

TÜRKİYE SİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF
STATUTORY UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023 AND
THE INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Türkiye Sigorta A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the financial statements of Türkiye Sigorta A.Ş. (the “Company”) which comprise the balance sheet as of 31 December 2023 and the statement of income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

2 Basis for Opinion

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

3 Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
Estimation of provision for claims incurred but not reported As explained in Notes 2 and 17, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 15,377 million as of 31 December 2023. Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated 5 December 2014 and numbered 2014/16 published by the Ministry of Treasury and Finance. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.	We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision. During our audit, we tested the mathematical accuracy of the calculation of incurred but not reported claims provision and reconciled the provision amount to the financial statements for selected branches. In addition, in specified branches, in the calculation of the incurred but not reported compensation amount. In addition, the actuarial methods selected by the Company's actuary in the calculation of the incurred but not reported claim in specified branches, as well as the expected loss development trends, were evaluated by the actuaries in our company using actuarial techniques. Except those, for selected branches, reasonable range estimates have been determined as of the balance sheet date of the acceptable reserve ranges for the incurred but not reported claims provision and compared them with the amounts included in Company's accounting records. We checked the conformity and accuracy of the disclosures in the financial statements related to such provisions against Regulation on Insurance Accounting and Financial Reporting Principles.



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other Responsibilities Arising from Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 19 February 2024.

Additional Paragraph for Convenience Translation into English

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

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

ORIGINALLY ISSUED IN TURKISH

Ramazan Yüksekaya, SMMM
Independent Auditor

Istanbul, 19 February 2024

UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

We confirm that the unconsolidated financial statements, related disclosures and footnotes as at 31 December 2023 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

Türkiye Sigorta A.Ş. 19 February 2024

Aziz Murat ULUĞ
Chairman of the Board

Taha ÇAKMAK
Vice Chairman and CEO

Murat AKBALIK
Chairman of the Audit Committee

Gürdoğan YURTSEVER
Audit Committee Member

Murat SÜZER
Assistant General Manager

Çiğdem ÇİÇEK
Financial Affairs Director

Andaç YILMAZ
Actuary
Registration number: 52

*Translated from Turkish

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TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2023 AND 2022

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

ASSETS

	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
I- Current Assets			
A- Cash and Cash Equivalents	4.2 and 14	31,546,849,088	9,034,205,139
1- Cash		-	-
2- Cheques Received		-	-
3- Cash at Banks	14	27,743,729,281	6,903,558,985
4- Cheques Given and Payment Orders		-	-
5- Bank Warrantied and Shorter Than 3 Months Credit Card Receivables	14	3,803,119,807	2,130,646,154
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with			
Risks on Policyholders	4.2 and 11	21,923,957,985	8,605,624,564
1- Available-for-Sale Financial Asset	4.2 and 11	3,871,674,987	2,260,695,716
2- Held to Maturity Investments	4.2 and 11	7,460,172,108	1,028,456,030
3- Financial Assets Held for Trading	4.2 and 11	10,592,110,890	5,316,472,818
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments (-)		-	-
C- Receivables from Main Operations	4.2 and 12	11,330,281,918	4,535,533,038
1- Receivables from Insurance Operations	12	9,723,631,241	3,965,710,498
2- Provision for Receivables from Insurance Operations (-)	12	(21,417,917)	(18,493,280)
3- Receivables from Reinsurance Operations	12	1,624,493,048	584,700,606
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	1,001,319,127	690,001,724
10- Provision for Doubtful Receivables from Main Operations	12	(997,743,581)	(686,386,510)
D- Due from Related Parties		301,180	103,900
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		301,180	103,900
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables	4.2 and 12	6,356,036	10,538,504
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	47	6,356,036	10,538,504
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		418,294	423,504
7- Provision for Other Doubtful Receivables (-)		(418,294)	(423,504)
F- Prepaid Expenses and Income Accruals	17	5,152,511,063	1,902,896,221
1- Deferred Acquisition Costs	17	1,789,287,122	747,591,142
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	403,691,199	113,609,099
G- Other Current Assets		230,309,471	55,117,850
1- Stocks to be used in the Following Months		-	-
2- Prepaid Taxes and Funds	4.2 and 12	224,561,689	51,512,542
3- Deferred Tax Assets		-	-
4- Business Advances		-	-
5- Advances Given to Personnel	4.2	-	126,001
6- Inventory Count Deficiency		-	-
7- Other Miscellaneous Current Assets		5,747,782	3,479,307
8- Provision for Other Miscellaneous Current Assets (-)		-	-
I- Total Current Assets		70,190,566,741	24,144,019,216

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2023 AND 2022

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

ASSETS

	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables	4.2 and 12	5,859,515	6,047,766
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2 and 12	5,859,515	6,047,766
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets	9	5,332,375,978	3,040,303,474
1- Investments in Equity Shares	9	4,115,460,388	2,240,556,916
2- I Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries	9	18,215,590	18,215,590
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures	9	1,198,700,000	786,550,000
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets (-)	9	-	(5,019,032)
E- Tangible Assets		1,469,251,016	715,923,687
1- Investment Property	7	240,903,750	107,435,771
2- Impairment in Value of Investment Properties (-)		-	-
3- Land and Buildings Held for Utilization	6	1,065,101,001	515,335,000
4- Machinery and Equipments	6	142,872,381	86,001,961
5- Furnitures and Fixtures	6	27,507,883	23,909,923
6- Motor vehicles	6	13,367,927	11,970,448
7- Other Tangible Assets, Including Leasehold Improvements	6	14,156,546	2,599,279
8- Tangible Assets Acquired Through Finance Leases	6	104,190,414	57,975,683
9- Accumulated Amortizations	6	(138,848,886)	(89,304,378)
10- Advances Given for Tangible Assets (including construction in progress)		-	-
F- Intangible Assets		66,251,083	38,657,979
1- Right	8	114,119,418	71,031,354
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	38,238,939	38,238,939
6- Accumulated Amortization (-)	8	(86,107,274)	(70,612,314)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
H- Other Non-Current Assets		263,499,089	254,175,649
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	263,499,089	254,175,649
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		7,137,236,681	4,055,108,555
TOTAL ASSETS		77,327,803,422	28,199,127,771

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2023 AND 2022

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

LIABILITIES

	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
III- Short-Term Liabilities			
A- Financial Liabilities	4.2	18,390,111,182	1,882,898,544
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	38,729,861	15,110,650
3- Deferred Leasing Costs (-)	20	(8,937,660)	(3,487,073)
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued (-)		-	-
8- Other Financial Liabilities	20	18,360,318,981	1,871,274,967
B- Payables Arising from Main Operations	4.2 and 19	3,972,798,387	2,975,252,693
1- Payables Arising from Insurance Operations	19	3,972,798,387	2,975,252,693
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations (-)		-	-
C- Due to Related Parties	4.2	5,884,815	7,163,651
1- Due to Shareholders	45	5,178,112	5,154,582
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		706,703	2,009,069
6- Due to Other Related Parties		-	-
D- Other Payables	4.2	639,492,883	360,630,488
1- Deposits and Guarantees Received		-	-
2- Debts to SSI for treatment expenses	19	329,901,774	194,636,293
3- Other Miscellaneous Payables	19 and 47	309,591,109	165,994,195
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions		35,027,935,258	14,726,410,334
1- Reserve for Unearned Premiums - Net	17	20,446,207,375	7,502,226,940
2- Reserve for Unexpired Risks - Net	2.23 and 17	1,777,902,352	1,178,816,442
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.2 and 17	12,591,602,573	5,898,533,022
5- Provision for Bonus and Discounts - Net	17	-	10,029,321
6- Other Technical Provisions - Net	10 and 17	212,222,958	136,804,609
F- Provisions for Taxes and Other Similar Obligations	4.2	902,470,127	394,920,037
1- Taxes and Funds Payable		555,339,221	301,977,797
2- Social Security Premiums Payable		66,317,451	27,545,177
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities Payable		-	9,946,980
5- Corporate Tax Liability Provision on Period Profit		1,498,523,130	318,067,355
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(1,217,709,675)	(262,617,272)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		427,102,295	129,286,146
1- Provision for Termination Indemnities		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	427,102,295	129,286,146
H- Deferred Income and Expense Accruals		2,099,357,527	913,861,548
1- Deferred Commission Income	10 and 19	2,099,357,527	913,861,548
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Short-Term Liabilities			
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
III - Total Short-Term Liabilities		61,465,152,474	21,390,423,441

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2023 AND 2022

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

LIABILITIES

	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
IV- Long-Term Liabilities			
A- Financial Liabilities	4.2 and 20	26,629,220	17,468,698
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	34,617,986	22,709,308
3- Deferred Leasing Costs (-)	20	(7,988,766)	(5,240,610)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Main Operations		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables	4.2	56,617,074	36,781,701
1- Deposits and Guarantees Received	4.2	56,617,074	36,781,701
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions	2.25 and 17	206,353,327	159,944,693
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks- Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.25 and 17	206,353,327	159,944,693
F- Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		147,469,021	173,782,773
1- Provisions for Severance Pay	23	147,469,021	173,782,773
2- Provisions for Employee Pension Funds Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		437,068,642	387,977,865

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2023 AND 2022

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

SHAREHOLDERS' EQUITY

	Notes	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
V- Shareholders' Equity			
A- Paid in Capital	2.13 and 15	1,161,523,363	1,161,523,363
1- (Nominal) Capital	2.13 and 15	1,161,523,363	1,161,523,363
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to Be Registered		-	-
B- Capital Reserves	15	707,775,261	1,522,110
1- Share Premium	15	671,104,847	7,020,555
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		36,670,414	(5,498,445)
C- Profit Reserves		7,395,293,499	4,313,838,159
1- Legal Reserves	15	324,063,778	324,063,778
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	1,187,238,111	753,350,209
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	15	4,561,269,075	2,834,326,564
6- Other Profit Reserves	15	1,322,722,535	402,097,608
D- Retained Earnings		5,654,374	2,439,475
1- Retained Earnings		5,654,374	2,439,475
E- Accumulated Losses (-)		-	-
1- Accumulated Losses		-	-
F- Net Profit/(Loss) for the Period		6,155,335,809	941,403,358
1- Net Profit for the Year		6,155,335,809	589,443,448
2- Net Loss for the Year (-)		-	-
3- Net Profit That Is Not Subject to Distribution		-	351,959,910
Total Equity		15,425,582,306	6,420,726,465
Total Equity and Liabilities		77,327,803,422	28,199,127,771

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

I- TECHNICAL PART

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
A- Non-Life Technical Income		29,850,353,746	9,663,011,716
1- Earned Premiums (Net of Reinsurer Share)	5	20,257,540,273	6,892,543,489
1.1- Written Premiums (Net of Reinsurer Share)	5, 17, 24	33,800,606,618	12,782,535,050
1.1.1- Written Premiums, gross	17, 24	59,518,179,027	25,173,422,675
1.1.2- Written Premiums, ceded	10, 17, 24	(24,572,956,334)	(11,797,107,742)
1.1.3- Premiums transferred to SSI	10, 17, 24	(1,144,616,075)	(593,779,883)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5, 17	(12,943,980,435)	(4,737,890,912)
1.2.1- Reserve for Unearned Premiums, gross	17	(19,836,431,857)	(7,854,511,620)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	6,604,082,649	2,883,547,755
1.2.3- SSI Share of Reserve for Unearned Premium	10, 17	288,368,773	233,072,953
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5, 17	(599,085,910)	(1,152,100,649)
1.3.1- Reserve for Unexpired Risks, gross	17	(679,627,107)	(1,510,239,512)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	80,541,197	358,138,863
2- Investment Income - Transferred from Non-Technical Section	5	9,197,520,774	2,631,017,086
3- Other Technical Income (Net of Reinsurer Share)		16,932,253	7,534,404
3.1- Other Technical Income, gross		16,932,253	7,534,404
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income		378,360,446	131,916,737
B- Non-Life Technical Expense		(21,945,149,047)	(9,160,562,668)
1- Incurred Losses (Net of Reinsurer Share)	5	(16,699,703,267)	(7,262,970,213)
1.1- Claims Paid (Net of Reinsurer Share)	5	(10,006,633,716)	(5,101,690,729)
1.1.1- Claims Paid, gross		(23,196,280,842)	(6,915,516,192)
1.1.2- Claims Paid, ceded	10	13,189,647,126	1,813,825,463
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Provision Carried Forward)	5	(6,693,069,551)	(2,161,279,484)
1.2.1- Change in Provisions for Outstanding Claims, gross		(13,621,161,763)	(3,830,831,189)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	6,928,092,212	1,669,551,705
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward)		10,029,321	-
2.1- Provision for Bonus and Discounts, gross		10,029,321	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(46,408,633)	(29,090,802)
4- Operating Expenses	5, 32	(5,209,066,468)	(1,868,501,653)
5- Change in mathematical provisions (Net off Circulating Part)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses		-	-
6.1- Other Technical Expenses, gross		-	-
6.2- Gross Other Technical Expenses, ceded		-	-
C- Net Technical Income-Non-Life (A - B)		7,905,204,699	502,449,048

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

I- TECHNICAL PART

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Expenses, gross		-	-
4.2- Gross Other Technical Expenses, reinsurer share		-	-
5- Accrued subrogation income		-	-
E- Life Technical Expense		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Mathematical Reserves		-	-
3.1.1- Actuarial Mathematical Reserves		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
F- Net Technical Income- Life (D – E)		-	-
G- Pension Business Technical Income		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

II - NON-TECHNICAL PART

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
C- Net Technical Income - Non-Life (A-B)		7,905,204,699	502,449,048
F- Net Technical Income - Life (D-E)		-	-
I - Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		7,905,204,699	502,449,048
K- Investment Income		14,721,994,034	4,111,822,225
1- Income from Financial Assets	26	6,534,247,694	1,799,499,881
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	3,989,246,146	668,636,382
4- Foreign Exchange Gains	26	2,998,726,474	935,167,684
5- Income from Associates	26	29,627,939	562,195,972
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	7, 26	134,796,468	56,853,537
8- Income from Derivative Transactions	26	1,035,349,313	89,468,769
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(14,215,014,686)	(3,583,819,045)
1- Investment Management Expenses (Inc. interest)	34	(3,133,275,139)	(61,272,080)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(9,197,520,774)	(2,631,017,086)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	26	(1,392,556,170)	(724,898,059)
7- Depreciation and Amortization Expenses		(72,303,476)	(40,356,076)
8- Other Investment Expenses		(419,359,127)	(126,275,744)
M. Income and Expenses from Other and Extraordinary Operations		(758,325,108)	235,207,249
1- Provisions	47	(415,902,869)	(61,898,579)
2- Rediscounts	47	(247,165,854)	(10,706,810)
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21 and 35	12,135,367	300,447,077
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		20,165,438	9,276,181
8- Other Expenses and Losses	47	(127,557,190)	(1,910,620)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year	37	6,155,335,809	941,403,358
1- Profit for the Year		7,653,858,939	1,265,659,477
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(1,498,523,130)	(324,256,119)
3- Net Profit for the Year		6,155,335,809	941,403,358
4- Inflation Adjustment Account		-	-

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE UNCONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

	Notes	Audited Current Period 1 January - 31 December 2023	Audited Prior Period 1 January - 31 December 2022
A. CASH GENERATED FROM MAIN OPERATIONS			
1. Cash provided from insurance activities		67,772,248,743	27,696,794,113
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(56,551,238,069)	(22,594,605,571)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
7. Cash Provided from Operating Activities		11,221,010,674	5,102,188,542
8. Interest paid		-	-
9. Income taxes paid		(1,273,159,758)	(391,064,881)
10. Other cash inflows		20,165,438	9,276,181
11. Other cash outflows		(2,907,942,483)	(682,699,896)
12. Net Cash Provided from Operating Activities		7,060,073,871	4,037,699,946
B. CASH FLOWS FROM INVESTING OPERATIONS			
1. Disposal of tangible and intangible assets		2,949,265	14,698,719
2. Acquisition of tangible and intangible assets		(165,675,187)	(97,604,443)
3. Acquisition of financial assets		(27,744,642,336)	(14,623,665,694)
4. Disposal of financial assets		16,140,385,661	9,958,973,300
5. Interests received		9,854,622,121	1,166,282,998
6. Dividends received		29,627,939	92,916,092
7. Other cash inflows		134,796,469	56,292,087
8. Other cash outflows		(199,860,666)	-
9. Net Cash Provided by Investing Activities		(1,947,796,734)	(3,432,106,941)
C. CASH FLOWS FROM FINANCING OPERATIONS			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments	20	(25,319,335)	(12,646,866)
4. Dividends paid	15	(155,555,555)	(530,216,046)
5. Other cash inflows		16,489,044,014	1,871,274,967
6. Other cash outflows		(3,086,959,568)	-
7. Net Cash Used in Financing Activities (-)		13,221,209,556	1,328,412,055
D. EFFECT OF EXCHANGE DIFFERENCES IN CASH AND CASH EQUIVALENTS			
		157,585,135	210,269,624
E. Net increase/ (decrease) in cash and cash equivalents		18,491,071,828	2,144,274,684
F. Cash and cash equivalents at the beginning of the period		7,675,370,336	5,531,095,652
G. Cash and cash equivalents at the end of the period	14	26,166,442,164	7,675,370,336

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF UNCONSOLIDATED CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

	Statements of Changes in Equity - Audited (*)										
	Share Capital	Own Shares of the Company(-)	Value Increase/(Decrease) In Assets	Inflation Adjustment Differences In Shareholders	Foreign Currency Translation Adjustments	Legal Reserves	Statutory Reserve	Other Reserves and Retained Profit	Net Profit/(Loss) For the Period	Retained Earnings	Total
CURRENT PERIOD											
I - Balance at the Prior Period End - 31 December 2022	1,161,523,363	(85,634,312)	2,834,326,564	-	-	324,063,778	-	1,242,604,239	941,403,358	2,439,475	6,420,726,465
A - Capital Increase	-	-	-	-	-	-	-	-	-	-	-
B - Own Shares of the Company	-	42,168,859	-	-	-	-	-	664,084,292	-	-	706,253,151
C - Gain and losses not recognized In the statement of income	-	-	-	-	-	-	-	-	-	-	-
D - Change in the value of financial assets	-	-	1,726,942,511	-	-	-	-	27,472,503	-	-	27,472,503
E - Currency translation adjustments	-	-	-	-	-	-	-	541,192,514	-	-	2,268,135,025
F - Other gains or losses	-	-	-	-	-	-	-	-	-	-	-
G - Inflation adjustment differences	-	-	-	-	-	-	-	-	-	3,214,908	3,214,908
H - Net profit for the period	-	-	-	-	-	-	-	-	6,155,335,809	-	6,155,335,809
I - Dividends paid	-	-	-	-	-	-	-	-	(155,555,555)	-	(155,555,555)
J - Transfer	-	-	-	-	-	-	-	785,847,812	(785,847,803)	(9)	-
II – Balance - 31 December 2023	1,161,523,363	(43,465,453)	4,561,269,075	-	-	324,063,778	-	3,261,201,360	6,155,335,809	5,654,374	15,425,582,306
PRIOR PERIOD											
I - Balance at the Prior Period End - 31 December 2021	1,161,523,363	(12,328,131)	1,134,601,892	-	-	241,811,386	-	635,320,944	1,058,300,968	835,485	4,220,065,907
A - Capital Increase	-	-	-	-	-	-	-	-	-	-	-
B - Own Shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C - Gain and losses not recognized In the statement of income	-	-	-	-	-	-	-	-	-	-	-
D - Change in the value of financial assets	-	-	1,699,724,672	-	-	-	-	(87,281,778)	-	-	(87,281,778)
E - Currency translation adjustments	-	-	-	-	-	-	-	248,732,543	-	-	1,948,457,215
F - Other gains or losses	-	(73,306,181)	-	-	-	-	-	-	-	1,603,990	(71,702,191)
G - Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H - Net profit for the period	-	-	-	-	-	-	-	-	941,403,358	-	941,403,358
I - Dividends paid	-	-	-	-	-	-	-	-	(530,216,046)	-	(530,216,046)
J - Transfer	-	-	-	-	-	82,252,392	-	445,832,530	(528,084,922)	-	-
II – Balance – 31 December 2022	1,161,523,363	(85,634,312)	2,834,326,564	-	-	324,063,778	-	1,242,604,239	941,403,358	2,439,475	6,420,726,465

(*) Explained in note 15.

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

TÜRKİYE SİGORTA A.Ş.

UNCONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

	Notes	Current Year (*)(**)	Prior Period(**)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		7,684,572,617	1,286,656,920
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(1,498,523,130)	(324,256,119)
1.2.1. Corporate Tax (Income Tax)		(1,498,523,130)	(324,256,119)
1.2.2. Corporate Tax (Income Tax)		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		6,186,049,487	962,400,801
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	(351,959,910)
B NET DISTRIBUTABLE - PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]			610,440,891
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	155,555,555
1.6.1. To common shareholders		-	155,555,555
1.6.2. To preferred shareholders		-	-
1.6.3. To owners of participating redeemed shares		-	-
1.6.4. To owners of profit-sharing securities		-	-
1.6.5. To owners of profit and loss sharing securities		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.10.1. To common shareholders		-	-
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	454,885,336
1.14. EXTRAORDINARY RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		-	0.83
3.2. TO COMMON SHAREHOLDERS (%)		-	%83
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	0.13
4.2. TO COMMON SHAREHOLDERS (%)		-	%13
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

(*) The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between 1 January - 31 December 2023 was not held as of the preparation date of the financial statements.

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

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

TÜRKİYE SİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

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

As of December 31, 2023 and December 31, 2022, Türkiye Sigorta A.Ş. ('the Company') the dominant partner with a 81.10% shareholding TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar A.Ş."); Asset Fund is the ultimate partner of the T.C Presidential Turkey Wealth Funds. As of 31 December 2023, and 31 December 2022, 18.90 % of the company's share are publicly traded at Borsa Istanbul.

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

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

Excepting Istanbul - Headquarter office, the Company has regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, İstanbul Anatolia, İstanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun and a liaison office in the Eastern Black Sea. As at 31 December 2023, the Company has 3,763 (31 December 2022: 3,880) authorized agencies.

1.3 Nature of operations

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

1.4 Description of the main operations of the Company

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

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

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

	31 December 2023	31 December 2022
Senior Management (*)	14	15
Other personnel	1,568	1,572
Total	1,582	1,587

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

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CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION (Continued)

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

Provided to senior executives short term benefits	1 January - 31 December 2023	1 January - 31 December 2022
Salaries	21,623,080	10,860,037
Bonuses	7,579,056	3,791,717
Other	13,673,527	854,555
Total benefits provided to senior management	42,875,663	15,506,309
Provision for employment termination benefits	659,372	521,552

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

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

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

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

Unconsolidated financial statements include only one company (Türkiye Sigorta A.Ş.). The company will also publish the consolidated financial statements to be prepared for the accounting period of January 1 - December 31, 2023.

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

Name of the Company	:	Türkiye Sigorta Anonim Şirketi
Registered address of the head office	:	Güneş Plaza, Büyükdere Cad. No:110 Esentepe Şişli 34394 İstanbul
The website of the Company	:	www.turkiyesigorta.com.tr

1.10 Subsequent events

Financial statements of 1 January - 31 December 2023 are approved by Board of Directors 19 February 2024. Explanations related to subsequent events are disclosed in detail in Note 46.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

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

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

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

The Company accounts and recognizes its insurance technical reserves in its financial statements as of 31 December 2023 in accordance with the 'Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested' ('Regulation on Technical Reserves') dated 28 July 2010 published in official gazette numbered 27655 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by Ministry of Treasury and Finance (Note 2.22, 2.23, 2.24 and 2.25).

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

With the "Announcement on Adjustment of Financial Statements of Companies Subject to Independent Audit for Inflation" dated 23 November 2023, KGK stated that the financial statements of businesses that apply Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023 must be presented adjusted for the inflation effect within the scope of TAS 29, "Financial Reporting Standard in High Inflation Economies" ("TMS 29"). It has been also stated that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates for the implementation of TMS 29 provisions. SEDDK, with the "Circular on Inflation Accounting Application in the Insurance Sector" dated 6 December 2023 and numbered 2023/30, published based on the KGK's announcement, stated that the financial statements of insurance, reinsurance and pension companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29.

Comparative Information and Restatement of Prior Period Financial Statements

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

2.1.2 Functional and presentation currency

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

2.2 Consolidation

'Circular on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies' issued by Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ('the Circular for Consolidation') requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009. The company will also publish the consolidated financial statements to be prepared as of December 31, 2023.

2.3 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented.

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

TÜRKİYE SİGORTA A.Ş.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency transactions

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

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

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

2.5 Tangible Assets

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

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

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

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

	Estimated Useful Lives (Years)	Depreciation Rates (%)
Machinery and equipment	4-50	25-2
Furniture and fixtures	4-50	25-2
Motor vehicles	4-5	25-20
Other tangible assets, Including leasehold improvements	3-5	33-20

**CONVENIENCE TRANSLATION OF THE NOTES
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(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible Assets (Continued)

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

Right of Use Assets

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

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

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

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

Lease Liability

At the commencement date of the lease, the Company measures the lease liability over the present value of the unrealized lease payments at that date. Lease payments, if the interest rate implied in the lease can be easily determined, by using this rate; If the implied interest rate cannot be determined easily, it is discounted using the lessee's alternative borrowing interest rate. The weighted average of the alternative borrowing rates used by the Company for Turkish Lira leases as of December 31, 2023 17% (31 December 2022: 17%).

2.6 Investment Property

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

2.7 Intangible Assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets

Classification and measurement

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

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

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

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

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

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

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

Derecognition

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

2.9 Impairment of Assets

Impairment of financial assets

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

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

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

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale and trading financial assets that are debt securities, the reversal is recognized in the statement of income. Impairment provisions arising from investments for equity instruments classified as available-for-sale financial assets and accounted in the income statement cannot be reversal from the income statement in the following periods

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of Assets (Continued)

Impairment on tangible assets

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

2.10 Derivative financial instruments

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

2.11 Offsetting of financial assets

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

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

2.12 Cash and Cash Equivalents

Cash and cash equivalents, which is the basis for preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than three months and readily to be used by the Company or not blocked for any other purpose (Note 14)

2.13 Share Capital

As of 31 December 2023 and 31 December 2022, the share capital and ownership structure of the Company is as follows:

Name of Shareholders	31 December 2023		31 December 2022	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	942,015,417	81.10	942,015,417	81.10
Public shares	219,507,946	18.90	219,507,946	18.90
Paid-in Capital	1,161,523,363	100.00	1,161,523,363	100.00

The Company's registered share capital

The Capital Markets Board's letter dated 17 July 2020 and numbered 7303, the Insurance and Private Pension Regulation and Supervision Agency's letter dated 27 July 2020 and numbered 331, the Ministry of Commerce General Directorate of Domestic Trade dated 27 July 2020 and 500035491-431.02 In line with the permissions granted based on the letter E.-00056175174 and the decision of the Presidency of the Republic of Turkey dated 15 July 2020 and numbered 2772; With the decision taken at the Extraordinary General Assembly meeting held on 27 August 2020, the registered capital ceiling of the Company from TRY540,000,000 to TRY5,000,000,000, the registered capital ceiling validity period was determined as 2020-2024 (5 years). As of 31 December 2023 and 31 December 2022, the Company consists of 1,161,523,363 fully paid shares.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and investments contracts - classification

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

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

2.15 Insurance contracts and investment contracts with discretionary participation feature

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

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

As at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

Investment contracts without DPF

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

2.16 Liabilities

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes

Corporate tax

With the Article 26 of the Law on the Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law No. 7394, which entered into force after being published in the Official Gazette dated April 15, 2022 and numbered 31810, and the provisional article 13 of the Corporate Tax Law No. 5520 it has been determined that for certain companies, including insurance companies, the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and 25% will be applied. With this amendment, 25% rate will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of July 1, 2022. With Law No. 7456 published in the Official Gazette No. 32249 dated July 15, 2023, the general corporate tax rate was increased from 25% to 30% for certain companies, including insurance companies. The corporate tax rate increase will start from the declarations that must be filed as of October 1, 2023; and has entered into force to be applied to the earnings earned in 2023 and subsequent taxation periods.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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

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

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with Law No. 7352, inflation adjustment will be applied to taxable financials dated December 31, 2023, and the profit/loss difference resulting from the inflation adjustment will be included in the previous years' taxable profit/loss account and will not be subject to tax. With the "Law No. 7491 on Amendments to Certain Laws and Decree Laws" published in the Official Gazette No. 32413 dated 28 December 2023, including the provisional tax periods of certain companies, including insurance companies, it has been regulated that the profits or losses that will arise as a result of the inflation adjustments to be made in the 2024 and 2025 accounting periods will not be taken into account in determining the profit.

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CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2023 AND 2022

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes (Continued)

Deferred income taxes

Deferred income tax assets and liabilities are recognized according to using the balance sheet method, on all taxable temporary differences arising between the tax bases and carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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

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

2.18 Employee benefits

Reserve for severance indemnity:

In accordance with existing Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. As of 31 December 2023, the applicable ceiling amount as at TRY 23,489.83 (31 December 2022: TRY 15,371.40).

The fundamental assumption is that maximum ceiling for the yearly services increases in line with the inflation; therefore, the discount rate reflects the real rate after netting of the effects of inflation. The provision for termination benefits and severance payment has been calculated by using the ceiling amounting to TRY 35,058.58 which is applicable starting from 1 January 2024, as it is adjusted yearly (1 January 2023: TRY 19,982.83).

The Company are calculated provision for employee severance indemnities using actuarial methods. The major statistical assumptions used in the calculation of the total liability as at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Discount rate	%2.70	(%0.93)
Estimated employee turnover rate	%26.10	%9.90

Other employee benefits:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Provisions

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

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

2.20 Revenue Recognition

Written Premiums

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

Claim recovery and salvage income and related receivable

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

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

At the reporting date, in accordance with the related circular, the Company recognized TRY 169,180,396 (31 December 2022: TRY 102,305,586) net salvage and subrogation receivables in the receivables from main operations and provided TRY 17,329,089 (31 December 2022: TRY 14,375,566) allowance for salvage and subrogation receivables that are overdue as described in the related circular (Note 4.2 and 12).

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

The Company provided a provision for net subrogation receivables under legal follow up and TRY 959,590,750 (31 December 2022: TRY 648,105,114 that is presented under doubtful receivables under main operations (Note 4.2 and 12).

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

For the years ended 31 December 2023 and 2022, accrued salvage and subrogation income per branches is as follows:

	31 December 2023	31 December 2022
Motor own damage	91,312,249	56,713,654
Motor third party liability	62,194,911	33,497,468
Fire	12,159,734	8,753,562
Other	3,513,502	3,340,902
Total	169,180,396	102,305,586

For the period 1 January - 31 December 2023 and 2022, salvage and subrogation collections are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Motor own damage	481,986,003	364,995,490
Motor third party liability	225,517,913	126,551,887
Fire	44,255,515	21,160,689
Other	78,933,017	40,043,263
Total	830,692,448	552,751,329

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

Commission income and expense

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

Interest income and expense

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

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

Dividend

Dividend income is accounted when related dividend right arises.

2.21 Dividend distribution

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

2.22 Reserve for unearned premiums

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

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Reserve for unexpired risks

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. The expected loss premium ratio is calculated by dividing the incurred losses to earned premiums. According to the "Circular on the Change in the Calculation of the Provision for Ongoing Risks" dated December 13, 2012 and numbered 2012/15 published by the Ministry of Treasury and Finance for the Mandatory Traffic, Voluntary Financial Liability, Land Vehicles and General Liability branches ("2012 In accordance with Circular No. 15"), the Company calculated the expected loss premium ratio on a main branch basis as of December 31, 2023. In case where the expected loss ratio is higher than 95% net unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch and gross unexpired risks reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share.

With the "Circular No. 2022/27 on the Provision for Unexpired Risks" ("Circular No. 2022/27") published by the Insurance and Private Pensions Regulation and Supervision Agency, the gross loss premium rate to be used in the calculation of the provision for continuing risks to the insurance companies is determined. It is possible to calculate by dividing the amount of final claim found for each quarter (including indirect works) of the last year, based on the current year, by the earned premium. As an alternative to this method, the gross loss premium rate can be calculated by insurance companies over the sum of the last four quarters, including the current period, based on the writing (working) year, including indirect works, and in the relevant method, the policies written in the last year in calculating the amount of damage incurred by the company actuary. In terms of the writing (working) year, the immaturity of the damage development process should be taken into account within the framework of the best estimation principles. If the gross loss premium ratio calculated based on the accident year in the Land Vehicles, Voluntary Liability and General Liability branches of the Company is above 85%, the excess amount is multiplied by the gross unearned premium reserve; net unearned premium reserve has been multiplied by the net unearned premium reserve. However, the Company evaluated the current situation for the Compulsory Traffic branch as of the balance sheet date, and within the scope of the Circular no 2022/27, the loss premium rate calculated on the basis of the writing (working) year calculated by the Company actuary in the URP calculation of the said branch as of 31 December 2023 has used.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Reserve for unexpired risks (Continued)

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

As of 31 December 2023, the Company has calculated a net unexpired risk reserve of TRY 1,777,902,352 and booked (31 December 2022: TRY 1,178,816,442) (Note 17).

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

Branch	Claim/Premium	31 December 2023		31 December 2022	
		Gross URR	Net URR	Gross URR	Net URR
Motor Vehicles		2,181,392,425	1,771,043,464	1,317,344,229	1,011,388,088
- Compulsory traffic (except RIP)	%111	1,344,167,181	1,307,084,544	862,161,225	852,601,110
- RIP acquired	%163	326,288,068	326,288,068	149,269,073	149,269,073
- RIP transferred	%163	372,997,319	-	296,359,716	-
- Discretionary liability	%117	137,939,857	137,670,852	9,554,215	9,517,905
General Liability	%91	35,454,620	6,858,888	58,799,240	7,106,451
Disease	-	-	-	159,559,989	159,559,989
Surety bond	-	-	-	1,516,481	761,914
Total		2,216,847,045	1,777,902,352	1,537,219,939	1,178,816,442

2.24 Provision for outstanding claims

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

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

As of 31 December 2023, the difference between the provision for outstanding claim that is accrued and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the 'Circular on Provision for Outstanding Claim' numbered. 2014/16 and dated 5 December 2014 and is effective from 1 January 2015, is accounted for as incurred but not reported claims provision

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

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CONVENIENCE TRANSLATION OF THE NOTES FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2023 AND 2022

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

The data related accrued claim recoveries, salvage and equivalent income in the balance sheet are taken into consideration in the ACLM calculations with collections. In addition, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with in-forced reinsurance agreements of the Company. The gross and net incurred but not reported claim provision to be added or to be deducted for each branch and the calculation methodology as at 31 December 2023 and 2022 are explained in the Note 17.

As of 31 December 2023, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to, TRY15,376,958,962 in its financial statements (31 December 2022: 6,039,113,738).

In accordance with the "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated 10 June 2016 and numbered 2016/22, the "Circular on Amendments to Circular No. 2016/22 on Discounting Net Cash Flows Arising from Outstanding Claims Provision" dated 15 September 2017 and numbered 2017/7, published by the Ministry of Treasury and Finance, and the "Circular Amending the Circular No. 2016/22 Concerning the Discounting of Net Cash Flows Arising from Outstanding Claims Provision" dated 12 July 2023 and numbered 2023/21 published by SEDDK ("Circular No. 2023/21"), the company has calculated the discount on outstanding claims provisions of net TRY9,753,535,004 as of 31 December 2023 (31 December 2022: TRY 3,852,024,008 TL). In accordance with the Circular numbered 2021/30, the discount calculation as of 31 December 2023 was made by taking into account the annual rate of 28% (31 December 2022: 22% per annum). The said discount rate change had a reducing effect on the net outstanding claims provision as of 31 December 2023, amounting to TRY 1,147,072,958.

As of December 31, 2023 and 2022, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2023 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	19,958,949,280	(9,384,615,933)	10,574,333,347
Motor own damage	984,246,327	(64,123,812)	920,122,515
Health	569,922,910	(30,125,570)	539,797,340
General Liability	316,823,631	(181,789,225)	135,034,406
Fire and Natural Disasters	268,035,766	(43,315,798)	224,719,968
General Losses	140,667,354	(21,425,122)	119,242,232
Accident	60,043,289	(22,054,191)	37,989,098
Marine	32,995,719	(4,509,853)	28,485,866
Water Vehicles	6,677,923	(712,262)	5,965,661
Financial Losses	4,206,030	(565,123)	3,640,907
Surety	1,843,008	(244,160)	1,598,848
Legal Protection	488,033	(31,019)	457,014
Credit	238,307	(22,936)	215,371
Total	22,345,137,577	(9,753,535,004)	12,591,602,573

31 December 2022 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	8,616,755,501	(3,615,364,571)	5,001,390,930
Motor own damage	347,319,626	(37,393,936)	309,925,690
Health	252,753,130	(11,697,732)	241,055,398
General Liability	222,026,018	(120,378,259)	101,647,759
Fire and Natural Disasters	136,202,542	(24,879,272)	111,323,270
General Losses	83,032,135	(11,572,202)	71,459,933
Accident	60,408,378	(26,051,422)	34,356,956
Marine	21,512,677	(2,702,242)	18,810,435
Water Vehicles	3,351,052	(559,486)	2,791,566
Financial Losses	5,083,609	(779,724)	4,303,885
Surety	1,449,207	(465,460)	983,747
Legal Protection	392,778	(116,606)	276,172
Credit	270,377	(63,096)	207,281
Total	9,750,557,030	(3,852,024,008)	5,898,533,022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

The methods applied to estimate the net cash flows of the Company as at 31 December 2023 and 2022 and the estimated net cash flows for each major branch are as follows.

31 December 2023 Branch	Methods Applied	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Motor Third Party Liability	Tablo 57	5,364,254,536	2,860,173,772	2,148,617,023	2,008,997,209	1,922,664,340	1,720,962,815	1,495,871,202	1,272,472,784	893,142,715	271,792,884	19,958,949,280
Motor own damage	Tablo 57	917,269,192	39,861,709	21,741,234	17,719,366	10,025,499	857,703	(4,750,326)	(9,583,459)	(5,913,124)	(2,981,467)	984,246,327
Health	Tablo 57	552,252,401	15,803,417	1,566,171	202,113	33,460	37,868	25,066	2,414	-	-	569,922,910
General Liability	Tablo 57	34,597,517	36,549,999	40,864,303	48,252,252	42,984,166	38,257,825	31,478,414	25,684,532	13,539,115	-	316,823,631
Fire and Natural Disasters	Tablo 57	207,042,735	26,989,331	10,765,550	7,065,641	4,900,140	4,739,405	3,701,217	2,018,537	622,242	190,968	268,035,766
General Losses	Tablo 57	106,228,833	22,755,705	8,104,777	2,104,408	901,449	351,233	139,520	55,964	20,832	4,633	140,667,354
Accident	Tablo 57	23,761,709	9,439,848	7,244,964	6,055,441	4,880,590	3,712,716	2,522,050	1,451,999	773,877	200,095	60,043,289
Marine	Tablo 57	27,197,603	3,876,334	689,077	315,619	463,206	237,355	124,483	62,527	24,150	5,365	32,995,719
Water Vehicles	Tablo 57	5,943,481	651,698	73,498	8,204	923	105	13	1	-	-	6,677,923
Financial Losses	Tablo 57	3,459,322	683,220	53,630	8,780	966	101	10	1	-	-	4,206,030
Surety	Tablo 57	1,447,994	295,519	69,246	20,332	6,592	2,228	777	264	53	3	1,843,008
Legal Protection	Tablo 57	461,361	26,672	-	-	-	-	-	-	-	-	488,033
Credit	Tablo 57	229,628	2,521	3,255	1,145	540	932	215	71	-	-	238,307

31 December 2022 Branch	Methods Applied	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Motor Third Party Liability	Tablo 57	2,203,272,416	1,220,588,764	970,783,838	914,937,729	844,764,706	763,631,667	665,766,402	610,395,670	355,516,056	67,098,253	8,616,755,501
Motor own damage	Tablo 57	287,721,293	16,410,518	13,064,096	11,912,855	9,008,599	3,860,411	2,706,337	1,740,337	1,054,347	(159,167)	347,319,626
Health	Tablo 57	243,981,312	7,531,960	1,169,440	38,259	(24,999)	41,723	14,823	612	-	-	252,753,130
General Liability	Tablo 57	18,128,892	20,699,551	24,852,336	29,474,667	33,619,920	33,153,940	32,798,409	19,552,357	8,949,272	796,674	222,026,018
Fire and Natural Disasters	Tablo 57	91,207,020	15,086,744	8,397,598	7,151,006	6,830,149	5,920,678	1,606,452	(95,475)	59,411	38,959	136,202,542
General Losses	Tablo 57	61,762,586	11,589,432	4,797,863	2,085,217	1,251,162	796,455	324,449	289,199	132,901	2,871	83,032,135
Accident	Tablo 57	13,043,692	8,786,654	7,840,077	7,831,593	6,833,319	5,413,194	4,516,838	3,866,385	1,839,763	436,863	60,408,378
Marine	Tablo 57	15,320,683	6,111,895	(94,905)	291,849	205,616	(432,924)	(254,674)	172,139	148,628	44,370	21,512,677
Water Vehicles	Tablo 57	2,602,432	342,213	39,024	123,010	(291,487)	48,536	113,487	304,791	65,435	3,611	3,351,052
Financial Losses	Tablo 57	3,992,637	561,543	80,785	77,312	95,323	104,155	117,772	53,322	760	-	5,083,609
Surety	Tablo 57	392,204	205,033	466,134	202,319	169,709	1,019	1,870	10,465	454	-	1,449,207
Legal Protection	Tablo 57	130,539	113,603	55,956	41,083	22,909	15,244	9,245	4,199	-	-	392,778
Credit	Tablo 57	138,433	74,583	2,966	(4,959)	46,082	126	9,465	3,681	-	-	270,377

In accordance with the Circular No. 2011/23, it is possible to calculate a winning rate over the amounts of the lawsuits filed against the Company according to the realizations of the last five years according to the realizations of the last five years, and according to the calculated win rate, it is possible to make a discount from the outstanding claims reserves accrued for the files in the litigation process. As of December 31, 2018, the company calculated the winning rates by sub-branches by proportioning the amount of the claims, whose all-judicial processes were completed in the last five years, to the total amount of the files. In the calculation of the winning ratio, only the principal amounts related to the compensation are included in the calculation, and the interest and other expenses are not taken into account. In accordance with the Circular numbered 2011/23 for the branches with a winning ratio of over 25%, a discount was made from the outstanding claims reserve amount by using 25% for those with sufficient previous files and 15% for other branches. The company made the said calculations on the gross amounts and the reinsurance shares of the discount amount were determined by taking into account the reinsurance share of the related files. As of 31 December 2023, the net deduction amount of the Company's earning rates calculated on the basis of sub-branches and the provision for outstanding claims accrued is TRY 951,923,401 (31 December 2022: TRY 743,999,748) (Note 17). The winning rates used on a branch basis as of 31 December 2023, 2022 are as follows:

Branch	31 December 2023 Used Winning Ratio (%)	31 December 2022 Used Winning Ratio (%)
Fire	%20.00	%25.00
Loss of profit	%25.00	%25.00
Construction All Risk	%25.00	%25.00
Marine Hull and Machinery	%25.00	%25.00
Compulsory Financial Liability	%25.00	%25.00
MTPL – facultative	%25.00	%25.00
Motor vehicles - own damage	%25.00	%25.00
Compulsory Seat Occupational responsibility for Insurance Transportation on Road	%25.00	%25.00
Third party financial liability	%25.00	%25.00
Robbery	%25.00	%25.00
Aircraft Financial Liability	-	%25.00
ZMSS on Medical Malpractice	%25.00	%25.00
Private Security Financial Liability	-	%25.00
Occupational responsibility	%25.00	%25.00
Optional Earthquake	%25.00	%25.00
Flood	%25.00	%25.00
Landslide	%25.00	%25.00
Personal Accident	%25.00	%25.00
Loss of Rent and Income	%25.00	%25.00
Legal Protection	%25.00	%25.00
Machinery breakdown	%15.00	%25.00
Erection All Risks	%25.00	%25.00
Construction	%25.00	%25.00
Compulsory Product Liability for LPG	%25.00	%25.00
Health	%25.00	%25.00
Travel Health	%22.00	%25.00
Compulsory Traffic (Excluding Green Card)	%20.00	%24.21
Electronic Equipment	%25.00	%22.69
Employer financial liability	%12.00	%14.10

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Equalization provision

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

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

As of 31 December 2023, equalization provision amounting to TRY 206,353,327 (31 December 2022: TRY 159,944,693) is presented under 'Other Technical Reserves' under the long term-liabilities in the accompanying financial statements (Note 17).

2.26 Related Parties

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

2.27 Earnings per share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ('Bonus Shares') to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the bonus issue of shares retrospectively from the beginning of the previous reporting period (Note 37).

2.28 Subsequent events

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

2.29 New standards and interpretations

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations (Continued)

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. However, as a result of the legislative changes published by SEDDK in the Official Gazette No. 32414 dated December 29, 2023; the implementation date of the TFRS 17 standard in the legal financial statements of insurance companies has been determined as January 1, 2025.
- b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:*
 - **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
 - **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
 - **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
 - **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations (Continued)

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information';** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

However, in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards ("TSRS") dated January 5, 2024.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

- 4.1 Notes - Management of insurance risk
- 4.2 Notes - Financial risk management
- 6 Notes - Tangible assets
- 7 Notes - Investment properties
- 8 Notes - Intangible assets
- 9 Notes - Investments in associates
- 10 Notes - Reinsurance assets and liabilities
- 11 Notes - Financial assets
- 12 Notes - Loans and receivables
- 21 Notes - Deferred taxes
- 42 Notes- Risks

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

4.1 Management of insurance risk

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

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

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

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

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

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

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

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

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

Reinsurance agreements contains claim excess (quota surplus reinsurance, excess loss insurance) catastrophic guarantee (provision).

In addition, at the jobs, excess of special acceptance capacity which are at different levels for branches, arbitrary reinsurance are done by related technical departments. Generally, the Company has agreements of fire and natural disasters, marine, accident, transportation vehicles (land), transportation vehicles (air), transportation vehicles (sea), general losses, transportation vehicles (land) liability, transportation vehicles (sea) liability, general liability, financial losses, legal protection and health branches. Insurance guarantee amounts are also explained in Note 17.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1 Management of insurance risk (Continued)

As of 31 December 2023, Liberty is the leader reinsurers of the Company in branches such as fire and engineering, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Milli Re, QBE Europe, China Re, Devk Re, Korean Re, Labuan Re and Malaysian Re. The last credit-scaling notes as follows in the table:

Reinsurer	Scale	Outlook	Date
Liberty Mutual Insurance Company	A	AM Best	10 Aug 2023
QBE Europe nv/sa	A	AM Best	5 May 2023
DEVK Rückversicherungs- und Beteiligungs-AG	A+	S&P	16 Jun 2023
China Property & Casualty Reinsurance Company Ltd.	A	AM Best	17 Nov 2023
Malaysian Reinsurance Berhad	A-	AM Best	6 Jan 2023
Labuan Reinsurance (L) Ltd	A-	AM Best	25 Oct 2023
Korean Reinsurance Company	A	AM Best	8 Dec 2023
Milli Reasürans T.A.Ş.	trBBB-	S&P	3 March 2023

The company has annual excess treaty in fire, marine, engineering and miscellaneous accident branches, as for quota share agreements for marine, commodity, farming, building completion and credit branches as of the date 31 December 2023.

Premiums transferred to the Social Security Institution

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

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 27 August 2011 ('The Regulation'), 'The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 15 September 2011 and numbered 2011/17 (the 'Communiqué numbered 2011/17') and 'The Communiqué on the Accounting of Payments to Social Security Institution ('SSI') with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart' dated 17 October 2011 (the 'Communiqué numbered 2011/18'), the regulation('2012/3 numbered notice) making changes in 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 16 March 2012 and numbered 2012/3 and the communiqué about changes related 'the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 30 April 2012 and numbered 2012/6(the 'Communiqué numbered 2012/6').Within this framework, the Company is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of 25 February 2011,the notice numbered 2012/3 and the communiqué numbered 2012/6 in 'Compulsory Marine', 'Compulsory Traffic' and 'Compulsory Motor Personal Accident' branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations. The Company has calculated the amount of the premiums to be ceded to SSI in 1 January - 31 December 2023 account period as TRY1,144,616,075 under the account of 'premiums transferred to SSI' (1 January - 31 December 2022: TRY593,779,883).

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1 Management of insurance risk (Continued)

Premiums and claims transferred to the Risky Insured Pool

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

The Company has recorded the premiums, indemnities and commission amounts transferred from the Risky Insurance Pool within the scope of the Company's share within the scope of the regulation, taking into consideration the estimated amounts of the unreported periods at the closing date of the accounts and the monthly receipts finalized by TMTB. As of 31 December 2023, the Company has transferred TRY947,025,374 premium and TRY937,771,011 paid compensation and recovery income to the Pool. TRY941,253,882 premium, TRY161,991,182 commission, TRY605,039,544 paid as compensation and recovery income from Pool to the Company were recognized in accordance with the relevant legislation.

The 'Compulsory Medical Malpractice Law' which is annexed to the 'Procedures and Principles Regarding the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice' (2010/1) published by Ministry of Treasury and Finance in the Official Gazette dated 7 October 2017 and numbered 30203 Liability Insurance Tariff and Instruction 'B. INCIDENT', the Premiums and Claims Sharing Basis for the Medical Malpractice Insurance Liability Insurance, the premiums and claims related to the financial liability policies in the application are calculated in two stages by the company appointed by the Evaluation Committee.

Accordingly, 50% of the premiums and claims are shared equally among the insurance companies; and the remaining 50% is distributed considering the share of insurance companies' medical liability insurance premiums in the last three years.

The Company has accounted the amounts of premiums, claims and commissions that are taken over from the Pool within the scope of the Company's market share and ceded to the Medical Malpractice Liability Pool within the scope of the regulation, considering the amounts in the monthly statements that is finalized by other insurance companies. As of 31 December 2023, The Company has ceded TRY 19,206,893 premium to the Pool and accounted TRY 6,995,933 premium, TRY 2,847,689 compensation and TRY 2,619,122 commission income; based on its share which are reported by the Pool, on the financial statements in accordance with the legislation.

4.2 Management of financial risk

Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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

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

Credit risk

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

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

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

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

	31 December 2023	31 December 2022
Cash equivalents (Note 14)	31,546,849,088	9,034,205,139
Financial assets (Note 11)	21,923,957,985	8,605,624,564
Reinsurer's share in provision for outstanding claims (Note 10)	12,066,259,574	5,138,167,362
Receivables from operating activities (Note 12)	11,330,281,918	4,535,533,038
Prepaid taxes and funds (Note 12)	224,561,689	51,512,542
Other receivables (Notes 12)	12,215,551	16,586,270
Advances given to personnel	-	126,001
Total	77,104,125,805	27,381,754,916

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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

	31 December 2023	31 December 2022
Letter of guarantee	156,785,771	100,589,967
Notes received	65,641,028	63,603,878
Cash guarantees	71,358,784	54,436,576
Other guarantee and commitments	162,596,749	75,283,550
Total	456,382,332	293,913,971

As at 31 December 2023 and 2022, the aging of the receivables from operating activities and related provisions are as follows:

	31 December 2023		31 December 2022	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	10,401,682,931	-	3,897,539,059	-
Past due 0-30 days	626,072,258	-	314,390,343	-
Past due 31-60 days	38,276,369	-	206,328,648	-
Past due 61-180 days	24,011,771	-	15,028,187	-
More than 181 days receivables	130,628,941	(42,241,659)	56,715,891	(42,399,110)
	11,220,672,270	(42,241,659)	4,490,002,128	(42,399,110)
Subrogation and salvage receivables	169,180,396	(17,329,089)	102,305,586	(14,375,566)
Doubtful receivables from main operations recovery receivables	959,590,750	(959,590,750)	648,105,114	(648,105,114)
Total	12,349,443,416	(1,019,161,498)	5,240,412,828	(704,879,790)

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

	2023	2022
Beginning of the period - 1 January	(704,879,790)	(601,205,703)
Change in provision for recovery receivables under legal follow-up (Note 47)	(311,485,636)	(101,316,105)
Other	(2,796,072)	(2,357,982)
Period ending - December 31	(1,019,161,498)	(704,879,790)

Liquidity risk

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

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Managing Liquidity Risk

The Company considers the maturity match between assets and liabilities for the purpose of avoiding liquidity risk and ensures that it will always have sufficient liquidity to meet its liabilities when due. The table below shows the distribution of the Company's financial and insurance liabilities as of the balance sheet dates, based on contractual or expected terms:

Monetary asset and liabilities' remaining periods to maturity:

31 December 2023	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Assets						
Cash and cash equivalents	31,546,849,088	16,293,076,040	14,047,129,212	1,206,643,836	-	-
Financial assets	21,923,957,985	7,735,159,731	1,422,544,015	6,683,317,028	4,725,176,036	1,357,761,175
Receivables from operating activities	11,330,281,918	1,655,258,524	2,457,336,880	7,058,314,643	159,371,871	-
Other receivables	12,215,551	5,960,185	238,581	157,270	5,859,515	-
Total monetary assets	64,813,304,542	25,689,454,480	17,927,248,688	14,948,432,777	4,890,407,422	1,357,761,175
Liabilities						
Payables from operating activities	3,972,798,387	2,099,343,296	482,549,892	1,350,958,700	39,946,499	-
Due to related parties	5,884,815	212,567	2,179,560	3,492,688	-	-
Other payables	696,109,957	284,042,592	383,119,066	28,948,299	-	-
Provision for outstanding claims, net	12,591,602,573	784,367,518	2,320,925,502	8,995,344,547	446,331,827	44,633,179
Provision for tax and other similar liabilities	902,470,127	621,656,672	280,813,455	-	-	-
Financial liabilities	18,416,740,402	18,390,111,182	-	-	26,629,220	-
Total monetary liabilities	36,585,606,261	22,179,733,827	3,469,587,475	10,378,744,234	512,907,546	44,633,179
31 December 2022						
Assets						
Cash and cash equivalents	9,034,205,139	4,917,646,324	4,061,926,616	54,632,199	-	-
Financial assets	8,605,624,564	3,425,311,322	1,293,487,366	1,091,757,565	1,970,706,266	824,362,045
Receivables from operating activities	4,535,533,038	1,169,694,256	1,104,123,207	2,141,334,659	120,380,916	-
Other receivables	16,586,270	9,882,172	395,574	260,758	6,047,766	-
Total monetary assets	22,191,949,011	9,522,534,074	6,459,932,763	3,287,985,181	2,097,134,948	824,362,045
Liabilities						
Payables from operating activities	2,975,252,693	914,692,073	1,107,587,931	900,545,328	52,427,361	-
Due to related parties	7,163,651	257,842	2,653,555	4,252,254	-	-
Other payables	397,412,189	162,161,147	218,724,336	16,526,706	-	-
Provision for outstanding claims, net	5,898,533,022	367,436,763	1,087,236,961	4,213,866,866	209,084,031	20,908,401
Provision for tax and other similar liabilities	394,920,037	332,838,634	58,765,743	3,315,660	-	-
Financial liabilities	1,900,367,242	1,882,898,544	-	-	17,468,698	-
Total monetary liabilities	11,573,648,834	3,660,285,003	2,474,968,526	5,138,506,814	278,980,090	20,908,401

Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

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

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

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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

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

31 December 2023	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	615,510,079	736,977,233	11,552,913	1,364,040,225
Financial Assets	2,446,891,542	-	-	2,446,891,542
Receivables from operating activities	1,268,342,583	1,244,766,407	14,581,903	2,527,690,893
Total foreign currency assets	4,330,744,204	1,981,743,640	26,134,816	6,338,622,660
Liabilities:				
Payables arising from operating activities	416,652,600	417,751,892	527,102	834,931,594
Provision for outstanding claims	71,767,574	42,442,761	13,897,097	128,107,432
Deposits and collaterals received	30,269,334	7,746,113	-	38,015,447
Total foreign currency liabilities	518,689,508	467,940,766	14,424,199	1,001,054,473
Balance sheet position	3,812,054,696	1,513,802,874	11,710,617	5,337,568,187

31 December 2022	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	711,398,417	195,303,716	3,336,079	910,038,212
Financial Assets	423,342,229	-	-	423,342,229
Receivables from operating activities	1,211,890,250	532,319,786	6,950,069	1,751,160,105
Total foreign currency assets	2,346,630,896	727,623,502	10,286,148	3,084,540,546
Liabilities:				
Payables arising from operating activities	1,360,212,366	352,300,904	332,923	1,712,846,193
Provision for outstanding claims	27,971,414	20,162,938	5,532,722	53,667,074
Deposits and collaterals received	21,558,390	5,384,996	-	26,943,386
Total foreign currency liabilities	1,409,742,170	377,848,838	5,865,645	1,793,456,653
Balance sheet position	936,888,726	349,774,664	4,420,503	1,291,083,893

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

Exposure to currency risk

20% percent devaluation of the TRY against the following currencies as at 31 December 2023 and 2022 would have increased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. 20% percent appreciation of the TRY against the following currencies' effect will be in opposite direction.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

	1 January- 31 December 2023		1 January- 31 December 2022	
	Profit or loss	Equity	Profit or loss	Equity
USD	762,410,939	762,410,939	187,377,745	187,377,745
EUR	302,760,575	302,760,575	69,954,933	69,954,933
Other currencies	2,342,123	2,342,123	884,101	884,101
Total, net	1,067,513,637	1,067,513,637	258,216,779	258,216,779

Exposure to interest rate risk

The principal risk to which financial assets are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands

As at 31 December 2023 and 2022, the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed below:

	31 December 2023	31 December 2022
Financial assets with fixed interest rate:		
Deposits in banks (Note 14)	27,420,589,110	6,781,587,526
Non-trading financial assets (Note 11)	37,999,288	585,782,233
Financial assets held to maturity (Note 11)	2,489,610,995	442,854,533
Financial assets held for trading (Note 11)	2,451,286,352	1,655,341,460
Financial assets with non-fixed interest rate:		
Non-trading financial assets (Note 11)	3,833,675,699	1,674,913,483
Financial assets held to maturity (Note 11)	4,970,561,113	585,601,497
Financial assets held for trading (Note 11)	8,140,824,538	3,661,131,358
Financial assets with fixed interest rate:		
Liabilities from financial leasing transactions (Note 20)	56,421,421	29,092,275
Other Liabilities (Note 20)	18,360,318,981	1,871,274,967

Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

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

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

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Classification of fair value measurement

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

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

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

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

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

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

31 December 2023	Level 1	Level 2	Level 3	Total
Non-trading financial assets (Note 11)	3,871,674,987	-	-	3,871,674,987
Financial assets held for trading (Note 11)	7,468,387,064	3,123,723,826	-	10,592,110,890
Investment in equity shares (*)	-	-	4,113,667,273	4,113,667,273
Joint Ventures	-	-	1,198,700,000	1,198,700,000
Properties held for use (Note 6)	-	1,065,101,001	-	1,065,101,001
Investment Properties (Note 7)	-	240,903,750	-	240,903,750
	11,340,062,051	4,429,728,577	5,312,367,273	21,082,157,901
31 December 2022	Level 1	Level 2	Level 3	Total
Non-trading financial assets (Note 11)	513,490,656	1,747,205,060	-	2,260,695,716
Financial assets held for trading (Note 11)	3,215,024,056	2,101,448,762	-	5,316,472,818
Investment in equity shares (*)	-	-	2,233,415,588	2,233,415,588
Joint ventures	-	-	786,550,000	786,550,000
Properties held for use (Note 6)	-	515,335,000	-	515,335,000
Investment Properties (Note 7)	-	107,435,771	-	107,435,771
	3,728,514,712	4,471,424,593	3,019,965,588	11,219,904,893

(*) There are no investments carried out from the cost value in the investment in equity shares.

Fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies. Unlisted shares of fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Sensitivity of fair value of financial assets

The Company's financial assets held for trading and available for sale financial assets are measured at their fair values in the relevant markets.

If market prices had increased/decreased by 5% and all other variables had remained constant, the Company's equity would have been TRY 723,189,294 (31 December 2022: TRY 378,858,427) more/lower as of December 31, 2023, excluding tax effects.

Capital Management

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

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

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

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

The Company's capital adequacy measurement is carried out twice a year, in June and December, within the two months following these periods, within the framework of the relevant legislation. In the calculations made in accordance with the company's relevant insurance legislation, the required equity capital amount was determined as 9,411,768,636 TL as of December 31, 2023. The company's equity capital is 6,147,982,454 TL more than the required equity capital calculated in accordance with the relevant legislation, according to the unconsolidated financial statements as of December 31, 2023.

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

Details of financial income and losses accounted for in equity are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Changes in the fair value of financial assets, after tax	1,726,942,511	1,699,724,672
	1,726,942,511	1,699,724,672

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5. SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments).

Business Segments

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

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

Fire Insurance

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

Motor Vehicles Insurance

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

Motor Vehicles (Land) Liability Insurance

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

Damages caused by trailers or semi-trailers (including light trailers) or a vehicle being towed depending on the vehicle are covered by the tow truck's insurance. However, trailers used to transport people are included in the coverage, provided that an additional liability insurance is provided for them, the special conditions of which will be specified in the policy.

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

Health Insurance

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

Geographical Reporting

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

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

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5. SEGMENT REPORTING (Continued)

As of 1 January - 31 December 2023 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
Technical Income	9,173,038,893	7,066,867,306	3,074,868,436	4,350,619,492	6,184,959,619	-	29,850,353,746
1 - Earned premiums (net off reinsurers' share)	6,898,833,425	4,265,936,485	2,477,775,496	2,415,179,178	4,199,815,689	-	20,257,540,273
1.1 - Written premiums (net off reinsurers' share)	10,860,072,735	8,310,319,148	4,248,266,384	4,697,006,398	5,684,941,953	-	33,800,606,618
1.2 - Change in reserve for unearned premiums	(3,201,583,934)	(4,044,382,663)	(1,930,050,877)	(2,281,827,220)	(1,486,135,741)	-	(12,943,980,435)
1.3 - Change in reserve for unexpired risk	(759,655,376)	-	159,559,989	-	1,009,477	-	(599,085,910)
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	200,641,286	135,891,317	366,600	39,247,763	19,145,733	-	395,292,699
3 - Investment Income Transferred from Non-Technical Part	2,073,564,182	2,665,039,504	596,726,340	1,896,192,551	1,965,998,197	-	9,197,520,774
Technical Expense	(12,464,316,609)	(3,155,284,217)	(2,704,775,306)	(1,475,397,521)	(2,145,375,394)	-	(21,945,149,047)
1 - Claims accrued (net off reinsurers' share)	(11,258,072,876)	(2,124,061,987)	(1,932,098,111)	(550,425,385)	(835,044,908)	-	(16,699,703,267)
1.1 - Claims paid (net off reinsurers' share)	(5,685,130,459)	(1,513,865,163)	(1,633,356,169)	(437,028,687)	(737,253,238)	-	(10,006,633,716)
1.2 - Claims paid (net off reinsurers' share (net off reinsurers' share and deferred part) (+/-)	(5,572,942,417)	(610,196,824)	(298,741,942)	(113,396,698)	(97,791,670)	-	(6,693,069,551)
2- Change in other technical provisions	28,552	(738,312)	126,216	(36,043,085)	247,317	-	(36,379,312)
3- Operating expenses	(1,206,272,285)	(1,030,483,918)	(772,803,411)	(888,929,051)	(1,310,577,803)	-	(5,209,066,468)
Technical profit/(loss)	(3,291,277,716)	3,911,583,089	370,093,130	2,875,221,971	4,039,584,225	-	7,905,204,699
Investment income						14,721,994,034	14,721,994,034
Investment expenses						(14,142,711,210)	(14,142,711,210)
Amortization expenses						(72,303,476)	(72,303,476)
Other operating expenses						(770,460,475)	(770,460,475)
Tax expense						(1,486,387,763)	(1,486,387,763)
Net period profit							6,155,335,809

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5. SEGMENT REPORTING (Continued)

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

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

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6. TANGIBLE ASSETS

Movements of tangible assets in the period from 1 January to 31 December 2023 and 1 January to 31 December 2022

	1 January 2023	Additions	Disposals	Valuation Increase	Transfer	31 December 2023
Cost / Reevaluated						
Real estate property held for user	515,335,000	-	-	549,766,001	-	1,065,101,001
Machinery and equipment	86,001,961	59,181,859	(2,311,439)	-	-	142,872,381
Furniture and fixtures	23,909,923	4,007,048	(409,088)	-	-	27,507,883
Motor vehicles	11,970,448	1,494,394	(96,915)	-	-	13,367,927
Other tangibles (include leasehold improvements)	2,599,279	11,557,267	-	-	-	14,156,546
Leased assets	57,975,683	46,214,731	-	-	-	104,190,414
	697,792,294	122,455,299	(2,817,442)	549,766,001	-	1,367,196,152
Accumulated depreciation:						
Machinery and equipment	(33,322,656)	(26,331,746)	2,094,845	-	-	(57,559,557)
Furniture and fixtures	(13,520,645)	(2,350,229)	373,347	-	-	(15,497,527)
Motor vehicles	(7,503,785)	(2,421,420)	72,687	-	-	(9,852,518)
Other tangibles (include leasehold improvements)	(2,358,901)	(743,490)	-	-	-	(3,102,391)
Leased assets	(32,598,391)	(20,238,502)	-	-	-	(52,836,893)
	(89,304,378)	(52,085,387)	2,540,879	-	-	(138,848,886)
Net book value	608,487,916					1,228,347,266
	1 January 2022	Additions	Disposals	Valuation Increase	Transfer	31 December 2022
Cost / Reevaluated						
Real estate property held for user	302,775,000	-	-	212,560,000	-	515,335,000
Machinery and equipment	47,147,975	39,761,018	(907,032)	-	-	86,001,961
Furniture and fixtures	19,695,771	4,701,402	(487,250)	-	-	23,909,923
Motor vehicles	11,403,174	586,274	(19,000)	-	-	11,970,448
Other tangibles (include leasehold improvements)	2,599,279	-	-	-	-	2,599,279
Leased assets	35,958,864	30,765,734	(8,748,915)	-	-	57,975,683
	419,580,063	75,814,428	(10,162,197)	212,560,000	-	697,792,294
Accumulated depreciation:						
Machinery and equipment	(22,447,645)	(11,606,207)	731,196	-	-	(33,322,656)
Furniture and fixtures	(12,071,092)	(1,936,802)	487,249	-	-	(13,520,645)
Motor vehicles	(5,245,335)	(2,277,450)	19,000	-	-	(7,503,785)
Other tangibles (include leasehold improvements)	(2,221,578)	(137,323)	-	-	-	(2,358,901)
Leased assets	(24,691,521)	(11,205,947)	3,299,077	-	-	(32,598,391)
	(66,677,171)	(27,163,729)	4,536,522	-	-	(89,304,378)
Net book value	352,902,892					608,487,916

The Company's properties held for use is recognized at fair value. As of 31 December 2023, 2022, the properties are carried at their fair values identified by the peer comparison method as stated in the appraisal reports prepared by CMB certified independent expertise companies:

	31 December 2023	31 December 2022
Güneş Plaza	980,000,000	475,000,000
Other	85,101,001	40,335,000
Total	1,065,101,001	515,335,000

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6. TANGIBLE ASSETS (Continued)

Revaluation increases resulting from the valuation of properties held for use are recorded by crediting the "Other Profit Reserves" account under equity capital, net of deferred taxes. Revaluation decreases resulting from the valuation of properties held for use are charged against the "Other Profit Reserves" for the corresponding asset under shareholders' equity. Fair value decreases per revaluation fund recorded in 'Other Profit Reserves' are charged to the income statement.

The movements of the revaluation increase for the properties held for use accounted for using revaluation model is below:

	2023	2022
Beginning- 1 January	484,274,089	235,541,545
Increase/Decrease in value arising from revaluation	549,766,001	212,560,000
Deferred tax arising from revaluation difference	(8,573,486)	36,172,544
Period ending- 31 December	1,025,466,604	484,274,089

There is no commitment on the properties held for use (31 December 2022: None).

7. INVESTMENT PROPERTY

As at 31 December 2023 and 2022, movements of the investment properties are as follows:

	1 January 2023	Additions	Disposals	Valuation Increase	Transfer 31 December 2023
Fair values					
Investment properties	107,435,771	-	-	133,467,979	- 240,903,750

	1 January 2022	Additions	Disposals	Valuation Increase	Transfer 31 December 2022
Fair values					
Investment properties	51,300,737	-	-	56,135,034	- 107,435,771

Land and buildings held for the purpose of obtaining rent or for value appreciation or both, rather than being used in the Company's activities or sold for administrative purposes or during the normal course of business, are classified as investment properties.

As of 31 December 2023 and 2022, investment properties are reflected into the financial statements at their fair values obtained from appraisal reports prepared by independent professional valuation experts.

	31 December 2023	31 December 2022
İzmir Konak Arsa ⁽¹⁾	124,625,000	49,594,771
Tekirdağ Çiftlik ⁽²⁾	55,830,000	27,567,000
Other land and buildings ⁽²⁾	60,448,750	30,274,000
Total	240,903,750	107,435,771

(1) 'Peer comparison approach' method.

(2) "Equivalent comparison approach' and 'Cost approach' methods.

Rental income is TRY1,328,489 from investment properties (1 January – 31 December 2022: TRY718,503). There are no pledges on the investment properties (31 December 2022: None).

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8. INTANGIBLE ASSETS

Movements in intangible assets in the period from 1 January to 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	Disposals	Transfer	31 December 2023
Cost:					
Rights	71,031,354	43,219,888	(131,824)	-	114,119,418
Computer software	38,238,939	-	-	-	38,238,939
	109,270,293	43,219,888	(131,824)	-	152,358,357
Accumulated amortization:					
Rights	(34,465,191)	(15,244,909)	-	-	(49,710,100)
Computer software	(36,147,123)	(250,051)	-	-	(36,397,174)
	(70,612,314)	(15,494,960)	-	-	(86,107,274)
Net book value	38,657,979				66,251,083

	1 January 2022	Additions	Disposals	Transfer	31 December 2022
Cost:					
Rights	49,310,640	21,790,016	(69,302)	-	71,031,354
Computer software	38,238,939	-	-	-	38,238,939
	87,549,579	21,790,016	(69,302)	-	109,270,293
Accumulated amortization					
Rights	(24,540,991)	(9,926,126)	1,926	-	(34,465,191)
Computer software	(35,379,839)	(767,284)	-	-	(36,147,123)
	(59,920,830)	(10,693,410)	1,926	-	(70,612,314)
Net book value	27,628,749				38,657,979

9. INVESTMENT IN EQUITY SHARES

	31 December 2023			31 December 2022		
	Participation Rate (%)	Cost	Carrying Value	Participation Rate (%)	Cost	Carrying Value
Türkiye Hayat ve Emeklilik A.Ş. ⁽¹⁾	7.36	55,650,000	4,113,667,273	7.36	55,650,000	2,233,415,588
Other		1,127,533	1,793,115		2,226,317	2,122,296
Investments in equity shares		56,777,533	4,115,460,388		57,876,317	2,235,537,884
Türk P ve I Sigorta A.Ş. ⁽²⁾	50.00	12,500,000	1,198,700,000	50.00	12,500,000	786,550,000
Investments in Joint Ventures		12,500,000	1,198,700,000		12,500,000	786,550,000
OSEM Sertifikasyon A.Ş. ⁽³⁾	100.00	18,215,590	18,215,590	100.00	18,215,590	18,215,590
Investments in equity shares		18,215,590	18,215,590		18,215,590	18,215,590
Financial assets total		74,993,123	4,133,675,978		76,091,907	2,253,753,474

- (1) The Company has classified its investment in Türkiye Hayat ve Emeklilik A.Ş., which it has classified as a subsidiary security, at fair value. As of 31 December 2023, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study made on 12 January 2024. Within the scope of the valuation study, the fair value of the related investment; It is calculated by weighting (50%-50%) according to the discounted dividend model and market multipliers methods. If the capital cost rate used in the valuation study was reduced by 2%, the fair value of the investment would increase by TRY 484,887,980; if it had been increased by 2%, it would have decreased by TRY 335,776,642. Fair value differences are accounted for in the "Valuation of Financial Assets" account in equity. (As of 31 December 2022, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study made on 4 January 2023. Within the scope of the valuation study, the fair value of the related investment; It is calculated by weighting (50%-50%) according to the discounted dividend model and market multipliers methods. If the annual discount rate used in the valuation study was reduced by 1%, the fair value of the investment would increase by TRY 88,597,711; If it had been increased by 1%, it would have decreased by TRY 78,627,894.)
- (2) As of 31 December 2023, the Company has accounted for its investment in Türk P ve I Sigorta A.Ş with its fair value in the balance sheet within the scope of TAS 27, "Individual Financial Statements" standard. As of 31 December 2023, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study conducted on 12 January 2024. Within the scope of the valuation study, the fair value of the related investment; it is calculated by weighting the ratios of 75%-25% according to the discounted dividend model and market multipliers methods, respectively. If the capital cost rate used in the valuation is reduced by 1%, the fair value of the investment will increase by TRY 144,500,000; if it had been increased by 1%, 114,000,000 TL would have decreased. Fair value differences are accounted for in the "Valuation of Financial Assets" account in equity. (As of 31 December 2022, the fair value of the investment has been determined by a CMB licensed valuation company based on the valuation study conducted on 4 January 2023 Within the scope of the valuation study, the fair value of the related investment; it is calculated by weighting the ratios of 75%-25% according to the discounted dividend model and market multipliers methods, respectively. If the annual discount rate used in the valuation is reduced by 1%, the fair value of the investment will increase by TL 80,600,000; If it had been increased by 1%, 65,650,000 TL would have decreased.)
- (3) It is carried at cost in the balance sheet within the scope of TAS 27, "Individual Financial Statements" standard.

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9. INVESTMENT IN EQUITY SHARES (Continued)

Movements of financial assets during the period as follows:

	2023	2022
Beginning of the period - 1 January	3,040,303,474	1,364,570,549
Fair value increases, recognized in equity	2,292,072,504	2,044,276,100
Share (sell)/purchase	-	(368,543,175)
Period ending - 31 December	5,332,375,978	3,040,303,474

10. REINSURANCE ASSETS AND LIABILITIES

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

	31 December 2023	31 December 2022
Reinsurance Assets/(Liabilities)		
Reserve for unearned premiums, ceded (Note 17)	13,387,964,350	6,783,881,701
Provision for outstanding claims, ceded (Note 17)	12,066,259,574	5,138,167,362
Unearned premiums SSI share (Note 17)	620,389,045	332,020,272
Reserve for unexpired risks reinsurance share	438,944,694	358,403,497
Deferred commission income (Note 19)	(2,099,357,527)	(913,861,548)
Current account net debts of reinsurance companies	(2,348,305,339)	(2,390,552,087)

As of 31 December 2023, the Company accounted for a provision amounting to TRY 212,222,958 in short term 'other technical provisions' for the claim receivables from several reinsurance companies and reinsurance share of certain outstanding claim files considering that they are under arbitration process or impaired (31 December 2022: TRY 136,804,609) (Note 17).

	1 January - 31 December 2023	1 January - 31 December 2022
Reinsurance Income/(Expenses)		
Paid Claims - Reinsurer Share	13,189,647,126	1,813,825,463
Outstanding claim provision- Reinsurer Share	6,928,092,212	1,669,551,705
Change in Unearned premium reserve- Reinsurer Share	6,604,082,649	2,883,547,755
Commissions received from reinsurers, net	2,719,319,082	1,307,777,194
Change in Unearned premium reserve SSI Share	288,368,773	233,072,953
Unexpired risk Reserve - Reinsurer Share	80,541,197	358,138,863
Ceded premiums to reinsurers	(24,572,956,334)	(11,797,107,742)
Ceded premiums to SSI	(1,144,616,075)	(593,779,883)

Detailed explanations about reinsurance agreements are disclosed in Note 2.14.

11. FINANCIAL ASSETS

	31 December 2023	31 December 2022
Available for sale financial assets	3,871,674,987	2,260,695,716
Financial assets held to maturity	7,460,172,108	1,028,456,030
Financial assets held for trading	10,592,110,890	5,316,472,818
	21,923,957,985	8,605,624,564

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11. FINANCIAL ASSETS (Continued)

As of 31 December 2023 and 31 December 2022, the details of the Company's trading financial assets are as follows:

31 December 2023	Cost	Fair Value	Book Value
Available for sale financial assets	3,344,683,716	3,871,674,987	3,871,674,987
Government debt securities	3,344,681,787	3,871,637,574	3,871,637,574
Stocks	1,929	37,413	37,413
Financial assets held to maturity	6,283,136,618	7,477,356,989	7,460,172,108
Government debt securities	1,994,017,394	2,914,829,030	2,897,644,149
Currency protected deposit	4,289,119,224	4,562,527,959	4,562,527,959
Financial assets held for trading	8,981,572,843	10,592,110,890	10,592,110,890
Private sector bonds	2,917,789,770	3,123,723,825	3,123,723,825
Investment funds	5,954,482,903	7,441,094,992	7,441,094,992
Government debt securities	85,557,414	1,931,754	1,931,754
Stocks	23,742,756	25,360,319	25,360,319
Total available for sale financial assets	18,609,393,177	21,941,142,866	21,923,957,985
31 December 2022	Cost	Fair Value	Book Value
Available for sale financial assets	2,165,895,163	2,260,695,716	2,260,695,716
Government debt securities	2,165,893,234	2,260,658,303	2,260,658,303
Stocks	1,929	37,413	37,413
Financial assets held to maturity	844,505,770	939,056,207	1,028,456,030
Private sector bonds	88,662,348	107,863,131	299,675,536
Government debt securities	277,064,117	345,951,675	243,539,093
Currency protected deposit	478,779,305	485,241,401	485,241,401
Financial assets held for trading	4,839,059,488	5,316,472,818	5,316,472,818
Private sector bonds	1,961,783,746	2,085,821,294	2,085,821,294
Investment funds	2,706,530,638	2,968,154,131	2,968,154,131
Government debt securities	12,291,429	15,627,469	15,627,469
Stocks	158,453,675	246,869,924	246,869,924
Total available for sale financial assets	7,849,460,421	8,516,224,741	8,605,624,564

As of 31 December 2023, TRY 43,847,890 of financial assets are blocked in favor of SEDDK (31 December 2022: TRY 423,562,629).

Movements of financial assets during the period are presented below:

	1 January 2023	Additions	Disposals	Valuation increase	31 December 2023
Available for sale financial assets	2,260,695,716	2,315,238,140	(180,779,344)	(523,479,525)	3,871,674,987
Financial assets held for trading	1,028,456,030	11,889,716,246	(6,478,806,063)	1,020,805,895	7,460,172,108
Financial assets held to maturity	5,316,472,818	13,539,687,950	(9,480,800,254)	1,216,750,376	10,592,110,890
Total	8,605,624,564	27,744,642,336	(16,140,385,661)	1,714,076,746	21,923,957,985
	1 January 2022	Additions	Disposals	Valuation increase	31 December 2022
Available for sale financial assets	733,378,944	3,339,808,110	(1,907,292,077)	94,800,739	2,260,695,716
Financial assets held for trading	149,676,608	5,064,612,170	(4,762,433,934)	576,601,186	1,028,456,030
Financial assets held to maturity	1,290,791,464	6,219,245,414	(2,670,969,728)	477,405,668	5,316,472,818
Total	2,173,847,016	14,623,665,694	(9,340,695,739)	1,148,807,593	8,605,624,564

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12. LOANS AND RECEIVABLES

	31 December 2023	31 December 2022
Receivables from operating activities (Note 4.2)	11,330,281,918	4,535,533,038
Prepaid taxes and funds (Note 4.2)	224,561,689	51,512,542
Other receivables (Note 4.2)	12,215,551	16,586,270
	11,567,059,158	4,603,631,850
Short - term receivables	11,561,199,643	4,597,584,084
Long-term receivables	5,859,515	6,047,766
	11,567,059,158	4,603,631,850

As at 31 December 2023 and 31 December 2022, receivables from operating activities are detailed as follows:

	31 December 2023	31 December 2022
Receivables from agencies, brokers and intermediaries	8,228,529,757	3,508,401,828
Receivables from policyholders	1,325,921,088	355,003,084
Receivables from reinsurers	1,624,493,048	584,700,606
Salvage and subrogation (Note 2.20)	169,180,396	102,305,586
Total receivables from main insurance operations	11,348,124,289	4,550,411,104
Provision for salvage and subrogation receivables (Note 2.20)	(17,329,089)	(14,375,566)
Provision for premium receivables	(4,088,828)	(4,117,714)
Provisions for receivables from insurance operations	(21,417,917)	(18,493,280)
Total receivables from main insurance operations-net	11,326,706,372	4,531,917,824
Salvage and subrogation receivables under administrative and legal follow up net	959,590,750	648,105,114
Doubtful receivables from main operations	41,728,377	41,896,610
Doubtful receivables from main operations	1,001,319,127	690,001,724
Receivables from main operations - gross	12,328,025,499	5,221,919,548
Provisions for salvage and subrogation receivables under administrative and legal follow up	(959,590,750)	(648,105,114)
Provisions for doubtful receivables from main operations	(38,152,831)	(38,281,396)
Allowances for doubtful receivables from main operating activities	(997,743,581)	(686,386,510)
Receivables from main operations	11,330,281,918	4,535,533,038

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

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

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13. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023				Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	more than 5 year	
Currency protected deposit (*)	902,352,874	3,660,175,085	-	-	4,562,527,959
Total	902,352,874	3,660,175,085	-	-	4,562,527,959

	31 December 2022				Total
	Up to 3 months	3 months - 1 year	1 year - 5 year	more than 5 year	
Currency protected deposit (*)	485,241,401	-	-	-	485,241,401
Total	485,241,401	-	-	-	485,241,401

(*) It has been classified under "Financial Assets Held to Maturity" in accordance with the relevant legislation.

In the accounting period ending on 31 December 2023, the Company recognized a net derivative transaction income amounting to TRY 1,035,349,313 in the income statement due to the transactions carried out during the period. (2022: TRY 89,468,769) (Note 26).

14. CASH AND CASH EQUIVALENT ASSETS

As of 31 December 2023 and 2022, cash and cash equivalents are as follows:

	31 December 2023	31 December 2022
Bank	27,743,729,281	6,903,558,985
Receivables from Credit Cards	3,803,119,807	2,130,646,154
Total cash and cash equivalents	31,546,849,088	9,034,205,139
Blocked amounts	(4,024,882,435)	(1,244,497,142)
Accrued interest on bank deposits	(1,355,524,489)	(114,337,661)
Cash and cash equivalents in the statement of cash flows	26,166,442,164	7,675,370,336

	31 December 2023	31 December 2022
Foreign currency denominated bank deposit		
- Time deposit	1,211,850,284	888,928,902
- Demand deposit	152,189,941	21,109,310
Bank deposit in Turkish Lira		
- Time deposit	26,208,738,826	5,892,658,624
- Demand deposit	170,950,230	100,862,149
Banks	27,743,729,281	6,903,558,985

As of 31 December 2023, the Company has blocked bank deposits in favor of SEDDK in the amount of TRY 2,958,637,962 (31 December 2022: TRY 885,802,308), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY 1,052,708,219 (31 December 2022: TRY 349,750,534), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY 13,536,254 (31 December 2022: TRY 8,944,300).

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14. CASH AND CASH EQUIVALENT ASSETS (Continued)

As of 31 December 2023, maturity distributions of time deposits are between 2 days and 189 days (31 December 2022: 2 - 189 days). Interest rates of time deposits are as follows:

	31 December 2023	31 December 2022
TL	%35 - %48.50	%15 - %27
USD	%1.50 - %4.50	%1.50 - %4.50
EUR	%1.00 - %3.50	%1.00 - %3.50

15. SHAREHOLDERS EQUITY

Paid in capital

The Company's paid-in capital as of December 31, 2023 and 2022 is TRY1,161,523,363; It is divided into 1,161,523,363 shares, each with a nominal value of TRY1. As of 31 December 2023, and 31 December 2022 the capital group controlled directly concerned with 81.10% share capital by TVF Finansal Yatırımlar A.Ş. on the Company.

Capital Reserves

	31 December 2023	31 December 2022
Premium on issued shares (*)	671,104,847	7,020,555
Funds of profit from sale of properties	80,135,867	80,135,867
Repurchased Company shares (-)	(43,465,453)	(85,634,312)
Capital Reserves	707,775,261	1,522,110

(*) The share issue premium includes the realized value increase of TRY 664,084,292 resulting from the resold part of the previously repurchased Company shares in 2023.

Legal Reserves

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

	31 December 2023	31 December 2022
Legal Reserves	324,063,778	324,063,778

Extraordinary Reserves

	31 December 2023	31 December 2022
Extraordinary Reserves	1,174,163,204	740,275,301
Revaluation fund allocated according to tax legislation (**)	13,074,907	13,074,908
	1,187,238,111	753,350,209

(**) The mentioned fund has been reserved in accordance with the relevant tax legislation and cannot be subject to profit distribution.

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15. SHAREHOLDERS EQUITY (Continued)

Valuation of financial assets

Movements of fair value changes arising from financial assets during the period are as follows:

	2023	2022
Beginning of the period – January 1	2,834,326,564	1,134,601,892
Fair value increase, net	1,719,532,989	1,850,083,751
Tax effect on fair value increase, net	7,409,522	(150,359,079)
Period ending – December 31	4,561,269,075	2,834,326,564

Other profit reserves

	31 December 2023	31 December 2022
Revaluation fund (Note 6)	1,025,466,604	484,274,089
Affiliate sales gain fund	351,959,910	-
Earthquake claim fund transferred to shareholder's equity	19,490,473	19,490,473
Transferred reserves from profits of prior years	6,592,945	6,592,945
Actuarial loss, net (-)	(80,787,397)	(108,259,899)
Other profit reserves	1,322,722,535	402,097,608

Dividends

The Company with the decision taken at the Extraordinary General Assembly, decided to distribute a dividend of TRY 155,555,555 to its shareholders on the said date at its General Assembly dated 3 August 2023 (2022: TRY 530,216,046).

16. OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION FEATURE

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

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

As of 31 December 2023 and 2022, details of technical provisions are as follows:

	31 December 2023	31 December 2022
Reserve for unearned premiums, gross	34,454,560,770	14,618,128,913
Reserve for unearned premiums, ceded (Note 10)	(13,387,964,350)	(6,783,881,701)
Reserve for unearned premiums, SSI ceded (Note 10)	(620,389,045)	(332,020,272)
Reserve for unearned premiums, net	20,446,207,375	7,502,226,940
Provision for outstanding claims, gross	24,657,862,147	11,036,700,384
Provision for outstanding claims, ceded (Note 10)	(12,066,259,574)	(5,138,167,362)
Provision for outstanding claims, net	12,591,602,573	5,898,533,022
Reserve for unexpired risks, net	1,777,902,352	1,178,816,442
Equalization provision, net	206,353,327	159,944,693
Bonuses and discounts provision, net	-	10,029,321
Other technical provisions	212,222,958	136,804,609
Total technical provisions, net	35,234,288,585	14,886,355,027

In accordance with the 5 December 2014 dated and 2014/16 numbered 'Circular on Provision for Outstanding Claim' by Ministry of Treasury and Finance, the Company decided ACLM methods for each branch depending on the actuary's recommendation. In addition, development has been determined by using statistical methods and implemented to ACLM triangles in accordance with actuary's opinion. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with the methods presented below. As of 31 December 2023 and 2022, ACLM calculation methods for branches and as a result of these calculations, additional gross or net reserves that will be reserved or that will be reduced from reserves are described below:

Method Used		31 December 2023		31 December 2022	
		Provision Gross Add	Provision Net Add	Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/ Bornhuetter Ferguson	16,468,459,218	14,591,480,054	7,045,085,424	5,767,242,011
General Liability	Standard/ Bornhuetter Ferguson	1,609,981,410	130,290,624	961,805,298	73,131,135
Facultative Financial Liability	Standard/ Frequency Violence/CapeCod	617,164,284	616,772,434	157,453,371	157,219,569
Air Vehicles	Standard/ Frequency Violence	195,547,438	-	145,729,135	-
Fire and Natural Disasters	Standard/ Frequency Violence	594,724,159	34,980,278	128,646,176	9,472,028
General Loses	standard/ Frequency Violence	197,633,357	10,100,920	108,384,842	5,552,361
Air Vehicles Liability	Standard/ Frequency Violence	140,799,609	-	63,807,640	-
Accident	Standard/ Frequency Violence	41,225,062	25,978,235	37,165,073	26,052,187
Marine	Standard	52,252,150	8,691,287	25,844,550	5,940,715
Financial Losses	standard	18,614,320	899,540	25,697,077	1,319,620
Health	Standard	(35,802,470)	(35,810,105)	12,232,787	12,232,787
Water Vehicles	Standard	11,892,522	1,319,222	10,105,867	648,195
Surety	Standard	11,460,186	520,031	5,028,082	445,971
Legal Protection	Standard	343,060	321,520	171,475	170,689
Credit	Standard	(75,103)	(3,315)	19,331	49,420
Motor Vehicles	Standard/ Bornhuetter Ferguson	(8,731,930)	(8,581,763)	(20,567,406)	(20,362,950)
Total		19,915,487,272	15,376,958,962	8,706,608,722	6,039,113,738

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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

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

The Company, while doing the ACLM calculations, eliminated the major 3 claims in a separate file to have a more homogeneous data set of calculations with the statistical methods, accepted by circular. As a result of these investigations, it has intervened in the end claims that are thought to have a misleading effect on the claim developments in the Safety Abuse, General Losses, Financial Losses, Water Vehicles, Marine and Fire branches. There is no end claim elimination has been made for other branches.

Branch	31 December 2023	31 December 2022
General Loses	6,731,189	4,597,858
Fire and Natural Disasters	1,250,639	896,758
Breach of Trust	Manuel	Manuel
Water Vehicles	Manuel	Manuel
Financial Losses	Manuel	Manuel
Accident	Manuel	Manuel
General Liability	Manuel	Manuel
Marine	Manuel	Manuel

As of 31 December 2023 and 2022, movements of insurance liabilities and reinsurance assets are as follows:

Reserve for unearned premiums:

	2023			
	Gross	Reinsurer's Share	SSI Ceded	Net
Beginning of the period - 1 January	14,618,128,913	(6,783,881,701)	(332,020,272)	7,502,226,940
Written premium during the period	59,518,179,027	(24,572,956,334)	(1,144,616,075)	33,800,606,618
Earned premiums during the period	(39,681,747,170)	17,968,873,685	856,247,302	(20,856,626,183)
Period ending - 31 December	34,454,560,770	(13,387,964,350)	(620,389,045)	20,446,207,375
	2022			
	Gross	Reinsurer's Share	SSI Ceded	Net
Beginning of the period - 1 January	6,763,617,293	(3,900,333,946)	(98,947,319)	2,764,336,028
Written premium during the period	25,173,422,675	(11,797,107,742)	(593,779,883)	12,782,535,050
Earned premiums during the period	(17,318,911,055)	8,913,559,987	360,706,930	(8,044,644,138)
Period ending - 31 December	14,618,128,913	(6,783,881,701)	(332,020,272)	7,502,226,940

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Provision for outstanding claims:

	2023		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	9,756,173,118	(5,300,730,042)	4,455,443,076
Notified claims during the period and changes in estimates regarding the outstanding claims	34,027,992,389	(20,556,699,733)	13,471,292,656
Claims paid during the period	(23,196,280,842)	13,189,647,126	(10,006,633,716)
Total reported claims end of the period	20,587,884,665	(12,667,782,649)	7,920,102,016
Deduction amount calculated in accordance with winning ratio	(1,380,319,848)	428,396,447	(951,923,401)
Incurred but not reported claims	19,915,487,272	(4,538,528,310)	15,376,958,962
Discount adjustment for outstanding claim reserve	(14,465,189,942)	4,711,654,938	(9,753,535,004)
Period ending - 31 December	24,657,862,147	(12,066,259,574)	12,591,602,573

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

Equalization provision:

	2023		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	731,680,953	(571,736,260)	159,944,693
Net change	597,926,187	(551,517,553)	46,408,634
Period ending - 31 December	1,329,607,140	(1,123,253,813)	206,353,327
	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	513,934,240	(383,080,348)	130,853,892
Net change	217,746,713	(188,655,912)	29,090,801
Period ending - 31 December	731,680,953	(571,736,260)	159,944,693

Reserve for Unexpired Risks:

	2023		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	1,537,219,939	(358,403,497)	1,178,816,442
Net change	679,627,107	(80,541,197)	599,085,910
Period ending - 31 December	2,216,847,046	(438,944,694)	1,777,902,352
	2022		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	26,980,427	(264,634)	26,715,793
Net change	1,510,239,512	(358,138,863)	1,152,100,649
Period ending - 31 December	1,537,219,939	(358,403,497)	1,178,816,442

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Claim Development Tables

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

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

31 December 2023

Claim Period	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	1 January 2019 - 31 December 2019	1 January 2020 - 31 December 2020	1 January 2021 - 31 December 2021	1 January 2022 - 31 December 2022	1 January 2023 - 31 December 2023	Total
Claim year								
1 year later	1,482,358,941	1,863,980,270	1,780,485,042	2,200,919,668	3,522,342,447	7,579,451,888	19,434,564,364	37,864,102,620
2 year later	872,565,901	1,029,937,490	795,070,512	1,427,878,739	2,612,456,327	14,472,101,783	-	21,210,010,752
3 year later	535,704,399	894,720,380	644,346,187	840,101,305	1,855,098,381	-	-	4,769,970,652
4 year later	465,933,695	1,128,831,524	636,211,484	887,923,078	-	-	-	3,118,899,781
5 year later	565,766,887	1,206,136,148	696,715,783	-	-	-	-	2,468,620,818
6 year later	628,700,292	1,330,599,313	-	-	-	-	-	1,959,299,605
7 year later	758,184,438	-	-	-	-	-	-	758,184,438
Total incurred								
Loss- gross	5,309,214,553	7,454,207,125	4,552,829,008	5,356,822,790	7,989,897,155	22,051,553,671	19,434,564,364	72,149,088,666

31 December 2022

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

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

	31 December 2023		31 December 2022	
	Should be Placed (*)	Placed (**)	Should be Placed (*)	Placed
Non-life:				
Bank deposits		2,958,637,962		885,802,308
Financial assets		43,847,890		423,562,629
	4,403,569,355	3,002,485,852	1,822,562,460	1,309,364,937

(*) In accordance with the relevant legislation, the insurance companies are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

(**) The amount of collateral established as of 31 December 2023 refers to the amount established according to the calculation result on 30 June 2023. As of 31 December 2023, the amount of collateral to be established, calculated as a result of capital adequacy, has been established within the legal period.

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Total amount of insurance risk on a branch basis

	31 December 2023	31 December 2022
Motor Vehicles Liability	39,855,770,423,695	23,129,486,161,763
Fire and Natural Disasters	9,915,134,872,880	4,038,136,356,634
Health	8,906,027,479,082	2,959,721,496,809
General Losses	1,684,572,737,416	835,321,068,705
Motor Vehicles	810,825,902,902	204,445,063,932
General Liability	400,945,054,093	278,619,971,937
Accident	368,280,050,978	304,773,045,670
Air Vehicles Liability	146,874,898,525	176,201,543,900
Financial Losses	132,624,450,192	84,443,999,678
Marine	77,500,496,291	35,151,722,166
Other	937,645,742,698	384,277,053,500
Total	63,236,202,108,752	32,430,577,484,694

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

None (31 December 2022: None).

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

None (31 December 2022: None).

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

None (31 December 2022: None).

Deferred commission expenses

Deferred portion of commissions paid to the intermediaries in relation to the policy production are capitalized under the account of 'short-term prepaid expenses' in the accompanying financial statements. Total prepaid expenses amounting to TRY 5,152,511,063 (31 December 2022 TRY 1,902,896,221) is composed of deferred commission expenses amounting to TRY 4,748,819,864 (31 December 2022: TRY 1,789,287,122) and other prepaid expenses amounting to TRY 403,691,199 (31 December 2022: TRY 113,609,099)

18. INVESTMENT CONTRACT LIABILITIES

None (31 December 2022: None).

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19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	31 December 2023	31 December 2022
Payables arising from operating activities	3,972,798,387	2,975,252,693
Deferred Commission Incomes (Note 10)	2,099,357,527	913,861,548
Payables to SSI	329,901,774	194,636,293
Deposits and guarantees received	56,617,074	36,781,701
Other various payables	309,591,109	165,994,195
	6,768,265,871	4,286,526,430
<i>Payables arising from operating activities</i>		
Payables to reinsurance companies	2,850,873,347	2,442,837,705
Payables to TARSİM	1,163,860,016	530,014,713
Rediscount (-)	(57,411,124)	(12,670,671)
Other	15,476,148	15,070,946
	3,972,798,387	2,975,252,693
<i>Other various payables</i>		
Payables to suppliers and contracted institutions	231,273,994	83,433,001
DASK current accounts	77,454,418	81,488,873
Other	862,697	1,072,321
	309,591,109	165,994,195

20. FINANCIAL PROPERTIES

Lease Liabilities

As of 31 December 2023 and 2022, the Company's total lease obligation and lease liabilities, which are recognized as part of the transition to IFRS 16 Leases, are as follows:

	31 December 2023	31 December 2022
Short - term leases liabilities	38,729,861	15,110,650
Long - term leases liabilities	34,617,986	22,709,308
Alternative borrowing rate and discount amount	(16,926,426)	(8,727,683)
Total Lease Liabilities	56,421,421	29,092,275
	2023	2022
Total lease liabilities as of January 1	29,092,275	13,381,389
Lease payments	(25,319,335)	(12,646,866)
New adding and interest cost	52,648,481	28,357,752
Total lease liabilities as of 31 December	56,421,421	29,092,275

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20. FINANCIAL PROPERTIES (Continued)

Other financial properties

	31 December 2023		
	Interest rate (%)	Maturity (day)	Amount (TRY)
İstanbul Takas ve Saklama Bankası A.Ş.	41-43	4 - 91	15,196,437,731
Halk Yatırım Menkul Değerler A.Ş.	40-42	4 - 14	1,612,346,306
İş Yatırım Ortaklığı A.Ş.	41-43	10 - 35	698,549,427
Ziraat Yatırım Menkul Değerler A.Ş.	41-43	4 - 24	651,356,326
Other	40-42	8	201,629,191
Total			18,360,318,981

	31 December 2022		
	Interest rate (%)	Maturity (day)	Amount (TRY)
Halk Yatırım Menkul Değerler A.Ş.	11 - 12	7 - 36	1,422,024,298
İstanbul Takas ve Saklama Bankası A.Ş.	11 - 12	3 - 13	249,130,212
Ziraat Yatırım Menkul Değerler A.Ş.	10 - 11	7	200,120,457
Total			1,871,274,967

As of 31 December 2023, funds obtained from other financial debts are used in investment activities. (31 December 2022: None).

21. DEFERRED TAXES

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

As 31 December 2023 and 31 December 2022, the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows:

	Deferred tax Assets/(liabilities)	
	31 December 2023	31 December 2022
Reserve for Unexpired Risks	533,370,706	294,704,111
Affiliates fair value differences	(144,491,817)	(197,075,018)
Other, net	(125,379,800)	156,546,556
Net deferred tax assets	263,499,089	254,175,649

The movement of deferred tax assets during the period are as follows:

	2023	2022
Beginning of the period - 1 January	254,175,649	37,978,441
Deferred tax income	12,135,367	300,447,077
Deferred tax, recognized in equity	(2,811,927)	(84,249,869)
Period ending - 31 December	263,499,089	254,175,649

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22. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2023 and 31 December 2022, the details of the provisions for other liabilities and expenses are as follows:

23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2023 and 31 December 2022, the details of the provisions for other liabilities and expenses are as follows:

	31 December 2023	31 December 2022
Personnel bonus provisions	224,923,080	91,000,000
Provision for agency commission	130,000,000	850,000
Provision for unused vacations	43,385,458	24,399,725
Provision for case	12,931,437	9,991,761
Other provisions	15,862,320	3,044,660
Provision for accrued expenses	427,102,295	129,286,146
Provision for severance pay	147,469,021	173,782,773

Movements of cost expenses the period are presented below:

	Personnel bonus provisions	Agency provisions	Other	Total
Beginning of the period – 1 January 2023	91,000,000	850,000	37,436,146	129,286,146
Change during the period	133,923,080	129,150,000	34,743,069	297,816,149
At the end of the period – 31 December 2023	224,923,080	130,000,000	72,179,215	427,102,295
	Personnel bonus provisions	Agency provisions	Other	Total
Beginning of the period – 1 January 2022	41,744,066	27,493,793	19,895,629	89,133,488
Change during the period	49,255,934	(26,643,793)	17,540,517	40,152,658
At the end of the period – 31 December 2022	91,000,000	850,000	37,436,146	129,286,146

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

	2023	2022
Beginning of the period - 1 January	173,782,773	45,544,344
Interest cost	17,704,558	9,055,358
Service cost	24,493,149	6,065,407
Payments during the period (-)	(40,886,626)	(5,006,218)
Actuarial (gain)/loss	(27,624,833)	118,123,882
At the end of the period - 31 December	147,469,021	173,782,773

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24. NET INSURANCE PREMIUM INCOME

As of 1 January - 31 December 2023 and 2022 the distribution of premiums written in the accounting periods according to branches is as follows:

	1 January - 31 December 2023				1 January - 31 December 2022			
	Gross	Re- Share	SSI Ceded	Net	Gross	Re- Share	SSI Ceded	Net
General Loses	14,495,395,746	(12,930,103,921)	-	1,565,291,825	7,335,342,686	(6,320,775,488)	-	1,014,567,198
Motor Vehicles Liability	13,398,603,875	(1,393,987,023)	(1,144,544,117)	10,860,072,735	6,649,847,001	(1,018,783,747)	(593,759,543)	5,037,303,711
Fire and Natural Disasters	12,588,204,733	(7,891,198,335)	-	4,697,006,398	4,103,492,305	(2,729,455,499)	-	1,374,036,806
Motor Vehicles	8,362,666,634	(52,347,486)	-	8,310,319,148	2,354,567,189	(18,032,093)	-	2,336,535,096
Health	4,248,266,384	-	-	4,248,266,384	1,324,750,846	-	-	1,324,750,846
Accident	3,906,819,601	(207,189,906)	(71,958)	3,699,557,737	1,526,516,755	(83,801,093)	(20,340)	1,442,695,322
General Liability	1,132,308,625	(949,267,327)	-	183,041,298	505,014,599	(433,978,728)	-	71,035,871
Water Vehicles	445,732,675	(434,178,736)	-	11,553,939	224,446,398	(221,665,429)	-	2,780,969
Marine	261,864,512	(204,552,811)	-	57,311,701	133,315,592	(100,591,116)	-	32,724,476
Air vehicles	240,727,271	(240,672,504)	-	54,767	245,345,572	(245,345,572)	-	-
Legal Protection	126,885,138	(87)	-	126,885,051	120,450,741	1,832	-	120,452,573
Air Vehicles Liability	114,626,942	(114,626,942)	-	-	525,218,409	(525,218,409)	-	-
Credit	78,124,218	(78,044,369)	-	79,849	58,192,308	(57,692,735)	-	499,573
Financial Losses	75,615,157	(60,550,625)	-	15,064,532	40,879,172	(28,425,307)	-	12,453,865
Surety	42,337,516	(16,236,262)	-	26,101,254	26,043,102	(13,344,358)	-	12,698,744
Total	59,518,179,027	(24,572,956,334)	(1,144,616,075)	33,800,606,618	25,173,422,675	(11,797,107,742)	(593,779,883)	12,782,535,050

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25. SUBSCRIPTION FEE REVENUE

None (31 December 2022: None).

26. INVESTMENT INCOME

	1 January - 31 December 2023	1 January - 31 December 2022
Income from financial investments	6,534,247,694	1,799,499,881
<i>Interest income from time deposit</i>	4,308,212,544	992,823,852
<i>Interest income from debt instrument</i>	2,226,035,150	806,676,029
Valuation of financial investments	3,989,246,146	668,636,382
Foreign exchange gains, net	1,606,170,304	210,269,625
Revenues from derivatives	1,035,349,313	89,468,769
Lease and valuation income	134,796,468	56,853,537
Dividend income from linked securities	29,627,939	562,195,972
Total	13,329,437,864	3,386,924,166

27. NET REALIZED GAINS ON FINANCIAL ASSETS

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

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

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

29. INSURANCE RIGHTS AND CLAIMS

Disclosed in Note 17.

30. INVESTMENT CONTRACT BENEFITS

None (31 December 2022: None).

31. OTHER EXPENSES

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

32. EXPENSE BY NATURE

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

	1 January - 31 December 2023	1 January - 31 December 2022
Commission expenses	5,508,632,869	2,115,471,513
Employee benefit expense (Note 33)	1,541,529,024	650,552,269
Management expenses	180,321,431	91,823,382
External benefits and services	116,076,332	67,664,947
Advertising expenses	112,842,595	50,566,481
Acquired commission incomes from reinsurer (Note 10)	(2,719,319,082)	(1,307,777,194)
Other operating expenses	468,983,299	200,200,255
Total	5,209,066,468	1,868,501,653

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33. EMPLOYEE BENEFIT EXPENSES

The details of employee benefit expenses are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Salaries and wages	1,124,397,673	482,010,873
Other fringe benefits	176,266,975	59,673,749
Employer's share in social security premiums	154,583,975	67,157,543
Other	86,280,401	41,710,104
	1,541,529,024	650,552,269

34. FINANCE COSTS

1 January 31 December 2023 financial expenses recognized in the income statement for the accounting period TRY 3,133,275,139 (2022: TRY 61,272,080) There are no finance costs classified in production costs or capitalized on tangible assets.

35. INCOME TAXES

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

	1 January - 31 December 2023	1 January - 31 December 2022
Current year tax expense (-)	(1,498,523,130)	(324,256,119)
Deferred tax income	12,135,367	300,447,077
Total income tax expense recognized in statement of income (-)	(1,486,387,763)	(23,809,042)

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for 1 January - 31 December 2023 and 2022 is as follows:

	2023	2022
Before Tax Profit	7,641,723,572	965,212,400
Tax rate	%30	%25
Income Tax Expense at statutory tax rate (-)	(2,292,517,073)	(241,303,100)
Effect of non-taxable income	868,985,033	111,219,001
Tax rate change and effect of other adjustment	(62,855,723)	106,275,057
Total income tax expense recognized in statement of income (-)	(1,486,387,763)	(23,809,042)

36. NET FOREIGN EXCHANGE GAINS

Disclosed in Note 26.

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37. GAIN/(LOSS) PER SHARE

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

	1 January - 31 December 2023	1 January - 31 December 2022
Net income/(loss) for the period	6,155,335,809	941,403,358
Weighted average number of shares	1,161,523,363	1,161,523,363
Earnings/(loss) per share (TRY)	5.30	0.81

38. DIVIDENDS PER SHARE

Information on dividend distribution is explained in notes 15 and 45. Profit share per share for the accounting period of 1 January - 31 December 2023 has been calculated as TRY 0.13. (1 January - 31 December 2022: TRY 0.46).

39. CASH GENERATED FROM OPERATIONS

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

40. CONVERTIBLE BONDS

None (31 December 2022: None).

41. REDEEMABLE PREFERENCE SHARES

None (31 December 2022: None).

42. RISKS

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

As of 31 December 2023, if cases regarding insured damages in which the Company is defendant, result in against the Company, amount of arising potential liability (including interest and other expenses) is TRY 6,796,095,721 (31 December 2022: TRY 4,848,800,386). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements.

43. COMMITMENTS

The details of the guarantees which are given by the Company in favor or the Ministry of Treasury and Finance for insurance operations are presented in Notes 14 and 17.

44. BUSINESS COMBINATIONS

None (1 January – 31 December 2022: None.)

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45. RELATED PARTY TRANSACTIONS

Türkiye Varlık Fonu Group companies are considered as related parties.

As at 31 December 2023 and 2022, related party balances are as follows:

	31 December 2023	31 December 2022
Bank deposits		
T.C. Ziraat Bankası A.Ş.	9,747,910,579	1,356,896,877
Türkiye Vakıflar Bankası T.A.O. ("Vakıfbank")	8,362,966,832	2,087,231,318
Türkiye Halk Bankası A.Ş.	1,294,334,750	1,602,198,554
Other	165,945,040	378,310,285
	19,571,157,201	5,424,637,034
Financial Assets		
	31 December 2023	31 December 2022
Ziraat Portföy Yönetimi A.Ş.	3,455,866,118	2,636,932,935
T.C. Ziraat Bankası A.Ş.	2,179,852,484	63,550,985
Vakıfbank	1,428,807,711	304,627,005
Türkiye Halk Bankası A.Ş.	949,860,881	152,595,271
Other	118,876,210	108,680,912
	8,133,263,404	3,266,387,108
Receivables from main activities		
T.C. Ziraat Bankası A.Ş.	1,607,043,460	784,207,629
Türkiye Halk Bankası A.Ş.	704,624,058	285,912,703
Vakıfbank	269,660,653	675,979,684
Other	26,470,159	30,875,434
	2,607,798,330	1,776,975,450
Payables from main activities		
Vakıfbank	23,175,708	30,487,268
Türkiye Halk Bankası A.Ş.	668,481	330,831
Other	1,634	1,570,173
	23,845,823	32,388,272
Payables to shareholders		
Dividend payables to shareholders	5,178,112	5,154,582
	5,178,112	5,154,582
Other Financial Liabilities		
İstanbul Takas ve Saklama Bankası A.Ş.	15,196,437,731	249,130,212
Halk Yatırım Menkul Değerler A.Ş.	1,612,346,306	1,422,024,298
Ziraat Yatırım Menkul Değerler A.Ş.	651,356,326	200,120,457
	17,460,140,363	1,871,274,967

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45. RELATED PARTY TRANSACTIONS (Continued)

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

	1 January - 31 December 2023	1 January - 31 December 2022
Written Premiums		
Turkish Petroleum BTC. LTD.	760,563,240	471,648,093
Turkcell İletişim Hizmetleri A.Ş.	334,994,737	240,934,467
Türkiye Halk Bankası A.Ş.	324,496,215	155,498,198
Türkiye Petrolleri Anonim Ortaklığı	309,073,690	95,923,726
Central Oto Kiralama Anonim Şirketi	187,259,062	25,191,412
Global Bilgi Pazarlama Danışmanlık ve Çağrı Servisi Hizmetleri A.Ş.	160,518,375	80,007,317
Vakıfbank	152,037,701	-
T.C. Ziraat Bankası A.Ş.	136,654,030	36,595,137
Halk Finansal Kiralama A.Ş.	133,472,158	67,624,444
Türk Hava Yolları Anonim Ortaklığı	127,581,918	745,549,345
Türkiye Hayat ve Emeklilik A.Ş.	104,355,260	31,492,304
Other	582,431,852	289,072,582
	3,313,438,238	2,239,537,025

Premiums written through related parties

T.C. Ziraat Bankası A.Ş.	16,722,769,335	7,811,071,348
Vakıfbank	5,531,299,377	2,523,724,504
Türkiye Halk Bankası A.Ş.	4,833,100,685	1,468,100,596
	27,087,169,397	11,802,896,448

The Company has also paid a commission amounting to TRY 4,578,771,424 to the relevant banks regarding the premiums written through the banks that are related parties as described above for the period 1 January - 31 December 2023. (1 January - 31 December 2022: TRY 1,766,439,419).

	1 January - 31 December 2023	1 January - 31 December 2022
Other commission expenses paid		
Türkiye Halk Bankası A.Ş.	38,949,237	16,462,136
Halk Finansal Kiralama A.Ş.	20,058,496	10,597,257
Central Oto Kiralama A.Ş.	10,566,158	1,353,537
Other	12,620,492	14,498,457
	82,194,383	42,911,387

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45. RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2023	1 January - 31 December 2022
Lease income		
Vakıfbank	1,328,489	718,503
	1,328,489	718,503
Lease paid		
Türkiye Hayat ve Emeklilik A.Ş.	267,150	234,703
	267,150	234,703
Financial income		
Vakıfbank	1,263,350,406	399,918,749
T.C. Ziraat Bankası A.Ş.	1,165,309,874	109,501,147
Türkiye Halk Bankası A.Ş.	779,168,532	219,357,711
Other	267,296,796	176,816,592
	3,475,125,608	905,594,199
Financial expense		
İstanbul Takas ve Saklama Bankası A.Ş.	2,499,344,957	-
Halk Yatırım Menkul Değerler A.Ş.	324,465,580	18,762,873
Ziraat Yatırım Menkul Değerler A.Ş.	116,621,285	20,457,812
	2,940,431,822	39,220,685
Dividend income		
Türkiye Hayat ve Emeklilik A.Ş.	29,454,091	90,040,246
Other	-	2,875,846
	29,454,091	92,916,092
Dividend distributed		
TVF Finansal Yatırımlar A.Ş.	126,158,229	430,014,328
Other	29,397,326	100,201,718
	155,555,555	530,216,046

46. SUBSEQUENT EVENTS

None.

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47. OTHER

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

	31 December 2023	31 December 2022
Other Receivables		
Receivables from DASK agencies	5,840,508	10,028,133
Other	515,528	510,371
	6,356,036	10,538,504
Other Payables		
Payables to suppliers and contracted institutions	231,273,994	83,433,001
DASK current account	77,454,418	81,488,873
Other	862,697	1,072,321
	309,591,109	165,994,195
Other Expenses and Losses		
Charity and donations(*)	75,000,000	720,793
Non-tax-deductible expenses.	49,119,886	604,034
Other	3,437,304	585,793
	127,557,190	1,910,620

(*) It also includes the donation of TRY 50,000,000 paid on 28 February 2023, related to the earthquake that occurred in Kahramanmaraş and Malatya on 6 February 2023, which also affected the surrounding provinces.

“Total amount of each due to/from personnel items classified under ‘Other Receivables’ and ‘Other Short- and Long-Term Payables’ exceeding one percent of total assets in the balance sheet

None (31 December 2022: None).

“Total amount of each due to/from personnel items classified under ‘Other Receivables’ and ‘Other Short- and Long-Term Payables’ exceeding one percent of total assets in the balance sheet

None (31 December 2022: None).

Subrogation receivables followed under the off-balance sheet accounts

None (31 December 2022: None).

Description and amount of rights in real on property

None (31 December 2022: None).

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47. OTHER (Continued)

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

None (31 December 2022: None).

For the years ended 31 December 2023 and 2022 details of rediscount and provision expenses are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Change in provision for recovery receivables under legal follow-up (Note 4.2)	(311,485,636)	(101,316,105)
Other	(104,417,233)	39,417,526
Total provision expenses(-)	(415,902,869)	(61,898,579)
Debit/credit rediscount expenses, net	(247,165,854)	(10,706,810)
Total rediscount expenses(-)	(247,165,854)	(10,706,810)

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

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period	3,000,000	1,900,000
Fees for tax advisory services	125,000	60,000
Total (*) (**)	3,125,000	1,960,000

(*) The fee is excluding VAT.

(**) It also includes fees for services received for a joint venture.

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