



DOGQ rigorta



# Doğa Sigorta Always With You



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#### 1.1 Company Information

Our company headquarter is located in Istanbul. As of 31 December 2022, the number of our employees has reached 296. As of 31 December 2022, we have a total of 1,991 intermediaries including 90 brokers, 1,896 agencies and 5 banks (Türkiye Finans Katılım Bankası A.Ş. serving with its 316 branches, Alternatifbank A.Ş. with its 38 branches and QNB Finansbank serving with its 444 branches, Odea Bank serving with its 47 branches, Turkland Bank with its 13 branches). In 2022, our company continued its operations within the scope of rendering of services throughout Turkey via 9 regional directorate.

	December 31 2022	December 31 2021
Authorized Agency	1,896	1,787
Broker	90	85
Bank (Total of 858 Branches)	5	3
Total	1,991	1,875

#### 1.2 The Number of Our Employees and Regional Representatives

As of December 31, 2022, the total number of our employees is 296 with 217 of them working at the General Directorate, 47 at the Regions, and 32 at the Customer Relations Center.

#### **General Directorate**

Spine Tower Maslak Mah. Saat Sok. No:5 34398 Sarıyer/İSTANBUL

Phone: +90 (212) 212 36 42 Fax: +90 (212) 212 36 44

#### Anatolia/Europe/Major Customers and Corporates (MARMARA) Region

Spine Tower Maslak Mah. Saat Sok. No:5 34398 Sariyer/İSTANBUL

Phone: +90 (212) 212 36 42 Fax: +90 (212) 212 36 44

#### Eastern and Southeastern Anatolia (Adana) Region

Reşatbey Mah. Atatürk Cad. No:22 Gen İş Merkezi K:7 D:19 Seyhan/ADANA

Phone: +90 (322) 458 36 42 Fax: +90 (322) 458 36 41

#### Central Anatolia (Ankara) Region

Ceyhun Atuf Kansu Caddesi Bayraktar İş Merkezi No: 114 E Blok D:1 Çankaya/ANKARA

Phone: +90 (312) 287 31 41 Fax: +90 (312) 287 31 43

#### Aegean (İzmir) Region

Manas Bulvarı Adalet Mah. Folkart Towers A Kule K:23 Kapı No:02 Bayraklı/İZMİR

Phone: +90 (232) 484 08 85 Fax: +90 (232) 484 08 86

#### Mediterranean (Antalya) Region

Yenigün Mah. Kızılırmak Cad. Ali Peçen Plaza Al Blok K:4 D:10 Muratpaşa/ANTALYA

Phone: +90 (242) 311 36 32 Fax: +90 (242) 311 36 33

#### Black Sea (Samsun) Regional Directorate

Kale Mah. İstiklal Cad. Kaptanağa Sok. Ali Çepni İş Merkezi No: 17/4 İlkadım/SAMSUN

Phone: +90 (362) 435 01 20 / 435 01 21

#### **Bursa Regional Directorate**

23 Nisan Cad. No:22 Ofis Gökçadır K:8 D:36 Nilüfer/BURSA Phone: +90 (224) 502 06 36 Fax: +90 (224) 502 05 45

INTRODUCTION

#### 1.3 Historical Development

Doğa Sigorta has been established pursuant to Insurance Law No. 5684 as a cooperative to perform all kinds of insurance services and transactions in non-life insurance groups.

Our company prepared its feasibility report within the scope of the relevant provisions of the Insurance Law No. 5684 and the Regulation on Establishment And Working Principles Of Insurance Companies And Reinsurance Companies and submitted it to the Undersecretariat of Treasury in September 2013 for approval, and received its insurance license with the Undersecretariat of Treasury's letter dated 18 February 2014 and No. 4147, and issued its first policy on 18 March 2014.

In 2014, Doğa Sigorta carried out the insurance transactions solely and exclusively with the members of the cooperative, and concluded the year with TRY 26,476,771 worth of premiums. On account of the developments both in production figures and capital requirements in 2015, Doğa Sigorta was authorized to sign insurance contracts with persons and institutions other than our cooperative members with the approval of the Undersecretariat of Treasury dated 1 July 2015 and No. 20723 after which we started to perform insurance operations in relation to persons and institutions other than the members.

In 2015, Doğa Sigorta completed the necessary works and infrastructure preparations concerning participation insurance, a branch which could not be widely and commonly implemented in Turkey, and started its operations in this area in June 2015.

Having completed all necessary procedures, Doğa Sigorta started to issue policies in all branches as an open cooperative starting from 1 June 2016 without making any partnership membership transaction. With the advent of this new era in the cooperative insurance sector, the weight of non-motor products increased in our production.

Having accelerated its growth with the developments of 2016, our company sustained its growth into an acknowledged and reliable company in 2017. It refreshed itself as a result of the innovations brought out by this growth, and modified its structure. In the last quarter of 2017, the company changed its status to joint-stock company in September. Enjoying a balanced and profitable growth trend starting from 2017, Doğa Sigorta intended to increase the added value it generated in the sector and succeeded reaching its goals in previous years.

Doğa Sigorta prioritized profitability balance in 2022 as well, as a result of which it increased its premium production in non-motor branches. By the end of 2022, Doğa Sigorta generated TRY 4,726,126,486 in premiums, continuing its positions as one of the leading companies in the industry. Being a dynamic and innovative organization allowed Doğa Sigorta to be a company that makes a difference in the sector in 2022, just like in previous years.

#### 1.4 Vision, Mission, Values

#### 1.4.1 Our Vision

Achieve being an easily accessible and communicable company in due course of generating easy, rapid and simple solutions

Make Doğa Sigorta preferred and well-known trademark

Achieve reaching more insurance policy holders by means of more creative sales techniques and products in the transforming and evolving world

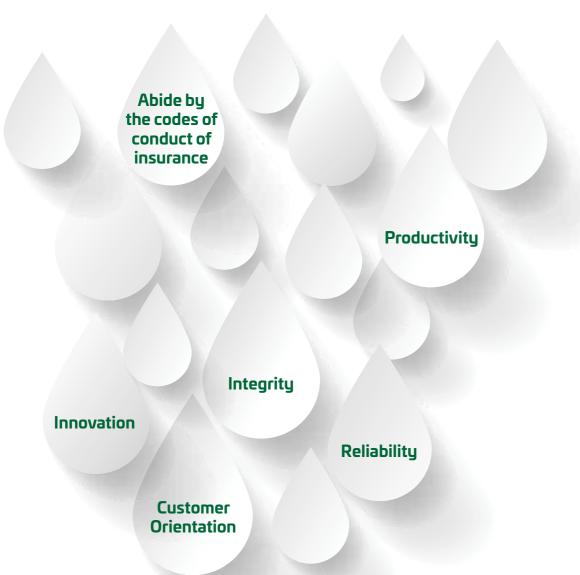
Maintain profitable, continuous and long-term growth

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#### 1.4.2 Our Mission

Become a company that increases the insurance awareness in the society, cares about the needs that give importance to the customers, is focused on the agencies and understands them, works with a wide distribution network, represents reliability with its strong financial structure, adds value to its employees and shareholders and provides the fastest service to its customers with these conditions.

#### 1.4.3 Our Values



# **INTRODUCTION**

#### 1.5 Articles of Association

The final version of the articles of incorporation and the shareholding structure are available on www.dogasigorta.com.

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#### 1.6 Chairman's Message

Dear Business Partners, Distinguished Policyholders and Esteemed Colleagues,

The year 2022 has been a year in which the social effects of the pandemic have decreased but the economic effects have remained in all around the world. The economic recovery after the pandemic and the rise in commodity and energy prices due to the Russian-Ukrainian war have led to a global inflation problem and monetary policies have started to tighten in many countries.

Turkey, on the other hand, started 2022 with the pressure of increase on the exchange rate and inflation which was remained from 2021. In line with the New Economic Model, which plans to generate a current accounts surplus thanks to the competitive exchange rates resulting from the depreciation of the Turkish lira, the Central Bank lowered its policy rate to 9%, which was low relative to inflation. Although macro prudential policies tried to control inflation throughout the year, annual inflation which was as high as 85.5% in October 2022, declined to 64.3% in December due to the base effect.

While the waning effects of the pandemic, rising interest rates and recovering financial markets reflected positively on the insurance industry worldwide, geopolitical conflicts, inflation, tightening monetary policies and deteriorating economic outlook increase the possible risks that may occur in the future.

The Turkish insurance sector also continued its strong growth in 2022, and the non-life insurance sector, in which we carry out our insurance activities, reached a premium production of TRY 204 billion with a growth rate of 133%. Being able to compete with very powerful rivals in such a strong sector also proves the strength of Doğa Sigorta. Doğa Sigorta, who operates with a domestic capital, and who has reached its growth objectives, reinforced its respectability in the industry with its experienced human resources and cutting-edge technological infrastructure.

Doğa Sigorta managed to reach its expansionist and balanced sustainable growth objectives in 2022, showing that it is one of the significant players in the sector. In line with this objective, it produced TRY 4.73 billion in premiums during the January-December 2022 period.

Doğa Sigorta continued its success it has been gradually increasing every year since its establishment by both realising its youthful energy and following the dynamics of the sector. It managed to be the insurance company of choice thanks to its efficient communication with our business partners and its customer-oriented approach.

Its continuous growth trend leads to the employment of personnel who work painstakingly with a professional approach. Being aware of the importance of a qualified workforce, training opportunities were provided to our personnel online this year as well, and hybrid working model was continued.

While we have brought many innovations to our company and our industry this year just as we have every year, we have managed to become a company with a wide range of production distribution, through the licenses we have in all non-life branches. This situation allowed us to have a product portfolio that is both desirable and sustainable. As Doğa Sigorta, we have completed a year in which we worked very hard and achieved great success with our customer-oriented and innovative approach it offers to our policy holders, and with its experienced managers and employees.

#### INTRODUCTION

We care about contributing to the society we live in while trying to create more value for our policyholders and business partners. In this direction, while supporting many social responsibility projects, we encouraged our youth, who are our future, to participate in sports and contributed to their education and cultural development. In addition, we took several steps to increase the brand value through sponsorship agreements we made.

I would like to take this opportunity to thank all our teammates wholeheartedly who enabled this success, and salute all our policyholders and agencies for putting their trust in us.

#### Nihat Kırmızı Chairman of the Board



#### 1.7 General Manager's Message

2022 was a year in which we eliminated the difficulties created by the reflection of the increase in inflation on the damage costs and the increase in damage caused by the pandemic with our risk-oriented approach and balanced portfolio structure. Thanks to our strong infrastructure and competent staff, we produced TRY 4.73 billion of premium and achieved 2.32% market share in 2022.

At the foundation of the sales and growth success Doğa Sigorta achieved lie the strong connections we formed with the sales channels. We offer quality service to our policy holders through our agency network which develops every year, and as of the end of 2022, we offer our services through 1,991 intermediaries which consist of 90 brokers, 5 banks (Türkiye Finans Participation Bank, Alternatif Bank, QNB Finansbank, Odea Bank and Turkland Bank) and 1,896 agencies. Thanks to our growing sales network, our sustainable growth continued in 2022 as well and we remained as one of the strongest companies in the sector.



The reinsurance agreements which we develop and renew allow our structure to help us support our individual and corporate customers strongly. As a result of this structure, we maintained our position as a company that can obtain projects with great potential and prestige. We ended a year in which we reached our goals, and based on which we can look to the future with great confidence.

We have made priority infrastructural investments to keep up with the age of technology and digitalization. In the field of information technologies, we have ensured that the services offered are developed in line with technological changes and business requirements, especially robotic process automation and the implementation of a special law program for our company. We maintain close interaction with our policy holders and candidates through our mobile application, and by using the social media effectively.

CRM, one of the priority projects of our company, was initiated in September 2022 in order to manage our business relations with our existing and potential customers and to provide a competitive advantage, and the project was implemented throughout the company as of March 1st, 2023. The starting point of the project is to get to know and analyse our customers and improve our business relations. In this direction, our CCC team, which is in direct contact with our customers, was taken as the focal point of the study, an integrated structure was established as a priority with all our systems and applications were consolidated on a single screen. The dashboard, which was created on a person and group basis, provided convenience in terms of business follow-up throughout the company with its structure and on the other hand, customer singularization studies were carried out by reviewing the existing customer data.

#### INTRODUCTION

As Doğa Sigorta, we serve our policyholders with a total of 1,622 contracted service networks all around Turkey. Thanks to this widespread service network, our policyholders can easily handle their damage repair operations without having difficulty in finding a contracted service centers close to them in their province. At the same time, for contracted glass services, we provide services for glass damages with 7 glass companies that have dealer networks throughout Turkey and 1,100 glass dealers affiliated to the companies. We also offer replacement service to our policyholders who are not able to go to the service centers for glass replacement.

In our Complementary Health Insurance (CHI), we provide service with our widespread network of contracted institutions. As of the end of December 2022, we have CHI agreements with 576 institutions. Service is provided by private hospitals that are available with 573 institutions located in 59 provinces. Our contracted institutions provide widespread service all over Turkey, particularly in Istanbul, Ankara, Izmir, Bursa and Antalya.

While maintaining our presence within the sector in auto branches on the basis of direct production, we achieved a 176% increase in production in non-auto branches. While we achieved a growth of 431% in the engineering branch, 133% in the transportation branch, and 128% in the fire branch, we continued to increase the share of non-auto branches in the company's overall share this year as well.

Here in Doğa Sigorta, we have a human resource which is of great value for us and which is experienced and qualified. As of the end of 2022, we have a total of 296 employees in our company with 217 of them working at the General Directorate, 47 in the Regional Directorates, and 32 at the Customer Relations Services.

Despite all the challenges, Doğa Sigorta achieved balanced and sustainable growth in 2022. It aims to maintain a balanced and sustainable growth in 2023 as well by prioritizing profitability.

We are proud to have achieved our goals with our experienced staff, flexible point of view, and solution oriented, fast and quality service philosophy. I believe that our success will continue to increase in 2023 as well, and I sincerely thank our customers, business partners and employees who contributed to this success.

Coşkun Gölpınar General Director

#### 1.8 Shareholding Structure

FOUNDING PARTNER	AMOUNT OF SHARE (TRY)	SHARE PORTION
NİHAT KIRMIZI	99,000,000	45%
NABİ KIRMIZI	74,800,000	34%
KIRMIZI HOLDİNG A.Ş.	46,200,000	21%
TOTAL	220,000,000	100%

NAMES OF THE MEMBERS OF THE BOARD OF DIRECTORS	TITLE
NİHAT KIRMIZI	Chairman of the Board
NABİ KIRMIZI	Deputy Chairman of the Board
MUSTAFA ARİF KÜME	Vice Chairman of the Board
MÜSLÜM BERK KIRMIZI	Member of the Board of Directors
COŞKUN GÖLPINAR	Member of the Board of Directors / General Manager
EMRE ALKÍN	Member of the Board of Directors
NİLÜFER GÜNHAN	Member of the Board of Directors

# 1.9 Company's Service Type, Fields of Activity and Company's Position in the Industry

Operating since 2014, at the end of 2022, Doğa Sigorta serves its policyholders with nine Regional Directorate Offices in Turkey. It carries out Elementary Insurance activities with 296 employees at the General Directorate and Regional Directorate offices, and 1,991 intermediaries including, 1,896 agencies, 90 brokers and 5 banks with 858 branches (Türkiye Finans Katılım Bankası A.Ş. serving with its 316 branches, Alternatifbank A.Ş. with its 38 branches and QNB Finansbank serving with its 444 branches, Odea Bank serving with its 47 branches, Turkland Bank with its 13 branches) sales channels.

Since the day it was founded, Doğa Sigorta has worked to continuously improve its production, its share and ranking in the industry.

Sector Data			
	Sector (TRY)	Doğa Sigorta (TRY)	Market Share
2018	47,732,813,112	1,668,708,401	3.5%
2019	57,881,874,321	1,533,598,888	2.6%
2020	68,143,955,472	1,781,055,358	2.6%
2021	87,580,270,796	2,143,340,348	2.4%
2022	204,137,834,289	4,726,126,486	2.3%
Growth (2021- 2022)	133,1%	120,5%	-

Doğa Sigorta, who produced 0.1% of the total amount of TRY 22.7 billion in premiums in the year of 2014 reached by Insurance sector, by realizing a premium production of TRY 1,668 million in 2018, it increased its market share to 3.5%, and succeeded to be a strong company in the sector and ranked in the top 10 in premium production.

Focusing on the profitability goal in 2019, 2020 and 2021, Doğa Sigorta prioritized sustainability along with its market share.

Doğa Sigorta achieved very successful works in the year of 2022 as well both in terms of realization of premium production and the variety of the production with its dynamic structure, wide distribution channel, and professionally competent personnel, it is determined to consolidate and develop its position in the industry.

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#### INTRODUCTION

# 1.10 Information on Research and Development Applications Regarding New Services and Activities

#### Promotion-Branding:

As Doğa Sigorta, we carried out important social media and social responsibility projects especially along with our creative commercial film in 2022 as well for promotion and branding, which helped us continue our strong company image.

With our "Trust and Insurance" themed, entertaining and full of surprises commercial film, we emphasized the importance of trust, drew attention to the necessity of a whole insurance assurance in all parts of life, and announced our message to both our agencies and our customers by delivering it to all corners of Turkey through our cinematic broadcasts.

By continuing our social responsibility project "Love is in the Nature", in 2022 as well, which we started for our numerous furry friends who live on the street or in a shelter, without a warm home and in need of our help; We popularized the cat houses that are resistant to heavy weather conditions and provided them food with the food containers produced for our friends who struggle to find food in adverse weather conditions.

At the A.C.E. Awards (Achievement in Customer Excellence) organized for the seventh time by Şikayetvar, the platform that measures customer satisfaction in the most comprehensive way in Turkey, we, once again, won the Gold award in the A Segment Elementary Insurance category according to the results of the Customer Experience Index research, which was prepared based on the complaints data of the companies, their market shares and the annual 1 million 500 thousand surveys organized by Şikayetvar.

As a supporter of gender equality and equal opportunities in all areas including the business world, we hosted the 4th National Sports and Women Summit in Şanlıurfa, which drew attention to the increasing success of women in sports and women entrepreneurship. In 2022, we became one of the sponsors of Sporfest and Maratonizmir, which attracted thousands of visitors and athletes to Izmir Kültürpark.

In the field of sports, we give particular importance to supporting amateur sports branches such as Basketball U18, Volleyball and American Football, and in this context, we continue to support the most demanded amateur branch teams of Ataşehir Yıldızları and ITU Sports Club. In order to contribute to both physical and mental development of young people, we brought a basketball court to Şanlıurfa Haliliye Secondary School in 2022.

In 2023, with the priority and importance we give to digitals, we focused on building this area according to the advancing technology and changing customer needs. Within the scope of our innovative breakthroughs in digital and new marketing strategies, we launched new packages and privileges to meet the needs and expectations of our customers.

In cooperation with our group university Istanbul Topkapı University and YAPDER, we aimed to provide students with experience and networking in all business processes related to the media sector before graduation by carrying out the Media Application Centre, which creates an important area in media-university integration.

In cooperation with our group university, we organized special days, comprehensive online trainings, and events for students just as we do every year.

Continuing our efforts in social media communication, we were among the top three companies in the sector with all our social media accounts throughout the year. We achieved popular interaction with our content that reflects the actuality and that brings forward the brand reputation and product features. As the digital world increased in importance as a result of the pandemic, we managed our social media accounts in a dynamic and actual manner. We communicated closely with both our followers and our agencies, gave them morale, provided motivation, and informed and warned them about necessary precautions.

We adopted effective media management and brand placement strategies in the scope of our promotion and branding objectives in 2023, and we are planning to conduct promotional activities, press relations, sponsorships and social responsibility projects in compliance to the local and global processes to take our corporate image to the next level.

#### Information Technologies:

Doğa Sigorta continued to improve its technological infrastructure in 2022 as well, by using the latest technologies in the IT area in order to provide its insurance services without any interruption, to increase the speed and quality of its products and services, and to ensure growth in a productive way. In order to develop our services in line with technological changes and business requirements, we attach great importance to increasing data processing speed, improving business processes, and increasing our capacity to base strategic decisions on flexible and sensitive measurements. While our improvements which are planned in various areas continue, we also follow the technological infrastructure used and make additional investments when and where necessary.

Since the first weeks of the pandemic, thanks to the technical infrastructure we have prepared as the Information Technologies Department and the processes we have implemented, our employees have continued to work with the hybrid working model which includes working in the office and out of the office on certain days according to the monthly work calendar.

In 2022; Within the scope of PDPL compliance measures, we changed our DLP application that we use for the protection of personal data. We have taken and will continue to take measures regarding the protection of personal data under the coordination of the PDPL Committee.

It is aimed to ensure that the information systems procedures and functions are carried out in accordance with COBIT (Control Objectives for Information and Related Technology) and the procedures are updated accordingly.

Information Technologies Department used the investments and the workforce as efficiently as possible while providing the services requested, and became a department which improved itself continuously to prevent our company from falling behind with regards to information technologies.

#### Claim:

As the Claims Department, claim investigations in 2022 are continued through our new claim management system. This new platform where all stakeholders, such as experts, repair shops, mobile repairmen, suppliers, investigators, specialists, and file managers carry out their transactions over the same system.

In addition, we changed our catalogue system, which is a vital component of our claims systems. This catalogue system is called Audatex, and we are one of the first 5 companies in Turkey to use it. This is a new platform where it is possible to find information about all parts in 85% of vehicles in the Turkey park from a catalogue without even consulting a supplier, and to examine all parts of the vehicle in 3D.

#### Audatex:

With the Audatex catalogue system which we started to use in early 2020, experts can perform their job much more accurately by having detailed technical information about the vehicle brands and models. In addition, our supply process is initiated with the catalogue, preventing the delivery by detecting additional parts coming on the main part and file closing times are decreased as a result of delivering the correct part, and saving on the number of parts.

The Audatex system switched to its new three-dimensional version, Qapter, all over the world. By completing the transition simultaneously, we can see the parts in their three-dimensional form and all the details on the screen and make their technical examinations. In 2022, the catalogue system saved TRY 58.6 Million.

#### Write Off:

We continued to perform totalling procedures without any human intervention, and by sending agreements to the injured parties/policy holders automatically. Due to the contraction in the vehicle market and the effect of the pandemic and the disruptions in the production chain, the increase in vehicle prices was also reflected in the scrapped costs, and an increase in the scrapped damage costs was observed.,

#### Alternative Repair:

In traffic claims, we started to announce alternative repair tenders to work with services which can carry out the claims amounts and relevant repairs notified by repair shops cheaper but with the same quality. It is saved TRY 8.2 Million from this process in 2022.

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#### Supply Management:

The spare parts sector is closely monitored and the discount rates are increased. We saved TRY 101.7 Million in 2022.

#### Mobile Service

We enabled the repair of damaged parts on the vehicles by companies providing mobile repair (on site repair) services at prices lower than those requested by existing repair shops. TRY 66.7 million was gained from this process.

#### Invoiced File Approval:

Expert service was not used in files which were opened with TRY 25,000 outstanding limits in motor insurance and traffic branches, and in all glass files at authorized services. The relevant files are examined by the field experts over the system. TRY 9 million was saved thanks to this method.

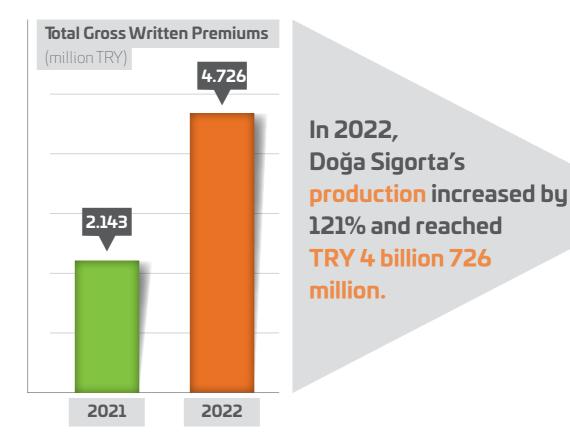
#### Abuse:

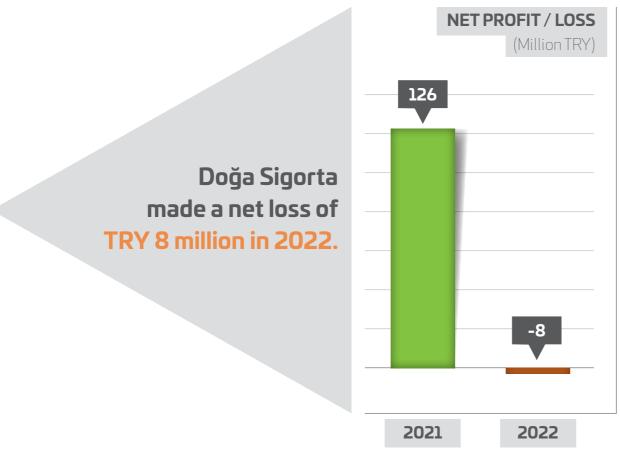
With our fraud system, the parties and vehicles in the file are examined through all channels, and the file processes are intervened immediately. In addition, the external surveyor companies installed performance management system, which increased their effectiveness. TRY 59 Million was earned from these files.

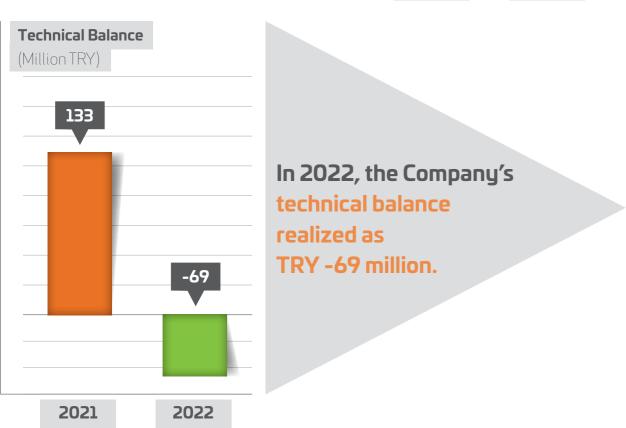
#### Scrap Parts:

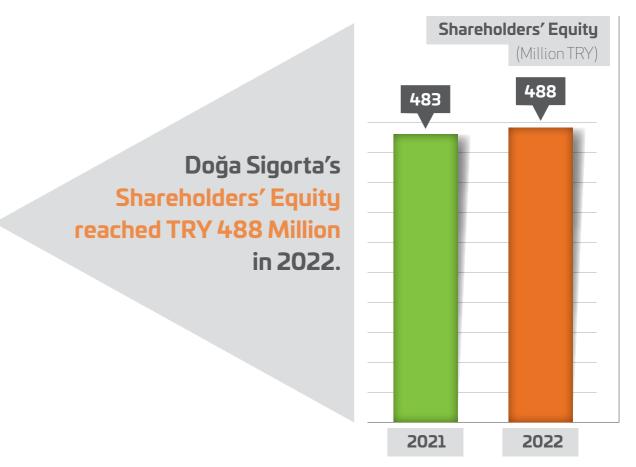
TRY 2.4 Million payment was received for parts taken out from our files processed in 2022.

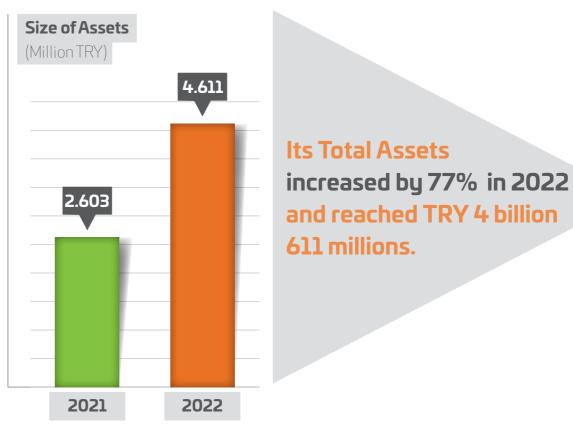
#### 1.11 Doğa Sigorta Financial Results











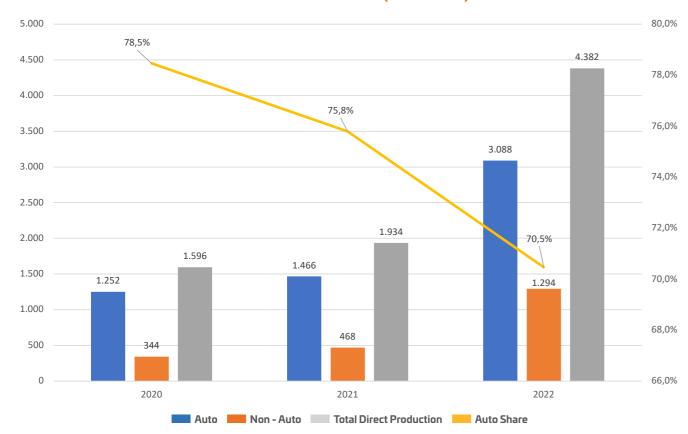
#### **GROSS WRITTEN PREMIUMS**

	2021(TRY)	2022(TRY)	GROWTH RATE
Traffic (MTPL)	1,215,360,606	2,533,687,233	108%
Motor Own Damage (MoD)	317,229,729	773,969,877	144%
Fire	294,319,352	659,742,646	124%
Health	99,087,798	237,322,556	140%
Personal Accident	52,866,448	45,300,485	-14%
Cargo	89,040,141	207,097,858	133%
Other	75,436,274	269,005,832	257%
TOTAL	2,143,340,348	4,726,126,486	121%

In production, growth rates of 144% in MoD, 124% in Fire, 140% in Health and 133% in Cargo branches are standing out. Our company produced TRY 4.72 billion premium by the end of 2022 and achieved a 121% growth compared to the year of 2021.

The share of Automotive Branches (MoD, traffic) in the company's total production decreased and realized as 70% at the end of 2022.

#### Total Direct Production (Million TRY)



\*Automotive branch premiums consist of main coverage premiums in automotive branch.

#### **NET REALIZED CLAIMS**

	2021(TRY)	2022(TRY)	% CHANGE
Traffic (MTPL)	789,140,023	1,473,737,694	87%
Motor Own Damage (MoD)	181,288,637	329,851,439	82%
Health	25,801,542	99,577,648	286%
Fire	17,126,727	30,292,218	77%
Personal Accident	2,990,953	7,724	-100%
Cargo	-376,322	4,466,905	-1287%
Other	12,583,826	22,100,681	76%
TOTAL	1,028,555,385	1,960,034,309	91%

The net real claims of the company increased by 91% to TRY 1 Billion 960 million. The 87% increase in total net actual claims TRY 1 billion 474 million is largely attributable to the amount of damages in the traffic division.

#### **NET INCURRED CLAIMS / NET PREMIUMS EARNED**

	2021	2022	CHANGE
Traffic (MTPL)	129%	130%	1%
Motor Own Damage (MoD)	110%	102%	-9%
Cargo	-50%	239%	289%
Health	27%	66%	39%
Fire	20%	23%	3%
Personal Accident	11%	0%	-11%
Other	102%	85%	-17%
TOTAL	103%	110%	7%

When compared to the premium produced; Health, Fire, Personal Accident and other categories that covers the branches apart from these categories emerge as those who are significantly contribute to the company's profitability and growth.

Despite the 2022 macroeconomic developments and increasing claim costs, the increase in claim costs was observed as below the premium production thanks to the structural reforms developed by Doğa Sigorta in claim items.

#### **TECHNICAL BALANCE (TRY)**

		· /	
	2021(TRY)	2022(TRY)	% CHANGE
Traffic (MTPL)	-247,680,865	-199,668,669	-19%
Motor Own Damage (MoD)	-6,460,547	-63,893,169	889%
Cargo	6,665,988	8,546,566	28%
Health	150,509,400	47,754,418	-68%
Fire	177,477,755	119,051,681	-33%
Personal Accident	46,775,725	9,440,101	-80%
Other	5,228,353	9,392,730	80%
TOTAL	132,515,809	-69,376,342	-152%

<sup>\*</sup>Technical Balance of the year of 2022 has been TRY -69,376,342

Financial Profit	2021(TRY)	2022(TRY)	CHANGE %
Technical Balance	132,515,809	-69,376,342	-152%
Investment Incomes	530,434,613	674,297,770	27%
Investment Expenses	-475,412,987	-624,975,896	31%
Other/Extraordinary R/P. and E/L	-27,209,238	12,423,985	-146%
Financial Profit	160,328,196	-7,630,484	-105%

Taking advantage of the financial gains properly, Doğa Sigorta obtained an high investment income due to the year-end exchange rate increases and interest yields.

#### 2. MANAGEMENT AND CORPORATE GOVERNANCE DEPARTMENT

#### 2.1 Board of Directors

#### Nihat KIRMIZI

#### Chairman of the Board

Nihat Kırmızı was born in 1978 in Şanlıurfa and he majored in Communications and Finance. He achieved his master's degree from Accountancy and Finance departments in Marmara University. Nihat KIRMIZI, who has been carrying out various studies in the field of finance and participation insurance, is also the founder of the first participation insurance established in the window method in Turkey. He is the senior manager of the group of companies which incorporates numerous companies active in finance, education, health and industry. Nihat Kırmızı, who is the Chairman of the Board of Directors and the Executive Board of Doğa Sigorta, is carrying out his work on expanding participation insurance in the insurance field and bring in qualified personnel to the finance sector.Nihat Kırmızı, Chairman of the Board of Doğa Sigorta, is also performing his duties as the Chairman of the Board of Trustees of Istanbul Topkapı University and Board Membership of Galatasaray Sportif A.Ş.



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#### Nabi KIRMIZI

#### Deputy Chairman of the Board

He was born in 27 December 1964 in Şanlıurfa and graduated from Economy Faculty. KIRMIZI who has completed his master at Istanbul University Social Sciences Institute, as a member of the Türmob holds the Financial Advisor's license and the Independent Auditor's license to the Public Surveillance Authority. He maintains his position as a founding partner and a member of the Board of Directors of companies operating in various sectors, both domestic and abroad. He is the chairman of the board of directors of Doğa Hospital A.Ş. which operates in the health sector and the chairman of the board of directors of Doğa Sigorta which he is among the founding partners.

#### MANAGEMENT AND CORPORATE GOVERNANCE

## Coşkun GÖLPINAR

#### General Manager - Member

GÖLPINAR who started his career within the incorporation of Koç Holding as an architect in 1984 and worked in Akbank A.Ş. again as an architect from 1986 until 1987. GÖLPINAR who continued on with his career in insurance sector worked in Halk Sigorta A.Ş. as manager of Risk Engineering during 1989 and 1992, served as Technical Group Manager in Yapı Kredi Sigorta during 1992 and 1996, became Deputy General Manager responsible for Fire, Engineering and Transportation branches in 1996 until 2004, worked as Deputy General Manager responsible for Marketing, Bancassurance and Direct Sales channels during 2004 and 2013. He served as General Manager in Can Brokerlik and Reasürans A.Ş. between 2013 and 2015. He has been serving as General Manager since June of 2016 in our company in which he started to work as the Assistant General Manager in March 2016. GÖLPINAR graduated from Yıldız Technical University, Architecture Department and he speaks English. He is married with one child.



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# Mustafa Arif KÜME Vice-Chairman of the Board

Mustafa Arif Küme was born in 1978 in İstanbul. He completed elementary school, junior high and high school education in İstanbul. He graduated from the Business department of Faculty of Economics and Administrative Sciences of Muğla University in 2000. Right after graduation, he continued his education life in Australia and graduated from RMIT University Management Information Systems department at the end of 2005. After his graduation, he worked in the Information Technologies sector and the Service sector in Australia for 5 years. Mustafa Arif KÜME, who returned to Turkey at the end of 2010, assumed senior management positions in companies operating under the roof of Doğa Group and took part in the boards of directors. He has been serving as the Vice Chairman of the Board of Directors of Doğa Sigorta A.Ş. since 2014.

#### Prof. Dr. Emre ALKÍN

#### Member of the Board of Directors

After graduating from Saint Michel French High School in 1987 and the Facultu of Economics of Istanbul University in 1991, Prof. Dr. Emre ALKİN completed his postgraduate education at Istanbul University in 1993. He completed his doctorate at the same university in 1996 and received the title of "associate professor" in 1997 and "professor" in 2002. Prof. Dr. Emre ALKIN served as the Advisor to the ISE President between 1999-2003, as the Secretary General of TIM in 2000, and as a member of the Tax Council; also worked at Çukurova Holding, Doğan Holding, Anadolu Holding and Altınbaş Holding. Prof. Dr. Emre ALKİN worked as an economy columnist and commentator for various newspapers, and TV channels. Having served as the Vice Rector of Altınbaş University, ALKİN also served as a Member of the Board of Directors of Göztepe Sportif A.Ş., one of İzmir's sports clubs, and as the General Secretary of the Turkish Football Federation. Between 2017-2019, Galatasaray Sportif A.Ş. he served as an Independent Member of the Board of Directors. There are eight books written by Prof. Dr. Emre ALKİN and one of which is in English. Prof. Dr. Emre ALKİN is the father of two children and gives conferences in Turkish, English and French.



#### Müslüm Berk KIRMIZI

#### Member of the Board of Directors

Müslüm Berk KIRMIZI was born in 1991 in Istanbul. He studied architecture at Leibniz Universität Hannover. He worked on various architectural projects in the United States of America and Germany after his graduation. In addition to his education and background in architecture, he also engaged in insurance sector with his duties in Doğa Sigorta. He is also a member of the boards of companies operating in different fields such as health, construction and education. KIRMIZI who can speak English and German fluently, received an Executive MBA master's degree from Istanbul University.





#### Nilüfer GÜNHAN

#### Member of the Board of Directors

After successfully completing her education at Üsküdar American High School, Marmara University (English Business Administration) and University of West Georgia USA (MBA), Nilüfer Günhan began her career in the automotive sector at the establishment of Doğuş Otomotiv and worked as the project manager and Assistant General Manager of VDF (Volkswagen Doğuş Finance). Right after this, as the General Manager, she took the lead of the establishment of TEB Cetelem and ALJ Finans financing companies and for their positioning in the market as automotive financing companies. In addition, between 2003 and 2005, he was the programme leader for the establishment of the UK branch of Volkswagen Bank which is a German bank, within the framework of the European Union "European Banking Passport" legislation and for the execution of stock financing services of all Volkswagen group brands' dealers.

Günhan served as Regional CEO for Financing Companies, Insurance Companies and FinTech at Abdul Latif Jameel International Dubai office between 2018 and 2022. After returning to Turkey in 2022, she continued her carrier as a management consultant and independent board member. Nilüfer Günhan who currently works as the Chairman of the Board of Directors and Audit Committee of ALJ Finansman A.Ş. and act as a member of the Board of Directors and Risk Committee of Abdul Latif Jameel United Finance (Saudi Arabia) and as of May 2022, she has been working as a Member of the Board Of Directors of Doğa Sigorta A.S.

Nilüfer Günhan, as an instructor of BUYEM at Boğaziçi University, she gives lectures in areas such as digital transformation, strategy, leadership, institutionalisation in family businesses.

In 2018, Günhan was among Turkey's 50 Successful Women CEOs selected by the Ekonomist Magazine and was also received the "Excellence in Finance" award by Finext in Dubai in 2020.

#### MANAGEMENT AND CORPORATE GOVERNANCE

#### 2.2 Senior Management

#### Ercan KÖSOĞLU

#### Deputy General Manager - Claims and Legal Affairs

Ali Ercan KÖSOĞLU, who started his career in 1989 working in the Algeria branch of RAM Foreign Trade Companu, worked in foreign companies between 1989-1993 and then started to work in Risk Management, Engineering and Fire departments within the incorporation of Halk Sigorta A.Ş. between 1993-2000. He continued on his career in Commercial Union Insurance in 2000 and Technical Director in Marsh Insurance and Reinsurance Broking between 2003 and 2005, Insurance Manager in Oyakbank between 2005 and 2006, Sales Manager in Marsh Insurance and Reinsurance Brokerage between 2006 and 2008, Technical Group Manager at Dubai Group Insurance Inc. between 2008 and 2009, worked at Zurich Insurance's Transportation Insurance and Business & Strategy Development branches between 2009 and 2014. In 2014, he served as Executive Vice President at Martin & Martin Insurance and Reinsurance Brokerage. He served as the CEO in Greco JLT Insurance and Reinsurance Brokerage in 2015 and later as Technical Group Manager in April Genc Insurance and Reinsurance Broking. Since June, 2016, KÖSOĞLU has been working as Assistant General Manager of Damage and Judicial Processes. He is a graduate of Istanbul Technical University, Department of Civil Engineering. He is married with two children.



# DOI DOI

# Adnan SIĞIN

#### Deputy General Manager - Sales and Regions

He started his professional life in 1989 in Başak Sigorta A.Ş.'s South Anatolian Regional Directorate. Adnan Mehmet SIĞIN worked in Gaziantep Liaison Office between 1997 and 1998. In 1998, he was transferred to Kapital Sigorta A.Ş., where he served as the South Anatolian Regional Manager. He then worked as the South Anatolian Regional Manager between 2000 and 2011 and as the Anatolian Regional Group President between 2011 and 2014. Adnan Mehmet SIĞIN, who has been working in our company since 2016, continues to serve as the Sales Group Manager responsible for South Eastern Anatolia and Mediterranean Regions. Graduated from Çukurova University, Faculty of Agriculture, SIGIN is fluent in English. He is married with one child.

#### Mehmet TÜMER

#### Deputy General Manager - Technical

Mehmet TÜMER started his career in 1992, and having worked in banking and textile sectors for a while, he moved into insurance industry. As an insurance professional, he served respectively as Assistant Manager of Freight Insurance, Corporate UW Assistant Manager, Bancassurance Manager, Senior Manager of Auto and Liability Insurances at Yapı Kredi Sigorta; Senior Manager of Motor and Freight Insurances at Allianz Sigorta; and finally as Assistant General Manager of Auto and other UW, Reassurance, and Pricing at Generali Sigorta. He has been a member of our company working as Assistant General Manager of Technical Section since January 2018. Graduated from Business Administration Department of Middle East Technical University, TÜMER is fluent in English.



#### Fehmi ÖZBALKAN

#### Deputy General Director- Financial Affairs

Born in 1978 in Bursa, Fehmi ÖZBALKAN graduated from Bursa Anatolian High School and earned his BA in Political Science and International Relations from Boğaziçi University in 2001. He continued his higher education in the USA and worked as a lecturer at the University of Illinois in Urbana-Champaign. He has two masters' degrees in Finance and Political Science. He started his career as a Fund Manager in İş Asset Management in 2006. He then worked as a Private Portfolio Manager in Garanti Asset Management between 2007 and 2008, as Debt Instrument Funds Vice President at HSBC Asset Management in 2009, as Senior Fund Manager at Allianz Turkey between 2009 and 2011, as Investment Officer and Corporate Finance Department Manager in Ergo Insurance between 2011 and 2019. He has been working as the Chief Financial Officer / Deputy General Manager in our company since September 2019. He speaks English and French. He is married with one child.



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## Nuray DAY

#### Group Manager - Financial and Administrative Affairs

Nuray DAY, who started his career in 1995 as a member of the Business World Foundation in Insurance and Pre-Accounting, worked as a Financial Consultant in Commercial Union Life Insurance Company in 1997 and as a Financial Consultant in Akdeniz Sigorta A.Ş. between 1998 and 2001 and as director in charge of Transportation and Engineering between 2001 and 2002 in Sigmar Sigorta Aracılık Hizmetleri Ltd. Şti. She worked at an insurance company between 2002 and 2009 as Accounting and Finance Manager at SBN (Ticaret) Sigorta A.Ş. DAY served as the Assistant General Manager of Budget and Financial Affairs at Ankara Anonim Türk Sigorta Şirketi between 2009 and 2012. Between 2012 and 2013, she worked as Financial and Administrative Affairs Manager at S.S. Koru Sigorta Kooperatifi. DAY, who has been working in our company since 2013, is the Group Manager for Financial and Administrative Affairs. Nuray DAY graduated from the Department of Public Finance in Anadolu University, Faculty of Economics and Administrative Sciences. Her foreign language is English.

#### Vedat ÖZER

#### Sales Group Director – Anadolu Regions

Vedat ÖZER, who started his professional life in TÖBANK, worked as Inspector between 1984 - 1986 and as Bank Insurance Manager between 1986 - 1990. ÖZER, who has been with Yapı Kredi Sigorta A.Ş. in 1990, served as Deputy Director of Ankara Regional Directorate between 1990-1993, Izmir Regional Directorate between 1993 - 1994, as Ankara Regional Manager between 1994 - 1997 and as Group Head between 1997 - 2002. He then continued his career as General Manager at Bilgi Sigorta Brokerlik A.Ş. between 2002 and 2014 and worked as a consultant in Ankara Chamber of Drivers between 2014 and 2016. He has been working in the Banking and Finance Department of Bilkent University for 10 years where he gives lectures on Applied Insurance. He has been working as Sales Group Manager responsible for Central Anatolia, Aegean and Black Sea Regions in our company since 2016. Vedat ÖZER is a graduate of Banking and Insurance Department of Gazi University, Faculty of Economics and Administrative Sciences. He is married with a child.



#### Ümit GÜLTEKİN

#### Group Manager – Auto Claims, Recourse, Customer Service Center

Ümit GÜLTEKİN started his career at the Department of Claims at Allianz Sigorta in 2002, and where he served as an appraiser of Auto and Engineering claims from 2002 to 2003; Supervisor of Special Projects and Underwriting from 2003 to 2004; Auto and Other Claims Supervisor from 2004 to 2005; Project Development Supervisor from 2005 to 2009; and as Assistant Project Manager of Automotive claims from 2006 to 2009. Continued his career at Mapfre Sigorta in the position of Assistant Manager of Claims from 2009–2010, GÜLTEKİN then worked as Operations Director of IT and Claims at the company Carglass from 2010 to 2015. Ümit GÜLTEKİN switched to Axa Sigorta in 2015, and where he worked as Claim Logistics Manager from 2015 to 2017. Joined our company in July 2017, GÜLTEKİN has been still serving as Group Manager of Recourse, Claim (Motor), Customer Services Center. Graduated from Electrics and Electronics Engineering Department of Sakarya University, GÜLTEKİN also speaks English. He is married with one child.



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#### **Duran ÇAKI**

#### Group Manager – Logistics, R&D and Business Development

Duran ÇAKI, who started his career in the automotive industry in 2003, worked as a Spare Parts Specialist at Nissan Gülan authorized service between 2003-2005, Wholesale Spare Parts Regional Manager at Birmot (Otokoç) Automotive between 2005-2007 and as a Service Manager at Çetaş Renault authorized service between 2007-2011. He started his career in the insurance sector with Liberty Insurance in 2011, where he worked as a Claims Control Specialist between 2011-2013. He worked as Contracted Institutions Specialist at Axa Sigorta between 2013-2017, as Business Development Manager at TOFAŞ Turkish Automobile Factory between 2017-2018 and as Claims Control Manager at Çelik Motor between 2018-2019. ÇAKI, who has been working in our company since March 2019, still continues his duty as the group manager, responsible for Logistics, R & D and Business Development directorates. ÇAKI, who graduated from Marmara University Automotive Teaching in 2005 and Trakya University Mechanical Engineering in 2021, still continues his master's degree in Trakya University Mechanical Engineering Department. He is married with two children.

## İpek GÜNER

#### Corporate Sales and Alternative / Digital Distribution Channels Group Manager

She started her career at Koç Allianz in 2002 as Koç Group Affairs Client Manager and continued in the same position until 2006. Afterwards, she worked as a Global Affairs Portfolio Manager at Aon Risk Solutions between 2006-2008, Corporate Sales Manager at Marsh Company between 2008-2010, and Assistant Manager of Corporate Region Broker and Captive Agencies at Zurich Insurance between 2010-2016. Güner, who is a graduate of Istanbul University, Department of Sociology can speak English. İpek GÜNER, who has been working as the Key Accounts and Corporate Sales Manager in our company since 2017, continues to serve as Corporate Sales and Alternative / Digital Distribution Channels Group Manager as of July 1, 2020.



#### 2.3 Human Resources Practices

2022 Human Resources activities will be addressed under different titles:

- 1) Employment Activities
- 2) Employee Data
- 3) Training Activities
- 4) Performance and Career Management Activities
- 5) Other Projects

#### 1) Employment Activities

A total of 99 people were recruited in 2022.

NUMBER OF NEW EMPLOYEES
99

GENDER	NUMBER OF PEOPLE
Man	36
Woman	63

Number of Personnel

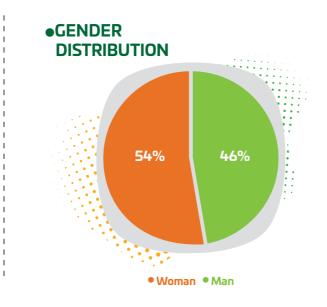
01.01.2022: 283 people

31.12.2022: 296 people

#### 2) Employee Data

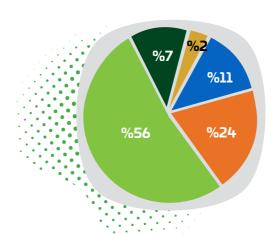
Number of Employees working at our company as of 31.12.2022 is 296. The demographic data of this personnel is given in the table and graphics below.

GENDER	NUMBER OF EMPLOYEES
Man	135
Woman	161
Grand Total	296



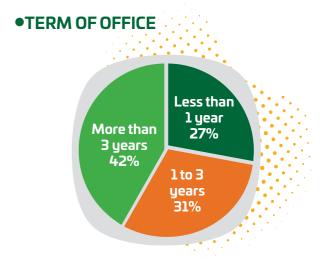
#### MANAGEMENT AND CORPORATE GOVERNANCE

#### •EDUCATION STATUS



EDUCATION STATUS	NUMBER OF PEOPLE
Primary School	5
High School	33
Associate Degree	73
Bachelor's Degree	164
Master's Degree	21

Primary School
 High School
 Bachelor's Degree
 Master's Degree



TERM OF OFFICE	%
Less than 1 year	27%
1 to 3 years	31%
More than 3 years	42%

AVERAGE TERM OF	
OFFICE:	2.81 years

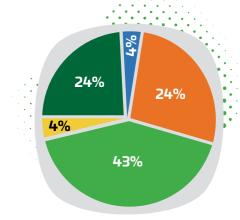
#### 3) Training Activities

In 2022, 46 training activities under 25 titles which would support our employees' personal and professional development are provided for our employee's participation. Detailed information regarding these trainings can be found in the graphics and tables below.

Total Number of	Total Number of
Trainings	Participants
46	998

Type of Training	Number of Training	The Number of Participants
Self-improvement	2	2
Orientation	11	70
Professional Development	20	160
TSEV Trainings	11	44
Mandatory Trainin- gs (PDPL, MASAK)	2	722





Professional Development
 Orientation
 Self-improvement
 TSEV Trainings
 Mandatory Trainings
 (PDPL, MASAK)

#### 4) Performance and Career Management Activities

#### a) Performance Evaluation

In 2022, since the number of newly recruited personnel was higher than in previous years (and had less than 6 months of service), the "Competency Set" was shared with the personnel and evaluations were made with this scale.

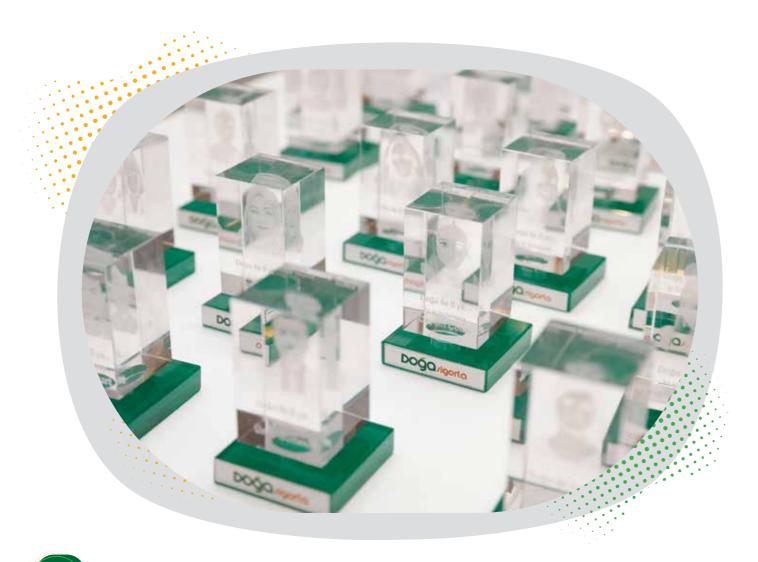
#### b) Career Management

In January, March and July 2022, some employees were assigned new positions within the company based on their knowledge, skills and competencies. 55 employees in total were promoted this year.

#### 5) Other Projects

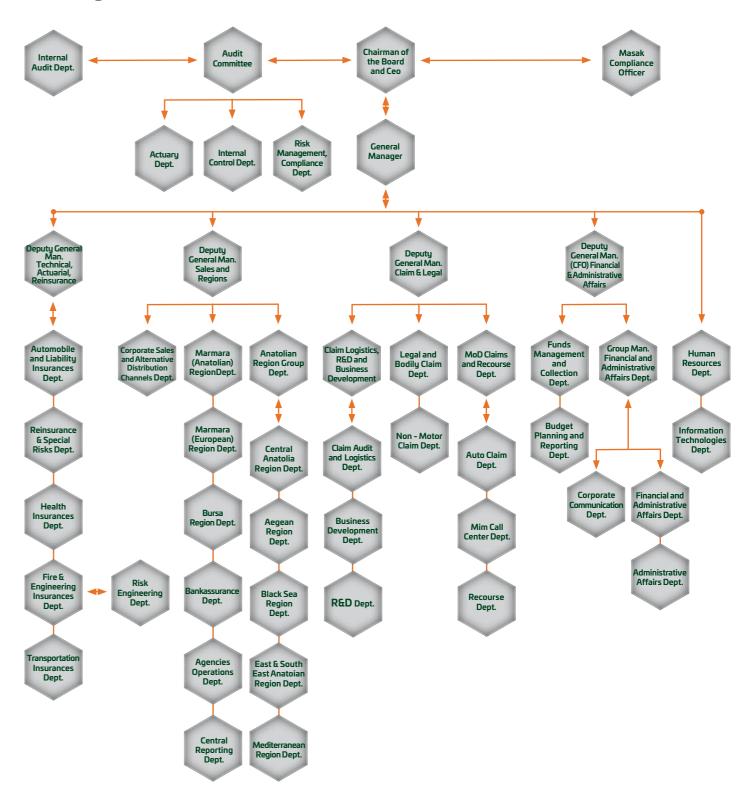
#### Seniority Plaque

As of 2022 102 employees who completed 5 years of service at Doğa Sigorta were awarded "Seniority Plaques" in July and December.



#### MANAGEMENT AND CORPORATE GOVERNANCE

#### 2.4 Organizational Structure



#### 2.5 Financial Benefits Provided to Board Members and Senior Executives

- **a)** Total amount of financial benefits such as attendance fee, salary, premium, bonus, dividend payments, etc. are stated Independent Auditors' Report and footnotes entitled 1.6.
- **b)** Information about the total amount of allowances, travelling, accommodation and representation expenses, cash or non-cash advantages, insurances and similar coverages are stated in the footnotes.

#### 2.6 General Assembly Information

Our Company's 2022 General Assembly will be held in 2023.

#### 2.7 Summary of the Board of Directors Report Presented to the General Assembly

Our Company realized TRY 4,726 million of premium production. We had TRY 8 million loss after tax as a result of this year's operations. At the end of 2022, our shareholders' equity reached TRY 488 million with our after-tax profit and Cash assets reached to TRY 976 million and Size of Assets reached to TRY 4,611million. With these results, our Company's equity profitability is recognized at -1.54 % in 2022.

Coşkun Gölpinar

**Board Member and General Manager** 

#### 2.8 Business Continuity

Along with the participation of the departments, "Risk Analysis" and "Business Impact Analysis" which are completed within the scope of the first phase of Doğa Sigorta A.Ş. business continuity project will be accomplished in 2021. Disaster recovery activities are carried out in coordination by Information Technologies Department with the support of the Internal Control Department and Risk Management and Compliance Department. Business Continuity Committee met regularly during the year and evaluated periodic activities in this area. Tests and drills to be performed annually based on different scenarios aimed to maximize the awareness of the employees.

#### 2.9 Risk Management

Risk management policies and procedures of Doğa Sigorta A.Ş. were designed to monitor, keep under control, and where necessary, modify, the company's future cash flows, their risk and return structure and the quality and level of activities related thereto.

The purpose of risk management, which is a part of all business processes in the Risk management standards of Doğa Sigorta A.Ş., is to monitor financial, insurance and operational risk exposure collectively and to measure their impact on critical financial indicators (profitability, company value, capital, liquidity).

(**32** )

#### MANAGEMENT AND CORPORATE GOVERNANCE

#### 2.9.1 Risk Appetite Framework

The role of the risk management team is to make sure that the top management approves the risks exposed by the company, understands the outcomes of negative development of risks and has actionable plans against the risk of a downturn. This is made possible by a Risk Appetite framework which indicates the impact of risks on Income, Company Value, Capital and Liquidity.

#### 2.9.2 Classification of Risks

#### 2.9.2.1 Financial Risks

The impact of the changes in interest and foreign exchange rates and real estate prices which may be caused by the fluctuations in financial markets and various investment instruments on financial indicators of the company are measured and action plans are implemented to keep potential impacts within risk limits. As part of the financial risks analyses, our company's reinsurance structure is analyzed and classified as per the ratings of international rating agencies, and our reinsurance risks are measured by the models per Doğa Sigorta A.Ş. standards.

#### 2.9.2.2 Insurance Risks

Concerning the risks related to insurance contracts, the financial loss that may be incurred if the subject matter of insurance occurs is measured by statistical methods and the minimum capital that must be held by the company is determined accordingly. Such measurements are made in accordance with the Doğa Sigorta A.Ş. Standards and the internal models designed by the Ministry Treasury and Finance, General Directorate of Insurance.

#### 2.9.2.3 Operational Risks

The efforts to identify and manage the risks that may have an adverse effect on the company's activities and business processes are conducted by the risk management unit. Operational risks include direct and indirect damages which may be caused by faulty internal processes, personnel or systems or external events.

The Risk Management and Compliance Departments identify, anticipate, measure and monitor operational risks that the company may be exposed to.

Risks that concern all departments and defined by a self-assessment method are regularly updated and measured.

The Risk Management and Compliance Departments monitor the defined risks and the measures taken against the risks that are executed carefully under the monitoring and updating activities and report them at regular intervals. The table that defines the exposed risk groups in Doğa Sigorta A.Ş. Risk Management standards is given below.

MAIN RISK GROUP	SUB RISK GROUP	RISK SUBJECT
		Stock Risks
		Real-Estate Risks
		Interest Rate Risk
	Market Risks	Private Sector Bonds Risk
FINANCIAL RISKS		Asset Based Financial Investment Risk
		Volatility Risk
		Basis Risk
	Credit Risk	Counterparty Risks
	Liquidity Risk	Liquidity Risk
	D D' I	Insufficient Reserve Risk
	Reserve Risks	Rising Risk
		Commercial Writing Risks
NON-LIFE INSURANCE RISKS	Insurance Risks	Pricing Risk
INSURANCE RISKS		Customer Value Risk
	Catantanah a Diala	Catastrophe Risks - Natural Catastrophe
	Catastrophe Risks	Catastrophe Risks - Human Basis
	Internal Fraud	Internal Fraud and Unauthorized Operations
	External Fraud	External Fraud and System Security
	Workplace Safety	Employee Relations, Discrimination
	and Employment	Safe Working Environment
Practices		Personnel Management (Critical Employee Losses)
	5	Compliance, Notification and Product Responsibilities ( Wrong Sales, Aggressive Sales, Misdirected Marketing Material
Customer, Production and Business  Practices		Unsuitable Illegal Business and Market Practices ( Antitrust, Unlicensed Sale, Black Money, Legal Incompability)
OPERATIONAL		Product Defects (Product Deficiencies and Model Faults)
RISKS	Possible Losses in Tangible Assets	Natural Disasters and Human-Made Disasters
	System Errors and	System Security
	Work Outages	System Outage
		Transaction Errors (e.g. Fault Claim Payments)
		Software and Claim Process
	Process Management	Public Disclosure and Reporting Errors
	and Transaction	Project Management Errors
	Faults	Internal Services Providers' Errors and Their Poor Performance (Affilated Agencies , Sale and Promotion Teams)
		External Services Providers' Errors and Their Poor Performance

34 35

#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 3. INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 3.1 Internal Audit

#### Varol METE

#### Internal Audit Manager

Varol METE, who started his professional career in 2003 by working in Corporate Sales at Yapı Kredi Emeklilik A.Ş., worked as Tax Audit Specialist at KPMG Türkiye in the years of 2007-2009, Internal Audit Specialist at Cigna Finans Emeklilik in the years of 2010-2011, Senior Internal Audit Specialist at Allianz Sigorta A.Ş. between the dates of 12.2011-05.2012, then as a Risk and Compliance Manager between the dates of 06.2012-12.2014, and as a Corporate Risk and Internal Control Senior Manager at Groupama Sigorta A.Ş. between the dates of 01.2015-05.2019. Mr. METE, who has been working as Internal Control and Corporate Risk Management Manager in our company as of May 2019, currently working as Internal Audit Manager at Doğa Sigorta since December 2022.

During his 18 years of experience in the insurance sector, he has served in the fields of Internal Audit, Compliance, Corporate Risk, Tax Audit and Masak as well as an Internal Control Department Manager.

Mr. METE received his undergraduate degree in Economics from Boğaziçi University and then successfully completed his master's degree in the field of Business Administration at Yıldız Technical University. He holds CPA, CIA and CRMA certificates and speaks English.

#### 2022 Internal Audit Activities

Internal audits are conducted by the Internal Audit Unit that reports to the Board of Directors as per the "Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies". Internal Audit Department consisted of two people, one Internal Audit Manager and the Internal Audit Specialist in 2022.

The Internal Audit Department which operates directly under the Board of Directors also submits the reports to the Board of Directors through Audit Committee.

The Audit Committee established within the scope of the Internal Systems Regulation dated 25.11.2021 is responsible an liable for; ensuring the effectiveness and adequacy of the organization's internal systems in order to assist the board of directors in effectively fulfilling their obligations regarding the internal system activities, observing the operation of these systems with accounting and reporting systems within the framework of laws and related regulations and the integrity of the information produced, implementing the necessary preliminary evaluations in the determination of the persons and institutions that will provide service for the activities carried out within the scope of the internal systems of the organization, taking into account the materiality criteria to be determined by the independent audit organizations and carrying out the rating, evaluation procedures of board of directors, monitoring the activities of the persons and organizations in case of signing a contract, ensuring the continuation and coordination of the activities related to the internal systems of the partnerships subject to consolidation in a perpetual manner in accordance with the regulations enacted pursuant to the law.

The purpose of the internal audit activities is to ensure that the company activities comply with the laws and other legislation, and that they are in line with the company strategies, policies and principles.

In this respect, risk-based audits were conducted, the liabilities for reporting the processes that are uncontrolled or do not appear to be adequately controlled under the current control system, revising the work flows and procedures as required, and monitoring correction and improvement activities were fulfilled as projected in the periodic internal audit plan and special inspections and investigations were conducted in addition to the plan. These activities also involve taking necessary measures aimed at determining control points in line with the objective of effective use of especially resources, information security, and minimization of risks. In addition, various projects were conducted to make all business processes of the company compliant with the provisions of the Law on the Protection of Personal Data in effect.

#### 3.2 Disclosures Concerning Special Audit and Public Audit During the Reporting Period

The Audit of Financial Statements and Accounting Transactions (Technical and Financial Analysis Audit) of Doğa Sigorta A.Ş. pursuant to the Insurance Law no. 5684 and related regulations has been completed on 03/09/2023 as per the Approval no. 2657 dated 10/26/2018 of the Ministry of Treasury and Finance.

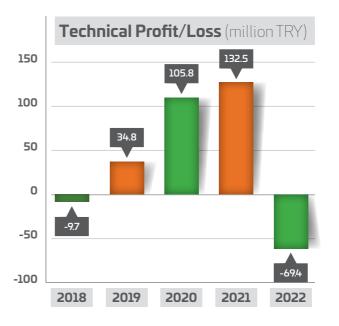
#### 3.3 Financial Information for Five Years Period Including the Report Period

5 Year Data (million TRY)	2018	2019	2020	2021	2022
Production	1,668.7	1,533.6	1,781.1	2,143.3	4,726.1
Claims	1,047.1	1,109.8	965.2	1,429.8	2,620.9
Technical Profit / Loss	-9.7	34.8	105.8	132.5	-69.4
General administrative expenses	79.4	114.3	111.1	124.3	217.8
Investment Incomes	204.2	271.9	352.6	530.4	674.3
Investment Expenses	9.7	46.1	84.5	37.5	81.2
Profit/Loss	64.1	89.1	90.4	126.4	-7.6
Cash Assets	1,016.6	1,080.3	1,201.0	1,297.5	976.1
Size Of Assets	1,373.1	1,708.8	2,117.3	2,602.6	4,610.7
Long and Short Term Liabilities	121.1	147.9	154.6	214.6	662.9



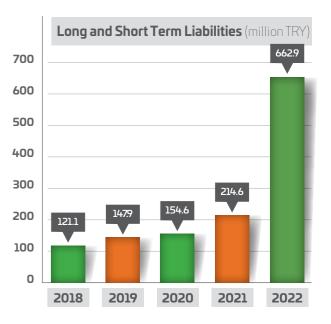


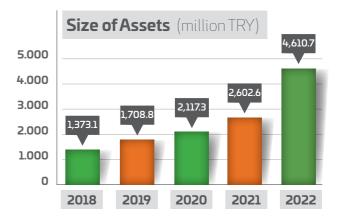
#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT











# 3.4 Management's Assessment as to Whether the Capital is Insufficient or Whether the Company is Deeply in Debt

The purpose of the "Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" is to ensure and control that companies maintain a minimum level of equity against their existing liabilities and potential risks.

Under article 17 entitled Coverages of the Insurance Law No. 5684, non-life insurance companies shall establish a minimum guarantee fund which should not be less than one third of their capital requirement. In any period, the minimum guarantee fund should never be less than one third of the capital requirement requisite for each branch in which the company is operating. As of 12/31/2022, our Company has TRY 243,263,550 blocked in favor of the Treasury.

According to the results of the capital adequacy statements measuring the amount of required equity capital for the company, the Company's capital adequacy dated 12/31/2022 was calculated as negative TRY 127,242,868.

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the table enclosed.

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in Articles 3.3 and 3.5.

1st METHOD (TRY)	31.Dec.18	31.Dec.19	31.Dec.20	31.Dec.21	31.Dec.22
Equity Capital Required for Non-Life Branches	106,971,386	120,259,591	155,010,407	166,729,187	354,020,375
Equity Capital Required for Life Branch	-	-	-	-	-
Equity Capital Required for Pension Branch	-	-	-	-	-
Total Required Equity Capital	106,971,386	120,259,591	155,010,407	166,729,187	354,020,375
2nd METHOD (TRY)	31.Dec.18	31.Dec.19	31.Dec.20	31.Dec.21	31.Dec.22
Equity Capital Required for Active Risk	41,073,197	78,363,566	86,143,033	90,122,854	106,056,562
Equity Capital Required for Reinsurance Risk	40,052,669	34,350,496	47,577,948	51,523,344	92,318,050
Equity Capital Required for Excessive Premium Increase	-	-	-	-	-
Equity Capital Required for Outstanding Claims Reserve	38,093,815	52,533,333	71,873,757	86,611,830	121,847,836
Equity Capital Required for Underwriting Risk	91,511,716	100,089,596	125,889,265	171,849,880	311,108,474
Equity Capital Required for Interest Rate and Exchange Risk	1,326,795	7,249,642	6,656,137	27,062,083	9,167,688
Total Required Equity Capital	212,058,190	272,586,633	338,140,140	427,169,992	640,498,610
Shareholders' Equities	245,533,485	328,487,569	391,667,873	483,449,483	496,100,900
Reserve for Balancing	2,260,415	4,215,092	7,591,929	13,119,606	25,085,326
Total Required Equity Capital To Be Considered For Capital Adequacy	247,793,899	332,702,661	399,259,802	496,569,090	513,555,742
Subsidiary Deducted from the Equity Capital	180,000	180,000	180,000	300,000	300,000
Capital Adequacy Result	35,555,709	59,936,028	60,939,662	69,099,098	-127,242,868

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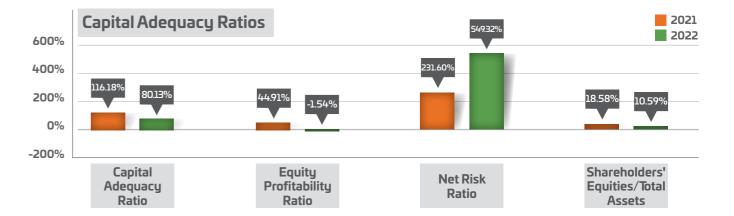
#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 3.5 Financial Tables and Information About Financial Structure, and Evaluation of Financial Status Profitability and Ability to Pay Compensation

Evaluation of Financial Status, Profitability and Ability to Pay Compensation, and Ratios Concerning the Financial Structure are presented in the tables enclosed. Previous term comparison was conducted based on the 2021 annual report data.

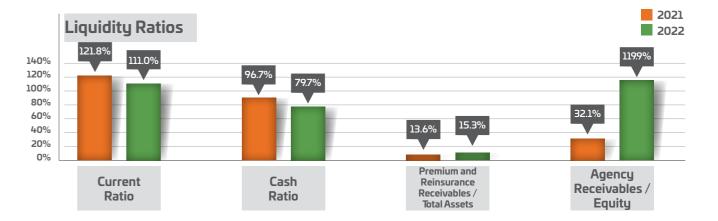
#### 3.5.1 Capital Adequacy Result

CAPITAL ADEQUACY RATIOS	2021	2022
Capital Adequacy Ratio	116.18%	80.13%
Equity Profitability Ratio	44.91%	-1.54%
Net Risk Ratio	231.60%	549.32%
Shareholders' Equities / Total Assets	18.58%	10.59%



#### 3.5.2 Liquiditu

LIQUIDITY RATIOS	2021	2022
Current Ratio	121.8%	111.0%
Cash Ratio	96.7%	79.7%
Premium and Reinsurance Receivables / Total Assets	13.6%	15.3%
Agency Receivables / Equity	32.1%	119.9%



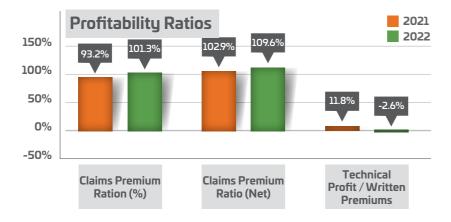
#### 3.5.3 Operating Ratios

OPERATING RATIOS	2021	2022
Retention Ratio	52.2%	56.8%
Indemnity Defrayment Ratio	49.7%	56.9%



#### 3.5.4 Profitability Ratios

PROFITABILITY RATIOS (%)	2021	2022
Claims Premium Ratio (Gross)	93.2%	101.3%
Claims Premium Ratio (Net)	102.9%	109.6%
Technical Profit / Written Premiums	11.8%	-2.6%



# 3.6 Information on Lawsuits Against the Company with a Potential Impact Upon Operations or Financial Standing and Their Possible Outcomes

There are standard lawsuits brought against the company regarding its operating field; however they are not at a level to influence the company's operations or financial standing. Besides, required provisions were allocated in the company's financial statements for all the lawsuits.

#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 3.7 Information On Objectives and Achievement Evaluation

Our 2022 premium production target was realized as 163%, and financial incomes target as 126%, premiums were recorded above the target and financial income was obtained. However, the increase in foreign exchange rates and inflation was reflected on the claim costs and as a result, 2022 was ended with a loss of TRY 7.6 million.

2022 INCOME - EXPENSE STATEMENTS (TRY)	2022 TARGETED	2022 REALISED	REALIZATION RATIO%
WRITTEN PREMIUM	2,900,031,639	4,726,126,486	163%
CEDED PREMIUMS TO REINSURERS	-802,904,653	-1,679,766,535	209%
CLAIMS PAID (NET)	-1,164,668,271	-1,549,544,944	133%
TECHNICAL RESERVE ALLOCATED	-530,029,004	-1,305,027,208	246%
OTHER OPERATING EXPENSES	-434,288,954	-475,267,166	109%
FINANCIAL INCOMES	533,702,146	674,297,770	126%
FINANCIAL EXPENSES	-518,162,430	-624,975,896	121%
PROFIT/LOSS BEFORE TAX (+) (-)	168,819,493	-7,630,484	-5%
NET PROFIT/LOSS	127,850,932	-7,630,484	-6%

# 3.8 Information on Dividend Distribution Policy, and If No Dividend is to be Distributed, the Reason for This Decision and Recommendation as to How Undistributed Dividend will be Used.

Doğa Sigorta may distribute dividend within the framework of the relevant laws. When a decision is made regarding this issue, the company's current capital adequacy, its profitability and cash position, and its investment and financing policies are considered. Decisions concerning dividend distribution are taken by the shareholders at the General Assembly Meeting, and the profit to be distributed is the new profit for the period stated in the financial statements audited by independent auditors. When determining the amounts to be distributed, the General Assembly may choose to transfer some or all of the profit to the next year or set it aside as Reserve Funds.

#### 3.9 Affiliation Report

Our Company does not have any Affiliated Companies. Therefore, an Affiliated Company Report is not issued.

#### 3.10 2022 Declaration of Conformity For The Annual Report

We hereby represent that the content of the Board of Directors' 2022 Annual Report, in relation the activities of our Company is drawn up in compliance with the principles and procedures set out by "Regulation on the Determination of the Minimum Content of Annual Activity Reports of Companies" issued by the Ministry of Customs and Trade which entered in to force after it was published in the Official Gazette dated.

August 28 2012 and No. 28395. and by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" issued by the Undersecretariat of Treasury which entered into force after it was published in the Official Gazette date August 7 2007 and No. 26606.

İstanbul, December 31, 2022

#### Audit Firm Compliance Opinion





#### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Doğa Sigorta Anonim Şirketi

A) Independent Audits of Unconsolidated Financial Statements

#### 1) Opinion

We have audited the non-consolidated statement of financial position dated 31 December 2022 of the company Doğa Sigorta Anonim Şirketi ("Company") with the non-consolidated financial statements consisting of the non-consolidated statement of profit or loss, the non-consolidated statement of changes in equity and the non-consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies for the accounting period ending on the same date.

In our view, the accompanying unconsolidated financial statements accurately present in all significant aspects the company's non-consolidated financial position as of 31 December, 2022, and its non-consolidated financial performance and non-consolidated cash flows of the reporting period ending on the same date in accordance with the regulations on accounting and financial reporting in force based on insurance legislation and, in issues not regulated by them. the "Insurance Accounting and Financial Reporting Legislation", which includes the provisions of Turkish Accounting Standards.

#### 2) Justification of the Opinion

Our independent audit has been conducted in accordance with the regulations regarding independent auditing principles, and with the Standards on Auditing which is an integral part of the Turkish Auditing Standards ("TAS") published by the POA and the insurance legislation. Our responsibilities under these standards are detailed in the Independent Auditor's Responsibilities for the Independent Audit of Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA and the provisions on ethics contained in the legislation relating to the independent audit of financial statements. Codes of Ethics and other ethical responsibilities under the legislation have also been observed by us. We believe that the independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT





#### Key Audit Issues

technical provision as of 31.12.2022.

Key audit issues are the most important issues in the independent audit of the unconsolidated financial statements of the current period according to our professional judgment. Key audit issues are addressed as a whole within the framework of an independent audit of the unconsolidated financial statements and in the formation of our opinions on the unconsolidated financial statements, and we do not express any separate opinion regarding these issues.

Key Audit Issue	
recy rudit issue	
	How key audit issues are addressed in the audit
Estimation used in the calculation of technical	
provisions of insurance contracts	
As described in footnotes 2 and 17, the Company has	
allocated a total of TRY 2.997.111.765 for insurance	

provision for ultimate cost of the claims incurred, but procedures for the assumptions used in the not paid in the current or previous periods or, for the calculation of the provision for outstanding estimated ultimate cost if the cost is not certain yet, damages and the provision for incurred but no and for the incurred but not reported claims. As of reported outstanding damages (IBNR) together 31.12.2022, the Company has allocated a net with the licensed Actuary as an external expert provision of TRY 1,394,156,712 for outstanding who is a part of our audit team.

damages and TRY 942 542 994 for incurred but not We examined the data set for the outstanding damages and TRY 942,542,994 for incurred but not reported losses within this amount.

The reason why we focus on these issues in our audits the checks against the relevant period trial is that since it contains important estimates and balance. We checked the IBNR amounts based management judgment used in the calculation of on branches by recalculating the compliance with outstanding damage provisions, which include the legislation according to the method incurred but not reported damage amounts, this issue determined by the Company. We examined the has been selected as a key audit issue.

From the insurance technical provisions detailed The Company accounts for outstanding claim in Notes 2 and 17, we performed the audi

damage and paid damage files subject to the IBNR account of the Company and carried out opening history of development coefficients. final H/P premium rates and file outstanding amounts, and checked their compatibility with both the branch characteristics and the company experience. We checked the interest calculation of the files that were subject to the lawsuit. We checked the reflection of the total legal outstanding provision on the financial statements and the data set subject to the IBNR account. By examining damage analyses conducted by the company actuary, we questioned its compliance and consistency with both legislation and company experience, we evaluated whether th disclosures on this issue were sufficient in the footnote disclosures that are part of the financia statements.

#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

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#### 4) Matter of Emphasis

As explained in Footnote 2.20, in accordance with the circular numbered 2022/27 of the Insurance and Private Pension Regulation and Supervision Agency, UPFC (DERK) calculation has been made by the Company's actuary, based on the best estimate principles. In 2023, if the provision amount is estimated by taking into account the minimum wage increases in body injury claims, there may be a difference in the provision amount. However, this does not affect our opinion.

#### 5) The Responsibilities of the Management and Those Responsible for the Top Management regarding the Unconsolidated Financial Statements

The Company's management is responsible for the preparation of the unconsolidated financial statements in accordance with the Insurance Accounting and Financial Reporting Legislation, their presentation in an accurate manner, and the internal control as it deems necessary for the preparation of the financial statements in a way that does not contain significant inaccuracies due to error or fraud.

While preparing the unconsolidated financial statements, the management is responsible for evaluating the Company's ability to maintain its continuity, expressing the continuity-related issues when necessary, and using the principle of continuity of the business unless it has the intention or obligation to liquidate the Company or terminate the business activity.

Those responsible for top management are responsible for oversight of the Company's financial reporting process.

# 6) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements

In an independent audit, we, as the independent auditors, have the following responsibilities:

Our aim is to have reasonable assurance as to whether or not the unconsolidated financial statements as a whole contain a significant inaccuracy caused by error or fraud and to issue an independent auditor's report containing our view. A reasonable assurance given as a result of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, is a high level of assurance but does not guarantee that any significant inaccuracy will always be detected.

The inaccuracies may have been caused by error or fraud. If the inaccuracies, either alone or collectively, are reasonably expected to affect the economic decisions that the financial statement users will take based on these unconsolidated financial statements, these inaccuracies are considered significant.

#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT





# 6) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated

#### Financial Statements (Continued)

As a requirement of an independent audit conducted in accordance with the Independent Accounting Standards, which are part of the rules on independent audit principles in force in accordance with insurance legislation and the Turkish Audit Standards published by the Accounting and Audit Standards Authority, we use our professional reasoning and maintain our professional skepticism throughout the independent audit.

#### Also by us:

- The risks of "significant inaccuracy" arising from error or fraud in the financial statements are identified and evaluated, audit procedures responding to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide the basis for our opinion (Since fraud can include the acts of collusion, forgery, willful negligence, false statement or violation of internal control, the risk of failure to detect a significant inaccuracy caused by fraud is higher than the risk of failure to detect a significant inaccuracy caused by an error.).
- The internal control related to the audit is not evaluated for the purpose of providing an
  opinion on the effectiveness of the Company's internal control, but for the purpose of
  designing the audit procedures that are appropriate to the situation.
- The compliance of accounting policies used by management and whether the accounting estimates made and related disclosures are reasonable are evaluated.
- Based on the audit evidence obtained, it is concluded on whether there is significant uncertainty regarding the events or circumstances that may cast serious doubt on the Company's ability to maintain continuity and on the suitability of using the principle of continuity of the business by the management. If we conclude that there is significant uncertainty, we should draw attention to the relevant disclosures in the unconsolidated financial statements in our report, or give an opinion not positive if these disclosures are insufficient. The results that we have reached are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may end the Company's Life continuity.
- The general presentation, structure, and content of the unconsolidated financial statements, including explanations, and whether these statements reflect the underlying processes and events in such a way as to provide an accurate presentation are evaluated.

In addition to other issues, we report the planned scope and timing of the independent audit, and the important audit findings including the significant internal audit deficiencies that we identified during the audit, to those responsible for the top management.

#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

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# 6) Responsibilities of the Independent Auditor Regarding the Independent Audit of unconsolidated Financial Statements (Continued)

We have informed those in charge of top management that we comply with the ethical provisions related to independence. We have also communicated to those responsible for senior management the measures related to all relations and other issues that may be considered to have an impact on independence.

Among the issues reported to those responsible for the top management, we determine the most important issues in the independent audit of the unconsolidated financial statements of the current period, namely the key audit issues. In cases where the legislation does not permit the public disclosure of the issue, or in highly exceptional circumstances where the negative consequences of public disclosure are reasonably expected to exceed the public interest that the public disclosure will result in, we may decide that the relevant issue is reported in our independent auditor's report.

#### B) Other Obligations Arising From Legislation

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (TCC); no significant matter has come to our attention that leads us to believe that for the period 1 January 2022 31 December 2022, the company's bookkeeping activities are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.
- 3) In accordance with the Regulation on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies, published on 19 January 2008, the required shareholders' equity for the Company is TRY 775,884,041 which is TRY 262,628,299 less than the minimum required shareholders' equity as of 31 December 2022. However, according to the ratio used by obtaining the written opinion of the Insurance and Private Pension Regulation and Supervision Agency, the required equity amount for the company is TRY 640,498,610. TRY 127,242,868 less than the minimum required shareholders' equity amount. In this context, the actions to be taken to ensure compliance with legal regulations are explained in Footnote 4.

Anıl Yeminli Mali Müşavirlik Bağımsız Denetim A.Ş.



#### ANIL YEMINLI MALI MÜŞAVIRLIK VE BAĞIMSIZ DENETİM A.Ş.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 3.12 31.12.2022 Independent Auditor's Report





# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Doğa Sigorta Anonim Şirketi

#### 1) Opinion

Since we performed an audit on the financial statements of Doğa Sigorta Anonim Şirketi pertaining to the accounting period from January 1 2022 to 31 December 2022, we also audited their annual report for such accounting period.

In our opinion, the financial information contained in the Annual Report of the Board of Directors and the Board of Director's investigations of the company's status are consistent with all important aspects, the audited full set of financial statements and the information we obtained during the independent audit and reflect the truth.

#### 2) Justification of the Opinion

Our independent audit has been conducted in accordance with Independent Audit Standards which is a part of the Turkish Auditing Standards ("TAS") published by the Public Oversight Accounting And Auditing Standards Authority ("POA"). Our responsibilities under these standards are detailed in the "Independent Auditor's Responsibilities for the Independent Audit of Annual Activity Report" section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA and the provisions on ethics contained in the legislation relating to the independent audit. Codes of Ethics and other ethical responsibilities under the legislation have also been observed by us. We believe that the independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 3) Our Auditor's Opinion on the Full Set of Financial Statements

We have expressed a Positive Opinion in our auditor's report dated 09.03.2023 regarding the Company's full set of financial statements pertaining to the period from 1 January 2022 to 31 December, 2022.

#### 4) Responsibility of the Board of Directors Concerning the Annual Activity Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC"), the Company management is responsible for the below issues in relation to the annual report. Responsible for the preparation of the annual activity report with due diligence and to ensure consistency with the financial statements and for such internal control as postulated necessary by the company management to enable the preparation of such annual report.

ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş

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#### 4) Responsibility of the Board of Directors Concerning the Annual Activity Report (continued)

- a) The company prepares the annual activity report within the first three months following the balance sheet date and submits it to the general assembly.
- b) It prepares its annual report in a manner to reflect the flow of the Company's activities for that year and its financial situation in all aspects accurately, completely, directly, realistically and truthfully. In this report, the financial situation is evaluated according to the financial statements. The report also clearly points out the development of the company and the possible risks that may be encountered. The evaluation of the board of directors regarding these issues is also included in the report.
- c) The annual report also includes the following matters:
- The events that occur in the Company after the end of the activity year and which are of material importance,
- ii. Research and Development works of the company,
- iii. Financial benefits such as salaries, premiums, bonuses, allowances, travel, accommodation and representation expenses, in-kind and in-cash facilities, insurance and similar guarantees paid to the members of the Board of Directors and senior executives,

While preparing the annual report, the Board of Directors also takes into account the secondary legislation regulations issued by the Ministry of Customs and Trade and the related institutions.

# 5) Responsibility of the Independent Auditor Regarding the Independent Audit of the Annual Report

Our objective is to provide an opinion and to issue a report including this opinion on whether the financial information contained in the annual report within the framework of the provisions of the Turkish Commercial Code and the investigations performed by the Board of Directors are consistent with the audited financial statements of the Company as well as the information we obtained during the independent audit and whether such information reflects the truth or not.

Our independent audit was performed in accordance with the regulations and IASs regarding the independent audit principles in force in accordance with the insurance legislation. These standards require that the independent audit be planned and carried out in order to get reasonable assurance whether the financial information which was obtained during the experience and included in the annual report and the investigations made by the Board of Directors are consistent with the financial statements and the information obtained during the audit and whether they reflect the truth or not by ensuring compliance with the Code of Ethics.



#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT





# AUDITORS' REPORT ON SYSTEM AND COMMITTEE OF EARLY DETECTION OF RISKS

#### To the Board of Directors of Doğa Sigorta Anonim Şirketi

1. We have completed our audit procedure covering the early detection of risk system and committee established by Doğa Sigorta A.Ş. ("Company").

#### Responsibility of the General Assembly

2. Pursuant to the subparagraph one of Article 378 of Turkish Commercial Code No. 6102, General Assembly is required to constitute an expert committee, and to run and to develop the necessary system for the purposes of early detection of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and, managing the related risks.

#### Auditor's Responsibility

3. Our responsibility is to reach to a conclusion on the early risk detection system and committee based on our audit. Our audit was conducted in accordance with TCC and "Principles on the Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority., and code of ethics. Those principles require us to identify whether the Company established the early risk detection system and committee or not and, if established it is required to assess whether the system and committee are operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the appropriateness of the remedies put forth by the early detection of the risk committee or the adequacy of the operations carried out by the management of the Company in order to manage these risks.

#### Information Regarding The Early Risk Detection System and Committee

4. The Company is not obligated to constitute an Early Risk Detection Committee within the framework of Article 378 of TCC. The Company's Early Risk Detection System was examined in accordance with the "Principles on the Auditor's Report on the Early Risk



#### ANIL YEMINLI MALI MÜSAVIRLIK VE BAĞIMSIZ DENETIM A.Ş.

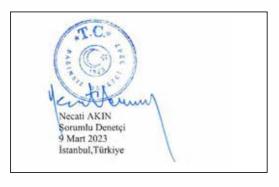
Merkez : Kartaltepe Meh, Alem Sok, Billursaray Apl. No 3 K 3-4 D 12-14 34145 Incell - Basinby / Istanbul Tel: +90 (212) 660 98 12 Fax : +90 (212) 660 86 11 Samsun Şubesi: Kale Mah, Kazımpaşa Cad. No.3844 İkasım / SAMSUN Tat. +60 (362) 432 33 02 - +90 (533) 720 49 05 Trakya Ofis : Ona Cami, Yaşar Konak İşflerkezi N0:5/404 Tekirdəğ Tel: +90 (533) 720 49 08 - +90 (282) 260 55 77 - 262 58 11 e-mail : info@anilymm.com | web : wirw.anilymm.com





- 5. Based on our audit, it has been concluded that, early risk detection system and committee of Doğa Anonim Şirketi is sufficient, in all material respects, in accordance with Article 378 of TCC, exclusive of the matters addressed in the paragraph below.
- 6. The Company's early risk detection system is not designed and applied based on written procedures. Therefore, no systematical approach could be observed. However, Shareholders which involve of the Company Management, actively participate in Company operations. Shareholders which involve of the Company Management are also act as executives, and monitor the Company's operational, financial and legislative processes, and render and apply decisions regarding them. The vast experience of the Shareholders in the Company Management in the industry, and their careful and meticulous monitoring of Company activities allow early identification and detection of the risks. The controls we performed during the performance of our auditing activities support our assessment. It will be beneficial for the General Assembly to write down its organizational risk management activities in the future.

Anıl Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.



Necati AKIN Auditor In Charge MARCH 2023 Istanbul, Turkiye

#### ANIL YEMINLI MALI MÜŞAVIRLİK VƏ BAĞIMSIZ DENETİM A.S.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

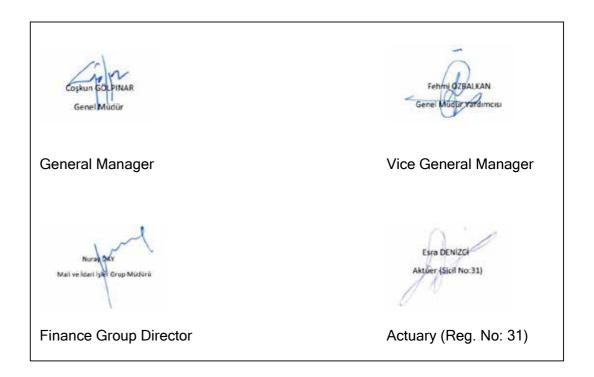


# FINANCIAL REPORT OF DOĞA SİGORTA ANONİM ŞİRKETİ

#### AS OF 31 DECEMBER 2022,

We declare that the financial statements as of 31 December 2022, and the related explanations and footnotes which prepared in accordance with the accounting principles and standards in force within the framework of the regulations issued by the T.R. Ministry of Treasury and Finance, comply with the provisions of the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" and our Company's accounting records.

Istanbul, 09.03.2023



Maslak Mah. Büyükdere Cad. No: 243 Kat: 20-21 Spine Tower, Sariyer/İSTANBUL Tel: [0212] 212 36 42 Faks: [0212] 212 36 44 info@dogasigorta.com • www.dogasigorta.com



#### 1. FINANCIAL STATEMENTS:

a. Financial statements as of 31 December 2022 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".)

ASSETS			
I- Current Assets	Foot Notes	Independently Audited 31 December 2022	Independently Audited 31 December 2021
A- Cash and Cash Equivalents	-	976,122,142	1,297,469,633
1-Cash	-	3,483	739
2- Cheques Received	-	-	-
3- Banks	14	959,037,040	933,522,777
4-Cheques Given and Payment Orders (-) 5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months	14	17,081,619	363,946,117
5- Cash and Cash Equivalents	- 14	17,001,017	- ,740,117
B- Financial assets and Financial Investments of which the Risks are Undertaken by		2 201 200 /1/	722 (0) 220
the Policyholders		2,281,299,416	732,691,230
1- Available-For-Sale Financial Assets	11	386,829,832	147,753,503
2- Marketable Securities To Be Held Until Maturity	11	1,228,662,841	579,724,880
3- Marketable Securities In The Tradebook	11	665,806,743	5,212,847
4- Loans 5- Provision for Credits (-)	-	-	-
6- Financial Investments of which the Risks are Undertaken by the Life Insurance Poli-		-	_
cyholders	-	-	-
7- Company Stock	-	-	-
8-Provision For Impairment of Inventory (-) C- Receivables From Real Operating Income	-	698,954,162	351,484,196
1- Receivables from Insurance	12	630,700,862	299,628,008
2- Provision for Insurance Transaction Receivables (-)	12	(8,557,129)	(2,975,728)
3- Receivables from Reinsurance Transactions	12	76,810,429	54,831,916
4- Provision for Reinsurance Transactions Receivables (-)	-	-	-
5- Deposits On Behalf Of Insurance and Reinsurance Companies	-	-	-
6- Loans of Policyholders	-	-	-
7- Provision for Loans of Policyholders (-)	-	-	-
8- Receivables For Pension (Retirement) Transactions	-	-	-
9- Doubtful Receivables Arising From Real Operations	12	108,354,113	82,396,314
10- Provisions for Doubtful Receivables Arising From Real Operations (-)	12	(108,354,113)	(82,396,314)
D- Receivables From the Related Parties 1- Receivables from Shareholders	-	5,038	3,358
2- Receivables from Associates	4	5,038	3,358
3- Receivables from Subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5- Receivables from Employees	-	-	-
6- Receivables from Other Related Parties	-	-	-
7- Rediscounted Receivables From Related Parties (-)	-	-	-
8- Doubtful Receivables From Related Parties	-	-	-
9- Provision for Doubtful Receivables From Related Parties (-)  E- Other Receivables	-	118,974,825	13,026,829
1- Leasing Receivables		110,774,025	15,020,027
2- Unearned Lease Interest Incomes (-)	_	_	_
3- Deposits Paid and Guarantees Given	4	-	159,800
4-Other Miscellaneous Receivables (+/-)	4	118,974,825	12,867,029
5-Rediscount On Other Miscellaneous Receivables (-)	-	-	-
6-Doubtful Other Receivables	-	-	-
7- Provision for Doubtful Other Receivables (-)	-		1/1 20/ 007
F- Short-Term Prepaid Expenses and Accrued Income	- 17	432,261,451	161,206,857
Deferred Production Costs     Accrued Interest and Rental Income	17	395,196,746	151,045,210
2- Accrued Interest and Rental Income 3- Accrued Revenue Receivables		-	-
4- Short-Term Prepaid Expenses and Accrued Income	17	37,064,705	10,161,647
G- Other Current Assets	-	25,314,055	879,392
1- Required Stocks For Future Months	-	-	-
2- Prepaid Taxes and Funds	35	24,704,045	53,653
3- Deferred Tax Assets	-	-	-
4- Work Advances	4	346,384	512,374
5- Advances to Personnel	4	263,626	313,365
6-Inventory and Delivery Shortages	-	-	-
7-Other Miscellaneous Current Assets 8-Provisions for Other Current Assets (-)	-	-	-
I- Total Current Assets		4,532,931,089	2,556,761,493
		.,552,152,661	2,000,702,770

 $Footnotes\ of fer\ supplementary\ information\ about\ the\ financial\ statement.$ 

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

a. Financial statements as of 31 December 2022 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

ASSETS			
II- Non-Current Assets	Foot Notes	Independently Audited 31 December 2022	Independently Audited 31 December 2021
A- Receivables from Real Operating Income	-	-	
1- Receivables from Insurance	-	-	-
2- Provision for Insurance Transaction Receivables (-)	-	-	
3- Receivables from Reinsurance Transactions	-	-	-
4- Provision for Reinsurance Transactions Receivables (-)	-	-	
5- Deposits on Behalf of Insurance and Reinsurance Companies	-	-	-
6- Loans of Policyholders	-	-	-
7- Provision for Loans of Policyholders (-)	-	-	
8- Receivables for Pension (Retirement) Transactions 9- Doubtful Receivables Arising from Real Operations	-	-	-
10- Provisions for Doubtful Receivables Arising from Real Operations (-)	-	-	
B- Receivables from the Related Parties	-	-	
1- Receivables from Shareholders	-	_	
2- Receivables from Associates	_	_	
3- Receivables from Subsidiaries	-	-	
4- Receivables from Group Companies	-	-	
5- Receivables from Employees	-	-	
6- Receivables from Other Related Parties	-	-	-
7- Rediscounted Receivables from Related Parties (-)	-	-	
8- Doubtful Receivables from Related Parties	-	-	
9- Provision for Doubtful Receivables from Related Parties (-)	-	-	
C- Other Receivables	-	221,286	223,350
1- Leasing Receivables	-	-	
2- Unearned Lease Interest Incomes (-)	-	-	-
3- Deposits Paid and Guarantees Given	4	221,286	223,350
4-Other Miscellaneous Receivables	-	-	-
5-Rediscount on Other Miscellaneous Receivables (-)	-	-	<u> </u>
6-Doubtful Other Receivables	-	-	<u> </u>
7- Provision for Doubtful Other Receivables (-)	-	3 533 4 05	3.375 / 30
D- Financial Assets	-	1,521,495	1,175,420
1- Long Term Securities	9	1,221,495	875,420
2- Associates	-	-	<del>-</del>
3- Capital Commitments to Associates (-) 4- Subsidiaries	9	300,000	300,000
5- Capital Commitment to Subsidiaries (-)	-	300,000	300,000
6- Receivables from Group Companies		-	
7- Capital Commitment to Receivables from Group Companies (-)	_	-	
8- Financial Assets and Financial Investments of which the Risks are Undertaken by the Policyholders	-	_	
9- Other Miscellaneous Financial Assets	-	_	
10-Provision for Impairment of Inventory (-)	-	-	
E- Tangible Assets	-	27,106,716	23,288,504
1- Investment Property	-	-	
2-Provision for Impairment of Inventory for Investment Property (-)	-	-	
3- Property Intended for Use	-	-	
4- Machine and Equipment	-	-	
5- Fixtures and Installations	6	12,651,205	8,357,222
6- Motor Vehicles	6	13,222,260	13,222,260
7- Other Tangible Assets (Leasehold Improvement Amount Is Included)	6	12,637,279	11,506,708
8- Acquired Tangible Assets by Leasing	6	9,353,944	8,814,742
9- Accumulated Depreciation (-)	6	(20,757,972)	(18,612,428
10- Advances for Tangible Assets (Investments in Progress are Included)	-	-	
F- Other Intangible Assets	8	6,553,394	4,074,94
1- Rights	8	15,527,812	10,009,15
2- Goodwill	-	-	
3- Expenses in Respect of the Pre-Operating Cycle	-	-	
4- Research and Development Expenses	-	-	
6- Other Intangible Fixed Assets	- 0	(8,974,418)	(5,934,210
7- Accumulated Depreciation (-) 8- Advances for Intangible Fixed Assets	8		(5,734,210
8- Advances for intangible Fixed Assets G- Prepaid Expenses and Income Accruals Pertaining to Future Years	-	1,000,861	1,212,98
to- Prepaid Expenses and income Accruais Pertaining to Future Years  1- Deferred Production Costs	-	1,000,861	1,212,98
2- Income Accruals	-	-	
3- Long-Term Prepaid Expenses and Accrued Income	_	1,000,861	1,212,98
H- Other Non-Current Assets		41,376,908	15,833,164
1- Effective Foreign Exchange Accounts	_	41,370,700	13,033,10
2- Foreign Currency Accounts		-	
3- Required Stocks for Future Years	-	-	
4- Prepaid Taxes and Funds	-	-	
5- Deferred Tax Assets	21	41,376,908	15,833,16
6-Other Miscellaneous Non-Current Assets	-		15,05,10
7-Depreciation for Other Non-Current Assets (-)	-	-	
8-Provisions for Other Non-Current Assets (-)	-	-	
	1	77,780,660	45,808,36
II- Total Non-Current Assets			2,602,569,86

Footnotes offer supplementary information about the financial statement.

a. Financial statements as of 31 December 2022 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

LIABILITIES			
III- Short Term Liabilities	Foot Notes	Independently Audited 31 December 2022	Independently Audited 31 December 2021
A-Financial Payables	-	2,007,242	1,708,626
1-Payables To Credit Agencies	-	-	-
2-Payables From Leasing Receivables	20	3,222,228	2,538,438
3- Deferred Financial Lease Borrowing Expenses (-)	20	(1,214,986)	(829,812)
4- Principal and interest payable of long term loans	-	-	-
5- Issued Bonds Principal, Installments and Interest	-	-	-
6-Other Miscellaneous Financial Assets	-	-	-
7- Premiums On Other Miscellaneous Financial Assets (-)	-	-	-
8- Other Miscellaneous Financial Assets (Liabilities)	-	-	-
B- Real Operating Liabilities	-	529,507,530	157,115,735
1- Payables from Insurance Operations	19	113,569,708	40,590,986
2- Receivables from Reinsurance Transactions	10,17,19	415,937,822	116,524,749
3- Deposits On Behalf Of Insurance and Reinsurance Companies	10,19	-	-
4- Receivables For Pension (Retirement) Transactions	-	-	-
5- Other Real Operating Liabilities	-	-	-
6- Rediscount On Other Notes Payable From Real Operating Income (-)	-	-	-
C- Liabilities Due To Related Parties	-	17,570	3,141
1- Due To Shareholders	45	-	-
2-Payables to associates	-	-	-
3- Payables to subsidiaries	-	-	-
4- Receivables from Group Companies	-	-	-
5. Due To Personnel	45	17,570	3,141
6- Receivables from Other Related Parties	-	122 / 20 5 / 2	F7 / 00 713
D- Other Payables	-	133,420,563	57,488,713
1-Deposits and Guarantees Received 2- SSI Debts Related to Treatment Expenses	19 19	29,389,653	20,581,491
3-Other Miscellaneous Payables	19	62,883,892 41,147,018	25,953,926 10,953,296
4- Rediscount On Other Miscellaneous Payables (-)		41,147,016	10,733,270
E- Insurance Technical Reserves	_	2,972,026,439	1,666,999,231
1- Provisions for Unearned Premiums - Net	17	1,569,218,665	602,631,782
2- Provision for Unexpired Risks - Net	17	8,651,062	80,700,102
3- Mathematical Provisions - Net	-	-	-
4- Provision for Outstanding Claims and Compensations - Net	17,42	1,394,156,712	983,667,347
5- Provision for Bonus and Discounts - Net	-		-
6- Allocated Reserves for the Policies of Investment Risk Life Insurance			
Policyholders - Net	-	-	-
7- Other Technical Reserves - Net	-	-	-
F- Reserves for Taxes Payable and Other Fiscal Liabilities	-	79,668,164	35,765,077
1- Taxes and Dues Payable	23	77,365,180	34,672,642
2. Social Security Withholdings Payable	23	2,302,984	1,092,435
3- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities	-	-	-
4-Other Taxes and Liabilities Payable	-	-	-
5- Provision for tax and other legal liabilities on profit	23	-	33,882,912
6- Prepaid Taxes and Other Legal Liabilities of the Profit for Period (-)	23	-	(33,882,912)
7- Provision for Other Taxes and Liabilities Payable	-	-	-
G- Provisions for Others Risks	-	21,703,506	11,237,923
1- Provisions for termination indemnities	23	2,782,777	1,250,553
2- Provision For Social Support Fund Deficits	-	10,020,720	- 0.007.770
3- Provision For Cost Expenses	23	18,920,729	9,987,370
H- Deferred Income and Expense Accruals For Future Months	1017	204,922,579	89,914,094
1- Deferred Commission Incomes	19,17	204,922,579	89,914,094
2. Expense Accruals	-	-	-
3- Deferred Income and Expense Accruals For Future Months  1- Other Short Term Liabilities	-	141,919,893	78,899,850
1- Deferred Tax Obligation		141,717,675	70,077,030
2- Inventory and Delivery Surplus	-	-	-
3- Other Miscellaneous Short Term Liabilities	17, 10	141,919,893	78,899,850
III- Total of Short Term Liabilities	17, 10	4,085,193,486	2,099,132,389
		1,000,213,100	

Footnotes offer supplementary information about the financial statement.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

a. Financial statements as of 31 December 2022 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

LIABILITIES							
IV- Long Term Liabilities	Foot Notes	Independently Audited 31 December 2022	Independently Audited 31 December 2021				
A- Financial Payables	-	5,473,497	4,696,354				
1-Payables To Credit Agencies	-	-					
2- Payables from Financial Leasing Transactions	20	7,079,318	6,508,419				
3- Deferred Financial Lease Borrowing Expenses (-)	20	(1,605,821)	(1,812,065				
4- Bonds issued	-	-					
5-Other Issued Miscellaneous Financial Assets	-	-					
6- Premiums On Other Miscellaneous Financial Assets (-)	-	-					
7- Other Financial Liabilities (Liabilities)	-	-					
B- Payables from Main Operations	-	-					
1- Payables from Insurance Operations	-	-					
2- Receivables from Reinsurance Transactions	-	-					
3- Deposits On Behalf Of Insurance and Reinsurance Companies	-	-					
4- Receivables For Pension (Retirement) Transactions	-	-					
5- Other Real Operating Liabilities	_	-					
6- Rediscount On Other Notes Payable From Real Operating Income (-)	_	_					
C- Liabilities Due To Related Parties	_	9,927	9,92				
1-Payables To Shareholders	45	9,927	9,92				
2-Payables to associates	-	-	7,72				
3- Payables to subsidiaries	_	_					
4- Receivables from Group Companies	-	-					
5. Due To Personnel	-	-					
6- Receivables from Other Related Parties	_	-					
D- Other Payables	-	-					
1-Deposits And Guarantees Received	-						
	-	-					
2- SSI Debts Related to Treatment Expenses	-	-					
3-Other Miscellaneous Payables	-	-					
4- Rediscount On Other Miscellaneous Payables E- Insurance Technical Reserves		25,085,326	12 110 404				
	-	25,065,326	13,119,600				
1- Provisions for Unearned Premiums - Net	-	-					
2- Provision for Unexpired Risks - Net	-	-					
3- Mathematical Provisions - Net	-	-					
4- Provision for Outstanding Claims and Compensations - Net	-	-					
5- Provision for Bonus and Discounts - Net		-					
6-Allocated Reserves for the Policies of Investment Risk Life Insurance Policyholders	-	-					
7- Other Technical Provisions (net)	17	25,085,326	13,119,600				
F- Other Liabilities and Provisions							
1-Other liabilities payable	-	-					
2- Overdue, Postponed or Re-structured Taxes and Fiscal Liabilities	-	-					
3- Provisions for other payables and expenses	-	_					
G- Provisions for Others Risks	-	6,257,882	1,959,86				
1- Provisions for termination indemnities	23	6,257,882	1,959,86				
2- Provision For Social Support Fund Deficits	-	-	, ,				
H- Deferred Income and Expense Accruals Pertaining To Future Years	_						
1- Deferred Commission Incomes	-						
2. Expense Accruals	-	-					
3- Deferred Income and Expense Accruals For Future Years	_	_					
I- Other Long Term Liabilities		221,218	202,23				
1- Deferred Tax Obligation			202,23				
	-	221,218	202,23				
2- Other Long Term Liabilities							

 $Footnotes\ offer\ supplementary\ information\ about\ the\ financial\ statement.$ 

a. Financial statements as of 31 December 2022 solo balance sheet. (All figures are expressed in Turkish Lira "TRY".) - Continued

EQUITY CAPITAL						
V- Equity Capital	Foot Notes	Independently Audited 31 December 2022	Independently Audited 31 December 2021			
A- Paid in Capital		220,000,000	220,000,000			
1- Nominal Capital	2, 15	220,000,000	220,000,000			
2- Unpaid Share Capital (-)	-	-	-			
3- Positive Inflation Adjustment on Capital	-	-	-			
4- Negative Distinction from Share Capital Adjustment (-)	-	-	-			
B- Capital Reserves	-	-	-			
1- Equity Share Premiums	-	-	-			
2- Gains on Sale of Cancelled Share Certificates	-	-	-			
3- Capitalized Surplus	-	-	-			
4- Foreign Currency Conversion Adjustments	-	-	-			
5- Other Capital Reserves	15	-	-			
C-Profit Reserves	-	48,109,438	29,135,757			
1- Legal Reserves	15	21,887,366	15,565,102			
2- Statutory Reserves	-	-	-			
3-Extraordinary Reserves	15	6,780,498	6,780,498			
4- Special Funds (Reserves)	15	7,384,087	7,384,087			
5- Valuation of Financial Assets	-	13,876,081	-			
6- Other Profit Reserves	15-21	(1,818,594)	(593,930)			
D- Previous Years' Profits	-	227,991,462	107,868,442			
1- Previous Years' Profits	-	227,991,462	107,868,442			
E- Previous Years' Losses (-)	-	-	-			
1- Previous Years' Losses	-	-	-			
F- Net Profit for the Period	-	(7,630,484)	126,445,284			
1- Net Profit for the Period	-	-	126,445,284			
2- Net Loss for the Period (-)	-	(7,630,484)	-			
Total Shareholders' Equity	-	488,470,416	483,449,483			
Total Sum of Liabilities (III + IV + V)	-	4,610,711,752	2,602,569,860			

 $Footnotes\ of fer\ supplementary\ information\ about\ the\ financial\ statement.$ 

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Accounting period ending on 31 December 2022 solo income statement (All figures are expressed in Turkish Lira "TRY".)

I-TECHNICAL DEPARTMENT	Foot- note	Independent the Items Has Been 1 January - 31 December 2022	Independent the Items Has Been 1 January - 31 December 2021
A- Non-Life Technical Income		2,377,890,852	1,480,564,506
1- Earned Premiums (Net of Reinsurance Share)	-	1,788,723,416	999,700,437
1.1- Written Premiums (Net of Reinsurance Share)	17	2,683,261,260	1,119,653,429
1.1.1- Gross Written Premiums (+)	-	4,726,126,486	2,143,340,348
1.1.2- Ceded Premiums to Reinsurers (-)	17	(1,847,003,498)	(926,380,573)
1.1.3- Premiums Transferred to SSI	17	(195,861,729)	(97,306,346)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(966,586,883)	(60,733,547)
1.2.1- Provisions for Unearned Premiums (-)	-	(1,607,994,243)	(200,860,150)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17	572,569,436	135,983,849
1.2.3- SSI of Unearned Premiums Reserve	-	68,837,924	4,142,754
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	72,049,040	(59,219,445)
1.3.1- Provision for Unexpired Risks (-)	-	87,123,417	(81,856,681)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	-	(15,074,377)	22,637,236
2- Investment Incomes Transferred from Non-Technical Department	4,2	543,795,750	437,878,948
3- Other Technical Incomes (Net of Reinsurance Share)	-	24,281	375,629
3.1- Other Gross Technical Incomes (+)	-	24,281	375,629
3.2- Reinsurance Share in Other Gross Technical Incomes (-)	-	-	-
4- Accrued Salvage and Subrogation Revenues	-	45,347,404	42,609,493
B- Non-Life Technical Expenses(-)	-	(2,447,267,194)	(1,348,048,697)
1- Realized Claims (Net of Reinsurance Share)	-	(1,960,034,309)	(1,028,555,386)
1.1- Claims Paid (Net of Reinsurance Share)	29	(1,549,544,944)	(861,509,764)
1.1.1- Gross Claims Paid (-)	-	(2,620,896,342)	(1,429,794,680)
1.1.2- Reinsurance Share of Claims Paid (+)	17	1,071,351,397	568,284,916
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	29	(410,489,365)	(167,045,622)
1.2.1- Outstanding Claims Reserve (-)	-	(496,022,918)	(217,083,500)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17	85,533,553	50,037,878
2- Change in Provision for Bonus and Discounts (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
2.1- Provision for Bonus and Discounts (-)	-	-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)  3- Change in Other Technical Provisions	29	(11,965,719)	(5,527,677)
(Net of Reinsurance Share and the Transferred Amount) (+/-)	32		
4- Operating Expenses (-)		(399,689,545)	(267,480,605) (46,485,029)
5- Other Technical Provisions	-	(75,577,621)	
C- Technical Department Balance- Non-Life (A – B)  D- Life - Technical Income		(69,376,342)	132,515,809
	-	-	
1- Earned Premiums (Net of Reinsurance Share)  1.1- Written Premiums (Net of Reinsurance Share)	-	-	-
	-	-	-
1.1.1- Gross Written Premiums (+) 1.1.2- Ceded Premiums to Reinsurers (-)	-	<del>-</del>	-
1.2- Change in Unearned Premiums Reserve	-	-	-
(Net of Reinsurance Share and the Transferred Amount) (+/-) 1.2.1- Provisions for Unearned Premiums (-)	_	_	
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unearned Premiums Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
1.3.1- Provision for Unexpired Risks (-)	_	-	_
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	-	-	-
2- Investment Income of Life Branch	_	_	_
3- Unrealized Investment Gains	-	-	-

b. Accounting period ending on 31 December 2022 solo income statement (All figures are expressed in Turkish Lira "TRY".)
- Continued

I-TECHNICAL DEPARTMENT	Foot- note	Independent the Items Has Been 1 January - 31 December 2022	Independent the Items Has Been 1 January - 31 December 2021
E- Life - Technical Expenditure	-	-	-
1- Realized Claims (Net of Reinsurance Share)	-	-	-
1.1-Indemnities Paid (Net of Reinsurance Share)	-	-	-
1.1.1- Gross Indemnities Paid (-)	-	-	-
1.1.2- Reinsurance Share of Paid Indemnities (+)	-	-	-
1.2- Change in Outstanding Claims Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
1.2.1- Gross Outstanding Claims Reserve (-)	-	-	-
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	-	-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
2.1- Provision for Bonus and Discounts (-)	-	-	-
2.2- Reinsurance Share of Provision for Bonus and Discounts (+)	-	-	-
3- Change in Mathematical Life Reserve (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
3.1 Mathematical Life Provision (-)	-	-	-
3.2 Reinsurance Share of Mathematical Life Provision (+)	-	-	-
4- Change in Provision for Financial Investments with Risks on Saving Life Policyholders (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
4.1- Provision for Financial Investments with Risks on Saving Life Policyholders (-)	-	-	-
4.2- Reinsurance Share of Provision for Financial Investments with Risks on Saving Life Policyholders (+)	-	-	-
5- Change in Other Technical Provisions (Net of Reinsurance Share and the Transferred Amount) (+/-)	-	-	-
6- Operating Expenses (-)	-	-	-
7- Investment Expenses (-)	-	-	-
8- Unrealized Investment Losses (-)	-	-	-
9- Investment Incomes Transferred to Non-Technical Department (-)	-	-	-
F-Technical Department Balance- Life (D – E)			
G- Pension Related Technical Income			
1- Fund Management Revenues	-	-	-
2- Administrative Expenses Fee	-	-	-
3- Admission Fee Revenues	-	-	-
4- Administrative Expenses Fee in Case of Recess	-	-	-
5- Private Services Expenses Fee	-	-	-
6- Prepaid Capital Allotment's Increment Value Income	-	-	-
7- Other Technical Incomes	-	-	-
H- Pension Related Technical Expenditure			
1- Fund Management Expenditure (-)	-	-	-
2- Prepaid Capital Allotment's Impairment Charges (-)	-	-	-
3- Operating Expenses (-)	-	-	-
4- Other Technical Expenses (-)	-	-	-
I- Technical Department Balance - Pension (G – H)	-	-	-

Footnotes offer supplementary information about the financial statement.

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## INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

b. Accounting period ending on 31 December 2022 solo income statement (All figures are expressed in Turkish Lira "TRY".)
- Continued

I-NON-TECHNICAL DEPARTMENT	Foot- note	Independent the Items Has Been 1 January - 31 December 2022	Independent the Items Has Been 1 January - 31 December 2021
C- Technical Department Balance- Non-Life (A – B)		(69,376,342)	132,515,809
F- Technical Department Balance- Life (D – E)			
I- Technical Department Balance- Pension (G – H)			
J- General Technical Department Balance (C+F+I)		(69,376,342)	132,515,809
K- Investment Incomes		674,297,770	530,434,613
1- Yield from Financial Investments	4,2	227,611,213	194,907,443
2- Yield from Liquidation of Financial Investments	-	-	-
3- Valuation of Financial Investments	4.2	92,701,477	7,911,131
4- Foreign Exchange Profits	4.2, 36	310,746,362	326,747,168
5- Dividend Incomes from Associates	4.2	399,183	230,439
6- Incomes Subject to Subsidiaries and Group Companies	-	-	-
7- Incomes from Landed Property, Parcel of Land and Buildings	-	-	-
8- Incomes from Derivatives	-	40,974,109	-
9- Other Investments	4.2	1,865,427	638,432
10- Transferred Investment Income from Technical Life Department	-	-	-
L- Investment Expenses (-)	- 1	(624,975,896)	(475,412,987)
1- Investment Administration Expenses – Interest is Included (-)	4.2	(1,302,697)	(415,370)
2- Impairment Charges of Investments (-)	-	249,488	(8,011,318)
3- The Arising Losses from Liquidation of Investments (-)	4.2	(35,092,688)	(8,635)
4- Transferred Investment Income to Non-Technical Life Department (-)	4.2	(543,795,750)	(437,878,948)
5- Losses Arising from Derivatives (-)	-	-	-
6- Foreign Exchange Losses (-)	4.2, 36	(33,204,961)	(16,757,045)
7- Depreciation Expenses (-)	4.2, 6	(11,829,288)	(10,097,838)
8- Other Investment Expenses (-)	-	-	(2,243,834)
M- Income and Profit, Expenditure and Loss Pertaining to Other Operations and Extra Ordinary Operations (+/-)	-	12,423,984	(27,209,238)
1- Reserves Account (+/-)	47	(39,088,514)	(32,899,649)
2- Rediscount Account (+/-)	47	18,768,177	(912,306)
3- Qualifying Insurance Account (+/-)	-	-	-
4- Inflation Adjustment Losses (+/-)	-	-	-
5- Deferred Tax Assets Account (+/-)	35	29,760,882	3,642,010
6- Deferred Tax Obligation Expenditure (-)	-	-	-
7- Other Income and Profits	-	4,075,053	3,859,139
8- Other Ordinary Expenses and Losses (-)	-	(1,041,603)	(530,439)
9- Previous Period's Income and Profits	-	-	-
10- Previous Period's expenses and losses (-)	-	(50,011)	(367,993)
N- Net Profit / Loss for the Period	-	(7,630,484)	126,445,284
1- Profit and Loss for the Period	37	(7,630,484)	160,328,197
2- Provision for Tax and Other Legal Liabilities on Profit (-)	35	-	(33,882,912)
3- Net Profit or Loss for the Period	37	(7,630,484)	126,445,284
4- Inflation Adjustment Account	_	-	-

Footnotes offer supplementary information about the financial statement.

c. Accounting period ending on 31 December 2022 solo cash flow statement (All figures are expressed in Turkish Lira "TRY".)

A. CASH FLOWS ARISING FROM REAL OPERATIONS	Footnote	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2022	Independent the Items Has Been Subjected to the Audit 1 January - 31 December 2021
1. Cash Flows Derived from Insurance Operations	-	3,337,810,440	1,285,151,648
2. Cash Flows Derived from Reinsurance Operations	-	-	-
3. Cash Flows Derived from Pension and Retirement Operations	-	-	-
4. Cash Outflow Derived from Insurance Operations (-)	-	(2,772,572,987)	(1,303,732,560)
5. Cash Outflow Derived from Reinsurance Operations (-)	-	-	-
6. Cash Outflow Derived from Pension and Retirement Operations (-)	-	-	-
7. Cash Derived from Real Operations (A1+A2+A3-A4-A5-A6)		565,237,453	(18,580,912)
8. Interest Incomes (-)	-	-	-
9. Income Tax Payments (-)	-	(20,433,254)	(33,933,223)
10. Other Cash Inflows	-	89,483,537	6,311,383
11. Other Cash Outflows (-)	-	(1,572,420)	(4,669,221)
12. Net Cash Gained from Main Operations		632,715,316	(50,871,973)
B. CASH FLOWS ARISING FROM INVESTMENT OPERATIONS	-	-	-
1. Sale of Tangible Assets	6	12,515,773	4,045,231
2. Acquisition of Tangible Assets (-)	6	(18,812,438)	(15,041,040)
3. Acquisition of Financial Assets (-)	11	(13,445,586,113)	(1,966,951,279)
4. Sales of Financial Assets	11	12,219,271,516	1,917,426,320
5. Interests Received	-	154,917,525	145,027,747
6. Dividends Received	-	-	-
7. Other Cash Inflows	-	205,941,786	156,654,824
8. Other Cash Outflows (-)	-	(135,585,319)	(118,811,105)
9. Net Cash Gained from Investment Operations		(1,007,337,271)	122,350,698
C. CASH FLOWS ARISING FROM FINANCE OPERATIONS	-	-	-
1. Export of Share Certificates	15	-	-
2. Cash Inflow Regarding the Credits	-	-	-
3. Financial Lease Debts Payments (-)	-	-	-
4. Dividends Paid (-)	-	-	(34,357,988)
5. Other Cash Inflows	15	1,075,759	2,677,283
6. Other Cash Outflows (-)	-	(1,302,697)	(415,370)
7. Net Cash Gained from Financing Operations		(226,938)	(32,096,075)
D. EFFECT OF CASH DIFFERENCES TO CASH AND CASH EQUIVALENTS		44,222,495	51,624,754
E. Net Increase in Cash and Cash Equivalents (A12+B9+C7+D)		(330,626,397)	91,007,404
F. Cash and Cash Equivalents Availability in the Beginning of the Period	14	1,289,789,945	1,198,782,541
G. Cash and Cash Equivalents Availability at the End of the Period (E+F)	14	959,163,548	1,289,789,945

Footnotes offer supplementary information about the financial statement.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

d. Accounting period ending on 31 December 2022 profit distribution rate statement (All figures are expressed in Turkish Lira "TRY".)

	Footnote	Current Period 31 December 2022	Previous Period 31 December 2021
I. PROFIT DISTRIBUTIONS OF THE 1ST PERIOD			
1.1 PROFIT / LOSS FOR THE PERIOD	-	(7,630,484)	160,328,197
1.2 TAXES PAYABLE AND OTHER LEGAL LIABILITIES	-	-	(33,882,912)
1.2.1 Corporate Tax (Income Tax)	-	-	(33,882,912)
1.2.2 Income Tax Deduction	-	-	-
1.2.3 Other Tax and Legal Liabilities	-	-	-
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	-	(7,630,484)	126,445,285
1.3 PREVIOUS YEARS' LOSS (-)	-	-	-
1.4 PRIMARY RESERVE	-	-	6,322,264
1.5 MANDATORY LEGAL FUNDS TO BE LEFT IN THE COMPANY AND SAVED (-)	-	-	-
B. DISTRIBUTABLE NET PROFIT OF THE PERIOD [(A - (1.3 + 1.4 + 1.5)]	- 1	(7,630,484)	120,123,022
1.6 FIRST DIVIDENDS TO THE SHAREHOLDERS (-)	-	-	-
1.6.1 To The Owners of the Share Certificates	-	-	-
1.6.2 To The Holders Of Preferred Capital Stock	_	-	-
1.6.3 Holders of Redeemed Shares	-	-	_
1.6.4 To The Holders of Participation Bond	_	_	_
1.6.5 Holders of Profit and Loss Sharing Certificate	_	-	_
1.7 DIVIDEND TO THE PERSONNEL (-)	_	-	_
1.8 DIVIDENDS TO FOUNDERS (-)	_	-	
1.9 DIVIDEND TO BOARD OF DIRECTORS (-)	_	_	_
1.10 SECOND DIVIDENDS TO THE SHAREHOLDERS (-)	_	_	
1.10.1 To The Owners of the Share Certificates	_	_	_
1.10.2 To The Holders of Preferred Capital Stock	_	_	
1.10.3 To The Holders of Redeemed Shares	_	_	_
1.10.4 To The Holders of Participation Bond	_	_	
1.10.5 To The Holders of Profit and Loss Sharing Certificate	_	_	_
1.11 SECOND LEGAL RESERVES (-)	_	_	
1.12 STATUTORY RESERVES (-)	_	_	_
1.13 EXTRAORDINARY RESERVES	_	_	
1.14 OTHER RESERVES	_	_	_
1.15 SPECIAL FUNDS	_	_	
II. DISTRIBUTION FROM RESERVES		_	
2.1 RESERVES DISTRIBUTED	_	-	
2.2 SECOND LEGAL RESERVES (-)	_	_	
2.3 SHARE FOR SHAREHOLDERS (-)	-	-	
2.3.1 To The Owners of the Share Certificates	_	-	
2.3.2 Holders of Preferred Capital Stock	-	-	
2.3.3 To The Holders of Redeemed Shares	_	-	
2.3.4 To The Holders of Participation Bond	-	-	-
2.3.5 Holders of Profit and Loss Sharing Certificate	_	-	-
2.4 SHARE FOR PERSONNEL (-)	-	-	-
		-	-
2.5 SHARE FOR THE BOARD OF DIRECTORS (-) III. PROFIT PER SHARE	-	-	=
3.1 TO THE OWNERS OF THE SHARE CERTIFICATES	-		-
	-	-	-
3.2 TO THE OWNERS OF THE SHARE CERTIFICATES (%)	-	-	-
3.3 TO THE HOLDERS OF PREFERRED CAPITAL STOCK	-	-	-
3.4 TO THE HOLDERS OF PREFERRED CAPITAL STOCK (%)	-	-	-
IV. DIVIDEND PER SHARE	-	•	-
4.1 TO THE OWNERS OF THE SHARE CERTIFICATES	-	-	-
4.2 TO THE OWNERS OF THE SHARE CERTIFICATES (%)	-	-	-
4.3 HOLDERS OF PREFERRED CAPITAL STOCK	-	-	-
4.4 HOLDERS OF PREFERRED CAPITAL STOCK (%)	-	-	-

Footnotes offer supplementary information about the financial statement.

e. Accounting period ending on 31 December 2022 solo table of changes in equity (All figures are expressed in Turkish Lira "TRY".)

Statement of Changes in Equity Subjected to Independent Audit - 31 December 2021	Capital	Stock Certificates of the Incorporation (-)	Valuation of Financial Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding Balance at the End of the Period (31.12.2020)	220,000,000						8,708,515
I - Outstanding Balance at the End of the Period (31.12.2020)	220,000,000						8,708,515
II - Amendments Pursuant to the Errors							
III - New Balance (I + II) (01.01.2021)	220,000,000						8,708,515
A- Capital Increase							
1- Cash							
2- From Internal Resources							
B- Purchase of Own Stock Certificates							
C- Earnings and Losses not Included in the Income Statement							
D- Valuation of Financial Assets							
E- Foreign Currency Exchange Differences							
F- Other Earnings and Losses							
G- Inflation Adjustment Differences							
H- Net Profit for the Period							
I- Distributed Dividend							
J- Transfer (*)							6,856,587
II - Outstanding Balance at the End of the Period (31.12.2021)	220,000,000						15,565,102
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2022	Capital	Stock Certificates of the Incorporation (-)	Valuation of Financial Assets	Inflation Adjustment Differences of Capital	Foreign Currency Exchange Differences	Other Capital Reserves	Legal Reserves
II - Outstanding Balance at the End of the Period (31.12.2021)	220,000,000						15,565,102
I - Outstanding Balance at the End of the Period (31.12.2021)	220,000,000						15,565,102
II - Amendments Pursuant to the Errors							
III - New Balance (I + II) (01.01.2022)	220,000,000						15,565,102
A- Capital Increase							
1- Cash							
2- From Internal Resources							
B- Purchase of Own Stock Certificates							
C- Earnings and Losses not Included in the Income Statement			(4,625,360)				
D- Valuation of Financial Assets			18,501,441				
E- Foreign Currency Exchange Differences							
F- Other Earnings and Losses							
G- Inflation Adjustment Differences							
H- Net Profit for the Period							
I- Distributed Dividend							
J- Transfer (*)							6,322,264
II - Outstanding Balance at the End of the Period (31.12.2022)	220,000,000		13,876,081				21,887,366

Footnotes offer supplementary information about the financial statement.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

e. Accounting period ending on 31 December 2022 solo table of changes in equity (All figures are expressed in Turkish Lira "TRY".) - Continued

Statement of Changes in Equity Subjected to Independent Audit - 31 December 2021	Statutory reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding Balance at the End of the Period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259		391,667,872
I - Outstanding Balance at the End of the Period (31.12.2020)	7,384,087	6,492,253	90,415,758	58,667,259		391,667,872
II - Amendments Pursuant to the Errors						
III - New Balance (I + II) (01.01.2021)	7,384,087	6,492,253	90,415,758	58,667,259		391,667,872
A- Capital Increase						
1- Cash						
2- From Internal Resources						
B- Purchase of Own Stock Certificates						
C- Earnings and Losses not Included in the Income Statement		(305,685)				(305,685)
D- Valuation of Financial Assets						
E- Foreign Currency Exchange Differences						
F- Other Earnings and Losses						
G- Inflation Adjustment Differences						
H- Net Profit for the Period			126,445,284			126,445,284
I- Distributed Dividend			(34,357,988)			(34,357,988)
J- Transfer (*)			(56,057,770)	49,201,183		
II - Outstanding Balance at the End of the Period (31.12.2021)	7,384,087	6,186,568	126,445,284	107,868,442		483,449,483
Statement of Changes in Equity Subjected to Independent Audit - 31 December 2022	Statutory reserves	Other Reserves and Retained Profit	Net Profit for the Period (or loss)	Previous Years' Profits	Previous Years' Losses (-)	Total
II - Outstanding Balance at the End of the Period (31.12.2021)	7,384,087	6,186,568	126,445,284	107,868,442		483,449,483
I - Outstanding Balance at the End of the Period (31.12.2021)	7,384,087	6,186,568	126,445,284	107,868,442		483,449,483
II - Amendments Pursuant to the Errors						
III - New Balance (I + II) (01.01.2022)	7,384,087	6,186,568	126,445,284	107,868,442		483,449,483
A- Capital Increase						
1- Cash						
2- From Internal Resources						
B- Purchase of Own Stock Certificates						
C- Earnings and Losses not Included in the Income Statement		(1,224,664)				(5,850,025)
D- Valuation of Financial Assets						18,501,441
E- Foreign Currency Exchange Differences						
F- Other Earnings and Losses						
G- Inflation Adjustment Differences						
H- Net Profit for the Period			(7,630,484)			(7,630,484)
I- Distributed Dividend						
J- Transfer (*)			(126,445,284)	120,123,020		
II - Outstanding Balance at the End of the Period (31.12.2022)	7,384,087	4,961,904	(7,630,484)	227,991,462		488,470,416

Footnotes offer supplementary information about the financial statement.

#### GENERAL INFORMATION

#### 1.1 The parent company's name and the last owner of the group

Doğa Sigorta Anonim Şirketi ("Company") is not controlled by any other Company or group.

#### 1.2 Domicile 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)

Doga Sigorta Anonim Şirketi Saat Sok: Doğa Sigorta Corporation is a Joint Stock Company established pursuant to Turkish Commercial Code ("TCC") which operates at Maslak Mah. Spine Tower No: 5 Floor:20,21 Sariyer, Istanbul.

#### 1.3 The Company's main operations

The Company conducts its operations in accordance with the Insurance Law No. 5684 and other related communiqués and regulations. The Company mainly produces contracts for Accidents, Land Vehicles Liability, Transportation, Fire and Natural Disasters, Land Vehicles, General Liability, Illness / Health, Legal Protection, Bailment, Credits, General Damages, Watercraft, Watercraft Liability, Aircraft, Aircraft Liability, Railway Vehicles, Illness, Bailment II (indirect bailment), Credit II (Import Loan), Financial Losses I-V-VIII insurances.

As of 31 December 2022, the Company has 1,991 sales channels. (31 December 2021: 1,875) is working through sales channel

	31 December 2022	31 December 2021
Authorized Agency	1,896	1,787
Broker	90	85
Bank	5	3
Total	1,991	1,875

#### 1.4 Description of the start-up activities and main operations of the Company

The Company operates in accordance with the Insurance Law No. 5684 ("Insurance Law") published in the Official Gazette No. 26552 dated 14 June 2007 and other regulations and legislations issued by the Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law and carries out its operations in the insurance branches specified in Note 1.3 - Nature of the business above.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### GENERAL INFORMATION (Continued)

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

	31 December 2022	31 December 2021
Senior Manager (*)	10	10
Officer	280	270
Total	290	280

(\*) The Company's general manager, assistant general managers and group managers are included.

#### 1.6 Total salaries and Benefits paid to the Executive Management

In the accounting period ending on 31 December 2022, the sum of wages and similar benefits provided to the Board of Directors and Senior Executives is TRY 22,765,599 (31 December 2021: TRY 10,512,693).

1.7 Criteria set for the allocation of investment income and operating expenses (personnel, administration, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements

The Company makes the distribution of investment expenses and operational expenses in accordance with the "Circular on the Principles and Procedures for Keys Used in Financial Statements Drawn Up within the Framework of Uniform Chart of Accounts in Insurance" published on 4 January 2008 and enacted on 1 January 2008 by the Undersecretariat of Treasury (2008-1) and Circular on the Amendment of the General Regarding the Procedures and Principles of the Keys Used in the Financial Tables Prepared in the Frame of the Insurance Uniform Chart of Accounts dated 9 August 2010 and 2010/9 issued by the Undersecretariat of Treasury.

#### 1.8 Issue whether only a firm or group of firms are included in financial statements

Financial statements include financial information for only Doğa Sigorta Anonim Şirketi. As it is explained in detail in *Note 2.2*, no consolidated financial statements were prepared as of 31 December 2022.

#### GENERAL INFORMATION (Continued)

# 1.9 Name or other identifying information of the reporting enterprise and changes in such information since the previous balance sheet date

Name / Commercial Title	Doga Sigorta Anonim Şirketi
Headquarters Address	Maslak Mah, Saat Sok, Spine Tower No:5 Floor 20-21 Sarıyer / Istanbul (Previous Address: Büyükdere Cad. Spine Tower No:243 Maslak)
Telephone	+90(212) 212 36 42
Fax	+90(212) 212 36 44
Website	www.dogasigorta.com
E-mail Address	info@dogasigorta.com

Although there has been no change in the Company Headquarters since the end of the previous reporting period, there has been a change in the address due to the updating of the address made by the relevant municipalitu.

#### Events After The Balance Sheet Date

Subsequent events refer to the events that occur for or against the Company between the end of the reporting period and the date the financial statements are authorized for issue. (Note 46 - Presented in the note related to the events occurred after the reporting period in detail).

Events after the reporting period that provide additional information about the financial position of the Company as of the end of the reporting period (events that occur after the reporting period and require adjustment) are reflected in the financial statements. Events after the reporting period and that do not require adjustment are disclosed in the footnotes.

Regarding the earthquake disaster that occurred on 6 February 2023, the T.R. Ministry of Finance and Treasury declared force majeure in the affected provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa with Kahramanmaraş being the center of the earthquake until 31 July 2023. The evaluation of the possible impacts of the earthquake disaster is disclosed in Note 46.

There has been no change after the reporting period in terms of the Company's operations and documentation and records related to operations and Company policies.

The unconsolidated financial statements prepared as of December 31, 2022 were approved by the Board of Directors of the Company on March 9, 2023.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Preparation Principles

# 2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the principles stipulated for insurance and reinsurance companies by the R.T. 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 Ministry of Treasury and Finance regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette dated 30 December 2004 and No. 25686 (Insurance Accounting System Communiqué No.1) and the "Notice Regarding the Presentation of the New Account Codes and Financial Statements" dated 27 December 2011 and No. 2011/14.

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.1 Preparation Principles (Continued)

# 2.1.1 Principles used in preparation of the financial statements and information regarding the special accounting policies being implemented (Continued)

The 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 June 2008, and the "Notice Regarding the Presentation of the New Account Codes and Financial Statements" dated 31 May 2012 and No. 2012/7.

The company accounts for its activities according to the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by the Accounting and Auditing Standards Authority ("POA") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated 18 February 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were kept out of the scope this application in 2008. On the other hand, insurance companies are obliged to prepare consolidated financial statements with "the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" with respect to the published official gazette dated 31 December 2008 and numbered 27097. The company has no subsidiaries which it needs to consolidate in this regard.

As of December 31, 2022, the Company calculates and recognizes its insurance technical reserves in its financial statements 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"), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation numbered 5684 were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies (See Note: 2.20.2).

#### 2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements

#### Reporting in Hyperinflationary Economies

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

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

#### 2.1 Preparation Principles (Continued)

In the announcement dated 20 January 2022, the Public Oversight Authority stated that entities implementing TFRS do not need to make any adjustments in their financial statements for the year ended 31 December 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies. Subsequently, since no new announcement has been made by the Public Oversight Authority regarding the application of inflation accounting, no inflation adjustment has been made in accordance with TAS 29 in the preparation of the financial statements dated 31 December 2022.

# 2.1.2 Other Accounting Policies Appropriate for the Understanding of the Financial Statements (Continued)

#### Other accounting policies

Based on the declaration of the Turkish Treasury dated 4 April 2005 with No. 19387, the adjustment of the financial statements according to the inflation was invalidated as of the beginning of 2005. The company was established on O2 April 2013. Therefore, its assets and liabilities were not subjected to inflation accounting.

Information regarding other accounting polices is disclosed above in 2.1.1-Information about the principles and the specific accounting policies used in the preparation of the financial statements and each under its own caption in the following sections of this report.

#### 2.1.3 Current and reporting currency

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The amounts in the financial statements and the notes are expressed in Turkish Liras ("TRY").

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

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

#### 2.1.5 Basis of measurement(s) used in the preparation of the financial statements

The accounting policies used in preparing the financial statements and the used evaluation principles are explained in Footnotes 2.2 and 2.26 below.

#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.1 Preparation Principles (Continued)

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

Critical accounting changes in the accounting policies are applied retroactively, and the financial statements of previous periods are restated.

In preparing the financial statements according to TAS, the Company management is obligated to make assumptions and estimations which could affect the asset and liability amounts, probable liabilities and commitments as of the end of reporting period, and the revenue and expense amounts as of the reporting period. Concurrently, the realized results may be different from the estimations. Estimations are regularly reviewed, necessary revisions are made and reported in the financial statements pursuant to the period they had been realized. The used estimates concern the impairment of the assets, the useful lives of tangible and intangible assets, and provisions.

#### 2.1.7 Comparative Information and Restatement of the Prior Periods' Consolidated Financial Statements

Accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated. If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.

No amendment or error was present in the accounting policies of the Current Period.

The Company's consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Company. When the presentation or classification of financial statements is changed, prior period's financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained. In this context, the following reclassifications have been made.

"Effect of foreign exchange differences on cash and cash equivalents" amounting to TRY 245,526,588 in the statement of cash flows dated 31 December 2021 reduced by TRY 193,901,834 and presented as TRY 51,624,754.

In the statement of cash flows dated 31 December 2021, from the section of cash flows arising from investing activities "other cash inflows" amounting to TRY 156,665,479 was reduced by TRY 10,655 and presented as TRY 156,654,824.

In the statement of cash flows dated 31 December 2021, from the section of cash flows arising from investing activities "other cash outflows" amounting to TRY (312,723,595) has been increased by TRY 193,912,490 and presented as TRY (118,811,105).

Within this framework, the Company's financial position statement (balance sheet) dated 31 December 2022, financial statement dated December 31, 2021, the statement of income, equity changes statement, and cash flow statement dated 31 December 2022, the statement of income, equity changes statement, and cash flow statement dated 31 December 2021, were presented in comparison.

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

#### 2.2 Consolidation

The "Consolidation Communiqué" no. 27097 dated December 31, 2008, published by the Undersecretariat of Treasury requires insurance, reinsurance and pension companies to announce consolidated financial statements in addition to unconsolidated financial statements from March 31, 2009. In this sense, EDK Sigorta A.Ş., a subsidiary of the Company, which was founded on 11 April 2018 but has not engaged in any insurance activity, is classified as a Financial Asset in this financial statement since it does not have a material effect.

#### 2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to assess its performance, and for which discrete financial information is available. Reports based on geographical regions were not submitted since the main geography where the Company operates is Turkey. Reports based on activity areas were not submitted since the Company operates only in the non-life insurance segment, which is tracked as a single reportable segment.

#### 2.4 Foreign Currency Reserves

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates prevalent at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevalent at the reporting date to TRY and all exchange differences are offset and are recognized as foreign exchange gains or losses.

#### 2.5 Tangible Fixed Assets

Purchased tangible assets are included in the records at their cost values. Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense. There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation for tangible assets is calculated on a straight-line basis over their estimated useful lives based on their recorded values.

Depreciation rates and estimated useful lives in calculating the depreciation of tangible assets are as follows:

Tangible Fixed Assets	Estimated Useful Lives (Years)	Depreciation Rate (%)
Fixtures and Installations	3 -50	2.00 – 33.33
Motor Vehicles	5	20.00
Rights	3-5	20.00 – 33.33
Special Costs	5	20.00

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#### INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.6 Investment Property

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

Investment properties are measured initially at cost values including transaction costs.

Subsequent to initial recognition, the Company measured all investment property based on the cost model in accordance with the cost model for property and equipment (i.e. at cost less accumulated depreciation and less impairment losses if any). Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

As of 31 December 2022, the Company does not own any Investment Properties. (31 December 2021: None)

#### 2.7 Intangible Fixed Assets

Intangible assets are non-monetary assets which are without physical substance and identifiable. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. During its initial recognition, an intangible asset shall be measured at cost.

An entity shall choose either the cost model or the revaluation model as its accounting policy in relation to intangible assets. If an intangible asset is accounted for using the revaluation model, all the other assets in its class shall also be accounted for using the same model, unless there is no active market for those assets.

The Company has chosen cost model for the end of period measurement of intangible assets.

Acquired intangible assets, particularly the computer software licenses, are capitalized on a straight-line method of depreciation over their five-year long useful lives. Under IAS 38, expenditure on research shall be recognized as an expense when it is incurred. Development costs for future products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Company an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred. Cost includes all costs directly attributable to the development process as well as appropriate portions of development-related overheads. The costs are amortized in ten years using the straight-line method of depreciation from the start of production over the expected life cycle of the models or developed components of units.

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

#### 2.8 Financial Assets

#### Classification and measurement

Financial assets are comprised of cash, contractual rights to obtain cash or another financial asset from or to exchange financial instruments with the counterparty, or the capital instrument transactions of the counterparty.

The financial assets are classified into four groups as "Financial Assets at Fair Value through Profit And Loss", "Financial Assets Available for Sale", "Held to Maturity Investments" and "Loans and Receivables".

- Financial assets at fair value through profit or loss are presented as financial assets held for trading in the accompanying financial statements. Financial assets at fair value through profit or loss are measured at their fair values, and the gain/loss arising due to changes in the fair values of the related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. As of the date of this report, the Company does have any financial assets held for trading. (31 December 2021: Footnote; 11)
- 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 in the Company's financial statements which 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.
- Financial assets to be held until maturity are the financial assets with fixed maturities and fixed or predetermined payment schedules that the Company has the intent and ability to hold until maturity including funding ability yet excluding loans and receivables. Subsequent to initial recognition, financial assets and loans to be held until maturity are measured at amortized cost using effective interest rate method deducting provision for losses, if any. As of the date of this report, the Company has financial assets that are classified as financial assets to be held until maturity. (31 December 2021: Footnote; 11)
- Available-for-sale financial assets are the financial assets other than assets held for trading purposes, held-to-maturity financial assets and loans and receivables.

Available-for-sale financial assets are initially recorded based on cost value and the related financial assets are measured based on their fair values in the subsequent periods. Unrecognized gains or losses derived from the difference between the fair value of available-for-sale financial assets and amortized cost values calculated per effective interest rate method are recorded in "Revaluation of Financial Assets" under shareholders' equity. Upon disposal of available-for-sale financial assets the realized gain or losses created as a result of the fair value accounting approach are directly recognized in the statement of income.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.8 Financial Assets (Continued)

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

The financial instruments categorized as available-for-sale financial assets traded in an active market (exchange) are recorded in the statement of income based on their fair value by considering the registered prices in the said market (exchange). The financial instruments apart from stock exchange securities in an active market (exchange) are monitored based on their acquisition costs, and these assets are recognized in the financial statements after their impairments are deducted, if any.

Purchase and sale transactions of securities are put to accounting process at the date of delivery. The Company does not have any available-for-sale financial assets as at the date of the report. (31 December 2021: Footnote: 11)

#### Derecognition

Financial assets are derecognized when the control over the contractual rights that comprise the assets is lost. Such a case occurs when the rights are realized, maturity date is due or provided that the rights are reinstated.

#### 2.9 Impairment of financial assets

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

Receivables are presented with net amounts after deducting specific provisions against non-collection risk. 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 decrease these loans and receivables to the level of 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 by means of 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, available-for-sale financial assets, and debt securities which are categorized as financial assets held for trading, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal of provision for losses is recognized directly based on the equity.

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

# 2.9 Impairment of Financial Assets (Continued)

#### Impairment in value of Intangible Assets

During each reporting period, the Company evaluates whether there is an indication of impairment of fixed assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "TAS 36 - Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. The rediscount and provision expenses of the period are presented in Note 47.4 in detail.

#### 2.10 Derivative Financial Instruments

These derivative instruments are classified as: Transactions held for trading financial assets in compliance with the standard TAS 39 - Financial Instruments: Accounting and Measurement Standards.

Derivative financial instruments are initially recognized based on their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the offbalance sheet accounts based on the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "financial assets held for trading" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. The consequence of the measurement is reflected in the income statement on the basis of the changes in the fair values of the related derivative financial instruments.

As of the reporting period, the Company does not have derivative financial instruments. (31 December 2021: Not Available.) In addition, the Company has a currency protected deposit account amounting to TRY 665,806,740. (31 December 2021: Not Available.)

#### 2.11 Entering Items of Financial Assets In An Account (Offsetting)

Financial assets and liabilities are off-set and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off 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 Türkiye Financial Reporting Standards, or for gains and losses arising from a group of transactions resulting from the Company's similar activities like trading transactions.

#### 2.12 Cash and Cash Equivalents

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

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.13. Capital

As of 31 December 2022, and 31 December 2021, capital and shareholding structure are analyzed as follows:

	31 December 2022		31 December 2021	
Name, Last Name and Title of the Partner	Amount of Share (TRY)	Share Portion (%)	Amount of Share (TRY)	Share Portion (%)
Nihat Kırmızı	99,000,000	45.00	99,000,000	45.00
Nabi Kırmızı	74,800,000	34.00	74,800,000	34.00
Kırmızı Holding A.Ş.	46,200,000	21.00	46,200,000	21.00
Paid-up Capital	220,000,000	100	220,000,000	100

As of 31 December 2022, the Company's share capital is TRY 220,000,000 consists of 220,000,000 shares each having a nominal value of TRY 1. As of 31 December 2022, the company has no unpaid capital.

#### 2.13.1. Information on shareholders owning 10% or more of the equity

As of 31 December 2022, there are 3 shareholders of the Company. There are 3 shareholders owning more than 10% of the equity. (31 December 2021: There are 3 shareholders owning more than 10% of the equity.)

#### 2.13.2. Privileges on common shares representing share capital

There are no preference stocks of the company.

#### 2.13.3. Registered capital system in the Company

The company is not subject to the registered capital system.

# 2.14 Insurance and investment Contracts - Classification

#### Insurance Contracts:

An insurance contract is a contract under which one party (the insurer) 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. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) in order to cover the damages for which claims are set forth which may arise from one or more contracts. The insurance contracts and the reinsurance contracts hold by the Company are also included in the classification of insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all-contractual rights and liabilities.

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

#### 2.14 Insurance and investment Contracts - Classification

#### **Investment Contracts:**

Investment contracts do not transfer a significant insurance risk but they transfer financial risk. The Company does not have any investment contracts. (31 December 2021: Not Available.)

#### Premiums Transferred to Social Security Institution

Article 98 of the Highway Traffic Law No. 2918 amended by Article 59 of the Law No. 6111 of "The Law regarding the Amendments made to the Social Insurance and General Health Insurance Law and Some Other Laws and Statutory Decrees by Restructuring Some Receivables" ("Law") published in the Official Gazette on 25 February 2011 is bound to new rules and procedures for the collection and dissolution of health service prices paid to the related parties caused by traffic accidents. Within this framework, the prices of health services provided by all public and private health institutions and organizations due to traffic accidents will be covered by the Social Security Institution ("SSI") regardless of whether the victim has social security or not. According to the Provisional Article 1 of the Law, it is resolved that the prices of health services provided due to traffic accidents occurred before the publication date of the Law will be covered by the SSI.

The Liability of insurance companies in relation to the service prices to be incurred within the framework of the aforementioned articles of the Law has been determined according to the principles explained in the Regulation ("Regulation") published by the Ministry of Treasury and Finance on "Rules and Procedures Regarding the Collection of Health Service Prices Arising Due to Traffic Accidents To Be Provided to Relevant Persons", dated 27 August 2011, Circular ("Circular No. 2011/17") on "Rules and Procedures Regarding the Rules and Procedures of Application of the Regulation Related to the Collection of Health Service Prices Arising Due to Traffic Accidents To Be Provided to Relevant Persons" dated 15 September 2011 and numbered 2011/17, Circular ("Circular No. 2011/18") dated October 17, 2011 and numbered 2011/18 on "Recognition of Payments Made to the Social Security Institution (SSI) for Treatment Costs and Opening a New Account Code in the Insurance Accounting Plan", Circular (Circular No. 2012/3) on the "Amendment made to the Circular related to the Rules And Procedures Regarding the Application of the Regulation on the Rules and Procedures for the Collection of Health Service Prices Arising Due to Traffic Accidents To Be Presented to Relevant Persons, dated 16 March 2012 and numbered 2012/3" and "Sector Announcement ("Sector Announcement No. 2012/6") Regarding the Amendment made to the Regulation on the Rules and Procedures Regarding the Collection of Health Service Prices Arising Due to Traffic Accidents To Be Provided to Relevant Persons" dated 30 April 2012 and numbered 2012/6 (Footnote no 2.20).

In this context, the Company is required to transfer the premiums determined within the scope of the Regulation and Circular Numbered 2011/17 to SSI for the policies written after 25 February 2011 in the branches of "Compulsory Transportation Insurance", "Compulsory Motor Third Party Liability Insurance" and "Compulsory Personal Accident Insurance" in relation to the treatment costs arising due to traffic accidents occurred after the publication date of the Law. Within the framework of the abovementioned principles, the Company has recognized the premium transferred amounting to TRY 195,861,729 (1 January - 31 December 2021: TRY 97,306,346) under the account of "Premiums transferred to SSI" for the period of 1 January - 31 December 2022.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.15 Insurance and Investment Contracts With Discretionary Participation Features

Discretionary participation feature within insurance contracts and investment contracts is the contractual right to have following benefits in addition to the guaranteed benefits.

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

By the end of the reporting period, the Company does not have any insurance or investment contracts that contain a discretionary participation feature. (31 December 2021: Not Available.)

#### 2.16 Investment Contracts without Discretionary Participation Feature

By the end of the reporting period, the Company does not have any investment contracts that do not contain a discretionary participation feature (31 December 2021: Not Available.)

#### 2.17 Liabilities

Financial liabilities refer to the liabilities arise from transactions that require the exchange of cash or other assets to another entity. In the financial statements of the Company, financial liabilities are presented over amortized cost price in line with the effective interest method. A financial liability is delisted when it is paid.

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

#### 2.18 Taxes

#### Corporate Tax

The corporate tax rate in Türkiye is 20%. However, with the amendment made in the Article 25 of Law No. 7394 dated 15 April 2020 and in the first paragraph of Article 32 of Law No. 5520 entitled "Corporate tax and advance tax rate"; it is resolved that the corporate tax rate shall be applied as 25% on the corporate income of banks, financial leasing, factoring, financing and saving finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the said 25% rate can be applied in the calendar year 2022, provided that it starts from the declarations to be submitted as of 1 July 2022 and be valid for the corporate earnings of the taxation period beginning as of 1 February 2022.

The corporate tax rate is applied to the net corporate income found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and applying the exemptions and deductions in the tax laws. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate applied on the dividend payments other than the ones specified above is 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years Advance taxes paid during the year may be deducted from the corporate tax calculated on the annual corporate tax return.

In accordance with the applicable tax legislation in Turkey, tax losses may be deducted from the future taxable income on condition that it does not exceed 5 years. However, financial losses cannot be set off against retained earnings. In Turkey, there is no procedure with respect to reconciliation between the taxing authority pursuant to tax assessments. Companies file their tax returns with their tax offices by the end of 25th day of the fourth month following the closing 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.

# Deferred Tax

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

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.18 Taxes (Continued)

#### Deferred Tax (continued)

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

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate applied on the dividend payments other than the ones specified above is 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

As of 31 December 2022, a tax rate of 25% has been used for temporary differences expected to be realized/closed (as of 31 December 2021, a tax rate of 23% has been used for temporary differences expected to be realized/closed in 2022 and a tax rate of 20% has been used for temporary differences expected to be realized/closed after 2022)

#### Transfer Pricing

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

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

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

## 2.19 Employee Benefits

#### **Provisions for Termination Indemnities**

In accordance with the applicable Turkish Labour Law, the Company is required to pay for termination indemnities provisions 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 and for the draftee and deceased employee. The indemnity to be paid is one month's salary for each service year, and the applicable maximum amount as of 31 December 2022 is TRY 15,371.40. (31 December 2021: TRY 8,284.51)

According to the TAS 19 ("TAS 19") which was enacted via the "Communiqué on Turkish Accounting Standards Concerning Employee Benefits" published in the Official Gazette dated 12 March 2013 with No. 28585, and which affects the accounting periods starting after 31 December 2012, the actuarial losses and gains resulting from the re-measurement of the defined net benefit liability must be accounted under the other comprehensive revenues category under equity, and this effect must be applied retroactively. Since the previous years' actuarial gains and losses were below the materiality level, the Company started to account the actuarial gains and losses in other profit reserves account in the equity from 2016. As of 31 December 2022, the Company has a termination indemnity obligation of TRY 6,257,882. (31 December 2021: TRY 1,959,865)

"TAS 19 - Communiqué on Turkish Accounting Standards Concerning Employee Benefits" requires that actuarial methods be used in accounting for the employee severance indemnities.

The major actuarial assumptions used as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Discount Rate	6.16%	8.39%
Expected rate of salary/limit increase	9.11%	6.48%
Estimated employee Leaving Possibility	-	-

The above expected rate of salary/limit increase is determined according to the long-term inflation expectations of the TR Central Bank.

The Group has provided for undiscounted short-term employee benefits earned during the year as per services rendered in compliance with *TAS 19* in the accompanying financial statements. As of 31 December 2022, the Company has TRY 2,782,777 of liabilities on account of the unused leaves. (31 December 2021: TRY 1,250,553)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.20 RESERVE FUNDS

#### 2.20.1 Provisions, contingent assets and liabilities within the scope of TAS 37

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made in consideration of the amount of the obligation. Provisions are calculated by the Company management according to the best estimation of the expenditure to be made to fulfill the liability as of the reporting period, and are discounted to their present value in cases where the impact is significant. In cases where the amount cannot be measured reliably and there is no possibility for the Company to provide resources in order to fulfill the liability, the said liability is considered as "conditional" and it is also explained in the footnotes.

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

#### 2.20.2 Technical Provisions

Unearned premiums reserves and outstanding claims reserves, which are included in technical insurance accounts in financial statements, and the reinsurer shares of these reserves are recognized according to the principles stated below in line with the Insurance Law enacted on 14 June 2007 and the "Regulation on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" issued on 7 August 2007 ("Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in the Official Gazette dated 18.10.2007 with No. 26664; and the Regulation on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in the Official Gazette dated 28.07.2010 with No. 27655).

#### **Provisions for Unearned Premiums**

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and 7 August 2007 dated Official Gazette and put into effect starting from 1 January 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies.

For commodity transportation policies with indefinite expiration dates, the estimated expiration dates must be determined based on statistical data, and provision for unearned premiums must be set aside accordingly. If such calculation is not made, 50% of the remaining portion of the premiums accrued in the last three months is also provided as unearned premium reserves.

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

#### 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts for which the mathematical reserve is provided. Unearned premium reserves are also calculated for premiums corresponding to annual insurance coverage of long-term insurance contracts for one year, which includes insurance contracts renewed at short intervals based on either one year terms or less than a year term.

Reserve for unearned premiums is calculated as a half day as per the "Sector Announcement on the Application of the Legislation on Technical Reserves" dated 27 March 2009 and No. 2009/9 and issued by the Undersecretariat of Treasury considering the fact that all policies start at 12.00 PM at noon and end at 12.00 PM.

Pursuant to the Technical Reserves Regulation, during the accounting of the reserve for unearned premiums insurance agreements indexed to foreign exchange, the currency rates announced by the Turkish Central Bank in the Official Gazette on the date the relevant premium accrues if no currency is specified in the insurance agreement. (It does not have foreign exchange indexed insurance contract.)

The commissions paid to intermediaries on condition that accrual occurs based on production, commissions received for the premiums assigned to reinsurers, amounts paid for non-proportional reinsurance agreements, and all production expenses incurred for the preparation and sale of insurance agreements, the part of the payments related to support services which will be made in following period or periods are recognized under deferred incomes and deferred expenses accounts and other relevant accounts.

The terms of the reinsurance agreements in force or related reinsurance agreements are taken into account in the calculation of the reinsurer share amount for the provision of unearned premiums. In the calculation of net premiums, fees paid which subjected to regarding period for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

As of the end of the reporting period, the reserves for unearned premiums set aside by the Company is TRY 2,728,693,009 as gross; reinsurer's share of reserves for unearned premiums is TRY 932,740,794; and the Social Insurance Institution's share of reserves for unearned premiums is TRY 122,950,389; Unearned Premiums Reserve of Share of Pool is TRY 103,783,160 and the Net Reserves Amount for Unearned Premiums is TRY 1,569,218,665. 31 December 2021: The reserves for unearned premiums set aside by the Company is TRY 1,120,698,765 as gross; reinsurance share of reserves for unearned premiums is TRY 387,277,859; and the Social Insurance Institution's share for of reserves for unearned premiums is TRY 54,112,466; Unearned Premiums Reserve of Share of Pool is TRY 76,676,659 and the Net Reserves Amount for Unearned Premiums is TRY 602,631,782.) (See Not -17)

#### **Provision for Unexpired Risks**

In accordance with the Communiqué on Technical Reserves, in each accounting period, the companies while providing reserve for Unexpired Risks and unearned premiums should perform adequacy test covering the preceding 12 months in regard with the probability of future compensations of the outstanding policies will arise in excess of the reserve for unearned premiums already provided.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

In performing this test, it is required to multiply the reserve for unearned premiums in net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net - provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums, net at the end of the period). If the loss ratio calculated for a branch, which are determined by the Undersecretariat, is higher than 95%, net unexpired risk 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 risk 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 the gross amount and the net amount is considered as the reinsurer share. The corresponding portion of the amounts paid for non-proportional reinsurance agreements are considered premiums transferred in the net premium account.

The provision for outstanding claims which is used in calculating the reserve for unexpired risks provision must include provisions for outstanding claims accrued and identified, accrued and expense portions and outstanding claims adequacy difference.

Pursuant to the circular numbered 2022/27 of the Insurance and Private Pension Regulation and Supervision Agency published on 24 November 2022, "best estimation to be made on the basis of writing (business) uear" has been added to the methods used in the calculation of UPFC.

"Within the scope of Article 3, Paragraph 2 of the Circular, the gross loss ratio can be calculated by insurance companies by including indirect businesses over the sum of the last four quarterly periods, including the current period, based on the underwriting (business) year."

In the calculation of the incurred loss amount by the Company actuary, the fact that the claim development process for the underwriting (business) year is not developed for the policies underwritten in the last year is also taken into consideration within the framework of the best estimation principles.

Within the scope of Article 3, Paragraph 6 of the Circular, the amounts of direct business related to the business where 100% of the direct production is transferred to the pools established in Türkiye are not included in the loss premium calculation. Since the liabilities of the companies in relation to these productions arise only from indirect production, in order to determine the real liability of the company for these and similar works, only indirect productions and claims and other income and expense items in this distinction are taken into consideration and a calculation is made separately from the other productions of the branch."

In accordance with the second paragraph of the third article of the 2022/27 Circular on Provision for Unexpired Risks, the company actuary in the Compulsory Traffic branch; In order to eliminate the misleading effect on the UPFC caused by the deterioration in claim development due to the inflation, minimum wage, exchange rate and other factors and the fluctuations arising from the periodic differentiation of tariff changes that provide premium increase, the Company actuary calculated the Final Loss Premium Ratio estimates for the last four quarters subject to UPFC calculation based on actuarial analyses made according to the "Underwriting Year" best estimate principles instead of the "Accident Year".

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

#### 2.20 Reserves (Continued)

BRANCH	ULR	GROSS	NET
Traffic - Out of Pool	68.18%	-	-
RSH	79.83%	-	-
716	108.77%	5,389,638	4,857,144
General Damages	42.73%	-	-
Health	87.66%	3,444,777	3,405,028
Cargo	179.33%	36,655,996	388,890
Land Vehicles	72.03%	-	-
General Liability	72.70%	-	-
Total	-	45,490,412	8,651,062

In accordance with the legislation in force, the Company calculated a gross **TRY 45,490,412** net total of TRY **8,651,062** on-going Risks Reserves in Boat Marine Vehicles, General Losses, Land Vehicles, Land Vehicles Liability as of **31 December 2022**. (**12.31.2021**: Total gross **TRY 132,613,829** net **TRY 80,700,102**)

## **Gross Outstanding Claims Reserve**

In accordance with the 7th Clause of the Regulation on the Technical Provisions of Insurance, Reassurance and Retirement Companies and the Assets for Depositing These Provisions, Companies reserve provisions for outstanding compensation for accrued and fixed, however unpaid in specie in previous accounting periods or current accounts period, or if this sum is not calculated, for the compensation amounts that are realized in estimate but are not reported. During the calculation of the outstanding claim provision that is accrued and calculated, all expenditure shares required for the remuneration of compensation files, including estimated or estimated expert, consultant, litigation and communication expenses, are taken into consideration.

Pursuant to the "Communiqué on Amendment of the Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", which was issued in the Official Gazette numbered 27655 and dated 28 July 2010 dated, incurred but not reported claim amounts are calculated by using the actuarial methods whose application principles are determined by the Undersecretariat of Treasury starting from 30 September 2010.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

# 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company's current or relevant reinsurance agreements.

In accordance with the Circular No. 2014/16 on Provision for Outstanding Claims, It is stated as "IBNR will be calculated by the company actuary. On the basis of each branch; The selection of the data to be used, the adjustment procedures, the most appropriate method and the intervention to the development factors will be made by the company actuarial using actuarial methods and these subjects will be evaluated in detail in the actuarial report to be sent to our Undersecretariat in accordance with Article 11 of the Actuaries Regulation."

However, according to the current legislation, in calculations concerning new branches, the adequacy difference between the IBNR outstanding claims reserves and the outstanding claims reserves according to the calculations made by the company actuary for five years since the beginning of the operations. In branches where the actuary eliminates the big claims since it is decided that the number of claims files is insufficient, adequacy difference will be calculated for the eliminated big claims.

There has been an amendment in Clause 5.A of the Circular About Amendment in the 2016/11 Circular on the Outstanding Claims Reserve (2014/16), and in accordance with this, starting from the first quarter of 2016, provided that the gap (a-b) not being lower than the undermentioned quarterly rates, IBNR calculation can be made

- by adding 2.5%, 5%, 10% for 2015,
- by adding 7.5%, 7.5% %10%, 10% for 2016,
- by adding 12.5% 12.5% 15% 15% for 2017
- by adding 20% 20% 25% 25% for 2018
- IBNR calculation can be made by adding 40%, 60%, 80%, 100% to the

(b) for the year of 2019. Explanations concerning the IBNR calculation and the applied rates of increase must be included in the notes for the relevant financial statements by branch, and in the actuary reports in detail. The period profit resulting from the application mentioned in this article must be left within the company structure".

Pursuant to "Circular on Outstanding Claims Reserves Arising From Discounting of the Net Cash Flow" No. 2016/22, the Companies may estimate the net cash flows originating from the outstanding compensations reserves, which it calculated and set aside according to the insurance legislation, based on the main branches stated in the Table 57 – ACLM file. The net cash flows can be estimated for a period of ten years at maximum by considering the insurance's legal guarantee periods. However, the net cash flows period must not exceed the term which is covered by the IBNR calculation. As of the financial reporting period date, the net cash flows are discounted to the cash value by using the last legal interest rate published in the Official Gazette. The company Actuary has used the rates specified in Table 57-AZMM within the framework of the Circular on Outstanding Claims Reserves Arising From Discounting of the Net Cash Flow.

# 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

The discount transaction is performed after all the incurred but not reported amounts, including the adequacy difference, are determined and gradual transition, which will be applied according to Article 5/A of the Circular on Outstanding Claims Reserves (2014/16) when necessary, is carried out. Accordingly, IBNR comparison is performed based on the values which are not discounted for the gradual transition.

Discounted amounts are monitored in the discount accounts in the statement of income. All assumptions and methods used in the discount calculation are detailed in the notes and actuary report.

The profit which arises as long as the gradual transition is applied and which is generated due to the first transition to the discount method is not distributed.

Risky insurance pool was created as per the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017 to be effective from 12.04.2017. Within the framework of the principles set out in working principles, premiums and claims concerning Traffic Insurance policies are divided among companies by the Turkey Motor Insurance Bureau. The companies arrange their records according to the receipts they receive on a monthly basis. As of the account date, the estimated pool will reflect Incurred But Not Reported (IBNR) values to financials.

As of 31 December 2022, the Company calculated **TRY 2,355,328,997** for Gross Provision for Outstanding Claims (31 December 2021: TRY 1,859,306,080), TRY 961,172,285 for Reinsurance Share of Provision for Outstanding Claims (31 December 2021: TRY 875,638,733) and TRY 1,394,156,712 for Net Provision for Outstanding Claims (31 December 2021: TRY 983,667,347).

The Company's claims data and IBNR calculations were made by considering the provisions of the communiqué on Outstanding Claims Reserve No. 2014/16, and the Standard method was used for all branches. In the Compulsory Traffic branch, which constitutes the most significant portion of the total IBNR, tangible and bodily claims were not modeled separately but together. Major Claim Exclusion was applied in tangible claims.

The company had implemented a gradual transition of 80% in the 2017Q2 period whereas the gradual transition implemented in the periods 2017Q4 and beyond was 100%. According to the statement made by the company, since it is compulsory to make discounts on the General Liability and Land Vehicles Liability branches pursuant to the Circular on Amendment of the Circular no. 2016/22 on Discounting the Net Cash Flows Arising from the Provisions for Outstanding Claims no. 2017/7 dated 15 September 2017, all branches were discounted as per the resolution of the Company Management and the Authorized Actuary.

Outstanding Claims Provisions were discounted for the first time in Q3 2017. As of **31 December 2022**, the gross discount amount is **TRY 904,607,536 (31 December 2021: TRY 475,542,010)** and Discount Reinsurance share (including the Risky Insurance Pool discount share) is **TRY 328,033,961** (31 December 2021: 205,031,433) The calculation method in Table 57 is used in the discount calculation.

Starting from 12.04.2017, the Company notified the premium and claims information to the Turkey Motor Vehicles Bureau in accordance with the Regulation No. 30121 on Amending the Regulation on Principles of Applying Tariff in Compulsory Automobile Liability Insurance which was published on 11.07.2017, and with working principles and recorded the information it received accordingly.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

As of 31 December 2022, the Company Actuary calculated the pool IBNR and the company reflected it in financial statements. **TRY 107,705,178** paid to, and **TRY 285,829,981** received from, the Compulsory Traffic Insurance Pool was taken into account. The final H/P used in the pool IBNR account was determined as below by quarters according to the Company Actuary.

The Company has allocated **TRY 2,603,184** as the provision for IBNR direct works for Compulsory Financial Liability Insurance related to medical malpractice under the general liability branch.

UW Quarter	Inowa Expectation
2017Q3	82%
2017Q4	78%
2018Q1	75%
2018Q2	76%
2018Q3	73%
2018Q4	70%
2019Q1	62%
2019Q2	72%
2019Q3	80%
2019Q4	75%
2020Q1	61%
2020Q2	44%
2020Q3	72%
2020Q4	75%
2021Q1	70%
2021Q2	87%
2021Q3	121%
2021Q4	121%
2022Q1	126%
2022Q2	117%
2022Q3	134%
2022Q4	97%

The company applied deductions to outstanding claims reserves for the first time based on the ratio of the lawsuits won in 2019Q2. It is stated in Circular No. 2011/23 that it is possible to apply deduction to the outstanding claims reserves for files in the process of a lawsuit based on the ratio of lawsuits won. The total amount to be deducted from the outstanding claims reserves cannot in any case exceed 25% of the total amount of the outstanding claims reserve set aside for the files in the process of a lawsuit. As it is stated in article one the circular, the companies in the relevant sub-branch for which five year data does not exist can calculate a winning ratio based on the number years it has been active and apply a deduction accordingly, provided that this ratio does not exceed 15%. In the calculations made for determining the IBNR amounts, the files in the process of a lawsuit will be considered without applying any deduction.

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

#### 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

As of 31 December 2022, the Company applied a deduction of gross **TRY 108,944,617** and **TRY 56,566,941** as the Reinsurer's share from the outstanding claims reserves.

Due to the fact that the Company calculated IBNR based on data outside the pool, total IBNR amount is calculated by adding the IBNR amounts taken from and given to the pool.

The incurred but not reported claim amounts are calculated based on gross amounts, and the net amounts are reached based on the Company's current or relevant reinsurance agreements.

According to this information, the gross IBNR amount calculated by the Company as of 31 December 2022 is TRY 1,374,055,233 IBNR Reinsurer Share TRY 431,512,239 and net IBNR amount is TRY 942,542,994. As of 31 December 2022, the Company has TRY 1,394,156,712 Outstanding Claims Reserve (31 December 2021: TRY 983,667,347) in Total: TRY 451,613,718 net File Outstanding Claims reserve (31 December 2021: TRY 357,147,819), and TRY 942,542,994 Non Reported Claims Outstanding Claims Reserve (IBNR) (31 December 2021: 626,519,528) and TRY-0 net Outstanding Claims Adequacy Difference (31 December 2021: 0 TRY) (See Note – 17.19 and 42).

#### Reserve for Balancing

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 2008, the companies should provide equalization provision in credit insurance and earthquake branches including additional guarantees to equalize the fluctuations in future possible claims and for catastrophic risks.

Equalization provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. In un-proportional reinsurance agreements which contain multiple branches, the portion of the transferred premium amounts corresponding to earthquake and credit branches will be determined by considering the weight of these branches in total premium amount if no other calculation method has been foreseen by the company.

The equalization provision for reinsurance undertakings in which the reinsurance companies accept split and non-split transactions is calculated as 12% of net premiums written in credit insurance and earthquake branches. The earthquake and credit premium portions in those obtained from works considered in the un-proportional basis by reinsurance companies are calculated in proportion to the earthquake and credit premium portion in the works considered proportional.

The companies provide equalization provision until reaching 150% of the highest premium amount written in a year within the last five years. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.20 Reserves (Continued)

#### 2.20.2 Technical Provisions (Continued)

In life insurances where death coverage is provided, the companies shall use their own statistical data in calculating the equalization provision. The companies which do not have the data set to enable the necessary calculation shall consider 11% of net death premium as premium written for earthquake coverage and allocate 12% of those amounts as equalization provision.

In case of an earthquake, or the credit branch registers a technical loss in the relevant accounting year, the provision allocated for credit and earthquake coverage may be used for claims payments. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions.

As of 31 December 2022, the Company has gross **TRY 82,002,912** equalization provision reinsurer's share **TRY 56,917,586**, net **TRY 25,085,326**. (**31 December 2021: TRY 13,119,606**) Net reserve for balancing of TRY **11,965,719** for the period of 31 December 2022.

#### Deferred Incomes and Deferred Expenses Reserves

In accordance with paragraph 6 of Article 5 of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested", the part corresponding to the future period or periods, of the commissions paid to the intermediaries on condition that accrual is made as based on the production, the commissions taken due to the premiums transferred to the reinsurer, production expense shares and the sums paid for non-proportional reinsurance contracts and the variable production expenses for the preparation and sale of the tariffs and insurance contracts and the payments for support services, were recognized by the Company under deferred income and deferred expenses accounts. As of 31 December 2022, deferred commission expense amount was TRY 374,545,004 and the deferred commission income (including Risky Insurances Pool) was TRY 204,922,579.

As of 31 December 2022, the Company has **TRY 141,919,893** equalization provision. Starting in 2017, within the scope of the relevant treaty, the sliding scale commission threshold and temporary commission difference calculated on reinsurer basis and at the end of 24 months are included. Commission ratios are determined in the treaty as steps according to the claim's premium ratio.

In case the Claim/Premium ratio realizes above the rate determined in treaty agreements, the temporary commission may be repaid to the reinsurer companies. Due to the fact that it is highly probable that the claim/premium ratio realizes above the rate determined in treaty agreements in relevant branches, reserves were set aside.

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

#### 2.21 Revenue Recognition

#### Written Premiums

Written premiums represent premiums on policies written during the period net of taxes, premiums of the cancelled policies which were produced in prior periods and premium ceded to reinsurance companies.

Premiums ceded to reinsurance companies are accounted as "written premiums, ceded" in the profit or loss statement.

#### Claims Paid

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims and incurred but not reported claims within the reporting period. Reinsurer shares of claims paid and outstanding claims provisions are off-set against these reserves.

#### Subrogation, Salvage and Similar Incomes

Accrued or collected subrogation, salvage and similar income items are not subject to any deductions in accrued and calculated outstanding claims reserve calculations. However, accrued subrogation, salvage and similar income items are recognized under the related receivable account and statement of income in the assets of balance sheet, as detailed below.

For subrogation and salvage receivable or income accrual, subrogation rights should be obtained, exact amounts should be calculated and they should not be collected as at period-end. Pursuant to Turkish Commercial Code, the claims must be paid in order to be entitled to subrogation.

According to the "Circular on Subrogation and Salvage Income" numbered 2010/13 and dated 20 September 2010; Irrespective of obtaining certificate of release from insurance companies, insurance companies should obtain certificate of release (a bank receipt evidencing the payment) from policyholders following the settlement of the claim payment and subrogation receivables can be accrued up to the amount of the debtor insurance company's coverage limit upon the notification to the other insurance company or third 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.

If, however, a protocol is signed within the six and four-month periods described above respectively with the indebted insurance company or third party, which stipulates the payment of subrogation receivables within a payment plan that will not be longer than twelve months in total, or if a check, promissory note or similar instrument is received for such payment, then it will not be required to make a provision for those installments of these receivables that are in the process of acceptance and collection, which have a maturity exceeding six months for insurance companies and exceeding four months for third parties.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.21 Revenue Recognition (Continued)

As at 31 December 2022, net **TRY 54,296,371** subrogation receivable was recognized in the receivables from main operations account according to the said Circular. (*Note 12*) (31 December 2021: **TRY 29,576,187**) The Company provided allowance for uncollected subrogation receivables amounting to **TRY 8,557,129** in accordance with circular. (*Note 12*) (31 December 2021: **TRY 2,975,728**)

If the protocol made, or the instrument received, involves a payment plan, or a maturity, that exceeds twelve months in total, a provision is required to be made for the amount of receivable that corresponds to the maturity date or dates that exceeds 12 months on the date the protocol is signed or the instrument is received. Furthermore, a provision must be made for the entire existing or remaining installment/receivable amounts for which a provision is not made earlier, in the event of non-payment of any installment that has become due, or non-payment of the entire receivable amount in the case of a single maturity, within 12 months from the date of claim payment for which a payment plan is stipulated, regardless of the payment dates stated in the protocol or in the instrument received.

If a lawsuit/enforcement proceeding is initiated for the subrogation demand, then the accrual will be made as of the date of initiation of these proceedings and a provision for bad debt will be set aside for the amount in question on the same date.

The Company recognized net subrogation receivable in the amount of **TRY 108,354,113** in the Doubtful Receivables from Main Operations account by making a doubtful receivable reserve for the amount it retained for the subrogation transactions via lawsuits and enforcement proceedings (31 December 2021: **TRY 82,396,314**)

In order to accrue salvage income, if the sum insured for the partially damaged goods is compensated in full and the ownership or derivative possession (salvage) of these goods pass to the insurance company, then the income derived on their disposal need to be accrued in the related periods, just like subrogation receivables. In such a case, salvage income needs to be accrued and must not be discounted from the claims paid or from outstanding claims in the event that the goods under the derivative possession of the Company are disposed of via a third party (real/legal person) or is surrendered to the insured or is sold directly by the Company.

As of the period ended 31 December 2022, net salvage and subrogation income collected are **TRY 157,716,519** in total. (31 December 2021: **TRY 75,300,591**.)

#### Received and Paid Commissions

As further disclosed in Footnote 2.20, commissions paid to the agencies related to the production of the insurance policies and the commissions received from reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

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

## 2.21 Revenue Recognition (Continued)

#### 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. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

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

#### Trading Income / Expense

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

#### Dividend

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

#### 2.22 Leasing Operations

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

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

Set out below are the new accounting policies of the Company upon adoption of TFRS 16.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.22 Leasing Operations (Continued)

# Right of Use Assets

The company recognizes its right of use assets on the date at the inception of the lease (e.g. on the date when the relevant asset is available for use). Right of use assets are calculated by deducting the accumulated depreciations and impairment losses from the cost value. If the lease payables reappreciate, this figure is also readjusted.

The cost of the right of use asset includes the following:

- (a) The first measurement amount of the lease liability,
- (b) The amount calculated by deducting all lease incentives receives from all the lease payments made on or before the date when the lease actually started, and
- (c) All initial direct costs borne by the company.

Unless the transfer of the ownership of the underlying asset to the Company by the end of the lease term is not finalized reasonably, the Company subjects the right of use asset to depreciation from the date the lease actually started through the end of the useful life of the underlying asset. The right of use assets are subject to the impairment evaluation.

#### Lease Liabilities

The company measures its lease liability based on the current value of the rents not paid on the date the lease started actually.

The lease payments included in the measurement of the lease liability on the date the lease started actually, consist of the following payments which will be made for the right of use during the lease term of the underlying asset and which have not been paid when the lease started actually:

- (a) Fixed payments,
- (b) The variable lease payments whose measurement was made by using an index or ratio on the date the lease started actually, and which are dependent upon an index or a ratio,
- (c) If the company is reasonably sure that it will use the purchase option, the price of using the option,
- (d) If the lease term indicates that the Company/Group will use it as an option to terminate the lease, the penalty payments concerning the termination of the lease.

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

## 2.22 Leasing Operations (Continued)

The variable lease payments which are not dependent on an index or ratio are recorded as expense in the period when the event or condition that triggered the payment.

In the event the implicit interest rate for the lease can be easily determined, the company determines the revised discount ratio for the remaining period of the lease as this ratio; if it cannot be determined easily, it determines it to be the Company's alternative debt interest rate on the date of the re-evaluation.

The company measures its lease liability as follows after the date the lease starts actually:

- (a) Increases the Carrying Value to reflect the interest on the lease liability and decreases the
- (b) Carrying Value to reflect the lease payments made.

Additionally, in case the lease term, or the fixed lease payments, or the evaluation regarding the purchase option related to the underlying asset is changed, the value of the lease liabilities are measured again.

The right of use which is calculated on leasing agreements is accounted under "Property, Plant and Equipment" account.

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

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

	Assets subject to operational leasing	During the term of the contract	Discount Rate (TRY)
_	Building	2-5 Years	17.76%-22.15%
	Passenger Car	2-3 Years	18.90%-24.36%-24.71%

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 2.23 Distribution of Dividend Shares

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution. As of the date of the report, there are not any dividends available to be distributed.

Upon the decision of the Insurance and Private Pension Regulation and Supervision Board dated 11.26.2021 and numbered 148, it has been decided to classify the profits to be distributed (including retained earnings and distributable reserves) based on the results of year 2021 financial statements of insurance, reinsurance and pension companies in a manner that will not decrease the capital adequacy level below 135% pertaining to year 2022 and no profit distribution will be made in 2022 only for this year since the capital adequacy of the company is below 135% as of 12.31.2021 provided that 20% security installation is made to the self-evaluation stage and the provisions of other legislation subject to the companies whose shares are traded on the stock exchange are reserved.

#### 2.24 Related Parties

For the purposes of these financial statements, parties are considered related to the Company if;

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

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

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

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

#### 2.25 Earnings / (Losses) Per Share

Earnings per share presented in the income statement are calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior years' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

#### 2.26 Newly Issued Standards and Comments

The accounting policies adopted in preparation of the financial statements of the accounting period ending on 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2022 which are summarized below. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

# i) The new standards, amendments and interpretations which are effective dating from 1 January 2022

## Changes to TFRS 3 – Changes to the References to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS Business Merges. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendment will be applied prospectively.

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

#### Changes to TAS 16 - Tailoring for Intended Use

In July 2020, the POA issued amendments to the standards of TAS 16 Tangible Assets. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. Amendments must be applied retrospectively only to items tangible assets made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendment in question did not have an impact on the financial position or performance of the Company.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.26 Newly Issued Standards and Comments (Continued)

#### Changes to TAS 37 - Economically disadvantaged contracts - Costs for the fulfillment of the contract

In July 2020, the POA issued amendments to "TAS 37 Provisions, Contingent Liabilities and Contingent Assets". The amendment in TAS 37 has been made to determine the costs to be taken into consideration when evaluating whether a contract is economically "disadvantaged" or "losing" and includes the implementation of the approach of including 'directly related costs'. Amendments are applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The amendments in question did not have an impact on the financial position or performance of the Companu.

#### Annual Improvements – 2018-2020 Term

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

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

The amendments/improvements in question did not have an impact on financial position or performance of the Company.

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

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

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

## 2.26 Newly Issued Standards and Comments (Continued)

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

The POA has deferred the effective date of the amendments made in TFRS 10 and IAS 28 in December 2017 for an indefinite period of time to be amended in accordance with the ongoing research project deliverables on the equity method. Early application of the amendments is still permitted. The company will evaluate the effects of the said amendments after the said amendments are finalized.

#### TFRS 17 – New Insurance Contracts Standard

In February 2019, POA issued TFRS, 17 which is a new and comprehensive accounting standard that covers accounting, measurement, presentation of and explanations regarding insurance contracts. TFRS 17 introduces a model in which the liabilities arising from insurance contracts are measured with their current balance sheet values, and which enables the recognition of the profit over the period services are provided; Current measurement of the future cash flows and certain amendments in risk adjustments are also recognized over the period services are provided. The companies may choose to recognize the effects of the changes in discount ratios under profit or loss or other comprehensive incomes. The standard contains a special instruction for the measurement and presentation of insurance contracts with participation features. TFRS 17 will become effective in annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as TFRS 9 Financial Instruments and TFRS 15 Revenue From Contracts with Customers are also applied. As per the changes published by the POA in December 2021, businesses will have the option to switch to "overlapping of classification" in order to eliminate the possible accounting discrepancies between the financial assets and insurance contract obligations contained in the comparative information presented when TFRS 17 was first implemented.

The effects of the mentioned standard on the financial status and performance of the Company are evaluated.

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

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

The impact of amendment on the financial position and performance of the Company is evaluated.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 2.26 Newly Issued Standards and Comments (Continued)

# Changes to TAS 8 – Description of Accounting Estimates

In August 2021, the POA issued changes to TAS 8 introducing a new definition for "accounting estimates". Changes to TAS 8 will be effective for the annual accounting periods beginning on or after January 1, 2023. The changes clarify the distinction between those in the accounting estimates and the ones in the accounting policies and correction of errors. Furthermore, if the changed standard does not arise from the correction of prior period errors occurring due to a change in input or the effects of a change in a measurement technique on the accounting estimate it will clarify that there are changes in the accounting estimates. The previous definition of a change in accounting estimate indicated that changes in accounting estimates could be due to new information or new developments. Therefore, such changes are not considered as correction of errors. This aspect of the definition has been preserved by the POA. Changes will apply to accounting estimate or accounting policy changes occurring on or after the effective date, and early application will be permitted.

The impact of amendment on the financial position and performance of the Company is evaluated.

#### Changes to TAS 1 – Description of Accounting Estimates

In August 2021, the POA published changes to TAS 1 where it provided guidance and examples to help businesses to implement materiality estimates in their accounting policy disclosures. Changes to TAS 1 will be effective for the annual accounting periods beginning on or after January 1, 2023. Since the term "significant" does not have a definition available in TFRS, the POA decided to replace this term with "material" in the context of disclosure of accounting policy information. 'Material' is a term defined in TFRS and is understood to a great extent by financial statement users in accordance with the POA. When evaluating the importance of accounting policy information, businesses need to take into account both the size of transactions, other events or circumstances and their nature. Furthermore, examples have been added to the situations where the business can consider the accounting policy information as material.

The impact of amendment on the financial position and performance of the Company is evaluated.

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

## 2.26 Newly Issued Standards and Comments (Continued)

#### Changes to TAS 12 – Deferred Tax on the assets and liabilities arising from a single transaction

In August 2021, the POA issued amendments to TAS 12 that narrowed the scope of the initial accounting exemption, ensuring that the exemption did not apply to transactions that resulted in equal taxable and deductible temporary differences. Changes to TAS 12 will be effective for the annual accounting periods beginning on or after January 1, 2023. The changes make it clear that it is a matter of reasoning whether such discounts are taxable (taking into account applicable tax law) to the liability (and interest expense) or related asset component (and interest expense) recognized in the financial statements or not where payments made in relation to a liability are tax deductible. This reasoning is important in determining whether there is any temporary difference in the inclusion of assets and liabilities in the financial statements for the first time.

Changes are applied to the transactions that occur at or after the beginning of the earliest period presented comparatively. Furthermore, at the beginning of the earliest period presented in a comparative manner, deferred tax assets (provided that they are sufficiently taxable incomes) and deferred tax liabilities will be recognized for all deductible and taxable temporary differences related to leases, decommissioning, restoration and similar obligations.

The impact of amendment on the financial position and performance of the Company is evaluated.

#### Amendments to TFRS 16 - Lease liabilities in sale and leaseback transactions

In January 2023, POA issued amendments for TFRS 16. The amendments in question determine the provisions for the measurement of lease liabilities arising from sale and leaseback transactions, so that no gain or loss is recognized in respect of the retained right of use. In this context, the seller-lessee will determine "lease payments" or "revised lease payments" so as not to recognize any gain or loss on the retained right of use when applying the provisions of TFRS 16 under the heading of "Subsequent measurement of a lease liability" after the actual starting date of the sale and leaseback transaction. The amendments do not include a specific provision for the measurement of lease liabilities arising from leaseback. The initial measurement of the lease liability in question may result in payments other than those included in the definition of lease payments in TFRS 16 to be determined as lease payments. The seller-lessee will need to develop and implement an accounting policy that will provide reliable and suitable information in accordance with TAS 8. The amendments will be effective for the annual accounting periods beginning on or after January 1, 2024. Early application is permitted. The seller-lessee applies the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application of TFRS 16 in accordance with TAS 8.

In general terms, the Company does not anticipate any significant impact on the financial statements.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS

The notes in this section are provided in addition to the explanations made in relation to the management of insurance risk (*Note 4.1*) and financial risk (*Note 4.2*)

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of the reported assets and liabilities, revenues and expenses, and the application of the accounting principles. Such estimates might differ from actual consequences.

Estimates and the assumptions on which these estimates are based are constantly reviewed. Updates in accounting estimations are recorded in the period when these estimates and updated and the in the following periods which are affected by these updates.

In particular, the information concerning the uncertainties in the significant estimates which have the greatest effect on the amounts presented in the accompanying financial statements, and the critical interpretations are explained in the notes below:

Note 4.1 – Insurance risk management

Note 4.2 – Financial risk management

Note 10 – Reinsurance assets and liabilities

Note 11 – Financial assets

Note 12 – Loan and receivables

Note 17 – Insurance liabilities and reinsurance assets

Note 17 - Deferred reinsurance commissions

Note 19 - Commercial and other payables, deferred incomes

Note 21- Deferred taxes

Note 23 - Provisions for other liabilities and expenditure

#### 4 INSURANCE AND FINANCIAL RISK MANAGEMENT

# 4.1 Insurance Risk

# 4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks:

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and cannot be anticipated.

Insurance risk is the probability that the received premium does not cover the paid indemnities. The main activity of the Company is to underwrite the existing risks at best prices and to transfer the risks it covered to other companies through insurance agreements. In performing the said activities, the Company evaluates the results at every stage, revises its underwriting policies based on these evaluations, and transfers the underwritten premiums and the taken risks to reinsurance companies through reinsurance agreements pursuant to the relevant laws.

- 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
- 4.1 Insurance Risk (Continued)
- 4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance);

#### 4.1.2.1 Sensitivity to insurance risk

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. Main reasons of insurance risk exposure result from the risk selection and inaccurate calculation of insurance coverage, policy terms and fee or inaccurate calculation of coverage portion kept within the company and coverage portion transfers to policyholders and transfer conditions.

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

Risk acceptance is based on technical income expectations under the precautionary principle. In determining insurance coverage, policy terms and fee, these expectations are based accordingly.

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Company can tolerate from the related insurance transactions.

On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or co-insurers and considering the terms of the insurance policy.

In order to avoid destructive losses over company's financial structure, company transfers the exceeding portion of risks assumed over the Company's risk tolerance and equity resources through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies. Insurance coverage and policy terms of reinsurance are determined by assessing the nature of each insurance branch.

Insurance guarantees given by branches are shown in *Note 17 -Insurance liabilities and reinsurance assets* as in detailed.

The Company conducts its risk analyses by evaluating the cumulative risk probabilities of the insured risk, and the consequences of the damage, and by considering the type, nature and geographical position of the current risks, and law of great numbers by the risk groups to achieve the optimum claims results.

Generally, the Company's insurance contracts include Fire and Natural Disasters (Natural Disasters Insurance Authority), accident, land vehicles, general losses (TARSIM - Agricultural Insurance Pool), land vehicles liability, general liability, Disease / Health and Transportation branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
- 4.1 Insurance Risk (Continued)
- 4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);
- 4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency):

	31	December 2022	
		Total Claim	_
Total Claim	Gross Total	Liabilities	Net Total
Liabilities	Claims Liability	Reinsurer Share	Claims Liability
Accident	36,185,690	(32,805,167)	3,380,524
Land Vehicles (Own Damage)	659,476,896	(285,454,034)	374,022,862
Fire and Natural Disasters	125,298,826	(87,652,176)	37,646,650
Cargo	210,221,146	(205,066,024)	5,155,122
General Damages	85,807,561	(64,619,176)	21,188,386
Land Vehicles Liability (Traffic)	3,699,852,711	(1,317,660,942)	2,382,191,770
General Liability	49,354,302	(31,183,898)	18,170,404
Legal Protection	456,525	(321,061)	135,464
Health/Illness	101,502,344	(1,862,772)	99,639,572
Indemnity	6,673,594	(4,921,414)	1,752,180
Financial Losses	1,371,337	(959,936)	411,401
Watercrafts	24,406	(17,084)	7,322
Total	4,976,225,339	(2,032,523,683)	2,943,701,656

- 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
- 4.1 Insurance Risk (Continued)
- 4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);
- 4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

	31	December 2021	
		Total Claim	
Total Claim	Gross Total	Liabilities	Net Total
Liabilities	Claims Liability	Reinsurer Share	Claims Liability
Accident	45,185,228	(41,226,928)	3,958,300
Land Vehicles (Own Damage)	337,024,492	(127,007,267)	210,017,224
Fire and Natural Disasters	83,778,419	(58,651,632)	25,126,787
Cargo	133,365,302	(132,840,633)	524,668
General Damages	38,301,552	(27,785,769)	10,515,783
Land Vehicles Liability (Traffic)	2,563,362,851	(1,017,047,554)	1,546,315,297
General Liability	54,396,614	(36,392,264)	18,004,350
Legal Protection	615,107	(431,248)	183,859
Health/Illness	28,775,667	505,782	29,281,449
Indemnity	1,034,905	(763,956)	270,949
Aircrafts	366	-	366
Financial Losses	3,244,499	(2,271,150)	973,350
Watercrafts	15,756	(11,029)	4,727
Total	3,289,100,759	(1,443,923,648)	1,845,177,111

The Company issues insurance contracts mainly in Turkey. Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on geographical regions are summarized as below.

	Gross Total	31 December 2022 Total Claim	Net Total
Total Claim Liabilities	Claim Liabilities	Liabilities Reinsurer Share	Claim Liabilities
Marmara Region (*)	4,976,225,339	(2,032,523,683)	2,943,701,656
Total	4,976,225,339	(2,032,523,683)	2,943,701,656

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
- 4.1 Insurance Risk (Continued)
- 4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);
- 4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

	31 December 2021		
Total Claim Liabilities	Gross Total Claim Liabilities	Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Marmara Region (*)	3,289,100,759	(1,443,923,648)	1,845,177,111
Total	3,289,100,759	(1,443,923,648)	1,845,177,111

(\*) Due to the fact that the Company does not have details by regions, all balances are stated in the Marmara Region.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) issued in Turkey based on currency type are summarized as below:

		31 December 2022	2
	Gross Total	Total Claim	Net Total
Total Claim	Claim	Liabilities	Claim
Liabilities	Liabilities	Reinsurer Share	Liabilities
Turkish Liras	4,976,225,339	(2,032,523,683)	2,943,701,656
US dollar	-	-	-
Euro	-	-	-
British Pound	-	-	-
Total	4,976,225,339	(2,032,523,683)	2,943,701,656

- 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)
- 4.1 Insurance Risk (Continued)
- 4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (Continued);
- 4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency) (Continued):

Total Claim Liabilities	Gross Total Claim Liabilities	31 December 2021 Total Claim Liabilities Reinsurer Share	Net Total Claim Liabilities
Turkish Liras US dollar Euro British Pound	3,289,100,759 - - -	1,443,923,648 - - -	1,845,177,111 - - -
Total	3,289,100,759	1,443,923,648	1,845,177,111

#### 4.1.2.3 Incurred claim development table

Realistic prices must be determined to prevent the negative impact of possible claims on the Company's financial structure. To this end, the Company uses both its past statistical data, and the industry data, and considers the current market conditions. In addition, the reinsurance policies are re-evaluated at the end of every activity period in line with this objective.

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

The company provides technical reserves according to the laws due to the risks assumed.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 4.2 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 have been formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor the risks and compliance with set limits. Risk management policies and systems are periodically reviewed in a way that reflects changes in market conditions as well as product and service offerings. The Company is developing a disciplined and constructive supervision framework with relevant training and management standards and procedures so that all employees understand their own duties and responsibilities.

#### Credit risk

Credit risk is defined as the possibility that counterparties might not be able to fulfill their obligations in accordance with the terms of contract that have been mutually agreed upon. Major balance sheet items where the Company is exposed to credit risk include the following:

- Banks
- Other cash and cash equivalents (excluding cash)
- Financial assets held for trading
- Available-for-Sale Financial Assets
- Financial Assets To Be Held Until Maturity
- Premium receivables from the insured
- Receivables from agencies
- Receivables from reinsurers related to commissions and paid-up claims
- Reinsurer shares arising from insurance liabilities
- Other receivables

The Company's financial assets subject to credit risk are mainly time and demand deposits held in banks located in Turkey, and the agency and credit card receivables. However, these receivables are not considered to pose high credit risk.

# 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

# 4.2 Financial Risk (Continued)

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. The Company considers the reinsurer's creditworthiness by examining the financial status of the company in question before entering into the annual agreement.

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

	31 December 2022	31 December 2021
Cash and cash equivalents ( <i>Note 14</i> ) Financial assets Receivables From Real Operating Income (Note 12.1)	976,122,142 2,281,299,416 698,954,162	1,297,469,633 732,691,230 351,484,196
Reinsurer share of outstanding claims reserve, at the end of the period ( <i>Note 10</i> ), ( <i>Note 17.19</i> )  Deposits and guarantees given	961,172,285 221,286	875,638,733 383.150
Advances to Personnel Advance payments	263,626 346,384	313,365 512,374
Receivables from Associates Other Miscellaneous Receivables	5,038 118,974,825	3,358 12,867,029
Total	5,037,359,165	3,271,363,067

As at 31 December 2022 and 31 December 2021, the aging of accounts receivables from main operations is as follows:

•				
	31 December 2022		31 Decem	ber 2021
	Reserve			Reserve
	Gross amount	Allocated	Gross amount	Allocated
Undue receivables	499,194,122		249,276,393	-
Past due 0-30 days	154,020,799		75,607,344	-
Past due 31-60 days			-	-
Past due 61-180 days			-	-
Past due 181-365 days			-	-
Past due more than 1 year			-	-
Total	653,214,920		324,883,737	-
Amounts to be collected through subrogation and salvage	54,296,371	(8,557,129)	29,576,187	(2,975,728)
Doubtful receivables from main operations – subrogation receivables	108,354,113	(108,354,113)	82,396,314	(82,396,314)
Total	815,865,405	(116,911,242)	436,856,238	(85,372,042)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

# 4.2 Financial Risk (Continued)

## Liquidity risk

Liquidity risk is the risk that the Company might have difficulty in fulfilling its financial liabilities.

# Management of liquidity risk

As a method of protection against liquidity risk, the Company maintains a maturity match between assets and liabilities; liquid assets are kept ready for complete fulfillment of potential liquidity requirements if necessary.

The remaining maturity distribution of monetary assets and liabilities:

31 December 2022	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	longer than 1 year
ASSETS						
Cash and cash equivalents	976,122,142	565,153,466	410,968,676	-	-	-
Financial assets	2,281,299,416	432,721,217	574,566,018	100,421,888	341,954,771	831,635,522
Receivables From Real Operating Income	698,954,162	321,174,399	82,989,460	220,009,294	74,781,009	-
Deposits and guarantees given	221,286	-	-	-	118,251	103,035
Advances to Personnel	263,626	263,626	-	-	-	-
Advance payments	346,384	346,384	-	-	-	-
Receivables from associates	5,038	-	5,038			-
Other Miscellaneous receivables	118,974,825	118,974,825				223,350
Total monetary assets	4,076,186,879	1,438,633,917	1,068,529,192	320,431,182	416,854,030	831,738,557
<u>Liabilities</u>						
Real Operating Liabilities	529,507,530	14,307,955	258,974,407	256,225,168	-	-
Liabilities due to related parties	27,497	17,570	-	-	-	9,927
Other payables	133,420,563	-	76,120,098	25,768,650	31,531,815	-
Insurance technical reserves (*)	2,997,111,765	484,044,431	1,806,616,522	356,938,044	341,732,244	7,780,524
Reserves for taxes and other similar obligations	79,668,164	54,594,994	24,886,786	-	186,384	-
Provisions for Others Risks	27,961,388	-	-	-	2,782,776	25,178,612
Other Long Term Liabilities	221,218	-	-			221,218
Total monetary liabilities	3,767,918,125	552,964,950	2,166,597,813	638,931,862	376,233,219	33,190,280

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

#### 4.2 Financial Risk (Continued)

# Liquidity risk (Continued)

31 December 2021	Book Value	up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Longer than 1 year
ASSETS						
Cash and cash equivalents	1,297,469,633	558,765,048	738,704,584	-	-	-
Financial assets Receivables From	732,691,230	152,966,347	10,272,696	53,056,697	67,494,815	448,900,675
Real Operating Income	351,484,196	92,897,270	58,218,006	176,252,406	24,116,513	-
Deposits and guarantees given	383,150	-	-	-	159,800	223,350
Advances to Personnel	313,365	313,365	-	-	-	-
Advance payments	512,374	512,374	-	-	-	-
Receivables from associates	3,358	-	3,358	-	-	-
Other Miscellaneous receivables	12,867,029	12,867,029	-	-	-	
Total monetary assets	2,395,724,335	818,321,433	807,198,644	229,309,103	91,771,128	449,124,025
<u>Liabilities</u>						
Real Operating Liabilities	157,115,735	72,814,698	-	84,301,037	-	-
Liabilities due to related parties	13,068	3,141	-	-	-	9,927
Other payables	57,488,713	20,033,986	15,555,383	1,317,853	20,581,491	-
Insurance technical reserves (*)	1,680,118,837	181,290,477	1,211,741,821	132,069,457	140,907,972	14,109,110
Reserves for taxes and other similar	35,765,077	16,564,857	11,689,654	7,510,566	-	-
obligations Provisions for Others						
Risks	13,197,788	-	-	-	1,250,553	11,947,235
Other Long Term Liabilities	202,237	-	-	_	-	202,237
Total monetary liabilities	1,943,901,455	290,707,158	1,238,986,859	225,198,914	162,740,017	26,268,508

<sup>(\*)</sup> Insurance technical reserves, outstanding claims reserves and unearned premium reserves are presented within the short term liabilities in the accompanying financial statements. All of outstanding claim's reserves were calculated as 1-3 month maturity, and the unearned premium reserves maturity were calculated based on the policy maturities.

# 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.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

#### 4.2 Financial Risk (Continued)

## Currency risk

The Company is exposed to currency risk through its insurance and reinsurance transactions denominated in foreign currencies. Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. At the end of the reporting periods, foreign currency assets and liabilities evaluated by the Central Bank ("TCMB") 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 operations.

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

31 December 2022	USD	Euro	Total
•			
Assets:			
Cash and cash equivalents	40,106,218	65,934,054	106,040,273
Financial assets	220,743,192	409,802,975	630,546,167
Total foreign currency assets	260,849,410	475,737,029	736,586,440
Liabilities:			
Real Operating Liabilities	(20,501,199)	(6,094,974)	(26,596,173)
Total foreign currency liabilities	(20,501,199)	(6,094,974)	(26,596,173)
Balance sheet position	240,348,212	469,642,055	709,990,267

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

# 4.2 Financial Risk (Continued)

31 December 2021	USD	Euro	Total
Assets:			
Cash and cash equivalents	145,350,602	173,622,578	318,973,180
•			
Financial assets	192,512,639	309,649,039	502,161,678
Total foreign currency assets	337,863,241	483,271,617	821,134,858
Liabilities:			
Real Operating Liabilities	(13,881,021)	(4,264,200)	(18,145,222)
Total foreign currency liabilities	(13,881,021)	(4,264,200)	(18,145,222)
Balance sheet position	323,982,220	479,007,416	802,989,636

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

Foreign currency rates used for the translation of foreign currency as of 31 December 2022 and 31 December 2021 are as follows:

	USD	EURO	GBP
31 December 2022	18.6983	19.9349	22.4892
31 December 2021	13.3290	15.0867	17.9667

## Exposure to foreign currency risk

A 10 percent depreciation of the TRY against the following currencies as of 31 December 2022 and 31 December 2021 would have increased or decreased 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. In case of a 10 percent appreciation of the TRY against the following currencies, the effect will be in the reversed direction and equal to the corresponding sum.

	31 Decemb	31 December 2022		er 2021
	INCOME	Shareholders'	INCOME	Shareholders'
	STATEMENT	equities (*)	STATEMENT	equities (*)
USD	24,034,821	24,034,821	32,398,222	32,398,222
EURO	46,964,205	46,964,205	47,900,742	47,900,742
Total, net	70,999,027	70,999,027	80,298,964	80,298,964

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

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

## 4.2 Financial Risk (Continued)

#### 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 preapproved limits for repricing bands.

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

	31 December 2022	31 December 2021
Financial assets and liabilities with fixed interest rates:		
Interbank Deposits (Notel4)	847,397,976	866,496,294
Other Financial Liabilities (Note 20)	(7,480,739)	(6,404,980)
Financial Assets Held for Trading (Note 11)	665,806,743	5,212,847
Available-for-Sale Financial Assets (Note: 11)	108,046,884	147,753,503
Financial Assets To Be Held Until Maturity (Note: 11)	1,092,856,541	579,724,880
Financial assets and liabilities with variable interest rates:	-	-
Available-for-Sale Financial Assets (Note: 11)	278,782,948	-
Financial Assets To Be Held Until Maturity (Note: 11)	135,806,300	-
Total	3,121,216,653	1,592,782,544

#### Interest rate sensitivity of the financial instruments

Due to the fact that the Company's financial assets consist of time deposits with fixed interest rates, changes in interest rates do not affect the final accounts.

# Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying values.

#### Classification relevant to fair value information

"TFRS 7 – Financial instruments: Disclosures" requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

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

# 4.2 Financial Risk (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs). Classification requires using observable market data if available. In this context, the fair value classification of financial assets and liabilities measured at fair value in this framework is as follows.

	31 December 2022			
	Row 1	Row 2	Row 3	Total
Financial assets:	_	_	_	_
Financial Assets Held for Trading	_	665,806,743	_	665,806,743
Available-for-Sale Financial Assets	-	386,829,832	-	386,829,932
Financial Assets To Be Held Until Maturity	-	1,228,662,841	-	1,228,662,841
Total financial assets	-	2,281,299,416	-	2,281,299,416
	31 December 2021			
		31 Decem	ber 2021	
	Row 1	31 Decem Row 2	ber 2021 Row 3	Total
Figureial accepte:	Row 1			Total
Financial assets:	Row 1	Row 2		-
Financial assets: Financial Assets Held for Trading	Row 1			Total - 5,212,847
	Row 1	Row 2		-
Financial Assets Held for Trading	Row 1	Row 2 - 5,212,847		- 5,212,847

# Capital Risk Management

The principal capital management policies of the Company are as follows:

- Complying with the capital adequacy requirements as stipulated by the Under secretariat of Treasury
- Ensuring the Company's continuity and securing sustained gains for shareholders and stakeholders
- Securing a sufficient level of return for shareholders by setting insurance policy prices proportionate to the insurance risk assumed.

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

# 4.2 Financial Risk (Continued)

As of 31 December 2022, and 31 December 2021, the Company's capital adequacy is as follows:

	31 December 2022	31 December 2021
1st METHOD		
Equity Capital Required for Non-Life Branches	354,020,375	166,729,187
Equity Capital Required for Life Branch	-	-
Equity Capital Required for Pension Branch	-	-
Total Required Equity Capital	354,020,375	166,729,187
2nd METHOD		
Equity Capital Required for Active Risk	106,020,106	90,122,854
Equity Capital Required for Reinsurance Risk	92,318,050	51,523,344
Equity Capital Required for Excessive Premium Increase	-	-
Equity Capital Required for Outstanding Claims Reserve	121,847,836	86,611,830
Equity Capital Required for Underwriting Risk	446,530,361	171,849,880
Equity Capital Required for Interest Rate and Exchange Risk	9,167,688	27,062,083
Total Required Equity Capital	775,884,041	427,169,992
Shareholders' equities	488,470,416	483,449,483
Reserve for Balancing	25,085,326	13,119,606
Subsidiary Deducted from the Equity Capital	(300,000)	(300,000)
Total Required Equity Capital To Be Considered For Capital Adequacy	513,255,742	496,269,090
Capital Adequacy Result	(262,628,299)	69,099,098

In the capital adequacy table dated 31 December 2022, the Company's Capital Adequacy was accounted as TRY (262,628,299). (31 December 2021: Capital Adequacy TRY 69,099,098)

## 4 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

#### 4.2 Financial Risk (Continued)

With the approval of the letter dated 24/02/2023 and numbered 1940409 sent by IOPS to our Company's management, the underwriting risk evaluation of our Company's SYT Land Vehicles Liability branch in the complete audit report for the end of 2022 was made over a coefficient of 0.13. After the underwriting risk calculated with the approval of the relevant letter, the required Shareholders' equity and capital adequacy ratio of our company are shown in the summary table below.

	TABLE 10 SYT 2	SYT AFTER RULING
1- ASSET RISK (AR)	106,020,106	106,056,562
2- REINSURANCE RISK (RR)	92,318,050	92,318,050
4- GROSS OUTSTANDING CLAIMS RESERVE RISK (GOCRR)	121,847,836	121,847,836
5- UNDERWRITING RISK (UR)	446,530,361	311,108,474
6- CURRENCY RISK (CR)	9,167,688	9,167,688
AMOUNT OF SHAREHOLDERS' EQUITY REQUIRED FOR THE COMPANY	775,884,041	640,498,610
SHAREHOLDERS' EQUITY = AS+KS+DS-İK	513,255,742	513,255,742
CAPITAL ADEQUACY RESULTS	(262,628,299)	(127,242,868)
SYT RATE	66.15%	80.13%

- The company's production growth rate for the years 2023-2025 is projected as 73%, 54% and 55% respectively.
- The expected loss/premium ratio for the years 2023-2025 is projected as 94% 95% 89% respectively.
- The share of land vehicles liability branch in total production for the years 2023-2025 is projected as 49% 41% 33% respectively. With these rates, the negativity experienced in 2022 in terms of syt underwriting risk calculations is eliminated for the years of 2023-2025.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

# 4.2 Financial Risk (Continued)

#### Gains and losses from financial instruments

-	31 December 2022	31 December 2021
Financial gains and losses recognized in the statement of income:		
Interest incomes	227,611,213	194,907,443
Foreign Exchange Profits	310,746,362	326,747,168
Dividend Incomes from Associates	399,183	230,439
Valuation Of Financial Investments	92,701,477	7,911,131
Other Investments	1,865,427	638,432
Incomes From Derivatives	40,974,109	-
Investment Incomes	674,297,770	530,434,613
Foreign Exchange Loss	(33,204,961)	(16,757,045)
The Arising Losses From Liquidation of Investments	(35,092,688)	(8,635)
Investment Administration Expenses (Interest Is Included)	(1,302,697)	(415,370)
Impairment Charge Of Investments	249,488	(8,011,318)
Other Investments Expenses	-	(2,243,834)
Investment Expenses	(69,350,858)	(27,436,202)
Investment revenues originating from financial assets, net	604,946,912	502,998,411

#### 5 SEGMENT REPORTING

## 5.1 Activity Segmentation

The Company operates only in the elementary branch. Technical revenues/expenses in the financial statements mainly originate from elementary branches.

## 5.2 Geographical segment reporting

The Company is operating in Turkey.

# 6 TANGIBLE FIXED ASSETS

# 6.1 Tangible assets' cost, accumulated depreciation and net book value:

Movement in tangible assets in the period from 1 January to 31 December 2022 is presented below				
	1 January 2022	Inputs	Outputs	31 December 2022
Cost Value				
Fixtures and furniture	8,357,222	4,395,623	(101,640)	12,651,205
Motor Vehicles	13,222,260	-	-	13,222,260
Special Costs	11,506,708	5,288,513	(4,157,941)	12,637,280
Acquired Assets By Leasing	8,814,742	3,609,642	(3,070,441)	9,353,944
Total	41,900,933	13,293,778	(7,330,022)	47,864,689
Accu. Depreciation				
Fixtures and furniture	(5,440,976)	(1,607,318)	101,640	(6,946,654)
Motor Vehicles	(2,457,473)	(2,644,452)	-	(5,101,925)
Special Costs	(8,189,047)	(1,995,947)	3,852,807	(6,332,187)
Acquired Assets By Leasing	(2,524,933)	(2,541,363)	2,689,090	(2,377,207)
Total	(18,612,429)	(8,789,080)	6,643,537	(20,757,972)
Net Book Value	23,288,504		(686,485)	27,106,716

Movement in tangible assets in the period from 1 January to 31 December 2021 is presented belo				
	1 January 2021	Inputs	Outputs	31 December 2021
Cost Value				
Fixtures and furniture	7,547,808	815,868	(6,454)	8,357,222
Motor Vehicles	6,974,098	10,286,939	(4,038,777)	13,222,260
Special Costs	11,356,900	149,808	(-)	11,506,708
Acquired Assets By Leasing	7,571,892	7,346,867	(6,104,016)	8,814,742
Total	33,450,698	18,599,482	(10,149,247)	41,900,933
Accu. Depreciation				
Fixtures and furniture	(3,950,261)	(1,496,276)	5,561	(5,440,976)
Motor Vehicles	(1,841,964)	(1,996,356)	1,380,847	(2,457,473)
Special Costs	(6,177,118)	(2,011,929)	-	(8,189,047)
Acquired Assets By Leasing	(4,245,363)	(2,497,684)	4,218,114	(2,524,933)
Total	(16,214,705)	(8,002,245)	5,604,522	(18,612,428)
Net Book Value	17,235,993		(4,544,726)	23,288,504

There are no pledges, mortgages and other encumbrances on tangible assets.

# 6.2 All depreciation, amortization and depletion expenses of current year:

	1 January - 31 December 2022	1 January - 31 December 2021
Depreciation expenses	(8,789,080)	(8,002,245)
Amortization and depletion expenses	(3,040,208)	(2,095,593)
Total	(11,829,288)	(10,097,838)

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 6 TANGIBLE ASSETS (Continued)

6.3 Depreciation calculation methods, and resulting increases (+) or decreases (-) in the depreciation expenses of the current year due to changes applied to such methods:

None. (31 December 2021: None)

# 6.4 Movement in tangible assets in the current period:

	31 December 2022	31 December 2021
a) Cost of the tangible fixed assets purchased, produced, or constructed:	13,293,778	18,599,482
b) Cost of sold or scrapped tangible fixed assets:	(7,330,022)	(10,149,247)
c) Amount of Revaluation Increase in Current Period:	-	-
- In cost of assets (+):	-	-
<ul><li>In accumulated depreciations (-):</li></ul>	-	-
d) Characteristics, total amount, start and end date and		
progress of ongoing investments:	-	-

## 6.5 Total insurance amount for tangible assets:

Type	31 December 2022	31 December 2021
Fixtures and furniture	59,416,719	17,002,175
Total	59,416,719	17,002,175

# 7 INVESTMENT PROPERTY

As of 31 December 2022, the Company does not own any Investment Properties. (31 December 2021: None)

## 8 INTANGIBLE FIXED ASSETS

## 8.1 Cost of intangible assets, their accumulated depreciation and net book value:

Movement in intangible assets in the period from 1 January to 31 December 2022 is presented below:

	1 January 2022	Inputs	Outputs	31 December 2022
Cost Value				
Software	10,009,152	5,518,660	-	15,527,812
Total	10,009,152	5,518,660	-	15,527,812
Accu. Depreciation				
Software	(5,934,210)	(3,040,208)	-	(8,974,418)
Total	(5,934,210)	(3,040,208)	-	(8,974,418)
Net Book Value	4,074,943	-	-	6,553,394

## 3.1 Cost of intangible assets, their accumulated depreciation and net book value (Continued):

Movement in intangible assets in the period from 1 January to 31 December 2021 is presented below:

	1 January 2021	Inputs	Outputs	31 December 2021
Cost Value				
Software	7,463,577	2,545,575	-	10,009,152
Total	7,463,577	2,545,575	-	10,009,152
Accu. Depreciation				
Software	(3,838,616)	(2,095,593)	-	(5,934,210)
Total	(3,838,616)	(2,095,593)	-	(5,934,210)
Net Book Value	3,624,961	-	-	4,074,943

#### 8.2 Business Combinations:

None. (31 December 2021: None)

# 9 INVESTMENTS IN AFFILIATES

	31 December 2022		31 Decer	mber 2021
	Book Value	Share Portion (%)	Book Value	Share Portion (%)
Tarım Sigortaları Havuz İşletmesi A.Ş.(*)	1,221,495	4.71	875,420	4.71
Long term securities	1,221,495	4.71	875,420	4.71
EDK Sigorta A.Ş.	300.000	60	300.000	60
Subsidiary Companies Net	300.000	60	300.000	60
Total Financial Asset	1,521,495		1,175,420	

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 9 INVESTMENTS IN AFFILIATES (Continued)

(\*) Due to the fact that the said financial assets do not have a market value determined in an active market, and that no valuation was conducted for the said company, this is carried from the cost value.

#### 10 REINSURANCE ASSETS

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

Reinsurance assets	31 December 2022	31 December 2021
Reinsurance shares of unearned premiums reserve	022710701	207 277 050
(Note 17.16)	932,740,794	387,277,859
Reinsurer share of outstanding claims reserve, at the end of the period ( <i>Note 17.16</i> )	961,172,285	875,638,733
Receivables from reinsurers related to commissions and paid-up claims (Note 12)	76,810,429	54,831,916
Reinsurance Share of Unexpired Risks Reserve (Note 17.16)	36,839,350	51,913,727
Reinsurer Share of Equalization Reserve (Note 17.16)	56,917,586	27,773,765
Total	2,064,480,445	1,397,435,999

There is not any impairment losses recognized for reinsurance assets.

Reinsurance Liabilities	31 December 2022	31 December 2021
Payables to the reinsurers related to ceded premiums (Note 19)	415,937,821	116,524,749
Deferred Commission Incomes (Note 19)	204,922,579	89,914,094
Reinsurance commission provisions	141,919,893	78,899,850
Deposits From Reinsurance Companies (Note 19)	-	<u>-</u>
Total	762,780,293	285,338,693

# 10 REINSURANCE ASSETS (Continued)

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

	31 December 2022	31 December 2021
Ceded premiums to reinsurers during the period ( <i>Note 17</i> )	(1,679,766,535)	(776,633,026)
Reinsurer share of unearned premiums reserve, at the	(387,277,859)	(271,542,975)
beginning of the period ( <i>Note 17</i> )	(301/211/031)	(2, 1,3, 12, 1, 7, 3)
Reinsurer share of unearned premiums reserve, at the end	932,740,794	387,277,859
of the period (Note 17)		
Reinsurer share of earned premiums (Note 17)	(1,134,303,600)	(660,898,143)
Deign resembles of slaims and during the posted (Nato 17)	ו חסו סבו סחס	E/ 0 20/, 01/
Reinsurer share of claims paid, during the period ( <i>Note 17</i> )	1,071,351,397	568,284,916
Reinsurer share of outstanding claims reserve, at the beginning of the period (*)	(875,638,733)	(825,600,854)
Reinsurer share of outstanding claims reserve, at the end		
of the period ( <i>Note 17</i> )	961,172,285	875,638,732
Reinsurer share of claims paid, during the period (Note		
17)	1,156,884,950	618,322,794
277		
Commission income accrued from reinsurers during the	250 710 020	330.07.0.050
period	359,719,820	110,049,859
Deferred Commission Incomes in the beginning of the	00.01/. 00/.	F0 / / 0 277
period (Note 17)	89,914,094	59,669,277
Deferred Commission Incomes at the end of the period	(204,922,579)	(89,914,094)
(Note 17)	(204,722,377)	(07,714,074)
Reinsurance commission provisions	78,899,850	76,759,806
Reinsurance commission provisions at the end of the	(141,919,893)	(78,899,850)
period		
Commission income earned from reinsurers (Note 32)	181,691,292	77,664,999
	(a - a - a - a - a - a - a - a - a - a -	
Reinsurer share of unexpired risks reserves	(15,074,377)	22,637,236
Reinsurer Share of Equalization Reserve ( <i>Note 17.19</i> )	56,917,586	27,773,765
Tabel and	2/./ 115.052	05 500 750
Total, net	246,115,852	85,500,650

The Company's balance of reinsurance assets is presented in Note 17.16.

## 11 FINANCIAL ASSETS

## 11.1 Classification of the Financial Assets

	31 December 2022	31 December 2021
Financial Assets Held for Trading	665,806,743	5,212,847
Available-for-Sale Financial Assets	386,829,832	147,753,503
Financial Assets To Be Held Until Maturity	1,228,662,841	579,724,880
	2,281,299,416	732,691,230

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 11 FINANCIAL ASSETS (Continued)

# 11.1 Sub-Classification of the Financial Assets (Continued)

31 December 2022	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments Currency Protected Deposit Rental Certificate	-	648,017,572 3	665,806,740 3	665,806,740 3
Financial assets held for trading	-	648,017,575	665,806,743	665,806,743
Receivable from Reverse Repurchase Agreements Investment Fund	-	107,887,329	108,046,885	108,046,885
Government Bonds-TRY (Inflation Indexed)	32,000,000	169,999,999 75,759,718	174,902,628 103,880,320	174,902,628 103,880,320
Available-for-Sale Financial Assets	32,000,000	353,647,046	386,829,833	386,829,833
Government Bonds-TRY (Inflation Indexed)	40,000,000	133,368,990	135,806,300	135,806,300
Private sector Bonds and Securities -TRY	606,334,757	404,580,965	462,310,832	462,310,832
Government Bonds Eurobond Euro (Blocked)*	219,283,900	98,427,110	221,970,708	221,970,708
Government Bonds Eurobond - Euro	179,414,100	97,728,134	187,831,801	187,831,801
Private Sector Bonds Eurobond USD (Blocked)*	117,799,290	49,314,832	120,440,299	120,440,299
Private Sector Bonds – USD Financial Assets To Be Held	99,100,990	55,928,529	100,302,902	100,302,902
Until Maturity	1,261,933,037	839,348,560	1,228,662,841	1,228,662,841

<sup>\*</sup>Blocked amounts. Due to the Company's insurance activities, EUR 11,000,000 and USD 6,300,000 are reserved for the Republic of Turkey Insurance and Private Pension Regulation and Supervision Agency.

## 11 FINANCIAL ASSETS (Continued)

## 11.1 Sub-Classification of the Financial Assets (Continued)

31 December 2021	Nominal Value	Cost Accounting	Fair Value Measurement	Book Value
Borrowing Instruments				
Government Bonds – TRY	5,237,500	5,128,558	5,212,844	5,212,844
Rental Certificate		3	3	3
Financial assets held for trading	5,237,500	5,128,561	5,212,847	5,212,847
Receivable from Reverse Repurchase Agreements	-	147,660,516	147,753,503	147,753,503
Available-for-Sale Financial Assets	-	147,660,516	147,753,503	147,753,503
Government Bonds – TRY	48,550,000	43,405,063	44,232,308	44,232,308
Private sector Bonds and Securities - TRY	36,016,775	32,245,584	33,330,774	33,330,774
Government Bonds Eurobond Euro (Blocked)*	165,953,700	98,427,110	166,879,573	166,879,573
Government Bonds Eurobond - Euro	135,780,300	97,728,134	142,769,466	142,769,466
Private Sector Bonds Eurobond USD (Blocked)*	83,972,700	49,314,832	85,622,317	85,622,317
Private Sector Bonds – USD	106,632,000	65,296,192	106,890,442	106,890,442
Financial Assets To Be Held Until Maturity	576,905,475	386,416,915	579,724,880	579,724,880

<sup>\*</sup>Blocked amounts. Due to the Company's insurance activities, EUR 11,000,000 and USD 6,300,000 are reserved for the Republic of Turkey Insurance and Private Pension Regulation and Supervision Agency.

# 11.2 Marketable securities issued during the year other than share certificates:

None (31 December 2021: None)

## 11.3 Securities representing redeemable debt during the year

None (31 December 2021: None)

11.4 Information on the cost values of securities and financial fixed assets that are stated at fair value in the balance sheet according to the market values of the marketable securities and financial fixed assets shown on the market value basis:

See Note 11.1

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

## 11 FINANCIAL ASSETS (Continued)

11.5 Total amount of securities issued by the partners, participations and affiliated partners of the Company and included within the group of securities and engaged securities, and respective issuing companies:

None (31 December 2021: None)

# 11.6 Value increase on financial assets in the last three years

None (31 December 2021: None)

#### 11.7 Financial Instruments

The Company does not use hedging against financial risks accounting instruments.

#### 11.8 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

## 12 LIABILITIES AND RECEIVABLES

## 12.1 Receivables:

The details of the short-term trade receivables are as follows:

Short-term	31 December 2022	31 December 2021
Receivables from insurance operations (*)	698,954,162	351,484,196
Total	698,954,162	351,484,196

#### 12 LIABILITIES AND RECEIVABLES (Continued)

## 12.1 Receivables (Continued)

(\*) The details of the Company's receivables from insurance operations as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Receivables from agencies, brokers and intermediaries	576,404,490	152,705,883
Receivables from Reinsurance Transactions	76,810,429	54,831,916
Bank Guaranteed Credit Card Receivables (*)	-	117,345,939
Salvage and subrogation receivables	54,296,371	29,576,187
Total receivables from insurance operations, net	707,511,290	354,459,925
Doubtful Receivables Arising From Real Operations	108,354,113	82,396,314
Provisions for Doubtful Receivables Arising From Real Operations	(108,354,113)	(82,396,314)
Provisions of salvage and subrogation receivables	(8,557,129)	(2,975,728)
Receivables From Real Operating Income	698,954,162	351,484,196

<sup>(\*)</sup> In previous years, the Company classified its credit card receivables that are not paid for longer than 3 months under the "Receivables from Main Operations", whereas in the current period, the Company switched to the commission method by taking into account the "Maximum Commission Rates Applied to Merchant" published by the Central Bank of the Republic of Turkey (CBRT).

## 12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company:

See Note 45 for the Company's receivable-payable relationship with shareholders, affiliates and subsidiaries as of 31 December 2022.

## 12.3 Total amount of the mortgages and other securities received against receivables

Type of pledge and/or guarantee	31 December 2022	31 December 2021
Letter of guarantee	655,291,737	283,400,219
Total	655,291,737	283,400,219

The checks received from agencies and the policy holders are not recorded until the day they are collected, and these checks are recognized under the off-balance sheet accounts. The total amount of undue checks recorded in this manner is TRY 48,528,369 as of 31 December 2022. (31 December 2021: TRY 18,093,548)

12.4 The receivables and payables denominated in foreign currencies and which do not have currency guarantee, and the detailed analyses of foreign currency balances and foreign currency rates used for the translation:

For the Company's receivables and payables denominated in foreign currencies as at 31 December 2022, see Note 4.2 Exposure to Foreign Currency Risk.

## 13 DERIVATIVE FINANCIAL INSTRUMENTS

N/A (31 December 2021: None

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 14 CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash Banks Bank Guaranteed Credit Card Receivables with	3,483 959,037,040	739 933,522,777
maturities less than 3 months  Total	17,081,619 <b>976,122,142</b>	363,946,117 <b>1,297,469,633</b>
Blocked Amounts	(-)	(-)
Interbank Deposits Interest Rediscounting	(16,958,594)	(7,679,688)
Cash and Cash Equivalents in the Cash Flow Table	959,163,548	1,289,789,945

As of 31 December 2022, and 31 December 2021, bank deposits respectively are further analyzed as follows:

	31 December 2022	31 December 2021
TRY interbank deposits		
- having a fixed term	847,397,976	866,496,294
- on demand	111,639,064	67,026,482
Total	959,037,040	933,522,777

#### Amounts of blocked deposits with the banks:

The Company's bank deposits are not blocked. (31 December 2021: None)

Time deposits consist of TRY, Euro and USD bank placements; the maturity range is between 02 January 2023 and 30 March 2023. The applied interest rate is between 12.00% and 28.00% for TRY time deposits. The interest rate is 0.01% for Euro deposits and the maturity date is 13 February 2023. The interest rate for USD deposits is 0.25% and its maturity date is 13 February 2023.

#### 15 CAPITAL

# 15.1 Amounts of the transactions of the shareholders of the company with the shareholders in their own discretion, separately showing the distributions made to the shareholders

As of 31 December 2022, the Company has 3 shareholders. The Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1. The entire subscribed capital was paid.

	31 December 2022		31 December 2021	
Name, Last Name and Title of the Partner	Amount of Share (TRY)	Share Portion (%)	Amount of Share (TRY)	Share Portion (%)
Nihat Kırmızı	99,000,000	45.00	99,000,000	45.00
Nabi Kırmızı	74,800,000	34.00	74,800,000	34.00
Kırmızı Holding A.Ş.	46,200,000	21.00	46,200,000	21.00
Paid-up Capital	220,000,000	100	220,000,000	100

# 15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

	31 December 2022	31 December 2021
Capital Amount at the Beginning of the Period	220,000,000	220,000,000
Disposals during the period	-	-
Capital Increase Within the Period	-	-
Capital Payment Within the Period	-	-
Non-paid Capital	-	-
Period End Paid-up Capital	220,000,000	220,000,000

As of 31 December 2022, the Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1 As of 31.12.2022 the company has no unpaid capital.

#### 15.3 For each class of share capital;

#### 15.3.1 The explanation about the number of capital shares

N/A (31 December 2021: None)

# 15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

The Company does not have any issued shares. (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

- 15 CAPITAL (Continued)
- 15.3 For each class of share capital; (Continued)
- 15.3.3 Nominal value of an equity share or equity shares without having nominal value

The Company's capital is TRY 220,000,000 and it consists of 220,000,000 shares, each with a nominal value of TRY 1. The company has no unpaid capital. (31 December 2021: The Company's share capital is TRY 220,000,000 divided into 220,000,000 shares each having a nominal value of TRY 1. The company has no unpaid capital.)

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	31 December 2022	31 December 2021
Number of Shares per each Period	220,000,000	220,000,000
Capital Payment Within the Period	-	-
Increase / Decrease within the Period	-	-
Number of Shares at the End of the Period	220,000,000	220,000,000

As of 31 December 2022, the Company's share capital is TRY 220,000,000 consists of 220,000,000 shares each having a nominal value of TRY 1. As of 31.12.2022 the company has no unpaid capital.

15.3.5 Disclosure of rights, privileges and restrictions (restrictions) on such capital class, including the distribution of dividends and the restrictions on repayment of capital.

N/A (31 December 2021: None)

15.3.6 Explanations regarding the equity shares held by the Company, its affiliates or its subsidiaries

N/A (31 December 2021: None)

15.3.7 Explanations on stocks, securities and amounts held as equity shares for future sale for forward transactions and contracts.

N/A (31 December 2021: None)

15.3.8 Other Capital Reserves

N/A (31 December 2021: None)

#### 15 CAPITAL (Continued)

## 15.4 Other profit reserves

#### 15.4.1 Legal Reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

The movement of the legal reserves is as follows:

	31 December 2022	31 December 2021
Legal Reserves at the Beginning of the Period Transfer from profit	15,565,102 6,322,264	8,708,515 6,856,587
Period End Legal Reserves	21,887,366	15,565,102

## 15.4.2 Extraordinary Reserves

#### The movement of extraordinary reserves is as follows:

	31 December 2022	31 December 2021
Extraordinary Reserves at the Beginning of the Period Transfer from profit	6,780,498	6,780,498 -
Extraordinary Reserves at the End of the Period	6,780,498	6,780,498

## 15.4.3 Special funds

Within the scope of the participation insurance, as a result of the participation insurance product which was introduced to the market on a volunteer basis, a **TRY 7,384,087** was created. This fund amount was reported in the equity.

#### 15.4.4 Re-measurement gains /losses under defined benefit plans

As at 31 December 2022, other profit reserves consist of a total net of TRY 1,818,594 which is the actuarial loss and gain amount found by re-measuring the net benefit liability defined according to TAS 19. (12.31.2021: TRY 593,930)

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 15 CAPITAL (Continued)

## 15.4 Other profit reserves

#### 15.4.5 Previous Years Profits /(Losses)

	31 December 2022	31 December 2021
Previous year profits / losses	107,868,442	58,667,259
Amount Transferred from the Net Profit of the Period	126,445,284	90,415,758
Legal reserves	(6,322,264)	(6,856,587)
Distributed Dividend	-	(34,357,988)
Total	227,991,462	107,868,442

#### 15.4.6 Valuation of Financial Assets

	31 December 2022	31 December 2021
Valuation differences at the beginning of the period	-	-
Fair value changes during the period	18,501,441	-
Reflected in the income statement during the period	-	-
Deferred tax effect	(4,625,360)	-
Total	13,876,081	-

## 15.5 Share based payments:

N/A (31 December 2021: None)

#### 15.6 Matters pertaining to the Events after the Balance Sheet Date

N/A (31 December 2021: None)

# 16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

N/A (31 December 2021: None)

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

N/A (31 December 2021: None)

## 16.3 Hedging for forecasted transactions and net investment hedging

N/A (31 December 2021: None)

#### 16.4 Hedging against financial risks

N/A (31 December 2021: None)

# 16 OTHER RESERVES AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION (Continued)

# 16.5 Income and loss related to affiliates recognized directly in equity in the current period

N/A (31 December 2021: None)

# 16.6 Increase of Revaluation in tangible fixed assets

N/A (31 December 2021: None)

# INSURANCE LIABILITIES AND REINSURANCE ASSETS

# 17.1 Details of the Company's technical reserves as of 31 December 2022 and 31 December 2021 are below:

	31 December 2022	31 December 2021
Gross unearned premiums reserve	2,728,693,009	1,120,698,765
Reinsurer share of unearned premiums reserve (Note 10)	(932,740,794)	(387,277,859)
SSI of Unearned Premiums Reserve	(122,950,389)	(54,112,466)
Pool Unearned Premiums Reserve	(103,783,160)	(76,676,659)
Provisions for Unearned Premiums - Net	1,569,218,665	602,631,782
Provisions for gross suspending indemnities	2,355,328,997	1,859,306,080
Reinsurer share of outstanding claims reserve (Note 10)	(961,172,285)	(875,638,732)
Const. Outstanding Claims Bossess	1 20/ 15/ 712	002//72/7
Gross Outstanding Claims Reserve, net	1,394,156,712	983,667,347
Gross Unexpired Risks Reserve	45,490,412	132,613,829
Reinsurer Share of Unexpired Risks Reserve (Note 10)	(36,839,350)	(51,913,727)
Provision for Unexpired Risks - Net	8,651,062	80,700,102
Trovision or onexpired Nisks Tree	0,032,002	00// 00/202
Reserve for Balancing, net	25,085,326	13,119,606
Mathematical Life Provision, net	-	-
Total technical reserves, net	2,997,111,765	1,680,118,837
Short-term	2,972,026,439	1,666,999,231
Medium- and Long-term	25,085,326	13,119,606
Total technical reserves, net	2,997,111,765	1,680,118,837

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

# 17.2 Number of life insurance policies, additions, disposals in the current period, and current life insured persons and their mathematical reserves

N/A (31 December 2021: None)

## 17.3 Insurance guarantees given to non-life insurances based on insurance branches

Branch	31 December 2022	31 December 2021
Land Vehicles Liability	8,428,916,675,306	5,880,732,584,000
Accident	14,527,679,369	61,162,020,252
Land Vehicles (Insurance)	390,641,016,853	269,997,224,790
Fire and Natural Disasters	455,323,937,102	191,615,307,552
Cargo	42,441,356,280	19,833,842,959
General Damages	266,686,981,279	85,724,823,038
General Liability	25,283,687,453	17,731,956,301
Legal Protection	1,454,192,496	1,947,805,305
Health Illness	1,236,174,948,873	603,577,293,065
Indemnity	1,423,871,464	693,707,346
Aircrafts	-	104,099,335
Aircrafts Responsibility	493,218	493,218
Watercrafts	5,425,907	10,443,772
Total	10,862,880,265,601	7,133,131,600,934

## 17.4 Pension investment funds established by the Company and their unit prices

N/A (31 December 2021: None)

#### 17.5 Number and amount of participation certificates in portfolio and circulation

N/A (31 December 2021: None)

# 17.6 Number of portfolios, amounts of additions, disposals, reversals, and current individual and group pension participants

N/A (31 December 2021: None)

# 17.7 Valuation methods used in profit share calculation for life insurances with profit shares

N/A (31 December 2021: None)

# 17.8 Number of the additions and their group or individual gross and net share participations in the current period

N/A (31 December 2021: None)

- 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)
- 17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

N/A (31 December 2021: None)

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

N/A (31 December 2021: None)

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

N/A (31 December 2021: None)

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves of the new policyholders

N/A (31 December 2021: None)

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves for the life policyholders who leave the portfolio during the period

N/A (31 December 2021: None)

17.14 Profit share distribution rate of life insured person in the current period

N/A (31 December 2021: None)

17.15 Explanation of information that describes amounts arising from insurance agreements

N/A (31 December 2021: None)

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

	31 December 2022	31 December 2021
Liabilities due to Reinsurance Companies	415,937,821	116,524,749
Deposits From Reinsurance Companies	-	-
Net Receivables/(Debt)	415,937,821	116,524,749

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

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

# 17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company: (Continued)

	1 January - 31 December 2022	1 January - 31 December 2021
Ceded Premiums to Reinsurers Premiums Transferred to the Pool Reinsurer Share of Unearned Premiums Reserve Pool Share of Unearned Premiums Reserve Reinsurer Share of Unexpired Risks Reserve Reinsurer Share of Claims Paid Provision for Outstanding Claims and Compensations	(1,679,766,535) (167,236,963) 932,740,794 103,783,160 36,839,350 1,071,351,397 961,172,285	(776,633,026) (149,747,547) 387,277,859 76,676,659 51,913,727 568,284,916 875,638,732
Reinsurer Share of Equalization Reserve	56,917,586	27,773,765
Net Income/(Expenditure)	1,315,801,076	1,061,185,084

#### 17.17 Comparison of incurred claims with past estimations

Development table for incurred claims is disclosed in Note 4.

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

Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately are disclosed in Note 4.

## 17.19 Other required explanations regarding liabilities originating from insurance contracts:

As of 31 December 2022, and 31 December 2021, the movement table of insurance liabilities and reinsurance assets is as follows:

	1 January - 31 December 2022				
Provisions for Unearned Premiums	Gross	Reinsurer Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve Premiums written during the Premiums earned during the	1,120,698,765 4,726,126,486 (3,118,132,243)	(387,277,859) (1,679,766,535) 1,134,303,600	(54,112,466) (195,861,729) 127,023,805	(76,676,659) (167,236,963) 140,130,461	602,631,782 2,683,261,260 (1,716,674,376)
Unearned Premiums Reserve at the beginning of the period	2,728,693,009	(932,740,794)	(122,950,389)	(103,783,160)	1,569,218,665

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

## 17.19 Other required explanations regarding liabilities originating from insurance contracts (Continued):

	1 January - 31 December 2021				
Provisions for Unearned		Reinsurer			
Premiums	Gross	Share	SSI Share	Pool Share	Net
Unearned Premiums Reserve Premiums written during the Premiums earned during the	919,838,615 2,143,340,348 (1,942,480,198)	(271,542,975) (776,633,026) 660,898,143	(49,969,712) (97,306,346) 93,163,592	(56,427,693) (149,747,547) 129,498,581	541,898,235 1,119,653,429 (1,058,919,882)
Unearned Premiums Reserve at the beginning of the period	1,120,698,765	(387,277,859)	(54,112,466)	(76,676,659)	602,631,782

	1 Janu	iary - 31 Decembe	r 2022
Outstanding Claims Reserve:	Gross	Reinsurer share	Net
Beginning of the Period	1,859,306,080	(875,638,733)	983,667,347
Claims Paid	(2,620,896,342)	1,071,351,397	(1,549,544,944)
- Current period outstanding claims	3,602,170,106	(1,601,011,444)	2,001,158,662
- Previous years' outstanding claims	(1,859,306,080)	875,638,733	(983,667,347)
Outstanding claims at the end of the period	981,273,765	(529,660,047)	451,613,718
Incurred but not reported claims Adequacy Difference in Outstanding Claims Provisions	1,374,055,233	(431,512,239)	942,542,994
Total	2,355,328,997	(961,172,285)	1,394,156,712
·			

	1 Janu	uary - 31 December 2	2021
Outstanding Claims Reserve:	Gross	Reinsurer share	Net
Beginning of the Period	1,642,222,580	(825,600,854)	816,621,725
Claims Paid	(1,429,794,680)	568,284,916	(861,509,764)
- Current period outstanding claims	2,156,073,719	(937,416,137)	1,218,657,582
- Previous years' outstanding claims	(1,642,222,580)	825,600,854	(458,347,260)
Outstanding claims at the end of the period	726,279,040	(369,131,221)	357,147,819
Incurred but not reported claims Adequacy Difference in Outstanding Claims Provisions	1,133,027,040 -	(506,507,512)	626,519,528
_Total	1,859,306,080	(875,638,733)	983,667,347

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

## 17.19 Other required explanations regarding liabilities originating from insurance contracts (Continued):

	1 January - 31 December 2022		
Provision for Unexpired Risks:	Gross	Reinsurer share	Net
Beginning of the Period	132,613,829	(51,913,727)	80,700,102
Change in the Provision Added within the Period	(87,123,417)	15,074,377	7 (72,049,040)
Provision for Unexpired Risks in the End of the Period	45,490,412	(36,839,350)	8,651,062
	1 Jan	uary - 31 Decem	ber 2021
Provision for Unexpired Risks:	Gross	Reinsurer share	. Net
Beginning of the Period	50,757,148	(29,276,491)	) 21,480,657
Change in the Provision Added within the Period	81,856,681	(22,637,236)	59,219,445
Provision for Unexpired Risks in the End of the Period	132,613,829	(51,913,727)	80,700,102
Reserve for Balancing:	31 De	ecember 2022	31 December 2021
Beginning of the Period		13,119,606	7,591,929
Provision Added within the Period		11,965,720	5,527,677
End of the Period Reserve for Balancing		25,085,326	13,119,606

The portions of the commissions paid to the intermediaries for the production of the policies deferred to the next periods are recognized under "Prepaid Expenses" accounts. As of 31 December 2022, the details of the prepaid expenses in the amount of TRY 432,261,452 recorded in the current assets are as follows (31 December 2021: TRY 161,206,857) prepaid expenses pertaining to future months; are consisting of deferred production commissions amount of TRY 374,545,004 (31 December 2021; TRY 140,420,074) and prepaid other expenses amount of TRY 57,716,448 (31 December 2021; TRY 20,786,783).

	31 December 2022	31 December 2021
Deferred Reinsurance Commissions		
Deferred production commissions at the beginning of the period	140,420,074	113,665,997
Commissions to intermediaries accrued during the period	639,430,733	271,439,364
Commissions expensed during the period (Note 32)	(405,305,803)	(244,685,287)
Year-end	374,545,004	140,420,074
	31 December 2022	31 December 2021
Deferred Assistance Premium Expenditures	20,651,743	10,625,136
Year-end	20,651,743	10,625,136

# 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

# 17.19 Other required explanations regarding liabilities originating from insurance contracts (Continued):

	31 December 2022	31 December 2021
Prepaid expenses pertaining to future months		
Prepaid Banking Commission Expenses	3,836,495	312,694
Prepaid Advertising, Promotion, Organization	28,700,669	3,088,128
Expenses	23/. 33/33 .	3,000,120
Prepaid Newspaper, Magazine Subscription	177,000	115,000
Expenses	177,000	113,000
Advance Contribution to Expenditures Share	1,301,285	741,069
Printed Document Expenses Paid in Advance	1,440,583	-
Prepaid Sponsorship Expenses	-	5,125,000
Other Prepaid Expenses	1,608,673	779,757
Year-end	37,064,705	10,161,647

	31 December 2022	31 December 2021
<b>Deferred Reinsurance Commissions:</b> Reinsurance commissions deferred at the beginning	(00.03/, 00/)	(FO / / O 277)
of the period	(89,914,094)	(59,669,277)
Reinsurance commissions accrued during the period Commissions recognized during the period (Note 32)	(359,719,820) 244,711,335	(110,049,859) 79,805,042
Reinsurance commission provision at the beginning of the period	(78,899,850)	(76,759,806)
Reinsurance commission provision within the period Reinsurance Reserve During the Period current transfer	(63,020,043)	(2,140,043)
Year-end	(346,842,471)	(168,813,944)

# 17.20 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets

	31 Decen	nber 2022	31 Decer	nber 2021
Branch	The amount guarantee required	The amount of guarantee provided	The amount guarantee required	The amount of guarantee provided
Life	-	-	-	-
Non-Life	-	243,263,550	-	125,162,840
Total	-	243,263,550	-	125,162,840

# 18 INVESTMENT CONTRACT LIABILITIES

N/A (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 19 COMMERCIAL AND OTHER PAYABLES, DEFERRED INCOMES

# 19.1 Sub-classifications of presented items in line with the Company's operations

## Payables from Insurance Operations:

	31 December 2022	31 December 2021
Payables from Insurance Operations	113,569,708	40,590,986
Liabilities due to Reinsurance Companies	415,937,822	116,524,749
Deposits From Reinsurance Companies (Note 19)	-	-
Total	529,507,530	157,115,735

# Other payables

	31 December 2022	31 December 2021
Payables to SSI (Short term)	62,883,892	25,953,926
Payables to Suppliers	41,147,018	10,953,296
Deposits and Guarantees Received	29,389,653	20,581,491
Total	133,420,563	57,488,713

#### Deferred Incomes

	31 December 2022	31 December 2021
Deferred Commission Incomes	204,922,579	89,914,094
Total	204,922,579	89,914,094

## 20 FINANCIAL LIABILITIES

The Company's total lease liability and the movement of lease liabilities recognized within the scope of transition to TFRS 16 – Leases standard as of 31 December 2022 and 31 January 2021 are presented below:

	31 December 2022	31 December 2021
Short term lease liabilities	3,222,228	2,538,438
Long term lease liabilities	7,079,318	6,508,419
Discount ratio with alternative debt ratio	(2,820,807)	(2,641,877)
Total lease liabilities	7,480,739	6,404,980

## 21 DEFERRED INCOME TAX

As of 31 December 2022, and 31 December 2021, the items resulting in deferred tax assets and liabilities are as follows:

	31 December 2022	31 December 2021
	Deferred taxes assets /	Deferred taxes assets /
	(Liabilities)	(Liabilities)
Provisions for termination indemnities	1,564,471	391,973
Unused Vacation Reserves	695,694	287,627
Discounted Cost of Receivables (120)	(29,320)	(259,422)
POS KK Discounted Cost	(3,295)	(250,364)
Personnel Lawsuits Reserve	4,730,182	2,297,095
Reserve for Balancing	4,004,389	803,014
Provision for Unexpired Risks	2,162,765	18,561,024
Provisions for Subrogation Receivables	2,139,282	684,418
Depreciation TAS Correction Difference	(910,174)	(609,164)
Discounted Cost of Debts (320 HS)	(627,577)	(99,646)
Time deposit Tax Procedure Law – IFRS	34,855	13,560
Rediscount Difference	54,625	15,300
Tfrs 16 Rental Agreements	123,865	23,771
Financial Loss	32,995,364	-
Evaluation Of Financial Investments	(4,625,360)	
Shareholder's Equity	(4,025,500)	-
Securities Tax Procedure Law – IFRS	(878,234)	(1,097,623)
Rediscount Difference	(0/0,234)	(1,0 77,023)
Banks TPL – IFRS IExchange Rate Difference	-	(1,836,406)
Financial assets TPL – IFRS IExchange Rate	_	(3,076,693)
Difference		
Deferred taxes assets, net	41,376,908	15,833,164

As of 31 December 2022, the movement table of deferred Tax Assets is as follows.

	31 December 2022	31 December 2021
As of 1 January, Deferred tax revenues / (expenses) Deferred tax revenues / (Expenses) recognized	15,833,164 29,760,882 (4,217,139)	12,114,732 3,642,010 76,422
in equity Deferred Tax Assets	41,376,908	15,833,164

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

## 22 RETIREMENT AND WELFARE LIABILITIES

(See Note 33)

# 23 PROVISIONS FOR OTHER LIABILITIES AND EXPENDITURE

	31 December 2022	31 December 2021
Taxes and Dues Payable Social Security Withholding Payable	77,365,180 2,302,984	34,672,642 1,092,435
Provision for Taxes and Other Legal Liabilities For the	-	33,882,912
Period Prepaid Taxes and Other Legal Liabilities on Period Profit (-)	-	(33,882,912)
Provisions for Others Risks	27,961,388	13,197,788
- Provisions for termination indemnities	6,257,882	1,959,865
- Holiday Pay Reserves	2,782,777	1,250,553
- Reserve for Lawsuits	18,920,729	9,987,370
Total	107,629,552	48,962,865

The movement table of Reserve for Employee Termination Benefits during the period is as follows:

	31 December 2022	31 December 2021
	3 050 075	2 022 074
Beginning of the Period	1,959,865	2,031,874
Cost of Services	3,483,910	(120,882)
Interest cost	164,365	121,560
Indemnities paid	(983,144)	(454,794)
Actuarial loss	1,632,886	382,107
Year-end	6,257,882	1,959,865

The movement table of holiday pay reserves during the period calculated for the holiday pays resulting from the holidays not used by the Company personnel in previous years is as follows.

	31 December 2022	31 December 2021
Beginning of the Period	1,250,553	855,779
Increase/Decrease within the Period (Note - 47.4)	1,532,224	394,774
Year-end	2,782,777	1,250,553

## 24 NET INSURANCE PREMIUM REVENUE

The amounts calculated by deducting the reinsurer shares from gross premiums in the 31 December 2022 and 31 December 2021 periods are presented below.

	1 January -	1 January -
Non-Life Branches	31 December 2022	31 December 2021
Accident	16,439,584	24,212,907
Land Vehicles (Own Damage)	413,775,615	212,696,891
Fire and Natural Disasters	215,029,102	110,978,870
Land Vehicles Liability	1,774,633,659	659,624,028
General Liability	6,376,525	2,450,199
General Damages	21,783,101	7,218,138
Cargo	2,479,418	750,186
Legal Protection	492,247	765,064
Health Illness	228,055,867	99,087,798
Indemnity	2,110,910	1,218,289
Financial Risk	2,065,457	642,155
Aircrafts	6,320	2,544
Watercrafts	13,152	6,006
Aircrafts Responsibility	302	354
Total	2,683,261,260	1,119,653,429

## 25 FEE INCOMES

N/A (31 December 2021: None)

## **26 INVESTMENT INCOMES**

Presented in the "Financial Risk Management" Note above (Note 4.2).

#### 27 NET REALIZED GAINS ON FINANCIAL ASSETS

Presented in the "Financial Risk Management" Note above (Note 4.2).

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

Net fair value gains on assets at fair value through profit or loss:

Presented in the "Financial Risk Management" Note above (Note 4.2).

N/A (31 December 2021: None)

## Investment Property:

None. (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

## 9 INSURANCE RIGHTS AND CLAIMS

	31 December 2022	31 December 2021
Claims paid, net of reinsurer share Change in Outstanding Compensations Reserve, Net of	(1,549,544,944)	(861,509,764) (167,045,622)
Reinsurer Share Change in Unearned Premiums, Net of Reinsurer Share Changes in Unexpired Risks Reserve, Net of Reinsurer	(966,586,883) 72,049,040	(60,733,547) (59,219,445)
Share Changes in equalization reserve, net of reinsurer share	(11,965,719)	(5,527,677)
Total	(2,866,537,872)	(1,154,036,055)

## 30 INVESTMENT CONTRACT RIGHTS

N/A (31 December 2021: None)

# 31 MANDATORY OTHER EXPENSES

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

## 32 TYPES OF EXPENSE

	1 January - 31 December 2022	1 January - 31 December 2021
Commission expenses (Note 17.19)	(405,305,803)	(244,685,287)
Commission income earned from reinsurers (Note 10 and 17.19)	181,691,292	77,664,999
Staff Expenses	(89,407,577)	(48,455,617)
Banking and Commission Expenses	(5,721,017)	(629,064)
Registration and Announcement Expenses	(751,785)	(725,931)
Information technologies expenses	(11,235,438)	(7,265,025)
Representation, entertainment expenses	(4,246,868)	(3,909,173)
Office Rental Expenses	(463,216)	(388,046)
Office Expenses	(3,895,566)	(581,719)
Advisor and Consultancy services	(4,753,627)	(2,547,233)
Car Rental Expenses	(974,388)	(93,476)
Taxes, Duties and Fees	(12,786,794)	(8,234,715)
Transport Vehicles Expenses	(3,464,144)	(1,281,211)
Communication Expenses	(1,077,423)	(629,680)
Establishment and organization expenses	(353,638)	(259,646)
Fee Expenses	(706,365)	(743,827)
Advertising and Promotion expenses	(26,461,667)	(19,097,346)
Marketing Expenses	(3,634,281)	(2,321,981)
Other	(6,141,241)	(3,296,627)
Total	(399,689,545)	(267,480,605)

# 33 EMPLOYEE BENEFIT EXPENSES

Details of the benefits provided to employees in the periods ending on 31 December 2022 and 31 December 2021 are presented below:

	31 December 2022	31 December 2021
Salary and wages Employer's share in social security premiums Pension fund benefits Other benefits	(69,912,498) (6,508,747) (9,940,744) (3,045,587)	(39,041,045) (5,486,185) (2,215,710) (1,712,677)
Total	(89,407,577)	(48,455,617)

# 34 FINANCIAL COSTS

# 34.1 Financial expenses of current period

N/A (31 December 2021: None)

There are not any finance costs classified either on production costs or tangible assets.

# 34.2 Current period's financial expenses related to shareholders, affiliates and subsidiaries:

None. (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 35 INCOME TAX

Tax expense / income consists of the following.

Reserve for Corporate Tax Expense	1 January - 31 December 2022	1 January - 31 December 2021
Corporate Tax Reserve	(-)	(33,882,912)
Deferred tax revenues / (expenses)	20.74.0.002	2//2010
Tax Revenue / (Expense) Originating from Deductible / Taxable Temporary Differences	29,760,882	3,642,010
Total Tax Income/ (Expense)	29,760,882	(30,240,902)
Deferred tax		
Recorded Directly To Shareholders' Equity		
Re-Evaluation of Available-For-Sale Financial Assets	(4,625,360)	-
Actuarial gain/loss effect	408,221 <b>4,217,139</b>	76,422 <b>76,422</b>

The corporate tax agreement that is realized is as follows.

Corporate Tax Agreement	1 January - 31 December 2022	1 January - 31 December 2021
Profit / Loss Before Tax Calculated Tax Expense (25%) Impact of Additions Impact of Discounts Tax effect of financial loss Tax Income / (Expense) for the Period	(7,630,484) 1,907,621 (29,410,058) 60,497,801 (32,995,364)	160,328,197 (40,082,049) (20,070,939) 26,270,076 - (33,882,912)

#### 36 NET FOREIGN EXCHANGE GAINS

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange profits	310,746,362	326,747,168
Foreign exchange loss (-)	(33,204,961)	(16,757,045)
Net foreign exchange change	277,541,401	309,990,123

#### 37 PROFIT/LOSS PER SHARE

Earnings per share is calculated by dividing the portion of the net period profit or loss per shareholders by the number of shares at the end of the period.

	1 January - 31 December 2022	1 January - 31 December 2021
Net loss for the period Number of shares	(7,630,484) 220,000,000	126,445,285 220,000,000
Profit/Loss per Share	(0.03)	0.57

#### 38 DIVIDENDS PER SHARE

38.1 Amount of dividend accrued during the period to be distributed and dividend amount per share:

None. (31 December 2021: None)

38.2 Amount of dividends and the dividend per share which are suggested or announced before the financial statements are approved for publication but which will not be distributed to the shareholders during the period:

None. (31 December 2021: None)

## 39 CASH GENERATED FROM THE OPERATIONS

See Cash Flow Table

## 40 EQUITY SHARE CONVERTIBLE BONDS

N/A (31 December 2021: None)

# 41 CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

N/A (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

#### 42 RISKS

## Reserves, Contingent Assets and Liabilities:

- Information about the Company's legal situation is presented below.

Total value of the lawsuits filed against the Company is TRY 1,139,690,498 and TRY 588,010,912 of this amount is the reinsurer share. (31 December 2021: Total value of the lawsuits filed against the Company is TRY 757,457,283 and TRY 433,399,271 of this amount is the reinsurer share.) The total amount of the Company's pending personnel, Agency and other lawsuits is TRY 18,920,729. (31 December 2021: The total amount of the Company's pending personnel, Agency and other lawsuits is TRY 9,987,370.)

The Company's Salvage and Subrogation Income Obtained in Relation to Outstanding Claims, IBNR and Pending Lawsuits are presented below.

Contingent liabilities	31 December 2022	31 December 2021
Outstanding Claims IBNR	451,613,718 942,542,994	357,147,819 626,519,528
Total	1,394,156,712	983,667,347

#### 43 COMMITMENTS

#### 43.1 Total amount of mortgages or restrictions on active assets:

Guarantees Given	31 December 2022	31 December 2021
Letter of Guarantee	316,372,018	215,564,124
Total	316,372,018	215,564,124

#### 43.2. Total amount of commitments not included in liabilities:

Commitments not included in liabilities	31 December 2022	31 December 2021
Insurance Coverage Undertaken by the Company	10,862,880,265,601	7,133,131,600,934
Total	10,862,880,265,601	7,133,131,600,934

#### 43.3 The amount of contractual commitments for the acquisition of property:

None. (31 December 2021: None)

## 43.4 Contractual commitments to acquire intangible assets:

None. (31 December 2021: None)

# 43 COMMITMENTS (Continued)

#### 43.5 Contractual commitments from Operating leases:

None. (31 December 2021: None)

#### 44 BUSINESS COMBINATIONS

N/A (31 December 2021: None)

#### 45 STATEMENTS FROM 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

As of 31 December 2022, and 31 December 2021, the related parties' balances are as follows.

	31 December 2022	31 December 2021
Other Short Term Receivables Due to Related Parties Receivables from Associates	<b>5,038</b> 5,038	<b>3,358</b> 3,358
Other Short Term Liabilities Due to Related Parties	17,570	3,141
Payables to Employees	17,570	3,141
Other Long Term Liabilities Due to Related Parties	9,927	9,927
Payables to Shareholders (*)	9,927	9,927

(\*) The amount of TRY 9,927 consists of the amount of interest calculated in the account of Payables to shareholders in previous years.

Details of the payables due to shareholder are presented below.

	31 December 2022	31 December 2021
Nihat Kırmızı	9,927	9,927
Total	9,927	9,927

45.1 The amount of doubtful receivables and payables from shareholders, subsidiaries and joint ventures:

None. (31 December 2021: None)

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# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# 45 STATEMENTS FROM RELATED PARTIES (Continued)

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:

None. (31 December 2021: None)

45.3 Amount of gratis share certificates acquired as a result of capital increases realized by participations and affiliated companies through utilization of their internal resources:

None. (31 December 2021: None)

45.4 Real rights on immovable and their values:

None. (31 December 2021: None)

45.5 Number of obligations such as guarantees, commitments, collaterals, sureties, advances, endorsements, etc. given in favor of partners, participations and affiliated companies:

None. (31 December 2021: None)

#### 46 EVENTS OCCURED AFTER THE REPORTING PERIOD

The claim load that may arise on our company due to the earthquake disaster that occurred on 06.02.2023 in our country has been calculated by considering the following criteria.

- All our claim notifications are reviewed by our experts and the preliminary survey reports are received and updated by our party.
- In this direction, we have started to make claim payments within the framework of outstanding claims that are shaped real-like.
- Our company's non-auto XoL protection total is EUR 80,000,000. EUR 80,000,000 of the remaining portion of the earthquake claims in the Retention is under protection by our excess of loss reinsurance agreement.
- After the reinsurance agreements and XoI treaty, the remaining EUR 617,500 amount of indemnity on the company will be paid by using TRY 12,473,500 of the Reserve for Balancing amount monitored in the balance sheet accounts.
- Earthquake claims will have no effect on the financial statements.

#### 47 OTHERS

47.1 Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with "other" in the accompanying financial statements:

	31 December 2022	31 December 2021
Balance Sheet / Other Payables Other	118,974,825	12,867,029
Miscellaneous Receivables	118,974,825	12,867,029
Balance Sheet / Other Miscellaneous Payables	41,147,018	10,953,296
Payables to Suppliers	41,147,018	10,953,296
ragables to Suppliers	41,147,010	10,755,270
Balance Sheet / Other Short Term Liabilities	141,919,893	78,899,850
Other Miscellaneous Short Term Liabilities	141,919,893	78,899,850
	_ :_, : _ : , _ : .	/ /
Balance Sheet / Other Long Term Liabilities	221,218	202,237
Other Long Term Liabilities	221,218	202,237
	,	,
Balance Sheet / Other Long Term Liabilities	25,085,326	13,119,606
Other Technical Provisions - Net	25,085,326	13,119,606
	, ,	

#### Information in Income Statement about Other Technical Provisions

Amount of TRY 41,754,212 (31 December 2021: TRY 23,828,873) of TRY 75,577,621 (31 December 2021: TRY 46,485,029) consists of assistance services and TRY 33,823,409 (31 December 2021: TRY 22,656,156) consists of the technical expenses of these services under the title of other technical expenses item in the income statement.

47.2 "Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than one percent of the total assets:

None. (31 December 2021: None)

47.3 Subrogation recorded in the off-balance sheet accounts:

None. (31 December 2021: None)

47.4 Explanatory note for the amounts and nature of previous years' income and losses:

None.

# INFORMATION RELATED TO THE FINANCE AND RISK MANAGEMENT

# +7 OTHERS (Continued)

Rediscount account

Fees regarding the services received from the Independent Auditor\*Independent Auditing Company

	31 December 2022	31 December 2021
Independent audit fee for the reporting period Fees related to tax consultancy services	90,000	75,000 -
The fee for the other assurance services	-	10,000
Fee for the other services excluding the independent audit	-	-
Total	90,000	85,000

As of the years ended on 31 December 2022 and 31 December 2021, details of discount and reserve expenses are as follows:

	31 December 2022	31 December 2021
Provisions for doubtful receivables (expenditure)/revenue	(25,957,799)	(30,497,508)
Provisions for termination indemnities income-expenses - net	(2,665,131)	454,115
Reserve for Lawsuits filed by the Personnel	24,274	(21,901)
Reserve for unused vacation	(1,532,224)	(394,374)
Other provision expenses	(8,957,633)	(2,439,581)
Provisions Account	(39,088,514)	(32,899,249)
	31 December 2022	31 December 2021
Rediscount interest (expenses)/incomes	18,768,177	(912,306)

(912,306)

18,768,177





