011/23, it is possible to calculate a winning rate over the amounts of the lawsuits filed against the Company according to the realizations of the last five years according to the realizations of the last five years, and according to the calculated win rate, it is possible to make a discount from the outstanding claims reserves accrued for the files in the litigation process. As of December 31, 2018, the company calculated the winning rates by sub-branches by proportioning the amount of the claims, whose all judicial processes were completed in the last five years, to the total amount of the files. In the calculation of the winning ratio, only the principal amounts related to the compensation are included in the calculation, and the interest and other expenses are not taken into account. In accordance with the Circular numbered 2011/23 for the branches with a winning ratio of over 25%, a discount was made from the outstanding claims reserve amount by using 25% for those with sufficient previous files and 15% for other branches. The company made the said calculations on the gross amounts and the reinsurance shares of the discount amount were determined by taking into account the reinsurance share of the related files. As of 31 December 2022, the net deduction amount of the Company's earning rates calculated on the basis of sub-branches and the provision for outstanding claims accrued is TRY743,999,748 (31 December 2021: TRY485,664,401) (Note 17). The winning rates used on a branch basis as of 31 December 2022, 2021 are as follows:

Branch	31 December 2022	31 December 2021
	Used Winning Ratio (%)	Used Winning Ratio (%)
Fire	25.00%	25.00%
Loss of profit	25.00%	25.00%
Construction All Risk	25.00%	25.00%
Marine Hull and Machinery	25.00%	25.00%
Compulsory Financial Liability	25.00%	25.00%
MTPL – facultative	25.00%	25.00%
Motor vehicles - own damage	25.00%	25.00%
Compulsory Seat Occupational responsibility for Insurance Transportation on Road	25.00%	25.00%
Third party financial liability	25.00%	25.00%
Robbery	25.00%	25.00%
Aircraft Financial Liability	25.00%	25.00%
ZMSS on Medical Malpractice	25.00%	25.00%
Private Security Financial Liability	25.00%	25.00%
Occupational responsibility	25.00%	25.00%
Optional Earthquake	25.00%	25.00%
Flood	25.00%	25.00%
Landslide	25.00%	25.00%
Personal Accident	25.00%	25.00%
Loss of Rent and Income	25.00%	25.00%
Legal Protection	25.00%	25.00%
Machinery breakdown	25.00%	25.00%
Erection All Risks	25.00%	25.00%
Construction	25.00%	25.00%
Compulsory Product Liability for LPG	25.00%	25.00%
Health	25.00%	25.00%
Travel Health	25.00%	25.00%
Compulsory Traffic (Excluding Green Card)	24.21%	24.21%
Electronic Equipment	22.69%	22.69%
Employer financial liability	14.10%	14.10%

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.25 Equalization provision**

In accordance with the Communiqué on Technical Reserves, the Insurance Companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalization reserve, provided that no deduction has been made from current year charge to the reserve.

As of 31 December 2022, equalization provision amounting to TRY159,944,693 (31 December 2021: TRY130,853,892) is presented under 'Other Technical Reserves' under the long term-liabilities in the accompanying financial statements (Note 17).

**2.26 Related Parties**

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties (Note 45).

**2.27 Earnings 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. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the bonus issue of shares retrospectively from the beginning of the previous reporting period (Note37).

**2.28 Subsequent events**

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the consolidated financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material

# CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.29 New standards and interpretations

#### a. Standards, amendments and interpretations applicable as at 31 December 2022:

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

#### b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. In addition, with the "Sector Announcement on the Implementation of Some Turkish Financial Reporting Standards by Companies" of SEDDK dated 29 December 2022 and numbered 2022/15, information was given about keeping the legal books according to the current chart of accounts in the fiscal year that started on January 1, 2023.

The Company has evaluated the changes in the standards that have been published but have not yet become effective and started work on the IFRS 17 standard and its effects. The Company management is of the opinion that the changes made, except for the IFRS 17 standard, do not have a material impact on the financial statements.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk (Note 4.1) and management of financial risk (Note 4.2).

Preparation of consolidated financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

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 consolidated financial statements are described in the following notes:

4.1 Notes - Management of insurance risk

4.2 Notes - Financial risk management

6 Notes - Tangible assets

7 Notes - Investment properties

8 Notes - Intangible assets

9 Notes - Investments in associates

10 Notes - Reinsurance assets and liabilities

11 Notes - Financial assets

12 Notes - Loans and receivables

21 Notes - Deferred taxes

42 Notes- Risks

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK****4.1 Management of insurance risk**

The risk under an insurance contract is the probability of an insured event's occurring including the uncertainty of the amount of any resulting claim. This risk is impossible to estimate because of its structure. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

In accordance with Code of Risk Acceptance of the Company, risks are allocated in terms of their branches and potential effects. The main part of this risk management is the evaluation of all possibilities to eliminate, control or reinsure the risk by defining in all parts of the insurance operations.

According to risk types, the Company makes some analysis to decide about which branches it can operate in which city or region by using the analysis of district-city actuarial methods.

These analyses are updated about the new information received and so that policies will change about the priorities of the operations.

With the risk policies developed by these methods, it is aimed to increase the Company's profitability on the basis of branches, regions and cities.



**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.1 Management of insurance risk (Continued)**

Risks are divided into branches and sizes in terms of the Company's Risk Acceptance Regulations. Acceptance or rejection according to the result of risk examination's evaluations is decided by the Company's Risk Engineers, Related Branch Managers and Technical Unit Assistant of General Manager after evaluation.

The Company determines annual 'risk acceptance policies' regarding the products of the Company and revise these policies during the year, if necessary. Based on the mentioned risk acceptance policies, the maximum and minimum limits for risk analysis during the period from order process to the issuance of the policy and the risks which will be excluded are determined for each product. Furthermore, the Company, by considering its financial structure, obtains coverage for the significant risks and catastrophic losses through the use of reinsurance agreements.

The most common method to manage insurance risk is to arrange reinsurance agreements. But the transfer of insurance risk through reinsurance agreements is not eliminating the liability of the Company as the first one made the insurance. If reinsurance company does not pay the loss, Company's liability towards the policyholder continues. The company evaluates the reliability of reinsurance company by analyzing the financial condition before annual contract.

The Company not only creates new policies within the context of risk evaluation as mentioned above, also transfers the risks to reinsurer companies with reinsurance agreements. The Company transfers the risks with special acceptance of excess loss insurance and quota surplus reinsurance within the context of the agreements.

Reinsurance agreements contains claim excess (quota surplus reinsurance, excess loss insurance) catastrophic guarantee (provision).

In addition, at the jobs, excess of special acceptance capacity which are at different levels for branches, arbitrary reinsurance are done by related technical departments. Generally, the Company has agreements of fire and natural disasters, marine, accident, transportation vehicles (land), transportation vehicles (air), transportation vehicles (sea), general losses, transportation vehicles (land) liability, transportation vehicles (sea) liability, general liability, financial losses, legal protection and health branches. Insurance guarantee amounts are also explained in Note 17.

As of 31 December 2022 QBE and SiriusPoint is the leader reinsurers of the Company in branches such as fire and engineering, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Everest Re, Milli Re, Odyssey Re Labuan Re, China Re ve XL Re.

The last credit-scaling notes as follows in the table;

<b>Reinsurer</b>	<b>Scale</b>	<b>Outlook</b>	<b>Date</b>
Liberty Mutual Insurance Company	A	AM Best	29 Temmuz 2022
QBE Europe nv/sa	A	AM Best	7 Nisan 2022
Sirius International Insurance Corporation (publ)	A-	AM Best	1 Nisan2022
Everest Reinsurance Company	A+	AM Best	15 Haziran 2022
Odyssey Reinsurance Company	A	AM Best	23 Haziran 2022
China Re.	A	AM Best	18 Kasım 2022
Labuan Re	A-	AM Best	28 Ekim 2022
Milli Reasürans T.A.Ş.	BBB-	S&P	30 Eylül 2022

The company has annual excess treaty in fire, marine, engineering and miscellaneous accident branches, as for quota share agreements for marine, commodity, farming, building completion and credit branches as of the date 31 December 2022.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK(Continued)****4.1 Management of insurance risk (Continued)****Premiums transferred to the Social Security Institution**

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of 'The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees' (the 'Law') numbered 6111 published in the Official Gazette dated 25 February 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ('SSI') regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 27 August 2011 ('The Regulation'), 'The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 15 September 2011 and numbered 2011/17 (the 'Communiqué numbered 2011/17') and 'The Communiqué on the Accounting of Payments to Social Security Institution ('SSI') with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart' dated 17 October 2011 (the 'Communiqué numbered 2011/18'), the regulation('2012/3 numbered notice) making changes in 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 16 March 2012 and numbered 2012/3 and the communique about changes related 'the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 30 April 2012 and numbered 2012/6(the 'Communique numbered 2012/6'). Within this framework, the Company is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of 25 February 2011, the notice numbered 2012/3 and the communiqué numbered 2012/6 in 'Compulsory Marine', 'Compulsory Traffic' and 'Compulsory Motor Personal Accident' branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in 1 January - 31 December 2022 account period as TRY593,779,883 under the account of 'premiums transferred to SSI' (1 January - 31 December 2021: TRY177,301,773).

**Premiums and claims transferred to the Risky Insured Pool**

12 April 2017 for high level of damage frequency and/or vehicle groups as determined by the 'Regulation on the Amendment of the Regulation on Tariff Implementation Principles in the Compulsory Financial Liability Insurance for Motor Vehicles', published by Ministry of Treasury and Finance in the Official Gazette dated 11 July 2017 and numbered 30121 The 'Risk Insured Pool' ('Pool') was established to be valid for the traffic insurance policies written since 12 April 2017. According to the risk insured Pool Work Essentials enacted with the regulation in question, the premium for the pool covered by traffic insurance policy and damage Turkey Motor Vehicle Bureau ('TMTB') to be calculated in two stages. Accordingly, 50% of the premiums and damages are shared equally among the insurance companies; while the remaining 50% is distributed considering the share of insurance companies in the last 3 years of traffic insurance premiums.

The Company has recorded the premiums, indemnities and commission amounts transferred from the Risky Insurance Pool within the scope of the Company's share within the scope of the regulation, taking into consideration the estimated amounts of the unreported periods at the closing date of the accounts and the monthly receipts finalized by TMTB. As of 31 December 2022, the Company has transferred TRY749,041,945 premium and TRY450,630,830 paid compensation and recovery income to the Pool. TRY426,259,250 premium, TRY128,125,595,95 commission, TRY311,531,782 paid as compensation and recovery income from Pool to the Company were recognized in accordance with the relevant legislation.

The 'Compulsory Medical Malpractice Law' which is annexed to the 'Procedures and Principles Regarding the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice' (2010/1) published by Ministry of Treasury and Finance in the Official Gazette dated 7 October 2017 and numbered 30203 Liability Insurance Tariff and Instruction 'B. INCIDENT', the Premiums and Claims Sharing Basis for the Medical Malpractice Insurance Liability Insurance, the premiums and claims related to the financial liability policies in the application are calculated in two stages by the company appointed by the Evaluation Committee. Accordingly, 50% of the premiums and claims are shared equally among the insurance companies; and the remaining 50% is distributed considering the share of insurance companies' medical liability insurance premiums in the last three years.

# **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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## **4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

### **4.1 Management of insurance risk (Continued)**

The Company has accounted the amounts of premiums, claims and commissions that are taken over from the Pool within the scope of the Company's market share and ceded to the Medical Malpractice Liability Pool within the scope of the regulation, considering the amounts in the monthly statements that is finalized by other insurance companies. As of 31 December 2022, The Company has ceded TRY7,16,748,481 premium to the Pool and accounted TRY5,443,719 premium, TRY1,238,245 compensation and TRY2,283,883 commission income; based on its share which are reported by the Pool, on the financial statements in accordance with the legislation.

### **4.2 Management of financial 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

#### **4.2 Management of financial risk (Continued)**

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 analysed 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.

#### **Credit risk**

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The balance sheet items that the Company is exposed to credit risk are as follows:

- Banks
- Other cash and cash equivalents (excluding cash on hand)
- Financial assets held for trading
- Premium receivables from policyholders
- Receivables from intermediaries (agencies)
- Receivables from reinsurance companies related to commissions and claims paid
- Reinsurance shares of insurance liability
- Other receivable

Financial assets of the Company, subject to credit risk are mainly demand and time deposits held at banks in Turkey and other financial intermediaries, and credit card receivables. All these receivables are assumed that they do not have a high credit risk.

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

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

	31 December 2022	31 December 2021
N Cash equivalents (Note 14)	9,034,205,139	6,103,547,210
Receivables from operating activities (Note 12)	4,535,533,038	3,376,909,487
Reinsurer's share in provision for outstanding claims (Note 10)	5,138,167,362	3,468,615,657
Financial assets (Note 11)	8,605,624,564	2,173,847,016
Prepaid taxes and funds (Note 12)	51,512,542	46,854,946
Other receivables (Notes 12)	16,586,270	20,960,793
Advances given to personnel	126,001	91,643
<b>Total</b>	<b>27,381,754,916</b>	<b>15,190,826,752</b>

Details of guarantees and securities taken for the receivables are as follows:

	31 December 2022	31 December 2021
Letter of guarantee	100,589,967	74,307,681
Notes received	63,603,878	60,530,776
Cash guarantees	54,436,576	26,797,460
Other guarantee and commitments	75,283,550	52,378,393
<b>Total</b>	<b>293,913,971</b>	<b>214,014,310</b>

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

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

	31 December 2022		31 December 2021	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	3,897,539,059	-	2,948,812,879	-
Past due 0-30 days	314,390,343	-	152,612,496	-
Past due 31-60 days	206,328,648	-	175,299,603	-
Past due 61-180 days	15,028,187	-	29,888,122	-
More than 181 days receivables	56,715,891	(42,399,110)	53,008,127	(32,548,191)
	<b>4,490,002,128</b>	<b>(42,399,110)</b>	<b>3,359,621,227</b>	<b>(32,548,191)</b>
Subrogation and salvage receivables	102,305,586	(14,375,566)	64,021,103	(14,184,652)
Doubtful receivables from main operations recovery receivables	648,105,114	(648,105,114)	554,472,860	(554,472,860)
<b>Total</b>	<b>5,240,412,828</b>	<b>(704,879,790)</b>	<b>3,978,115,190</b>	<b>(601,205,703)</b>

The movement in the allowance for impairment in respect of premium receivables during the period is as follows:

	2022
<b>Beginning of the period - 1 January</b>	<b>(601,205,703)</b>
Change in provision for recovery receivables under legal follow-up (Note 47)	(101,316,105)
Other	(2,357,982)
<b>Period ending - December 31</b>	<b>(704,879,790)</b>

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

#### Managing Liquidity Risk

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

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

The table below shows the distribution of the Company's financial and insurance liabilities as of the balance sheet dates, based on contractual or expected terms:

Monetary asset and liabilities' remaining periods to maturity:

31 December 2022	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
<b>Assets</b>						
Cash and cash equivalents	9,034,205,139	4,917,646,324	4,061,926,616	54,632,199	-	-
Financial assets	8,605,624,564	3,425,311,322	1,293,487,366	1,091,757,565	1,970,706,266	824,362,045
Receivables from operating activities	4,535,533,038	1,169,694,256	1,104,123,207	2,141,334,659	120,380,916	-
Other receivables	16,586,270	9,882,172	395,574	260,758	6,047,766	-
<b>Total monetary assets</b>	<b>22,191,949,011</b>	<b>9,522,534,074</b>	<b>6,459,932,763</b>	<b>3,287,985,181</b>	<b>2,097,134,948</b>	<b>824,362,045</b>
<b>Liabilities</b>						
Payables from operating activities	2,975,252,693	914,692,073	1,107,587,931	900,545,328	52,427,361	-
Due to related parties	7,163,651	257,842	2,653,555	4,252,254	-	-
Other payables	397,412,189	162,161,147	218,724,336	16,526,706	-	-
Provision for outstanding claims, net	5,898,533,022	367,436,763	1,087,236,961	4,213,866,866	209,084,031	20,908,401
Provision for tax and other similar liabilities	394,920,037	332,838,634	58,765,743	3,315,660	-	-
Financial liabilities	1,900,367,242	1,882,898,544	-	-	17,468,698	-
<b>Total monetary liabilities</b>	<b>11,573,648,834</b>	<b>3,660,285,003</b>	<b>2,474,968,526</b>	<b>5,138,506,814</b>	<b>278,980,090</b>	<b>20,908,401</b>

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

31 December 2021	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
<b>Assets</b>						
Cash and cash equivalents	6,103,547,210	3,658,432,008	2,282,569,102	162,546,100	-	-
Financial assets	2,173,847,016	248,597,521	340,705,632	423,492,812	819,344,555	341,706,496
Receivables from operating activities	3,376,909,487	1,272,038,634	553,401,123	1,489,214,326	62,255,404	-
Other receivables	20,960,793	13,643,670	786,787	518,651	6,011,685	-
<b>Total monetary assets</b>	<b>11,675,264,506</b>	<b>5,192,711,833</b>	<b>3,177,462,644</b>	<b>2,075,771,889</b>	<b>887,611,644</b>	<b>341,706,496</b>
<b>Liabilities</b>						
Payables from operating activities	2,186,924,896	1,204,435,769	392,796,996	519,467,601	70,224,530	-
Due to related parties	8,569,158	308,431	3,174,182	5,086,545	-	-
Other payables	155,232,416	36,528,998	85,435,495	6,455,465	26,812,458	-
Provision for outstanding claims, net	3,737,253,538	232,804,384	688,862,835	2,669,865,336	132,473,622	13,247,361
Provision for tax and other similar liabilities	270,982,980	142,535,371	-	128,447,609	-	-
Financial liabilities	13,381,389	159,759	-	-	13,221,630	-
<b>Total monetary liabilities</b>	<b>6,372,344,377</b>	<b>1,616,772,712</b>	<b>1,170,269,508</b>	<b>3,329,322,556</b>	<b>242,732,240</b>	<b>13,247,361</b>

#### Market risk

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.

#### Currency risk

The Company is exposed to currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

The Company's exposure to foreign currency risk is as follows:

31 December 2022	USD	EUR	Other Currencies	Total
<b>Assets:</b>				
Cash and cash equivalents	711,398,417	195,303,716	3,336,079	910,038,212
Financial Assets	423,342,229	-	-	423,342,229
Receivables from operating activities	1,211,890,250	532,319,786	6,950,069	1,751,160,105
<b>Total foreign currency assets</b>	<b>2,346,630,896</b>	<b>727,623,502</b>	<b>10,286,148</b>	<b>3,084,540,546</b>
<b>Liabilities:</b>				
Payables arising from operating activities	1,360,212,366	352,300,904	332,923	1,712,846,193
Provision for outstanding claims	27,971,414	20,162,938	5,532,722	53,667,074
Deposits and collaterals received	21,558,390	5,384,996	-	26,943,386
<b>Total foreign currency liabilities</b>	<b>1,409,742,170</b>	<b>377,848,838</b>	<b>5,865,645</b>	<b>1,793,456,653</b>
<b>Balance sheet position</b>	<b>936,888,726</b>	<b>349,774,664</b>	<b>4,420,503</b>	<b>1,291,083,893</b>
<b>31 December 2021</b>				
	USD	EUR	Other Currencies	Total
<b>Assets:</b>				
Cash and cash equivalents	442,353,632	140,487,777	3,060,385	585,901,794
Financial assets	118,622,301	-	-	118,622,301
Receivables from operating activities	1,303,765,079	395,021,428	7,167,370	1,705,953,877
<b>Total foreign currency assets</b>	<b>1,864,741,012</b>	<b>535,509,205</b>	<b>10,227,755</b>	<b>2,410,477,972</b>
<b>Liabilities:</b>				
Payables arising from operating activities	1,317,749,142	336,243,073	8,387,902	1,662,380,117
Provision for outstanding claims	18,823,349	10,115,671	3,750,937	32,689,957
Deposits and collaterals received	16,130,432	4,412,188	-	20,542,620
<b>Total foreign currency liabilities</b>	<b>1,352,702,923</b>	<b>350,770,932</b>	<b>12,138,839</b>	<b>1,715,612,694</b>
<b>Balance sheet position</b>	<b>512,038,089</b>	<b>184,738,273</b>	<b>(1,911,084)</b>	<b>694,865,278</b>

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented above.



## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

##### Exposure to currency risk

20% percent devaluation of the TRY against the following currencies as at 31 December 2022 and 2021 would have increased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. 20% percent appreciation of the TRY against the following currencies' effect will be in opposite direction.

	1 January- 31 December 2022		1 January- 31 December 2021	
	Profit or loss	Equity	Profit or loss	Equity
USD	187,377,745	187,377,745	102,407,618	102,407,618
EUR	69,954,933	69,954,933	36,947,655	36,947,655
Other currencies	884,101	884,101	(382,217)	(382,217)
<b>Total, net</b>	<b>258,216,779</b>	<b>258,216,779</b>	<b>138,973,056</b>	<b>138,973,056</b>

##### Exposure to interest rate risk

The principal risk to which financial assets 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 re-pricing bands.

As at 31 December 2022 and 2021, the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed below:

	31 December 2022	31 December 2021
<b>Financial assets with fixed interest rate:</b>		
Deposits in banks (Note 14)	6,781,587,526	5,147,085,000
Non-trading financial assets (Note 11)	585,782,233	733,378,944
Financial assets held to maturity (Note 11)	992,450,784	133,121,716
Financial assets held for trading (Note 11)	1,655,341,460	848,908,165
<b>Financial assets with non-fixed interest rate:</b>		
Deposits in banks (Note 14)	-	123,002,954
Non-trading financial assets (Note 11)	1,674,913,483	-
Financial assets held to maturity (Note 11)	36,005,246	16,554,892
Financial assets held for trading (Note 11)	3,661,131,358	441,883,299
<b>Financial assets with fixed interest rate:</b>		
Liabilities from financial leasing transactions (Note 20)	29,092,275	13,381,389
Other Liabilities (Note 20)	1,871,274,967	-

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.2 Management of financial 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.

Available-for-sale financial assets are measured at their fair values based on their quoted prices in the accompanying financial statement. To measure the fair values of the debt securities which has no quoted prices in the financial markets, a valuation technique is applied, which all inputs are based on the observable information.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying amounts.

*Classification of fair value measurement*

'IFRS 7 - Financial Instruments': Disclosures requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification priorities observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Company. This sort of categorization generally results in the classifications below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### 4.2 Management of financial risk (Continued)

Classification of financial assets and liabilities' fair values is as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Non-trading financial assets (Note 11)	513,490,656	1,747,205,060	-	2,260,695,716
Financial assets held for trading (Note 11)	3,215,024,056	2,101,448,762	-	5,316,472,818
Investment in equity shares <sup>(1)</sup>	-	-	2,233,415,588	2,233,415,588
Investment in equity shares <sup>(1)</sup>	273,988,374	-	1,066,862,399	1,340,850,773
Properties held for use (Note 6)	-	515,335,000	-	515,335,000
Investment Properties (Note 7)	-	107,435,771	-	107,435,771
	<b>3,728,514,712</b>	<b>4,471,424,593</b>	<b>2,233,415,588</b>	<b>10,433,354,893</b>

31 December 2021	Level 1	Level 2	Level 3	Total
Non-trading financial assets (Note 11)	733,378,944	-	-	733,378,944
Financial assets held for trading (Note 11)	192,434,703	1,098,356,761	-	1,290,791,464
Investment in equity shares <sup>(1)</sup>	273,988,374	-	1,066,862,399	1,340,850,773
Properties held for use (Note 6)	-	302,775,000	-	302,775,000
Investment Properties (Note 7)	-	51,300,737	-	51,300,737
	<b>1,199,802,021</b>	<b>1,452,432,498</b>	<b>1,066,862,399</b>	<b>3,719,096,918</b>

<sup>(1)</sup> There are no investments carried out from the cost value in the investment in equity shares.

Fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies. Unlisted shares of fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies.

#### Sensitivity of fair value of financial assets

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a change in index. If market prices had increased/decreased by 5% and all other variables had remained constant, the Company's equity would have been TRY 378,858,427 (31 December 2021: TRY 114,907,939) more/lower as of December 31, 2022, excluding tax effects.

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)****4.2 Management of financial risk (Continued)****Capital Management**

The Company's major capital management policies include the following:

- To comply with the insurance capital requirements required by insurance legislation,
- To safeguard the Company's ability to continue as going concern
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk assumed.

The Company has taken following actions to increase profitability and sustain a structure;

- The company makes production and risk selection in accordance with the new legal regulations in traffic insurances.
- The actuarial schedules related to motor vehicles and traffic branches are regularly reviewed and revised. The company intends to increase its profitability and production in the motor vehicles and to reduce the harm caused by balanced production in the traffic branch.
- In order to set an individual profitable portfolio, the Company operates by adopting adequate price and accurate conditions policy
- The Company has adopted the policy of increasing the treaty capacity in Fire and Construction branches to constitute a profitable portfolio.

The Company's capital adequacy measurement is carried out twice a year, in June and December, within the two months following these periods, within the framework of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies. When the company management evaluates its equity capital as of 31 December 2022, considering the circular numbered 2023/1 dated 4 January 2023 and the circular numbered 2023/5 dated 4 January 2023 and the circular numbered 2023/5 dated 9 February 2023, it is of the opinion that the required minimum equity capital adequacy has been achieved.

Information about earnings from financial assets is indicated in Note 26. The details of financial expenses are as follows:

Details of financial income and losses accounted for in equity are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Changes in the fair value of financial assets, after tax	972,334,047	123,886,744
	<b>972,334,047</b>	<b>123,886,744</b>

**5. SEGMENT REPORTING**

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).

**Business Segments**

Information about the Company's segment reporting is explained in this section within the context of IFRS 8 - Business Segments Standards.

Not only reports given to upper level management to give a decision about reporting sub-operating segments, also numerical sub limits within the context of IFRS 8 - Business Segments Standards are taken into consideration and premium production, and technical profitability are evaluated as a different business segments.

## **CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### **5. SEGMENT REPORTING (Continued)**

#### **Fire Insurance**

With this insurance; damages on the insured goods as a result of fire, lightning, blast, fume, steam, and fever are insured up to the insurance coverage.

#### **Motor Vehicles Insurance**

The company provide physical damage thereby danger and invasion by motor own damage policyholder motor can be used in road, from non-motorized vehicles, and the trailer or caravan with backhoe, advantage arising from the tractor wheel; can be used in highway motor vehicle, struggle with non-motorized transport, on the move or pause position involuntarily policyholder or user of the car, strike of an object which was moving or the car striking to object tipping, falling, rolling, such as accidents, or movements with bad faith by third party, vehicle's combustion, be stealing of car or attempt to steal.

#### **Motor Vehicles (Land) Liability Insurance**

The Company described the policy that if the mentioned motor vehicle, during the operation, will cause a person's death or injury or damage a thing, in accordance with No. 2918 Road Traffic Act, the operator's legal responsibility will be provided up to insurance limits.

trailer's insurance policy. Trailers to carry people will be covered if there is an additional liability insurance, specified the special conditions.

In order to prevent or minimize the damage after an accident, the Insuree's reasonable and necessary expenses will be covered by the Company. This insurance is the operator (the Insuree) to ensure the defence against unjustified claims.

#### **Health Insurance**

Health insurance; during the period of insurance, provides the treatment costs if the insuree got illness, accident, if also there is, daily paid claims up to written amounts in the insurance policy. The policy's geographical borders are mentioned in the policy.

#### **Geographical Reporting**

The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

Since the performance measurement and follow-up of the operating segments does not require a separate follow-up of assets and liabilities, an analysis on assets and liabilities is not presented

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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**5. SEGMENT REPORTING (Continued)**

As of 1 January - 31 December 2022 segment results are as follows:

	Motor Third						
	Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>2,959,084,200</b>	<b>2,103,139,133</b>	<b>789,912,959</b>	<b>1,290,801,239</b>	<b>2,520,074,185</b>	-	<b>9,663,011,716</b>
1 - Earned premiums (net off reinsurers' share)	2,045,601,487	1,639,541,833	591,263,324	898,609,609	1,717,527,236	-	6,892,543,489
1.1 - Written premiums (net off reinsurers' share)	5,037,303,711	2,336,535,095	1,324,750,848	1,374,036,804	2,709,908,592	-	12,782,535,050
1.2 - Change in reserve for unearned premiums	(2,007,029,930)	(696,993,262)	(573,927,535)	(475,427,195)	(984,512,990)	-	(4,737,890,912)
1.3 - Change in reserve for unexpired risk	(984,672,294)	-	(159,559,989)	-	(7,868,366)	-	(1,152,100,649)
2 - Other technical incomes and accrued salvage and							
Subrogation receivables (net off reinsurer's share)	51,597,012	55,613,263	508,021	15,597,089	16,135,756	-	139,451,141
3 - Investment Income Transferred from Non-Technical Part	861,885,701	407,984,037	198,141,614	376,594,541	786,411,193	-	2,631,017,086
<b>Technical Expense</b>	<b>(4,949,260,954)</b>	<b>(1,638,182,889)</b>	<b>(1,142,174,261)</b>	<b>(555,745,329)</b>	<b>(875,199,235)</b>	-	<b>(9,160,562,668)</b>
1 - Claims accrued (net off reinsurers' share)	(4,458,043,800)	(1,227,995,784)	(844,711,152)	(288,769,468)	(443,450,009)	-	(7,262,970,213)
1.1 - Claims paid (net off reinsurers' share)	(2,517,856,304)	(1,143,579,861)	(745,379,954)	(275,426,367)	(419,448,243)	-	(5,101,690,729)
1.2 - Claims paid (net off reinsurers' share ((net off reinsurers' share and deferred part) (+/-)	(1,940,187,496)	(84,415,923)	(99,331,198)	(13,343,101)	(24,001,766)	-	(2,161,279,484)
2- Change in other technical provisions	-	(3,016,720)	-	(24,211,904)	(1,862,178)	-	(29,090,802)
3- Operating expenses	(491,217,154)	(407,170,385)	(297,463,109)	(242,763,957)	(429,887,048)	-	(1,868,501,653)
<b>Technical profit/(loss)</b>	<b>(1,990,176,754)</b>	<b>464,956,244</b>	<b>(352,261,302)</b>	<b>735,055,910</b>	<b>1,644,874,950</b>	-	<b>502,449,048</b>
Investment income	-	-	-	-	-	4,132,819,668	4,132,819,668
Investment expenses	-	-	-	-	-	(3,543,462,969)	(3,543,462,969)
Amortization expenses	-	-	-	-	-	(40,356,076)	(40,356,076)
Other operating expenses	-	-	-	-	-	(65,239,828)	(65,239,828)
Tax expense	-	-	-	-	-	(23,809,042)	(23,809,042)
<b>Net period profit</b>	-	-	-	-	-	<b>459,951,753</b>	<b>962,400,801</b>

**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**5. SEGMENT REPORTING (Continued)**

As of 1 January - 31 December 2021 segment results are as follows:

	Motor Third						
	Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>1,317,152,925</b>	<b>1,232,278,276</b>	<b>726,140,949</b>	<b>760,254,765</b>	<b>1,353,226,501</b>	-	<b>5,389,053,416</b>
1 - Earned premiums (net off reinsurers' share)	1,055,567,491	954,535,413	604,609,108	533,813,875	952,447,592	-	4,100,973,479
1.1 - Written premiums (net off reinsurers' share)	1,445,475,992	1,122,654,644	617,776,031	627,448,564	1,178,573,545	-	4,991,928,776
1.2 - Change in reserve for unearned premiums	(363,192,708)	(168,119,231)	(13,166,923)	(93,634,689)	(231,259,170)	-	(869,372,721)
1.3 - Change in reserve for unexpired risk	(26,715,793)	-	-	-	5,133,217	-	(21,582,576)
2 - Other technical incomes and accrued salvage and							
Subrogation receivables (net off reinsurer's share)	76,814,417	56,292,421	529,324	32,155,761	6,047,181	-	171,839,104
3 - Investment Income Transferred from Non-Technical Part	184,771,017	221,450,442	121,002,517	194,285,129	394,731,728	-	1,116,240,833
<b>Technical Expense</b>	<b>(1,615,683,579)</b>	<b>(952,695,106)</b>	<b>(623,147,369)</b>	<b>(353,151,291)</b>	<b>(547,339,220)</b>	-	<b>(4,092,016,565)</b>
1 - Claims accrued (net off reinsurers' share)	(1,446,990,932)	(706,767,324)	(444,927,568)	(206,317,258)	(308,712,766)	-	(3,113,715,848)
1.1 - Claims paid (net off reinsurers' share)	(1,018,351,588)	(641,639,406)	(354,944,971)	(205,439,437)	(332,487,257)	-	(2,552,862,659)
1.2 - Claims paid (net off reinsurers' share ((net off reinsurers' share and deferred part) (+/-)	(428,639,344)	(65,127,918)	(89,982,597)	(877,821)	23,774,491	-	(560,853,189)
2- Change in other technical provisions	-	(3,050,912)	-	(17,133,051)	(1,396,301)	-	(21,580,264)
3- Operating expenses	(168,692,647)	(242,876,870)	(178,219,801)	(129,700,982)	(237,230,153)	-	(956,720,453)
<b>Technical profit/(loss)</b>	<b>(298,530,654)</b>	<b>279,583,170</b>	<b>102,993,580</b>	<b>407,103,474</b>	<b>805,887,281</b>	-	<b>1,297,036,851</b>
Investment income	-	-	-	-	-	2,412,769,757	2,412,769,757
Investment expenses	-	-	-	-	-	(2,064,331,547)	(2,064,331,547)
Amortization expenses	-	-	-	-	-	(30,890,852)	(30,890,852)
Other operating expenses	-	-	-	-	-	(212,912,061)	(212,912,061)
Tax expense	-	-	-	-	-	(315,395,900)	(315,395,900)
<b>Net period profit</b>	-	-	-	-	-	<b>(210,760,603)</b>	<b>1,086,276,248</b>

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 6. TANGIBLE ASSETS

Movements of tangible assets in the period from 1 January to 31 December 2022 and 1 January to 31 December 2021.

	1 January 2022	Additions	Disposals	Valuation Increase	Transfer	31 December 2022
<b>Cost/Reevaluated</b>						
Real estate property held for user	302,775,000	-	-	212,560,000	-	515,335,000
Machinery and equipment	47,147,975	39,761,018	(907,032)	-	-	86,001,961
Furniture and fixtures	19,695,771	4,701,402	(487,250)	-	-	23,909,923
Motor vehicles	11,403,174	586,274	(19,000)	-	-	11,970,448
Other tangibles (include leasehold improvements)	2,599,279	-	-	-	-	2,599,279
Leased assets	35,958,864	30,765,734	(8,748,915)	-	-	57,975,683
	<b>419,580,063</b>	<b>75,814,428</b>	<b>(10,162,197)</b>	<b>212,560,000</b>	<b>-</b>	<b>697,792,294</b>
<b>Accumulated depreciation:</b>						
Machinery and equipment	(22,447,645)	(11,606,207)	731,196	-	-	(33,322,656)
Furniture and fixtures	(12,071,092)	(1,936,802)	487,249	-	-	(13,520,645)
Motor vehicles	(5,245,335)	(2,277,450)	19,000	-	-	(7,503,785)
Other tangibles (include leasehold improvements)	(2,221,578)	(137,323)	-	-	-	(2,358,901)
Leased assets	(24,691,521)	(11,205,947)	3,299,077	-	-	(32,598,391)
	<b>(66,677,171)</b>	<b>(27,163,729)</b>	<b>4,536,522</b>	<b>-</b>	<b>-</b>	<b>(89,304,378)</b>
<b>Net book value</b>	<b>352,902,892</b>					<b>608,487,916</b>



## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 6. TANGIBLE ASSETS (Continued)

	1 January 2021	Additions	Disposals	Valuation Increase	Transfer	31 December 2021
<b>Cost:/Reevaluated:</b>						
Real estate property held for use	187,918,000	-	-	114,857,000	-	302,775,000
Machinery and equipment	34,670,032	14,592,086	(2,114,143)	-	-	47,147,975
Furniture and fixtures	15,332,689	5,409,134	(1,046,052)	-	-	19,695,771
Motor vehicles	11,403,174	-	-	-	-	11,403,174
Other tangibles (include leasehold improvements)	2,599,279	-	-	-	-	2,599,279
Leased assets	27,267,932	9,496,568	(805,636)	-	-	35,958,864
	<b>279,191,106</b>	<b>29,497,788</b>	<b>(3,965,831)</b>	<b>114,857,000</b>	<b>-</b>	<b>419,580,063</b>
<b>Accumulated depreciation:</b>						
Machinery and equipment	(14,059,412)	(10,396,067)	2,007,834	-	-	(22,447,645)
Furniture and fixtures	(11,748,308)	(1,363,111)	1,040,327	-	-	(12,071,092)
Motor vehicles	(3,007,940)	(2,237,395)	-	-	-	(5,245,335)
Other tangibles (include leasehold improvements)	(2,081,433)	(140,145)	-	-	-	(2,221,578)
Leased assets	(18,534,059)	(6,963,098)	805,636	-	-	(24,691,521)
	<b>(49,431,152)</b>	<b>(21,099,816)</b>	<b>3,853,797</b>	<b>-</b>	<b>-</b>	<b>(66,677,171)</b>
<b>Net book value</b>	<b>229,759,954</b>					<b>352,902,892</b>

The Company's properties held for use is recognized at fair value. As of 31 December 2022, 2021, the properties are carried at their fair values identified by the peer comparison method as stated in the appraisal reports prepared by CMB certified independent expertise companies:

	31 December 2022	31 December 2021
Güneş Plaza	475,000,000	285,000,000
Other	40,335,000	17,775,000
<b>Total</b>	<b>515,335,000</b>	<b>302,775,000</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**6. TANGIBLE ASSETS (Continued)**

The Company's properties held for use is recognized at fair value. As of 31 December 2022, the properties are carried at their fair values identified by the peer comparison method as stated in the appraisal reports prepared by Gedaş Gayrimenkul Değerleme A.Ş.

Revaluation increases arising from valuation of land and buildings, net of deferred tax effects, are credited to 'Other Profit Reserves' under shareholders' equity. Revaluation decreases arising from valuation of land and buildings are charged against 'Other Profit Reserves' for the corresponding asset under shareholders' equity. Fair value decreases per revaluation fund recorded in 'Other Profit Reserves' are charged to the income statement.

The movements of the revaluation increase for the land and buildings accounted for using revaluation model is below:

	2022	2021
Beginning - 1 January	235,541,545	142,788,279
Increase/Decrease in value arising from revaluation	212,560,000	114,857,000
Deferred tax arising from revaluation difference	36,172,544	(22,103,734)
<b>Period ending - 31 December</b>	<b>484,274,089</b>	<b>235,541,545</b>

Cost and accumulated depreciations of the buildings as at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cost	51,743,389	51,743,389
Accumulated depreciation (-)	(20,682,478)	(19,777,038)
<b>Net book value</b>	<b>31,060,911</b>	<b>31,966,351</b>

As at 31 December 2022 ve 31 December 2021, the movements of the revaluation increase for the land and buildings accounted for using revaluation model is below:

	31 December 2022	31 December 2021
Revaluated amount	515,335,000	302,775,000
Net book values calculated on cost values	(31,060,911)	(31,966,351)
<b>Revaluation fund before tax</b>	<b>484,274,089</b>	<b>270,808,649</b>
Calculated deferred tax liability	-	(35,267,104)
<b>Revaluation fund, (net) (Note 15)</b>	<b>484,274,089</b>	<b>235,541,545</b>

There is no commitment on the properties held for use (31 December 2021: None).

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**7. INVESTMENT PROPERTY**

As at 31 December 2022 and 2021, movements of the investment properties are as follows:

	1 January 2022	Additions	Valuation Disposals	Increase	Transfer	31 December 2022
<b>Fair values</b>						
Investment properties	51,300,737	-	-	56,135,034	-	107,435,771

	1 January 2021	Additions	Valuation Disposals	Increase	Transfer	31 December 2021
<b>Fair values</b>						
Investment properties	33,799,258	-	-	17,501,479	-	51,300,737

The lands and buildings for getting rental income or holding for appreciation or for both instead of using in the operations of the Company, administrative purposes or sailing in the ordinary course of business, are classified as investment properties.

As of 31 December 2022 and 2021, investment properties are reflected into the financial statements at their fair values obtained from appraisal reports prepared by independent professional valuation experts.

	31 December 2022	31 December 2021
İzmir Konak Arsa <sup>(1)</sup>	49,594,771	28,612,368
Tekirdağ Çiftlik <sup>(2)</sup>	27,567,000	6,300,000
Diğer arsa ve binalar <sup>(2)</sup>	30,274,000	16,388,369
<b>Total</b>	<b>107,435,771</b>	<b>51,300,737</b>

(1) 'Peer comparison approach' method.

(2) "'Equivalent comparison approach' and 'Cost approach' methods.

Rental income is TRY718,503 from investment properties (1 January – 31 December 2021: TRY554,274). There are no pledges on the investment properties (31 December 2021: None).

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 8. INTANGIBLE ASSETS

Movements in intangible assets in the period from 1 January to 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Disposals	Transfer	31 December 2022
<b>Cost:</b>					
Rights	49,310,640	21,790,016	(69,302)	-	71,031,354
Computer software	38,238,939	-	-	-	38,238,939
	<b>87,549,579</b>	<b>21,790,016</b>	<b>(69,302)</b>	<b>-</b>	<b>109,270,293</b>
<b>Accumulated amortization:</b>					
Rights	(24,540,991)	(9,926,126)	1,926	-	(34,465,191)
Computer software	(35,379,839)	(767,284)	-	-	(36,147,123)
	<b>(59,920,830)</b>	<b>(10,693,410)</b>	<b>1,926</b>	<b>-</b>	<b>(70,612,314)</b>
<b>Net book value</b>	<b>27,628,749</b>				<b>38,657,979</b>
	1 January 2021	Additions	Disposals	Transfer	31 December 2021
<b>Cost:</b>					
Rights	29,771,903	19,538,737	-	-	49,310,640
Computer software	38,238,939	-	-	-	38,238,939
	<b>68,010,842</b>	<b>19,538,737</b>	<b>-</b>	<b>-</b>	<b>87,549,579</b>
<b>Accumulated amortization:</b>					
Rights	(17,454,578)	(7,086,413)	-	-	(24,540,991)
Computer software	(32,675,216)	(2,704,623)	-	-	(35,379,839)
	<b>(50,129,794)</b>	<b>(9,791,036)</b>	<b>-</b>	<b>-</b>	<b>(59,920,830)</b>
<b>Net book value</b>	<b>17,881,048</b>				<b>27,628,749</b>

**TÜRKİYE SİGORTA AŞ**

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**9. INVESTMENT IN EQUITY SHARES**

	31 December 2022			31 December 2021		
	Participation Rate (%)	Cost	Carrying Value	Participation Rate (%)	Cost	Carrying Value
Vakıf Finansal Kiralama A.Ş.	-	-	-	15.65	78,244,918	241,776,797
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	-	-	-	11.00	3,300,000	18,281,998
Vakıf Gayrimenkul Yatı. Ort. A.Ş.	-	-	-	0.87	8,705,501	13,929,579
<b>Publicly traded investment in equity shares<sup>(1)</sup></b>		-	-		<b>90,250,419</b>	<b>273,988,374</b>
Türkiye Hayat ve Emeklilik A.Ş. <sup>(2)</sup>	7.36	55,650,000	2,233,415,588	7.36	27,260,175	971,497,028
Other		2,226,317	2,122,296		38,371,801	96,331,022
<b>Other investments in equity shares</b>		<b>57,876,317</b>	<b>2,235,537,884</b>		<b>65,631,976</b>	<b>1,067,828,050</b>
OSEM Sertifikasyon A.Ş. <sup>(3)</sup>	100.00	18,215,590	18,215,590	100.00	10,254,125	10,254,125
<b>Investments in equity shares</b>		<b>18,215,590</b>	<b>18,215,590</b>		<b>10,254,125</b>	<b>10,254,125</b>
<b>Financial assets total</b>		<b>76,091,907</b>	<b>2,253,753,474</b>		<b>166,136,520</b>	<b>1,352,070,549</b>

(1) Affiliated securities whose shares are traded on the stock exchange are valued at the stock market value on the balance sheet date.

(2) The Company has classified its investment in Türkiye Hayat ve Emeklilik A.Ş. as linked securities in its financial statements and has been accounted for at fair value. As of 31 December 2022, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study made on 4 January 2023. Within the scope of the valuation study, the fair value of the related investment; it is calculated by weighting (50%-50%) according to the discounted dividend model and market multipliers methods. If the annual discount rate used in the valuation study was reduced by 1%, the fair value of the investment would increase by TRY 88,597,711; If it had been increased by 1%, it would have decreased by TRY 78,627,894. Fair value differences are accounted for in the "Valuation of Financial Assets" account in equity. (As of December 31, 2021, the fair value of the investment has been determined by a valuation company licensed by the CMB based on the valuation study conducted on January 12, 2022. Within the scope of the valuation study, the fair value of the relevant investment is weighted according to the discounted dividend model and market multiplier methods (50-50%) was calculated. If the annual discount rate used in the valuation study was decreased by 1%, the fair value of the investment would increase by TL 35,031,853; if it was increased by 1%, it would decrease by TL 30,913,747).

(3) In accordance with the provisions of the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance Companies and Pension Companies", considering the materiality principle, OSEM Certification Inc.'s total assets are less than one percent of the Company's total assets. The subsidiary investment in the subsidiary is excluded from the scope of consolidation and carried over the cost value in the balance sheet.

Movements of financial assets during the period as follows:

	2022	2021
Beginning of the period - 1 January	1,352,070,549	1,117,782,268
Fair value increases, recognized in equity	1,270,226,100	180,598,738
Share (sell)/purchase	(368,543,175)	49,376,590
Other	-	4,312,953
<b>Period ending - 31 December</b>	<b>2,253,753,474</b>	<b>1,352,070,549</b>

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 9. INVESTMENT IN EQUITY SHARES (Continued)

#### Joint ventures

In its consolidated financial statements prepared as of December 31, 2022 and December 31, 2021 the company accounted for its investment in Türk P and I Sigorta A.Ş., a joint venture, using the equity method within the framework of the accounting policies specified in Note 2. The investment in question has been accounted for at cost in the previous period's financial statements.

Name of Shareholders	31 December 2022		31 December 2021	
	Share Amount	Share (%)	Share Amount	Share (%)
Türk P ve I Sigorta A.Ş.	69,911,069	50.00	48,913,626	50.00
	<b>69,911,069</b>		<b>48,913,626</b>	

Movement of the joint venture during the period is as follows:

	2022	2021
Beginning of the period - 1 January	48,913,626	20,841,899
Shares received from the profit of joint ventures	20,997,443	28,071,727
<b>Period ending - 31 December</b>	<b>69,911,069</b>	<b>48,913,626</b>

The summary financial statement information regarding the joint venture of the Company as of December 31, 2022 and December 31, 2021 is as follows:

31 December 2022	Total Assets	Profit Equity	for the Period
Türk P ve I Sigorta A.Ş.	720,767,906	139,822,138	42,111,083
31 December 2021	Total Assets	Profit Equity	for the Period
Türk P ve I Sigorta A.Ş.	362,972,297	97,827,251	56,315,479

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 10. REINSURANCE ASSETS AND LIABILITIES

As a ceding company, outstanding reinsurance assets and liabilities of the Company shown in details as follows:

	31 December 2022	31 December 2021
<b>Reinsurance Assets/(Liabilities)</b>		
Reserve for unearned premiums, ceded (Note 17)	6,783,881,701	3,900,333,946
Provision for outstanding claims, ceded (Note 17)	5,138,167,362	3,468,615,657
Reserve for unexpired risks reinsurance share	358,403,497	264,634
Unearned premiums SSI share (Note 17)	332,020,272	98,947,319
Deferred commission income (Note 19)	(913,861,548)	(491,674,938)
Current account net debts of reinsurance companies	(2,390,552,087)	(1,874,235,378)

As of 31 December 2022, the Company accounted for a provision amounting to TRY136,804,609 in short term 'other technical provisions' for the claim receivables from several reinsurance companies and reinsurance share of certain outstanding claim files considering that they are under arbitration process or impaired (31 December 2021: TRY200,386,673) (Note 17).

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Reinsurance Income/(Expenses)</b>		
Change in Unearned premium reserve- Reinsurer Share	2,883,547,755	1,378,630,698
Paid Claims - Reinsurer Share	1,813,825,463	1,217,107,538
Outstanding claim provision- Reinsurer Share	1,669,551,705	1,169,680,580
Commissions received from reinsurers, net	1,307,777,194	824,844,936
Unexpired risk Reserve - Reinsurer Share	358,138,863	(15,115,845)
Change in Unearned premium reserve SSI Share	233,072,953	46,596,952
Ceded premiums to reinsurers	(11,797,107,742)	(6,580,416,021)
Ceded premiums to SSI	(593,779,883)	(177,301,773)

Detailed explanations about reinsurance agreements are disclosed in Note 2.14.

### 11. FINANCIAL ASSETS

	31 December 2022	31 December 2021
Available for sale financial assets	2,260,695,716	733,378,944
Financial assets held to maturity	1,028,456,030	149,676,608
Financial assets held for trading	5,316,472,818	1,290,791,464
	<b>8,605,624,564</b>	<b>2,173,847,016</b>

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 11. FINANCIAL ASSETS (Continued)

As of 31 December 2022 and 31 December 2021, the details of the Company's trading financial assets are as follows:

31 December 2022	Cost	Fair Value	Book Value
<b>Available for sale financial assets</b>	<b>2,165,895,163</b>	<b>2,260,695,716</b>	<b>2,260,695,716</b>
Government debt securities	2,165,893,234	2,260,658,303	2,260,658,303
Stocks	1,929	37,413	37,413
<b>Financial assets held to maturity</b>	<b>844,505,770</b>	<b>939,056,207</b>	<b>1,028,456,030</b>
Private sector bonds	26,662,348	54,334,583	235,320,686
Government debt securities	277,064,117	345,951,675	243,539,093
Other financial assets	540,779,305	538,769,949	549,596,251
<b>Financial assets held for trading</b>	<b>4,839,059,488</b>	<b>5,316,472,818</b>	<b>5,316,472,818</b>
Private sector bonds	1,961,783,746	2,085,821,294	2,085,821,294
Investment funds	2,706,530,638	2,968,154,131	2,968,154,131
Government debt securities	12,291,429	15,627,469	15,627,469
Stocks	<b>158,453,675</b>	<b>246,869,924</b>	<b>246,869,924</b>
<b>Total available for sale financial assets</b>	<b>7,849,460,421</b>	<b>8,516,224,741</b>	<b>8,605,624,564</b>
<b>31 December 2022</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Book Value</b>
<b>Available for sale financial assets</b>	<b>791,932,722</b>	<b>733,378,944</b>	<b>733,378,944</b>
Government debt securities	791,930,793	733,341,532	733,341,532
Stocks	1,929	37,412	37,412
<b>Financial assets held to maturity</b>	<b>99,698,675</b>	<b>156,108,863</b>	<b>149,676,608</b>
Private sector bonds	10,000,000	10,000,000	10,111,909
Government debt securities	89,698,675	146,108,863	139,564,699
<b>Financial assets held for trading</b>	<b>1,286,245,608</b>	<b>1,290,791,464</b>	<b>1,290,791,464</b>
Private sector bonds	1,149,264,236	1,179,669,268	1,179,669,268
Government debt securities	136,981,372	111,122,196	111,122,196
	<b>2,177,877,005</b>	<b>2,180,279,271</b>	<b>2,173,847,016</b>

As of 31 December 2022, 423,562,629 TL of financial assets are blocked in favor of SEDDK (31 December 2021: TRY 452,246,166).



## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 11. FINANCIAL ASSETS (Continued)

Movements of financial assets during the period are presented below:

	1 January 2022	Additions	Disposals	Valuation increase	31 December 2022
Available for sale financial assets	733,378,944	3,339,808,110	(1,907,292,077)	94,800,739	2,260,695,716
Financial assets held for trading	149,676,608	5,064,612,170	(4,762,433,934)	576,601,186	1,028,456,030
Financial assets held to maturity	1,290,791,464	6,219,245,414	(2,670,969,728)	477,405,668	5,316,472,818
<b>Total</b>	<b>2,173,847,016</b>	<b>14,623,665,694</b>	<b>(9,340,695,739)</b>	<b>1,148,807,593</b>	<b>8,605,624,564</b>

	1 January 2021	Additions	Disposals	Valuation increase/ (decrease)	31 December 2021
Available for sale financial assets	37,412	791,932,722	-	(58,591,190)	733,378,944
Financial assets held to maturity	37,396,299	73,131,502	-	39,148,807	149,676,608
Financial assets held for trading	149,813,209	2,924,688,434	(1,793,601,314)	9,891,135	1,290,791,464
<b>Total</b>	<b>187,246,920</b>	<b>3,789,752,658</b>	<b>(1,793,601,314)</b>	<b>(9,551,248)</b>	<b>2,173,847,016</b>

### 12. LOANS AND RECEIVABLES

	31 December 2022	31 December 2021
Receivables from operating activities (Note 4.2)	4,535,533,038	3,376,909,487
Prepaid taxes and funds (Note 4.2)	51,512,542	46,854,946
Other receivables (Note 4.2)	16,586,270	20,960,793
	<b>4,603,631,850</b>	<b>3,444,725,226</b>
Short - term receivables	4,597,584,084	3,438,713,541
Long-term receivables	6,047,766	6,011,685
	<b>4,603,631,850</b>	<b>3,444,725,226</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**11. FINANCIAL ASSETS (Continued)**

As at 31 December 2022 and 31 December 2021, receivables from operating activities are detailed as follows:

	31 December 2022	31 December 2021
Receivables from agencies, brokers and intermediaries	3,508,401,828	2,729,877,540
Receivables from policyholders	355,003,084	286,321,229
Receivables from reinsurers	584,700,606	311,526,634
Salvage and subrogation (Note 2.20)	102,305,586	64,021,103
<b>Total receivables from main insurance operations</b>	<b>4,550,411,104</b>	<b>3,391,746,506</b>
Provision for salvage and subrogation receivables (Note 2.20)	(14,375,566)	(14,184,652)
Provision for premium receivables	(4,117,714)	(4,447,360)
<b>Provisions for receivables from insurance operations</b>	<b>(18,493,280)</b>	<b>(18,632,012)</b>
<b>Total receivables from main insurance operations-net</b>	<b>4,531,917,824</b>	<b>3,373,114,494</b>
Salvage and subrogation receivables under administrative and legal follow up net	648,105,114	554,472,860
Doubtful receivables from main operations	41,896,610	31,895,825
<b>Doubtful receivables from main operations</b>	<b>690,001,724</b>	<b>586,368,685</b>
<b>Receivables from main operations - gross</b>	<b>5,221,919,548</b>	<b>3,959,483,179</b>
Provisions for salvage and subrogation receivables under administrative and legal follow up	(648,105,114)	(554,472,860)
Provisions for doubtful receivables from main operations	(38,281,396)	(28,100,832)
<b>Allowances for doubtful receivables from main operating activities</b>	<b>(686,386,510)</b>	<b>(582,573,692)</b>
<b>Receivables from main operations</b>	<b>4,535,533,038</b>	<b>3,376,909,487</b>

The related party transactions of the Company are presented in Note 45 in detail.

The receivables and payables denominated in foreign currencies and detailed analyses of foreign currency balances are presented in Note 4.2.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022				Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	more than 5 year	
Currency protected deposit <sup>(1)</sup>	478,779,305	-	-	-	478,779,305
<b>Total</b>	<b>478,779,305</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,779,305</b>

<sup>(1)</sup> It has been classified under "Financial Assets Held to Maturity" in accordance with the relevant legislation.

In the accounting period ending on 31 December 2022, the Company recognized a net derivative transaction income amounting to TL 89,468,769 in the income statement due to the transactions carried out during the period. (2021: None) (Note 26).

### 14. CASH AND CASH EQUIVALENT ASSETS

As of 31 December 2022 and 2021, cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
Bank	6,903,558,985	5,314,977,287
Receivables from Credit Cards	2,130,646,154	788,569,923
	<b>9,034,205,139</b>	<b>6,103,547,210</b>
Blocked amounts	(1,244,497,142)	(514,405,984)
Accrued interest on bank deposits	(114,337,661)	(58,045,574)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>7,675,370,336</b>	<b>5,531,095,652</b>
	<b>31 December 2022</b>	<b>31 December 2021</b>
Foreign currency denominated bank deposit		
- Time deposit	888,928,902	576,352,949
- Demand deposit	21,109,310	9,548,845
Bank deposit in Turkish Lira		
- Time deposit	5,892,658,624	4,693,735,005
- Demand deposit	100,862,149	35,340,488
<b>Banks</b>	<b>6,903,558,985</b>	<b>5,314,977,287</b>

As of 31 December 2022, the Company has blocked bank deposits in favor of SEDDK in the amount of TRY885,802,308 (31 December 2021: TRY317,502,954), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY349,750,534 (31 December 2021: TRY189,442,953), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY8,944,300 (31 December 2021: TRY7,460,077).

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**14. CASH AND CASH EQUIVALENT ASSETS (Continued)**

As of 31 December 2022, maturity distributions of time deposits are between 2 days and 189 days (31 December 2021: 2 - 189 days). Interest rates of time deposits are as follows:

	31 December 2022	31 December 2021
TRY	15.00% -27.00%	14.75% - 25.00%
USD	1.50% - 4.50%	1.18%
EUR	1.00%- 3.50%	0.52%

**15. SHAREHOLDERS EQUITY****Paid in capital**

The Company's paid-in capital as of December 31, 2022 and 2021 is TRY1,161,523,363; It is divided into 1,161,523,363 shares, each with a nominal value of TRY1. As of 31 December 2022, and 31 December 2021 the capital group controlled directly concerned with 81.10% share capital by TVF Finansal Yatırımlar A.Ş. on the Company.

**Capital Reserves**

	31 December 2022	31 December 2021
Funds of profit from sale of properties	80,135,867	80,135,867
Premium on issued shares	7,020,555	7,020,555
Repurchased Company shares (-)	(85,634,312)	(12,328,131)
<b>Capital Reserves</b>	<b>1,522,110</b>	<b>74,828,291</b>

In accordance with tax legislation, 75% of profits from sales of land and buildings and participation shares included in the assets of companies is exempted from corporate tax on a condition that it is classified under a special fund for five years. The exempted gains cannot be transferred to another account except for capital expenditure or cannot be paid as dividend for five years.

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### 15. SHAREHOLDERS EQUITY (Continued)

#### Legal Reserves

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

	31 December 2022	31 December 2021
Legal Reserves	324,063,778	241,811,386
	<b>324,063,778</b>	<b>241,811,386</b>

#### Extraordinary Reserves

	31 December 2022	31 December 2021
Extraordinary Reserves	740,275,301	307,517,679
Revaluation fund allocated according to tax legislation <sup>(*)</sup>	13,074,908	-
	<b>753,350,209</b>	<b>307,517,679</b>

<sup>(\*)</sup> The mentioned fund has been reserved in accordance with the relevant tax legislation and cannot be subject to profit distribution.

#### Valuation of financial assets

As at 31 December 2022 and 2021, financial assets classified as available for sale securities, investments and equity securities resulting from changes in the fair value of the details are as follows:

	31 December 2022	31 December 2021
Investment in equity shares	2,106,935,939	1,134,601,892
<b>Valuation of financial assets</b>	<b>2,106,935,939</b>	<b>1,134,601,892</b>

Movements of fair value changes arising from financial assets during the period are as follows:

	2022	2021
Beginning of the period - 1 January	1,134,601,892	1,010,715,148
Fair value increase, net	1,076,033,751	119,254,281
Tax effect on fair value increase/decrease, net	(103,699,704)	4,632,463
<b>End of the period - 31 December</b>	<b>2,106,935,939</b>	<b>1,134,601,892</b>

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**15. SHAREHOLDERS EQUITY (Continued)****Other profit reserves**

	31 December 2022	31 December 2021
Revaluation fund (Note 6)	484,274,089	235,541,545
Earthquake claim fund transferred to shareholder's equity	19,490,473	19,490,473
Transferred reserves from profits of prior years	6,592,945	6,592,946
Actuarial loss, net (-)	(108,259,899)	(20,978,121)
<b>Other profit reserves</b>	<b>402,097,608</b>	<b>240,646,843</b>

**Dividends**

The Company with the decision taken at the Extraordinary General Assembly, decided to distribute a dividend of TRY530,216,046 to its shareholders on the said date at its General Assembly dated 28 March 2022 (2021: TRY493,000,000).

**16. OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION FEATURE**

The information about other reserves which are within the share holders' equity is at Note 15

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

As of 31 December 2022 and 2021, details of technical provisions are as follows:

	31 December 2022	31 December 2021
Reserve for unearned premiums, gross	14,618,128,913	6,763,617,293
Reserve for unearned premiums, ceded (Note 10)	(6,783,881,701)	(3,900,333,946)
Reserve for unearned premiums, SSI ceded (Note 10)	(332,020,272)	(98,947,319)
<b>Reserve for unearned premiums, net</b>	<b>7,502,226,940</b>	<b>2,764,336,028</b>
Provision for outstanding claims, gross	11,036,700,384	7,205,869,195
Provision for outstanding claims, ceded (Note 10)	(5,138,167,362)	(3,468,615,657)
<b>Provision for outstanding claims, net</b>	<b>5,898,533,022</b>	<b>3,737,253,538</b>
Reserve for unexpired risks, net	1,178,816,442	26,715,793
Equalization provision, net	159,944,693	130,853,892
Bonuses and discounts provision, net	10,029,321	10,029,321
Other technical provisions	136,804,609	200,386,673
<b>Total technical provisions, net</b>	<b>14,886,355,027</b>	<b>6,869,575,245</b>

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

In accordance with the 5 December 2014 dated and 2014/16 numbered 'Circular on Provision for Outstanding Claim' by Ministry of Treasury and Finance, the Company decided ACLM methods for each branch depending on the actuary's recommendation. In addition, development has been determined by using statistical methods and implemented to ACLM triangles in accordance with actuary's opinion. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with the methods presented below. As of 31 December 2022 and 2021, ACLM calculation methods for branches and as a result of these calculations, additional gross or net reserves that will be reserved or that will be reduced from reserves are described below:

	Method Used	31 December 2022		31 December 2021	
		Provision Gross Add	Provision Net Add	Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/ Bornhuetter Ferguson	7,045,085,424	5,767,242,011	3,241,824,350	2,630,379,354
General Liability	Standard/ Bornhuetter Ferguson	961,805,298	73,131,135	495,974,557	47,976,799
Facultative Financial Liability	Standard/ Bornhuetter Ferguson	157,453,371	157,219,569	46,733,800	46,586,377
Air Vehicles	Standard/ Frequency Violence	145,729,135	-	270,167,822	-
Fire and Natural Disasters	Standard/ Frequency Violence	128,646,176	9,472,028	(4,284,978)	(14,063,745)
General Loses	Standard/ Frequency Violence	108,384,842	5,552,361	26,226,247	3,660,788
Air Vehicles Liability	Standard/ Frequency Violence	63,807,640	-	188,676,376	-
Accident	Standard/ Frequency Violence	37,165,073	26,052,187	24,501,352	16,402,690
Marine	Standard	25,844,550	5,940,715	7,907,330	2,755,357
Financial Losses	Standard	25,697,077	1,319,620	7,823,872	705,142
Health	Standard	12,232,787	12,232,787	15,152,053	15,152,053
Water Vehicles	Standard	10,105,867	648,195	4,564,740	406,248
Surety	Standard	5,028,082	445,971	2,472,988	180,736
Legal Protection	Standard	171,475	170,689	81,376	62,487
Credit	Standard	19,331	49,420	197,994	(27,900)
Motor Vehicles	Standard/ Bornhuetter Ferguson	(20,567,406)	(20,362,950)	(30,875,525)	(30,896,743)
<b>Total</b>		<b>8,706,608,722</b>	<b>6,039,113,738</b>	<b>4,297,144,354</b>	<b>2,719,279,643</b>



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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

Below are the details of methods used to calculate net amount of provisions with additional gross, as a result of ACLM calculations for branches:

<b>Branch</b>	<b>Used Net Off Method</b>
Compulsory Traffic	Conservation rate of incurred claims in incurred period
General Liability	Conservation rate of incurred claims in incurred period after large claim elimination
Air Vehicles	Conservation rate of incurred claims in incurred period
Fire and Natural Disasters	Conservation rate of incurred claims in incurred period after large claim elimination
Air Vehicles Liability	Conservation rate of incurred claims in incurred period
Facultative Financial Liability	Conservation rate of incurred claims in incurred period
General Losses	Conservation rate of incurred claims in incurred period after large claim elimination
Accident	Conservation rate of incurred claims in incurred period after large claim elimination
Financial Losses	Conservation rate of incurred claims in incurred period after large claim elimination
Marine	Conservation rate of incurred claims in incurred period
Water Vehicles	Conservation rate of incurred claims in incurred period after large claim elimination
Health	Conservation rate of incurred claims in incurred period
Legal Protection	Conservation rate of incurred claims in incurred period
Breach of Trust	Conservation rate of incurred claims in incurred period after large claim elimination
Motor Vehicles	Conservation rate of incurred claims in incurred period

The Company, while doing the ACLM calculations, eliminated the major 3 claims in a separate file to have a more homogeneous data set of calculations with the statistical methods, accepted by circular. As a result of these investigations, it has intervened in the end claims that are thought to have a misleading effect on the claim developments in the Safety Abuse, General Losses, Financial Losses, Water Vehicles, Marine and Fire branches. There is no end claim elimination has been made for other branches.

<b>Branch</b>	<b>31 December 2022</b>
	4,597,858
General Losses	896,758
Fire and Natural Disasters	Manuel
Breach of Trust	Manuel
Water Vehicles	Manuel
Financial Losses	Manuel
Accident	Manuel
General Liability	Manuel
Marine	

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

As of 31 December 2022 and 2021, movements of insurance liabilities and reinsurance assets are as follows:

#### Reserve for unearned premiums:

	2022			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	6,763,617,293	(3,900,333,946)	(98,947,319)	2,764,336,028
Written premium during the period	25,173,422,675	(11,797,107,742)	(593,779,883)	12,782,535,050
Earned premiums during the period	(17,318,911,055)	8,913,559,987	360,706,930	(8,044,644,138)
<b>Period ending - 31 December</b>	<b>14,618,128,913</b>	<b>(6,783,881,701)</b>	<b>(332,020,272)</b>	<b>7,502,226,940</b>

	2021			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	4,469,016,922	(2,521,703,248)	(52,350,367)	1,894,963,307
Written premium during the period	11,749,646,570	(6,580,416,021)	(177,301,773)	4,991,928,776
Earned premiums during the period	(9,455,046,199)	5,201,785,323	130,704,821	(4,122,556,055)
<b>Period ending - 31 December</b>	<b>6,763,617,293</b>	<b>(3,900,333,946)</b>	<b>(98,947,319)</b>	<b>2,764,336,028</b>

#### Provision for outstanding claims:

	2022			
	Gross	Reinsurer's Share	Net	
Beginning of the period - 1 January		6,124,238,196	(3,171,654,666)	2,952,583,530
Notified claims during the period and changes in estimates regarding the outstanding claims		10,547,451,114	(3,942,900,839)	6,604,550,275
Claims paid during the period		(6,915,516,192)	1,813,825,463	(5,101,690,729)
<b>Total reported claims end of the period</b>		<b>9,756,173,118</b>	<b>(5,300,730,042)</b>	<b>4,455,443,076</b>
Deduction amount calculated in accordance with winning ratio		(1,167,167,139)	423,167,355	(743,999,784)
Incurred but not reported claims		8,706,608,722	(2,667,494,984)	6,039,113,738
Discount adjustment for outstanding claim reserve		(6,258,914,317)	2,406,890,309	(3,852,024,008)
<b>Period ending - 31 December</b>		<b>11,036,700,384</b>	<b>(5,138,167,362)</b>	<b>5,898,533,022</b>

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	2021		
	Gross	Reinsurer's Share	Net
<b>Beginning of the period - 1 January</b>	<b>4,163,921,941</b>	<b>(2,037,374,895)</b>	<b>2,126,547,046</b>
Notified claims during the period and changes in estimates regarding the outstanding claims	3,053,669,412	(1,583,937,643)	1,469,731,769
Claims paid during the period	(1,093,353,157)	449,657,872	(643,695,285)
<b>Total reported claims end of the period</b>	<b>6,124,238,196</b>	<b>(3,171,654,666)</b>	<b>2,952,583,530</b>
Deduction amount calculated in accordance with winning ratio	(802,043,306)	316,378,905	(485,664,401)
Incurred but not reported claims	4,297,144,354	(1,577,864,711)	2,719,279,643
Discount adjustment for outstanding claim reserve	(2,413,470,049)	964,524,815	(1,448,945,234)
<b>Period ending - 31 December</b>	<b>7,205,869,195</b>	<b>(3,468,615,657)</b>	<b>3,737,253,538</b>

#### Equalization provision:

	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	513,934,240	(383,080,348)	130,853,892
Net change	217,746,713	(188,655,912)	29,090,802
<b>Period ending - 31 December</b>	<b>731,680,953</b>	<b>(571,736,260)</b>	<b>159,944,693</b>

	2021		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	387,622,089	(278,348,461)	109,273,628
Net change	126,312,151	(104,731,887)	21,580,264
<b>Period ending - 31 December</b>	<b>513,934,240</b>	<b>(383,080,348)</b>	<b>130,853,892</b>

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

#### Reserve for Unexpired Risks:

	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	26,980,427	(264,634)	26,715,793
Net change	1,510,239,512	(358,138,863)	1,152,100,649
<b>Period ending - 31 December</b>	<b>1,537,219,939</b>	<b>(358,403,497)</b>	<b>1,178,816,442</b>

	2021		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	20,513,696	(15,380,479)	5,133,217
Net change	6,466,731	15,115,845	21,582,576
<b>Period ending - 31 December</b>	<b>26,980,427</b>	<b>(264,634)</b>	<b>26,715,793</b>

#### Claim Development Tables

The basic assumption used in estimation of the provision for outstanding claims is the Company's past experience of claims development. In determining the effect of external factors like court decisions and legal changes provision for outstanding claims; The Company management uses its own judgments. Sensitivity of estimations caused by legal changes and other ambiguities in the process of estimation is not measurable. Also, the long intervals between the time claim happens and the payment time prevent the provision for outstanding claims to be determined clearly. Consequently, total liabilities can change according to subsequent events and differences occurred by this re-estimation of the total liabilities are booked in financial statements in succeeding periods

Development of insurance liabilities allows measuring the performance of the Company in estimating the total claims liability The amounts in the upper part of the tables below show the changes in the Company's estimations of aggregate claims from the time that claims happened.

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**17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**

**31 December 2022**

Claim	1 January 2016 -	1 January 2017 -	1 January 2018 -	1 January 2019 -	1 January 2020 -	1 January 2021 -	1 January 2022 -	
Period	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022	Total
Claim year								
1 year later	1,177,948,850	1,497,880,059	1,884,015,864	1,828,489,239	2,245,872,872	3,530,295,455	7,579,524,348	19,744,026,687
2 year later	591,267,520	877,253,567	1,038,594,289	809,268,588	1,443,912,115	2,612,401,875	-	7,372,697,954
3 year later	373,480,863	536,738,469	896,060,911	645,420,954	840,107,009	-	-	3,291,808,206
4 year later	344,422,638	466,068,456	1,129,021,083	636,190,720	-	-	-	2,575,702,897
5 year later	331,028,411	565,538,084	1,206,105,756	-	-	-	-	2,102,672,251
6 year later	378,610,794	628,687,646	-	-	-	-	-	1,007,298,440
7 year later	423,663,994	-	-	-	-	-	-	423,663,994
<b>Total</b>								
incurred								
<b>Loss- gross</b>	<b>3,620,423,070</b>	<b>4,572,166,281</b>	<b>6,153,797,903</b>	<b>3,919,369,501</b>	<b>4,529,891,996</b>	<b>6,142,697,330</b>	<b>7,579,524,348</b>	<b>36,517,870,429</b>

**31 December 2021**

Claim	1 January 2015 -	1 January 2016 -	1 January 2017 -	1 January 2018 -	1 January 2019 -	1 January 2020 -	1 January 2021 -	
Period	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020	31 December 2021	Total
Claim year								
1 year later	1,086,577,937	1,177,952,420	1,497,866,601	1,884,007,785	1,828,491,740	2,245,873,108	3,530,292,981	13,251,062,572
2 year later	574,496,410	591,248,864	877,256,310	1,038,592,342	809,266,293	1,443,912,981	-	5,334,773,200
3 year later	370,060,348	373,476,450	536,743,186	896,069,850	645,414,135	-	-	2,821,763,969
4 year later	353,770,346	344,413,598	466,067,090	1,129,016,926	-	-	-	2,293,267,960
5 year later	334,915,314	331,028,345	565,538,084	-	-	-	-	1,231,481,743
6 year later	347,324,787	378,608,626	-	-	-	-	-	725,933,413
7 year later	389,272,655	-	-	-	-	-	-	389,272,655
<b>Total</b>								
incurred								
<b>Loss- gross</b>	<b>3,456,417,797</b>	<b>3,196,728,303</b>	<b>3,943,471,271</b>	<b>4,947,686,903</b>	<b>3,283,172,168</b>	<b>3,689,786,089</b>	<b>3,530,292,981</b>	<b>26,047,555,512</b>

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## 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

	31 December 2022		31 December 2021	
	Should be Placed (*)	Placed (**)	Should be Placed (*)	Placed
Non-life:				
Banks deposits		885,802,308		317,502,954
Financial assets		423,562,629		452,246,166
	<b>1.822.562.460</b>	<b>1,309,364,937</b>	<b>782,724,742</b>	<b>769,749,120</b>

(\*) Under the article 4 of the 'The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies', published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period

(\*\*) The amount of collateral required to be established as of 31 December 2022 has been calculated using the Capital Adequacy Table dated 30 June 2022. As of 31 December 2022, the amount of collateral to be established, calculated as a result of capital adequacy, will be established within the legal period.

### Total amount of insurance risk on a branch basis

	31 December 2022	31 December 2021
Motor Vehicles Liability	23,129,486,161,763	9,912,825,540,190
Fire and Natural Disasters	4,038,136,356,634	3,084,382,476,652
Health	2,959,721,496,809	836,673,798,309
General Losses	835,321,068,705	816,193,516,910
Accident	304,773,045,670	133,205,193,086
General Liability	278,619,971,937	235,127,782,599
Motor Vehicles	204,445,063,932	189,748,861,205
Air Vehicles Liability	176,201,543,900	96,540,261,740
Financial Losses	84,443,999,678	46,655,242,503
Marine	35,151,722,166	30,863,462,133
Other	384,277,053,500	47,083,428,593
<b>Total</b>	<b>32,430,577,484,694</b>	<b>15,429,299,563,920</b>

### Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None (31 December 2021: None).

### Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None (31 December 2021: None).

### Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

None (31 December 2021: None).

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

#### Deferred commission expenses

Deferred portion of commissions paid to the intermediaries in relation to the policy production are capitalized under the account of 'short-term prepaid expenses' in the accompanying financial statements. Total prepaid expenses amounting to TRY1,902,896,221 (31 December 2021 TRY791,419,559) is composed of deferred commission expenses amounting to TRY1,789,287,122 (31 December 2021: TRY747,591,142) and other prepaid expenses amounting to TRY113,609,099 (31 December 2021: TRY43,828,417)

### 18. INVESTMENT CONTRACT LIABILITIES

None (31 December 2021: None).

### 19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	31 December 2022	31 December 2021
Payables arising from operating activities	2,975,252,693	2,186,924,896
Deferred Commission Incomes (Note 10)	913,861,548	491,674,938
Payables to SSI	194,636,293	54,288,391
Deposits and guarantees received	36,781,701	26,812,458
Other various payables	165,994,195	74,131,567
	<b>4,286,526,430</b>	<b>2,833,832,250</b>
<b>Other various payables</b>		
Payables to suppliers and contracted institutions	83,433,001	29,465,589
DASK current accounts	81,488,873	29,246,971
Other	1,072,321	15,419,007
	<b>165,994,195</b>	<b>74,131,567</b>

As of 31 December 2021, payables arising from operating activities are debts to reinsurance companies amounting to TRY2,972,582,418 (31 December 2021: TRY1,932,094,062).

As of 31 December 2022, payables arising from operating activities are debts to TARSİM amounting to TRY530,014,713 (31 December 2021: TRY253,667,950).

## TÜRKİYE SİGORTA AŞ

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**20. FINANCIAL PROPERTIES****Lease Liabilities**

As of 31 December 2022 and 2021, the Company's total lease obligation and lease liabilities, which are recognized as part of the transition to IFRS 16 Leases, are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Short - term leases liabilities	15,110,650	226,887
Long - term leases liabilities	22,709,308	18,777,202
Alternative borrowing rate and discount amount	(8,727,683)	(5,622,700)
<b>Total Lease Liabilities</b>	<b>29,092,275</b>	<b>13,381,389</b>
	<b>2022</b>	<b>2021</b>
Total lease liabilities as of January 1	13,381,389	10,197,272
Lease payments	(12,646,866)	(7,426,327)
New adding and interest cost	28,357,752	10,610,444
<b>Total lease liabilities as of 31 December</b>	<b>29,092,275</b>	<b>13,381,389</b>

**Other financial properties**

	<b>31 December 2022</b>		
	<b>Interest rate (%)</b>	<b>Maturity (day)</b>	<b>Amount (TRY)</b>
Halk Yatırım Menkul Değerler A.Ş.	12.18	21	1,422,024,298
İstanbul Takas ve Saklama Bankası A.Ş.	12.25	23	249,130,212
Ziraat Yatırım Menkul Değerler A.Ş.	11.00	7	200,120,457
<b>Total</b>			<b>1,871,274,967</b>

As of 31 December 2022, funds obtained from other financial debts are used in investment activities. (31 December 2021: None).



**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**21. DEFERRED TAXES**

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law. The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method.

As 31 December 2022 and 31 December 2021, the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows:

	Deferred tax Assets/(liabilities)	
	31 December 2022	31 December 2021
Reserve for Unexpired Risks	294,704,111	6,678,948
Equalization provision	35,839,888	31,274,415
Provision for reinsurances receivable	34,201,152	50,096,668
Traded securities fair value differences	(150,415,643)	(46,715,941)
Other, net	86,505,516	(3,355,649)
<b>Net deferred tax assets</b>	<b>300,835,024</b>	<b>37,978,441</b>

The movement of deferred tax assets during the period are as follows:

	2022	2021
Beginning of the period -1 January	37,978,441	24,758,447
Deferred tax income	300,447,077	29,125,841
Deferred tax, recognized in equity	(37,590,494)	(15,905,847)
<b>Period ending - 31 December</b>	<b>300,835,024</b>	<b>37,978,441</b>

**22. RETIREMENT BENEFIT LIABILITIES**

None (31 December 2021: None).

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2022 and 31 December 2021, the details of the provisions for other liabilities and expenses are as follows:

	31 December 2022	31 December 2021
Personnel bonus provisions	91,000,000	41,744,066
Provision for unused vacations	24,399,725	11,992,419
Provision for case	9,991,761	7,903,210
Provision for agency commission	850,000	27,493,793
Other provisions	3,044,660	-
<b>Provision for accrued expenses</b>	<b>129,286,146</b>	<b>89,133,488</b>
<b>Provision for severance pay</b>	<b>173,782,773</b>	<b>45,544,344</b>

Movements of cost expenses the period are presented below:

	Personnel bonus provisions	Agency provisions	Other	Total
Beginning of the period – 1 January 2022	41,744,066	27,493,793	19,895,629	89,133,488
Change during the period	49,255,934	(26,643,793)	17,540,517	40,152,658
<b>At the end of the period – 31 December 2022</b>	<b>91,000,000</b>	<b>850,000</b>	<b>37,436,146</b>	<b>129,286,146</b>

	Personnel bonus provisions	Agency provisions	Other	Total
Beginning of the period – 1 January 2021	34,660,324	30,951,288	14,594,454	80,206,066
Change during the period	7,083,742	(3,457,495)	5,301,175	8,927,422
<b>At the end of the period – 31 December 2021</b>	<b>41,744,066</b>	<b>27,493,793</b>	<b>19,895,629</b>	<b>89,133,488</b>

Movements of provision for severance pay during the period are presented below:

	2022	2021
<b>Beginning of the period - 1 January</b>	<b>45,544,344</b>	<b>30,853,702</b>
Interest cost	9,055,358	3,956,177
Service cost	6,065,407	3,727,836
Payments during the period	(5,006,218)	(5,347,692)
Actuarial loss	118,123,882	12,354,321
<b>At the end of the period - 31 December</b>	<b>173,782,773</b>	<b>45,544,344</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**24. NET INSURANCE PREMIUM INCOME**

As of 1 January - 31 December 2022 ve 2021 the distribution of premiums written in the accounting periods according to branches is as follows:

	1 January - 31 December 2022				1 January - 31 December 2021			
	Gross	Re- Share	SSI Ceeded	Net	Gross	Re- Share	SSI Ceeded	Net
General Loses	7,335,342,686	(6,320,775,488)	-	1,014,567,198	3,914,042,417	(3,362,383,300)	-	551,659,117
Motor Vehicles Liability	6,649,847,001	(1,018,783,747)	(593,759,543)	5,037,303,711	2,118,032,096	(495,279,050)	(177,277,054)	1,445,475,992
Fire and Natural Disasters	4,103,492,305	(2,729,455,499)	-	1,374,036,806	2,220,613,135	(1,593,164,571)	-	627,448,564
Motor Vehicles Accident	2,354,567,189	(18,032,093)	-	2,336,535,096	1,126,418,653	(3,764,009)	-	1,122,654,644
Health	1,526,516,755	(83,801,093)	(20,340)	1,442,695,322	582,121,664	(70,457,828)	(24,719)	511,639,117
Motor Vehicles Liability	1,324,750,846	-	-	1,324,750,846	617,820,174	(44,143)	-	617,776,031
General Liability	525,218,409	(525,218,409)	-	-	245,374,367	(245,374,367)	-	-
Air vehicles	505,014,599	(433,978,728)	-	71,035,871	338,457,427	(286,445,054)	-	52,012,373
Water Vehicles	245,345,572	(245,345,572)	-	-	219,529,401	(219,529,401)	-	-
Marine	224,446,398	(221,665,429)	-	2,780,969	162,505,502	(167,922,461)	-	(5,416,959)
Legal Protection	133,315,592	(100,591,116)	-	32,724,476	75,462,447	(59,924,990)	-	15,537,457
Credit	120,450,741	1,832	-	120,452,573	32,118,994	(1,910)	-	32,117,084
Financial Losses	58,192,308	(57,692,735)	-	499,573	38,048,734	(37,835,599)	-	213,135
Surety	40,879,172	(28,425,307)	-	12,453,865	39,727,562	(32,098,017)	-	7,629,545
Other	26,043,102	(13,344,358)	-	12,698,744	19,048,045	(6,191,321)	-	12,856,724
Other	-	-	-	-	325,952	-	-	325,952
<b>Total</b>	<b>25,173,422,675</b>	<b>(11,797,107,742)</b>	<b>(593,779,883)</b>	<b>12,782,535,050</b>	<b>11,749,646,570</b>	<b>(6,580,416,021)</b>	<b>(177,301,773)</b>	<b>4,991,928,776</b>

**25. SUBSCRIPTION FEE REVENUE**

None (31 December 2021: None).

**26. INVESTMENT INCOME**

	1 January - 31 December 2022	1 January - 31 December 2021
Income from financial investments	1,799,499,881	1,094,412,635
<i>Interest income from time deposit</i>	992,823,852	993,775,248
<i>Interest income from debt instrument</i>	806,676,029	100,637,387
Valuation of financial investments	668,636,382	55,194,627
Dividend income from linked securities	562,195,972	49,883,364
Foreign exchange gains, net	210,269,625	292,902,827
Revenues from derivatives	89,468,769	-
Lease and valuation income	56,853,537	18,055,753
Other	-	12,235,047
<b>Total</b>	<b>3,386,924,166</b>	<b>1,522,684,253</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**27. NET REALIZED GAINS ON FINANCIAL ASSETS**

Net realized gains on financial assets are presented in Note 4.2.

**28. NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS**

Net realized gains on financial assets are presented in Note 4.2.

**29. INSURANCE RIGHTS AND CLAIMS**

Disclosed in Note 17.

**30. INVESTMENT CONTRACT BENEFITS**

None (31 December 2021: None).

**31. OTHER EXPENSES**

The allocation of the expenses with respect to their nature or function is presented in Note 32.

**32. EXPENSE BY NATURE**

Details of operating expenses included in the income statement are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Commission expenses	2,115,471,513	1,230,431,727
Employee benefit expense (Note 33)	650,552,269	320,244,935
Management expenses	91,823,382	55,601,831
External benefits and services	67,664,947	45,221,709
Advertising expenses	50,566,481	39,284,161
Acquired commission incomes from reinsurer (Note 10)	(1,307,777,194)	(824,844,936)
Other operating expenses	200,200,255	90,781,026
<b>Total</b>	<b>1,868,501,653</b>	<b>956,720,453</b>

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED  
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**33. EMPLOYEE BENEFIT EXPENSES**

The details of employee benefit expenses are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Salaries and wages	482,010,873	237,190,574
Employer's share in social security premiums	67,157,543	35,106,212
Other fringe benefits	59,673,749	24,082,751
Other	41,710,104	23,865,398
	<b>650,552,269</b>	<b>320,244,935</b>

**34. FINANCE COSTS**

1 January 31 December 2022 financial expenses recognized in the income statement for the accounting period 3,514,465TRY (2021 2,387,622TRY) There are no finance costs classified in production costs or capitalized on tangible assets.

**35. INCOME TAXES**

Income tax expense in the accompanying consolidated financial statements is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Current year tax expense (-)	(324,256,119)	(344,521,741)
Deferred tax income	300,447,077	29,125,841
<b>Total income tax expense recognized in statement of income (-)</b>	<b>(23,809,042)</b>	<b>(315,395,900)</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**35. INCOME TAXES (Continued)**

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 for

1 January - 31 December 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Before Tax Profit	986,209,843	1,401,672,148
Tax rate	25%	25%
Income Tax Expense at statutory tax rate (-)	(246,552,461)	(350,418,037)
Effect of non-taxable income	111,219,001	12,470,841
Tax rate change and effect of other adjustment	111,524,418	22,551,296
<b>Total income tax expense recognized in statement of income (-)</b>	<b>(23,809,042)</b>	<b>(315,395,900)</b>

**36. NET FOREIGN EXCHANGE GAINS**

Disclosed in Note 26.

**37. GAIN/(LOSS) PER SHARE**

Earnings (loss) per share are calculated by dividing net profit (loss) for the period into weighted average number of shares of the Company.

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Net income/(loss) for the period	962,400,801	1,086,276,248
Weighted average number of shares	1,161,523,363	1,161,523,363
Earnings/(loss) per share (TRY)	0.83	0.94

**38. DIVIDENDS PER SHARE**

Information on dividend distribution is explained in notes 15 and 45. Profit share per share for the accounting period of 1 January - 31 December 2022 has been calculated as TRY 0.46. (1 January - 31 December 2021: 0.42TRY).

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED  
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(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**39. CASH GENERATED FROM OPERATIONS**

The cash flows from operating activities are presented in the accompanying statement of cash flows.

**40. CONVERTIBLE BONDS**

None (31 December 2021: None).

**41. REDEEMABLE PREFERENCE SHARES**

None (31 December 2021: None).

**42. RISKS**

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, in which mainly stem from its insurance operations. The necessary income/expense provision for those revocable cases against/on behalf of the Company are provided whether under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As of 31 December 2022, if all cases in which the Company is defendant, result in against the Company, amount of arising potential liability (including interest and other expenses) is TRY4,848,800,386 (31 December 2021: TRY3,439,814,754). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements.

As a result of the tax inspection performed at the Company by the Ministry of Finance Tax Supervisory Board relating to 2007 insurance transactions, the Company was notified of tax principal and penalties equal to TRY1,343,490. As a result of the lawsuit filed by the Company regarding the cancellation of the said transaction, the transaction subject to the lawsuit was cancelled. The case is at the stage of appeal review and the file is pending at the Council of State for referral on the merits.

As a result of the tax inspection regarding the insurance transactions carried out by the Tax Inspection Board of the Ministry of Treasury and Finance, a tax/penalty notice amounting to 2,450,607 TRY for 2010, together with the original tax and penalty, was notified to the Company. As a result of the lawsuit filed by the Company regarding the cancellation of the said transaction, taxes and penalties were canceled. The case is at the stage of decision revision review and the file is pending at the Council of State for referral on the merits.

Within this scope, and considering the results of the Company's lawsuits, no provisions were made in the financial statements regarding this issue.

**43. COMMITMENTS**

The details of the guarantees which are given by the Company in favor or the Ministry of Treasury and Finance for insurance operations are presented in Notes 14 and 17.

**44. BUSINESS COMBINATIONS**

None (1 January – 31 December 2021: None.)

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**45. RELATED PARTY TRANSACTIONS**

Türkiye Varlık Fonu Group companies are considered as related parties.

As at 31 December 2022 and 2021, related party balances are as follows:

	31 December 2022	31 December 2021
<b>Bank deposits</b>		
Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank")	2,087,231,318	1,158,670,120
Türkiye Halk Bankası A.Ş.	1,602,198,554	1,362,699,560
T.C. Ziraat Bankası A.Ş.	1,356,896,877	840,513,323
Other	378,310,285	427,282,587
	<b>5,424,637,034</b>	<b>3,789,165,590</b>
<b>Financial Assets</b>		
Ziraat Portföy Yönetimi A.Ş.	2,636,932,935	-
TVF İFM A.Ş.	66,198,577	50,205,799
T.C. Ziraat Bankası A.Ş.	44,282,363	31,447,584
Vakıfbank	28,805,023	55,882,892
Halk Yatırım Menkul Değerler A.Ş.	4,926,808	-
Halk Finansal Kiralama A.Ş.	-	19,532,855
Vakıf Faktoring A.Ş.	-	34,671,943
	<b>2,781,145,706</b>	<b>191,741,073</b>
<b>Receivables from main activities</b>		
T.C. Ziraat Bankası A.Ş.	784,207,629	451,020,838
Vakıfbank	675,979,684	589,580,802
Türkiye Halk Bankası A.Ş.	285,912,703	135,527,540
Other	30,875,434	24,672,085
	<b>1,776,975,450</b>	<b>1,200,801,265</b>
<b>Payables from main activities</b>		
Vakıfbank	30,487,268	15,056,253
Türkiye Halk Bankası A.Ş.	330,831	16,715,588
Other	1,570,173	3,061,219
	<b>32,388,272</b>	<b>34,833,060</b>
<b>Other payables to related parties</b>		
Dividend payables to shareholders	5,154,582	5,352,519
	<b>5,154,582</b>	<b>5,352,519</b>



## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 45. RELATED PARTY TRANSACTIONS (Continued)

	31 December 2022	31 December 2021
<b>Other Financial Liabilities</b>		
Halk Yatırım Menkul Değerler A.Ş.	1,422,024,298	-
İstanbul Takas ve Saklama Bankası A.Ş.	249,130,212	-
Ziraat Yatırım Menkul Değerler A.Ş.	200,120,457	-
	<b>1,871,274,967</b>	<b>-</b>

The operations performed with related party in organizations are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Written Premium</b>		
Türk Hava Yolları Anonim Ortaklığı	745,549,345	446,921,034
Turkish Petroleum BTC. LTD.	471,648,093	-
Turkcell İletişim Hizmetleri A.Ş.	240,934,467	-
Türkiye Halk Bankası A.Ş.	155,498,198	102,649,691
Türkiye Petrolleri Anonim Ortaklığı	95,923,726	30,206,580
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	80,007,317	-
Halk Finansal Kiralama A.Ş.	67,624,444	40,156,125
Ziraat Katılım Bankası A.Ş.	41,494,606	26,898,000
T.C. Ziraat Bankası A.Ş.	36,595,137	32,592,041
Türkiye Hayat ve Emeklilik A.Ş.	31,492,304	-
Other	245,350,155	62,507,942
	<b>2,212,117,792</b>	<b>741,931,413</b>

### Premiums written through related parties

	1 January - 31 December 2022	1 January - 31 December 2021
T.C. Ziraat Bankası A.Ş.	7,811,071,348	4,204,921,369
Vakıfbank	2,523,724,504	1,256,293,543
Türkiye Halk Bankası A.Ş.	1,468,100,596	728,939,388
	<b>11,802,896,448</b>	<b>6,190,154,300</b>

The Company has also paid a commission amounting to TRY 1,766,439,419 to the relevant banks regarding the premiums written through the branches of the banks of the Turkey Wealth Fund Group as described above for the period 1 January - 31 December 2022 (1 January - 31 December 2021: 813,671,369 TRY).

## TÜRKİYE SİGORTA AŞ

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

## 45. RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Other commission expenses paid</b>		
Türkiye Halk Bankası A.Ş.	16,462,136	11,626,818
Halk Finansal Kiralama A.Ş.	10,597,257	6,256,337
Ziraat Katılım Bankası A.Ş.	6,656,823	3,867,609
Other	9,195,171	1,308,099
	<b>42,911,387</b>	<b>23,058,863</b>
<b>Lease income</b>		
Vakıfbank	718,503	554,274
	<b>718,503</b>	<b>554,274</b>
<b>Lease paid</b>		
Türkiye Hayat ve Emeklilik A.Ş.	234,703	207,117
Türkiye Halk Bankası A.Ş.	-	9,789
	<b>234,703</b>	<b>216,906</b>
<b>Finance income</b>		
Vakıfbank	399,918,749	197,144,862
Türkiye Halk Bankası A.Ş.	219,357,711	297,650,120
T.C. Ziraat Bankası A.Ş.	109,501,147	275,911,762
Other	176,816,592	35,283,841
	<b>905,594,199</b>	<b>805,990,585</b>
<b>Dividend income</b>		
Türkiye Emeklilik ve Hayat A.Ş.	90,040,246	47,715,628
Other	2,875,846	2,167,736
	<b>92,916,092</b>	<b>49,883,364</b>
<b>Dividend distributed</b>		
TVF Finansal Yatırımlar	430,014,328	399,831,475
Other	100,201,718	93,168,525
	<b>530,216,046</b>	<b>493,000,000</b>

**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**46. SUBSEQUENT EVENTS**

The effects of the earthquakes that occurred in Kahramanmaraş on February 6, 2023 and were effective in a wide area, on the financial statements of the Company to be prepared in the following periods, continue to be evaluated as of the preparation date of the financial statements. The company has decided to donate 50,000,000 TL to aid the regions affected by the earthquakes.

**47. OTHER**

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

	31 December 2022	31 December 2021
<b>Other Receivables</b>		
Receivables from DASK agencies	10,028,133	14,049,689
Other	510,371	899,419
	<b>10,538,504</b>	<b>14,949,108</b>
<b>Other Payables</b>		
Payables to suppliers and contracted institutions	83,433,001	29,465,589
DASK current account	81,488,873	29,246,971
Other	1,072,321	15,419,007
	<b>165,994,195</b>	<b>74,131,567</b>

**TÜRKİYE SİGORTA AŞ****CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**47. OTHER (Continued)**

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

None (31 December 2021: None).

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

None (31 December 2021: None).

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

None (31 December 2021: None).

**Description and amount of rights in real on property**

None (31 December 2021: None).

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

None (31 December 2021: None).

## CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

### 47. OTHER (Continued)

For the years ended 31 December 2022 and 2021 details of rediscount and provision expenses are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Change in provision for recovery receivables under legal follow-up (Note 4.2)	(101,316,105)	(174,536,139)
Other	39,417,526	(42,121,680)
	<b>(61,898,579)</b>	<b>(216,657,819)</b>

### Fees for services received from independent auditor/independent audit firm:

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period	1,900,000	2,006,734
Fees for tax advisory services	60,000	15,000
<b>Total <sup>(*)</sup> <sup>(**)</sup></b>	<b>1,960,000</b>	<b>2,021,734</b>

<sup>(\*)</sup> The fee is excluding VAT.

<sup>(\*\*)</sup> It also includes fees for services received for a joint venture.