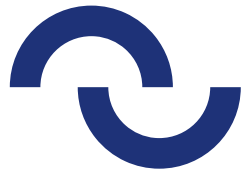




**Strong
Future**
with Katılım
Reasürans

Annual Report 2022

 **türk katılım
reasürans**



**türk katılım
reasürans**

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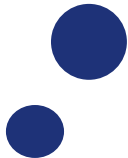
Company Information

Company Title	Türk Katılım Reasürans Anonim Şirketi
Trade Registry Number	326870-5
Tax Office Number	8761322427
Mersis Number	0876132242700001
Registered Address	Saray Mah. Dr. Adnan Büyükdeniz Cad. Ak Ofis No: 8/2 Ümraniye, 34768 İstanbul
Registration Date	08/09/2021

Türk Katılım Reasürans, which was established on 8 September 2021, swiftly completed its structuring process and commenced its business acceptance activities after obtaining its operating license at the start of 2022. Türk Katılım Reasürans specializes in providing participation reinsurance services within the non-life insurance industry.



Türk Katılım Reasürans, in 2022, provided reinsurance coverage to the participation insurance industry through the production of premiums across nine distinct main branches. **In its initial year, the company achieved a 4% market share in Türkiye's reinsurance market, surpassing TL 387 million in gross premiums.**





**Pioneering and
Supporting Roles**
in Enhancing
the Capacity of
Participation-Based
Reinsurance

Türk Katılım Reasürans at a Glance

2022 Ordinary General Assembly Meeting Agenda

TÜRK KATILIM REASÜRANS A.Ş.

Ordinary General Assembly Meeting Agenda

1. Opening and the formation of the Meeting Council.
2. Reading and discussion of the annual report prepared by the Board of Directors and reading of the Independent Auditor's Report on the activities of the year 2022
3. Reading, discussion and approval of the year-end Balance Sheet and Income Statement for the 2022 activity and accounting period
4. Acquittal of the Members of the Board of Directors regarding their activities in 2022
5. Discussion and approval of the Profit Distribution table proposed by the Board of Directors regarding profit generated in the year 2022
6. Authorizing the members of the Board of Directors to execute the operations, which are regulated by articles 395 and 396 of the Turkish Commercial Code
7. Election of the Board of Directors
8. Determining the compensation of Board of Directors members
9. Submission of the Board of Directors' Decision regarding the selection of the Independent Audit Firm to the approval of the General Assembly
10. Wishes and Closing

2022 in Figures

Türk Katılım Reasürans, which was established on 8 September 2021, swiftly completed its structuring process and commenced its business acceptance activities after obtaining its operating license at the start of 2022. Türk Katılım Reasürans specializes in providing participation reinsurance services within the non-life insurance industry. Türk Katılım Reasürans, in 2022, provided reinsurance coverage to the participation insurance industry through the production of premiums across nine distinct main branches. In its inaugural year, the company achieved a 4% market share in Türkiye's reinsurance market, surpassing TL 387 million in gross premiums.

In addition to the gross claims payment of TL 83.8 million that was realized throughout 2022, there was a total loss of TL 152.3 million due to the change in outstanding claims, which amounted to TL 68.6 million.

As of 31 December 2022, the proportion of liquid assets within the asset size of almost TL 365 million stands at 42%. Türk Katılım Reasürans has prioritized maintaining a high level of asset quality as its primary objective, and has successfully accomplished this objective.

On the basis of the capital adequacy calculation conducted in accordance with the provisions outlined in "the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies," Türk Katılım Reasürans recorded a surplus of TL 44.4 million.

In 2022, a total of TL 227.6 million in technical expenses were incurred, including operating expenses amounting to TL 61.6 million.

As of the end of 2022, Türk Katılım Reasürans possesses an equity amounting to TL 104 million.

The transfer of investment incomes totaling TL 26.8 million to the technical segment resulted in a technical income of TL 229.4 million.

During the time frame of 1 January to 31 December 2022, premium production was conducted across nine distinct main branches, with reinsurance coverage provided to the participation insurance industry.

With the contribution of the technical segment balance of TL 1.8 million realized in 2022, the year was accomplished with a pre-tax profit of TL 2.1 million.

About Türk Katılım Reasürans

Türk Katılım Reasürans provides services to domestic and foreign insurance companies, **reinsurance companies, institutions and banks pursuing reinsurance solutions, pools and brokerage firms that act as intermediaries facilitating these activities.**

Türk Katılım Reasürans A.Ş. (Türk Katılım Reasürans), Türkiye's first participation reinsurance company, was established on 8 September 2021 to respond to the needs of the rapidly growing Türkiye's participation banking and participation insurance industries. Türk Katılım Reasürans, which set out to sustain the achievements of Türk Reasürans A.Ş., which is its main shareholder, in the field of participation reinsurance, provides services to domestic and foreign insurance companies, reinsurance companies, institutions and banks pursuing reinsurance solutions, pools and broker companies that act as intermediaries to facilitate these activities.

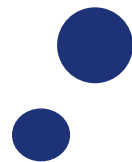
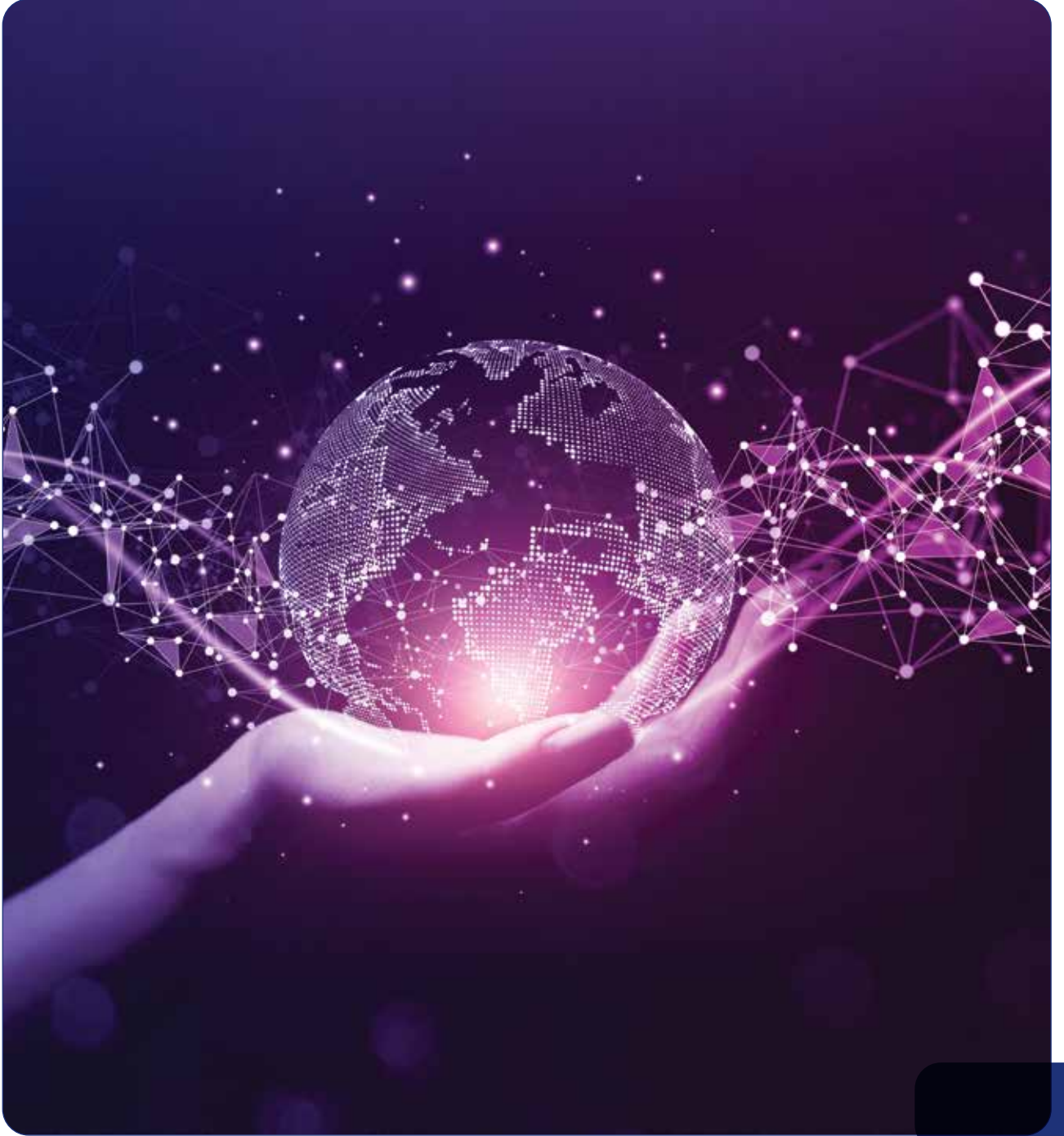
Türk Katılım Reasürans is committed to providing support for the participation-based reinsurance requirements of both domestic insurance companies and foreign markets. Accepting business in all proportional and non-proportional reinsurance treaties, the Company also supports discretionary reinsurance needs in addition to treaty reinsurance acceptances in the branches for which it is authorized.

Türk Katılım Reasürans has the capability to address the reinsurance needs of companies through broker firms, while also providing direct capacity in response to requests from insurance companies and/or reinsurance companies.

Türk Katılım Reasürans is a member of the Association of Insurance and Reinsurance Companies of Türkiye.

The company has successfully initiated operations in non-life branches, and has successfully completed its first year of operation, and offers reinsurance capacity in the following areas:

- Fire and Natural Disasters,
- General Losses, General Liability,
- Accident,
- Financial Losses,
- Transportation,
- Water Vehicles,
- Water Vehicle Liability,
- Land Vehicles,
- Land Vehicle Liability,
- Aircraft,
- Aircraft Liability,
- Credit,
- Bail,
- Sickness and Health,
- Legal Protection



Mission and Vision

Mission

- To contribute to the development of the participation insurance industry in Türkiye by enhancing the domestic participation reinsurance capacity.
- To contribute to the sustainable growth of our country's economy by ensuring that the participation reinsurance premiums remain within our borders.
- To contribute to the maturation of Türkiye's participation insurance industry in terms of technological infrastructure, skilled human resources, institutionalization, sustainability and financial strength.



Vision

Efficiently manage the risks of our country as Türkiye's first strong participation reinsurance company and establish ourselves as a prominent global participation reinsurance brand, assuming the role of an **"assurance exporter"**.



Shareholding Structure



The main shareholder of Türk Katılım Reasürans **Türk Reasürans A.Ş.**

Türk Reasürans A.Ş. is the main shareholder of Türk Katılım Reasürans. The company's capital amounts to TL 100,000,000.00, which is divided into 100,000,000 shares with a nominal value of TL 1.00 per share. All of the shares are registered. The sole ownership of Türk Katılım Reasürans Anonim Şirketi, consisting of 100,000,000 shares with a nominal value of TL 1.00 per share, is held by Türk Reasürans Anonim Şirketi.

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

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

Key Financial Indicators and Ratios

The total gross premium income of Türk Katılım Reasürans in 2022 amounts to TL 387 million, while its profit for the period before tax stands at TL 2.1 million.

Gross premium production -TL

	2022
General Losses	305,857,388
Fire and Natural Disasters	70,746,054
Transportation	4,210,771
General Liability	2,838,254
Water Vehicles	2,498,812
Accident	593,912
Financial Losses	452,113
Land Vehicles	93,180
Land Vehicle Liability	16,444
Total gross premium income	387,306,928

TL

83.8

million

Within the initial year of Türk Katılım Reasürans' operations, the total gross claims paid amounted to TL 83,774,063.

Gross claims paid -TL

	2022
General Losses	62,394,012
Fire and Natural Disasters	20,617,013
Transportation	490,051
Water Vehicles	270,808
General Liability	2,179
Total gross claims paid	83,774,063

Key Financial Indicators and Ratios

Summary of Financial results -TL

	2022	2021
Cash and Cash Equivalents	153,986,733	104,202,963
Receivables from Main Operations	154,828,993	-
Total Assets	364,649,096	104,424,996
Technical Provisions	249,401,722	-
Total Equity	104,157,431	103,058,875
Gross Written Premium	387,306,928	-
Technical Incomes	229,416,418	-
Technical Segment Balance	1,779,012	(586,650)
Investment Incomes	27,644,509	4,695,260
Investment Expenses	(27,841,025)	(27,475)
Other Incomes and Expenses	519,570	662
Profit for the Period	2,102,066	4,081,797
Tax Expenses	(1,003,510)	(1,022,922)
Net Profit for the Period	1,098,556	3,058,875

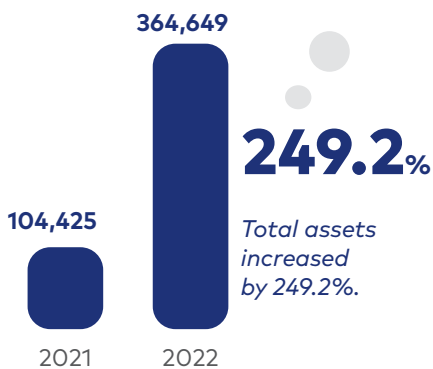
TL
364.7
million

In 2022, the total assets amounted to TL 364,649,096.

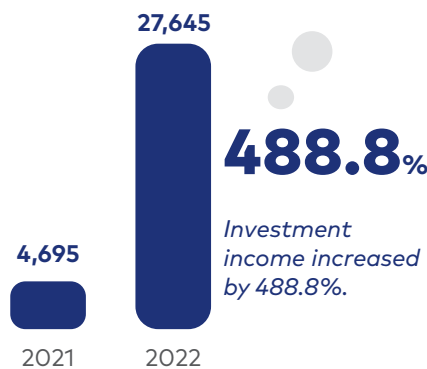
Financial Analysis Ratios -%

	2022	2021
	%	%
Liquidity Ratio	194	8565
Current Ratio	393	8566
Return on Equity Ratio	1	3
Claims ratio, net	75	-
Expense ratio, net	34	-
Combined ratio, net	109	-
Technical Profitability Ratio (Technical Segment Balance/ Written Premium)	1	-
Conservation Ratio	97	-

Total Assets (thousand TL)



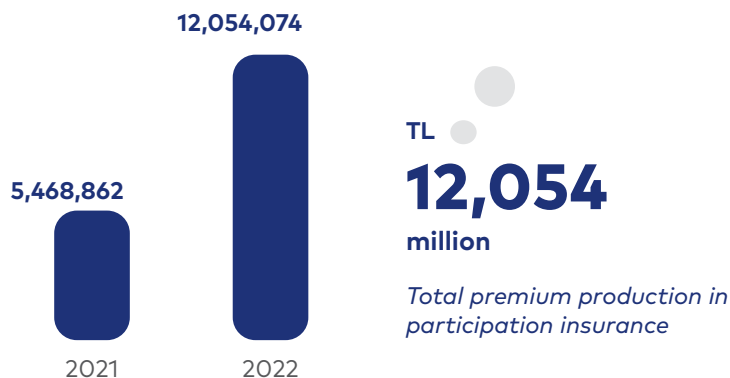
Investment Income (thousand TL)



Gross Premium Production in the Participation Insurance Industry (TL)

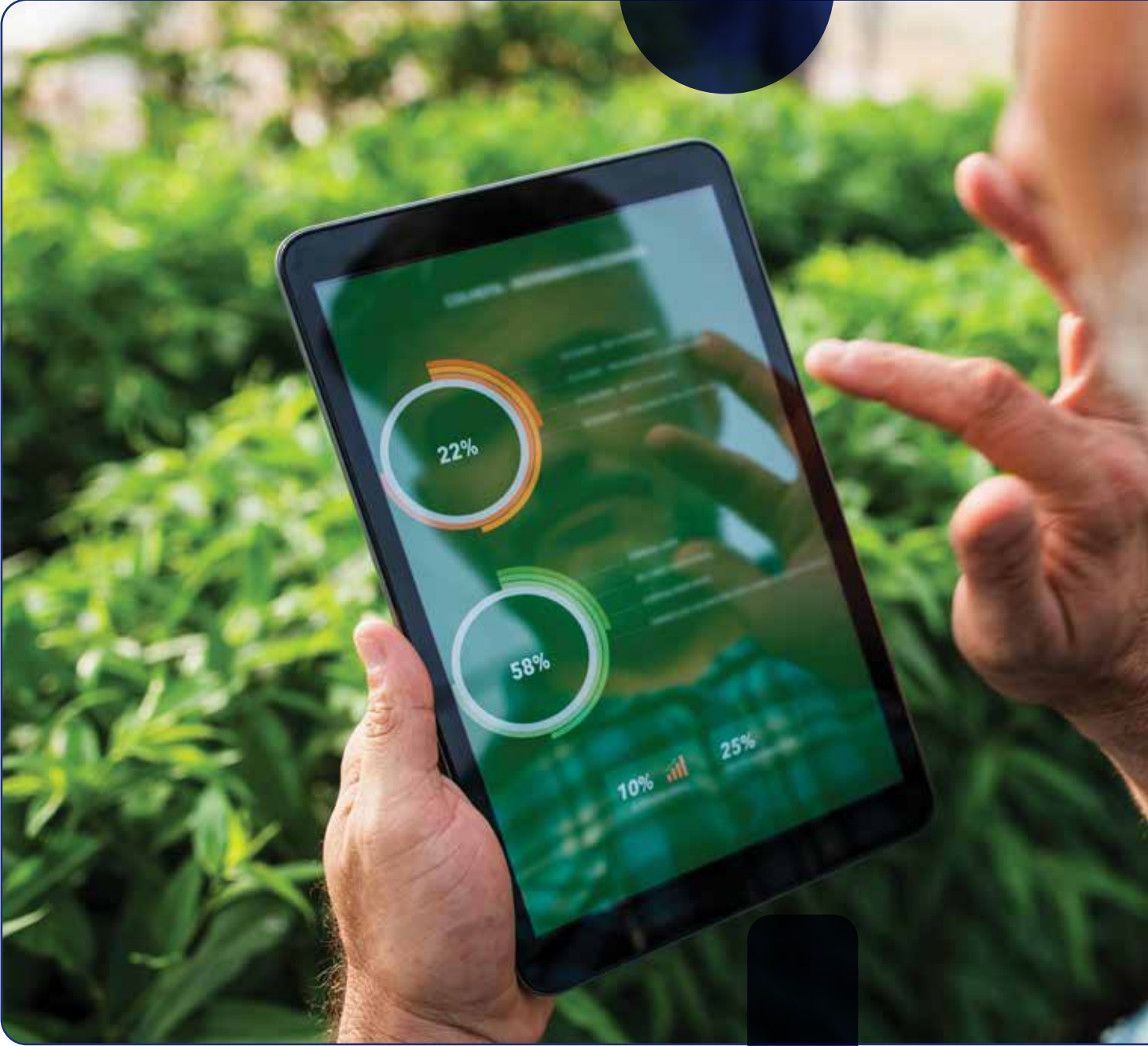
	2022	Market Share %	2021	Market Share %	Change %
Land Vehicle Liability	3,820,208,084	33.7	2,052,325,057	40.6	86.1
General Losses	2,782,282,418	24.5	1,172,227,876	23.2	137.3
Land Vehicles	2,323,298,980	20.5	722,418,493	14.3	221.6
Fire and Natural Disasters	1,310,152,929	11.6	602,525,681	11.9	117.4
Accident	405,745,008	3.6	230,370,775	4.6	76.1
Sickness-Health	300,201,928	2.6	110,814,191	2.2	170.9
General Liability	147,213,137	1.3	35,631,415	0.7	313.2
Legal Protection	98,821,684	0.9	36,615,212	0.7	169.9
Transportation	75,499,137	0.7	65,629,458	1.3	15.0
Bail	29,641,151	0.3	7,209,256	0.1	311.2
Financial Losses	20,193,497	0.2	7,792,964	0.2	159.1
Water Vehicles	17,272,380	0.2	10,919,041	0.2	58.2
Aircraft	9,678,120	0.1	1,150,260	0.0	741.4
Credit	248,995	0.0	372,341	0.0	-33.1
Aircraft Liability	(22,152)	0.0	1,524,080	0.0	-101.5
Total Non-Life	11,340,435,296	94.1	5,057,526,099	92.5	124.2
Total Life	713,638,918	5.9	411,335,740	7.5	73.5
Grand Total	12,054,074,214	100.0	5,468,861,839	100.0	120.4

* Data published by the Insurance Association of Türkiye on 6 March 2023 has been used.

Gross Premium Production in the Participation Insurance Industry (thousand TL)

120.4%

As of the end of 2022, the total premium production in participation insurance had surpassed TL 12 billion, reflecting a growth of 120.4% in comparison to 2021.





**Sustainable
Contribution**
to the Growth
and Maturation of
the Participation
Insurance Industry

From the Management

Letter from the Chairman

Türk Katılım Reasürans has successfully accomplished its initial goals through the **synergistic collaboration of its main shareholder, Türk Reasürans, along with its skilled workforce, technological investments, and corporate support.**

Dear Stakeholders,

Following the challenging impact of the global pandemic on our country and the international community, the Russia-Ukraine War in 2022 has resulted in a significant surge in energy and commodity prices, reaching unprecedented levels. The major repercussions of the energy price shock have expanded to encompass all economic indicators, particularly inflation, in the year 2022. However, a normalization trend in energy prices, particularly in European natural gas prices, has begun to be observed.

In response to the escalating inflation following the COVID-19 pandemic, Türkiye, while maintaining its fight against inflation, aimed to keep growth high and first protect and then increase employment. It

established its monetary and fiscal policies in accordance with this framework, lowered interest rates, reduced various taxes, increased public expenditures, raised the minimum wage and state aid.

Despite the occurrence of global supply shocks and the ongoing Russia-Ukraine War, Türkiye's economy has demonstrated a consistent and sustainable growth trajectory without any interruptions. Türkiye's economy has demonstrated strong growth performance since the last quarter of 2019, positioning it as the top performer among G20 countries and the second highest performer among OECD countries.

Türk Katılım Reasürans, after successfully completing its initial year in 2022, plays a crucial role in fostering the growth of our industry. By offering capacity

to companies operating in the participation insurance industry, the organization actively contributes to the sustainable development of both present and future economies.

To facilitate the healthy and sustainable growth of the participation insurance industry in Türkiye, and to position Türkiye as a significant global player in this emerging market, Türk Katılım Reasürans has successfully provided participation reinsurance services within the non-life insurance industry. In its initial year of operation, Türk Katılım Reasürans achieved a notable 4% market share in Türkiye's reinsurance market, driven by its gross premium production surpassing TL 387 million.





4% share

Due to its gross premium production of over TL 387 million in its first year of operation, Türk Katılım Reasürans acquired a 4% share of Türkiye's reinsurance market.

While starting with its support in the domestic markets, Türk Katılım Reasürans simultaneously pursued the necessary marketing and promotional activities towards its goal of becoming an international reinsurance company, which is one of its founding goals, and has strategically positioned itself to export assurances abroad, adhering to its business principles, across different geographical locations.

Successive adverse developments in global markets in recent years have reduced the risk appetite of reinsurers and escalated the demand for local reinsurance capacity. Despite being in its first year of operation, Türk Katılım Reasürans has addressed this demand at the highest level.

Türk Katılım Reasürans has successfully accomplished its initial goals through the synergistic collaboration of its main shareholder, Türk Reasürans, along with its skilled workforce, technological investments, and corporate support.

In accordance with the guidelines outlined in the 11th Development Plan of the state, which encompasses from 2019 to 2023, Türk Katılım Reasürans is committed to undertaking initiatives that promote participation insurance and enhance its range of services to cater to diverse risk groups. We are actively implementing measures to bolster the growth of the participation insurance industry in our country with effective products, technology, and advanced human resources and expertise in order to enhance our domestic reinsurance capacity and establish ourselves as a strong player in the world of participation.

I would like to extend my sincere appreciation to all of our stakeholders, particularly our esteemed Board Members and managers, as well as our highly valued employees, who have played a pivotal role in strengthening our organization along this journey.

Best Regards,

Dr. Ahmet GENÇ
Chairman of the Board of
Directors

Board of Directors



Ahmet GENÇ
Chairman of the Board of Directors

Ahmet Genç was born in Ankara in 1960. He obtained his degree from the Department of Public Administration within the Faculty of Political Science at Ankara University in 1984. Between 1985 and 1990, he held the positions of assistant specialist and specialist within the Department of Banking at the General Directorate of Banking and Exchange, under the Undersecretariat of Treasury. In 1990, he went through a one-year program in insurance and reinsurance in the UK. He pursued his Master's degree in Economics at Northeastern University from 1993 to 1995.

He was transferred from the General Directorate of Banking and Exchange, under the Undersecretariat of Treasury, to the General Directorate of Insurance in 1997, assuming the role of Branch Manager. Subsequently, in 1998, he was promoted to the position of Head of the Department. He obtained his Doctorate of Philosophy from the Department of Business Administration at the Institute of Social Sciences at Ankara University in 2002. Ahmet Genç served at the General Directorate of Insurance, starting as Assistant General Manager from 2002 to 2004, then progressing to the role of Deputy General Manager from 2004 to 2007. Following that, he assumed the position of General Manager from 2007 to 2015. He was appointed Deputy Undersecretary of Treasury in 2015.

Dr. Ahmet Genç has held key positions in various institutions and established in the field of insurance in recent years. Notably, he has served as a founding board/committee member or chairman in establishments such as the Insurance Information Center, Insurance Training Center (SEGEM), Agricultural Insurance Pool (TARSİM), and Türk Reasürans A.Ş. Currently, Dr. Genç assumes the role of Chairman of the Board of Directors at Türk Katılım Reasürans A.Ş., a position he has held since 6 September 2021.



Ayşe DİLBAY
Deputy Chairman of the Board of Directors

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

She worked as a Tax Inspector in 1985 and a Branch Manager in 1989. In 2003, she was appointed as the Head of Department in the General Directorate of Revenues. With the restructuring of the General Directorate of Revenues, she was appointed as the Head of Department at the Turkish Revenue Administration. Ayşe Dilbay was appointed as the Vice President of Revenue Administration in 2016 and remains in this position. She is also a Member of the Board of Directors of Türk Reasürans A.Ş. She has been a Member of the Board of Directors of Türk Katılım Reasürans A.Ş. since 6 September 2021.



Cebrail TAŞKIN
Member of the Board of Directors

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

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

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

Dr. Cebrail Taşkın is a Member of the Telecommunication Professional Committee of the Istanbul Chamber of Commerce (ITO), a Member of the Board of the Internet-Based Broadcasting Association (IPTV-DER), and the Vice President of the Digital Telecommunication Group of the International Academy Research and Industry Organization (IARIA) based in the United States. He is also a Member of the Board of Directors of Türk Reasürans A.Ş. Dr. Cebrail Taşkın has been serving as a Member of the Board of Directors of Türk Reasürans A.Ş. since 6 September 2021.

Board of Directors

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

About the Board of Directors

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

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



Fatih HASDEMİR
Member of the Board of Directors

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

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

Having served as Türkiye's Deputy Permanent Representative to the European Union in 2013, and as Deputy Undersecretary of the Ministry of Development and a specialist at the Presidential Strategy and Budget Department in 2016, Dr. Fatih Hasdemir has been serving as the General Secretary of the Fatih Sultan Mehmet Vakıf University and as a Member of the Board of Directors of Türk Reasürans A.Ş. Dr. Fatih Hasdemir has been serving as a Member of the Board of Directors of Türk Reasürans A.Ş. since 6 September 2021.



Ahmet DENİZ
Member of the Board of Directors

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



Fatih Mehmet BAL
Member of the Board of Directors

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

He worked in many different departments in the Ministry. In 2021, he started to work as the Head of Department at the Risk Analysis General Directorate of the Ministry of Treasury and Finance. As of 2022, he was appointed as the General Manager of Risk Analysis at the Ministry of Treasury and Finance and remains in this position. He has been a Member of the Board of Directors at Türk Reasürans A.Ş. since 6 September 2022.



Zekiye Selva EREN
Member of the Board of Directors and CEO

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

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

Selva Eren, who was appointed as the General Manager of Türk Reasürans A.Ş. by the Ministry of Treasury and Finance, currently serves as the Board Member and CEO at Türk Reasürans A.Ş., and as a Member of the Board of Directors of the Agricultural Insurance Pool. Since 6 September 2021, she has been holding the positions of Member of the Board of Directors and CEO at Türk Katılım Reasürans A.Ş.

Letter from the CEO

As the Türk Reasürans family, we take great pride in our commitment to fostering industry and economic growth by developing innovative solutions that address emerging risks **with all our companies under our management.**

Dear Stakeholders,,

We are enhancing our capacity to generate effective solutions in response to challenging circumstances.

The year 2022, when the world was confronted with economic and social difficulties, was considered a year of recovery. During the ongoing post-pandemic recovery efforts, global economies also encountered challenges stemming from war, energy crises, and natural disasters due to climate change.

As the Türk Reasürans family, we take great pride in our commitment to fostering industry and economic growth by developing innovative solutions to address emerging risks through our diverse portfolio of companies under our management during these challenging circumstances that also impact our country.

The Special Risks Management Center (SRMC), one of the institutions under our management, has played a significant role in ensuring our country's economic sustainability by providing the guarantees that our country needs, particularly during the Russia-Ukraine crisis. To ensure the continuity of Türkiye's foreign trade and tourism operations, it has successfully fulfilled the critical role it has undertaken for the needs of the industry by providing reinsurance coverage for commercial ships and scheduled aircraft, as well as the transportation of agricultural products and other commodities, within the scope of expeditions to Ukraine and the Russian Federation by civil sea vehicles and aircraft.

The Special Risks Management Center (SRMC) consistently generates high added value by aligning its efforts with the goal of identifying insurance industry risks that are challenging to detect and establishing the requisite insurance pools. Following the amendment in the SME regulation in June, we have made necessary updates to our State-Backed Receivables Insurance (SBRI) product and have accordingly revised our systems to align with these amendments. At the same time, we have made the participation version of this product ready for deployment.

Our Special Risks Management Center also successfully maintains practices such as the Medical Malpractice Insurance Pool and the Mining Personal Accident Insurance Pool.



TL

22.7

billion

We have increased the fund size of the Catastrophe Insurance Pool from TL 10.8 billion to TL 22.7 billion within a span of 2.5 years.

As the Türk Reasürans family, we are very pleased to have successfully completed many of our ongoing projects in 2022 and we remain dedicated to striving for even reaching higher targets.

Throughout 2022, our industry has encountered serious losses resulting from natural disasters, including droughts, heavy rainfall and hurricanes, which can be attributed to the impacts of global climate change. We have increased the fund size of the Catastrophe Insurance Pool, for which we serve as the technical operator, from TL 10.8 billion to TL 22.7 billion within a span of 2.5 years. We increased the level of assurance we provide to our citizens by increasing the solvency from TL 25 billion to TL 117 billion as of the end of the year. As of this year, we doubled the coverage of TCIP, which makes our citizens' access to insurance the first priority, particularly in the

Compulsory Earthquake Insurance product, and increased the number of policies to 11 million as a result of our dedicated efforts in line with our 100% insurance target.

As Türk Reasürans, we always keep the earthquake reality of our country in mind, and we design our risk management in line with our local characteristics. In this context, another important project regarding TCIP is that we have relocated our main data center to a region that does not bear the risk of earthquakes, and we have implemented structural designs that enable us to promptly access all areas of the country in the event of an earthquake.

We inaugurated the newly established Emergency Management Center of TCIP in November, and upgraded all our claims management systems to align with the advanced

technological infrastructure of the contemporary era. We have enhanced the capacity of our existing information systems to effectively handle an unlimited number of simultaneous claim notifications and process 96 thousand claim files within a 24-hour timeframe.

In order to strengthen our position, which can be described as a barrier between the risks created by extraordinary natural occurrences and our citizens, we intend to expand the scope of TCIP and restructure it as "Compulsory Disaster Insurance". In this regard, we look forward to implementing the "Compulsory Disaster Insurance" application, which we have created by reconstructing the compulsory earthquake insurance to cover all natural disasters including floods, forest fires, tornadoes, storms, and landslides.

Genel Müdür'ün Mesajı

We provided assurance for a wide range of operations in our country, ranging from power plants to major infrastructure projects, tourism facilities, and particularly industrial risks.

As the Türk Reasürans, we have been dedicated to delivering services for the growth of the insurance industry and actively striving for the development of technologies that will add value to the industry, ever since our establishment. We recognize the benefits of our software product, ARU (Main Reinsurance Application), which we developed using our own resources and which encompasses all end-to-end reinsurance activities.

Furthermore, our catastrophic modeling product, CATMOD, which we launched this year, will contribute to the development of our entire industry by enabling modeling based on our country-specific building inventories and local conditions. Developed internally, utilizing 100% domestic capital, CATMOD is the first in Türkiye and the third of its kind in the world. Our objective is to actively utilize the platform, which we have verified in our earthquake claims calculations as of this year,

in the upcoming renewals in 2023 by our industry stakeholders.

Our Technopark company, T-RUPT, which will operate in the fields of insurance/reinsurance and catastrophic modeling, was established this year with the aim of enhancing our contributions to economic development and sustainable growth by leveraging academic knowledge and technological developments in our industry and aligning them with the fundamental goals of Türk Reasürans. Established with 100% Türk Reasürans capital, T-RUPT will scale products, produce, and export advanced technology in the fields of reinsurance and catastrophic modeling. We hope that our company, which will continue its activities in Yıldız Technical University Technopark, will be the leading power of our industry, starting with the national market and expanding to the global market, offering competitive solutions.

We have thus summarized the achievements of our companies that make up the Türk Reasürans family. Let us take a look at the performance of our Türk Katılım Reasürans company in 2022.

Türk Katılım Reasürans has demonstrated remarkable accomplishments during its initial year of operation.

Türk Katılım Reasürans, which we established on 8 September 2021 to support the healthy and sustainable development of the participation insurance industry in Türkiye, has demonstrated remarkable accomplishments during its initial year of operation.

Türk Katılım Reasürans swiftly developed its business processes to effectively address the needs of participating insurance companies. The company diligently endeavored to fulfill the domestic demand for participating insurance, extending capacity support to the industry through proportional and non-proportional treaties,

including various branches such as agriculture, fire, engineering, liability, and transportation.

In the year 2022, the process of treaty acceptances was completed through the signing of 6 treaties with 4 domestic customers. We have successfully established connections with international companies, and our ongoing meetings and visits are progressing.

Türk Katılım Reasürans, a provider of services to non-life insurance groups in the participation insurance groups, achieved a total gross premium production of over TL 387 million in 2022 (including treaty and discretionary) and concluded its first operational year by generating a profit for the period amounting to TL 2.1 million.

While providing reinsurance support in domestic markets, Türk Katılım Reasürans assumed its initial steps to offer assurance in different geographic areas with proactive promotion-marketing efforts, while also taking into consideration its goal of becoming an international reinsurance company.

Even though 2022 was a challenging year for the insurance industry as a whole in terms of technical profitability, we have managed to serve our business partners within the framework of constructive, agile, and open communication principles, resulting in a portfolio that is sustainable, balanced, and in which technical results positively differentiate in accordance with the industry, all without compromising our technical discipline. We provided

assurance for a wide range of operations in our country, ranging from power plants to major infrastructure projects, tourism facilities, and particularly industrial risks.

We are committed to fostering the growth of Türk Katılım Reasürans, the first reinsurance company operating on the principles of participation in Türkiye, with unwavering enthusiasm and determination, mirroring the spirit of Türk Reasürans.

As the Türk Reasürans Family, we close the year 2022 with the pride of accomplishing numerous notable achievements while continuing to expand Türk Katılım Reasürans, which is dedicated to bolstering the participation insurance industry. I would like to extend my sincere appreciation to our esteemed Board of Directors for their invaluable guidance in steering our organization towards success on this path, and I would like to thank all our employees who made Türk Katılım Reasürans a company that created value in the participation insurance industry in a short span of time in line with its founding goals.

Best Regards,

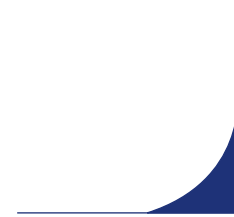
Selva Eren
Board Member and CEO

TL

2.1

million

Türk Katılım Reasürans, a provider of services to non-life insurance groups in the participation insurance groups, concluded its first operational year by generating a profit for the period amounting to TL 2.1 million.



Senior Management

Senior Management

Selva EREN	Member of the Board of Directors and CEO
Sibel SAĞLAM	Deputy General Manager



Zekiye Selva EREN
Member of the Board of Directors
and CEO

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

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

Selva Eren, who was appointed as the General Manager of Türk Reasürans A.Ş. by the Ministry of Treasury and Finance, currently serves as the Board Member and CEO at Türk Reasürans A.Ş., and as a Member of the Board of Directors of the Agricultural Insurance Pool. Since 6 September 2021, she has been holding the positions of Member of the Board of Directors and CEO at Türk Katılım Reasürans A.Ş.



Sibel SAĞLAM
Deputy General Manager

Sibel Sağlam, born in Kırklareli, has completed her undergraduate studies at the Faculty of Communication at Marmara University. She further pursued her academic journey by obtaining a master's degree from the Marketing Communication Department at Maltepe University's Social Sciences Institute. She holds a Chief Marketing Officer (CMO) certification, a CMB Advanced Level License, and certifications from the Project Management Institute (PMI).

She worked as a reporter at Hürriyet and Sabah Newspapers and served as the Editor-in-Chief of Intermedya Economics Magazine until 1996. She assumed the position of Deputy Marketing Manager at Sümerbank A.Ş. from 1996 to 2001 and also worked at Sümer Yatırım ve Menkul Değerler A.Ş. from 1997 to 2001. She served as the Portfolio Marketing Manager at Deniz Yatırım Menkul Değerler A.Ş. and Deniz Portföy A.Ş. from 2001 to 2003.

She held the position of Head of Marketing and Sales Support Group at Aegon Hayat ve Emeklilik A.Ş. (formerly Ankara Emeklilik A.Ş.) from 2003 to 2010. Following that, she served as the Human Resources Manager at Double Tree by Hilton Istanbul Moda from 2010 to 2011, and subsequently at Vakıf Emeklilik A.Ş. from 2011 to 2012 as the Manager in charge of the Bancassurance, Corporate Communications, and Special Projects Departments. Additionally, she served as the Manager responsible for Corporate Sales, Agencies, and Customer Services Units at Asya Emeklilik ve Hayat A.Ş. from 2015 to 2017 (following its transfer to SDIF Management in 2014).

Sibel Sağlam, formerly the Deputy General Manager of Marketing and Sales at Halk Hayat ve Emeklilik, concluded her role at the company in July 2020, in tandem with the consolidation of insurance companies into a unified entity. She has been working as the Deputy General Manager at Türk Katılım Reasürans A.Ş. since October 2021.

Managers within the Scope of Internal Systems, Financial Affairs and Actuarial

İsmail YILDIRIM Internal Audit Manager

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

Hatice Dilek OĞUZ EKER Financial Reporting and Accounting Manager

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

Merve ERDEM ERCAN Risk Management and Compliance Manager

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

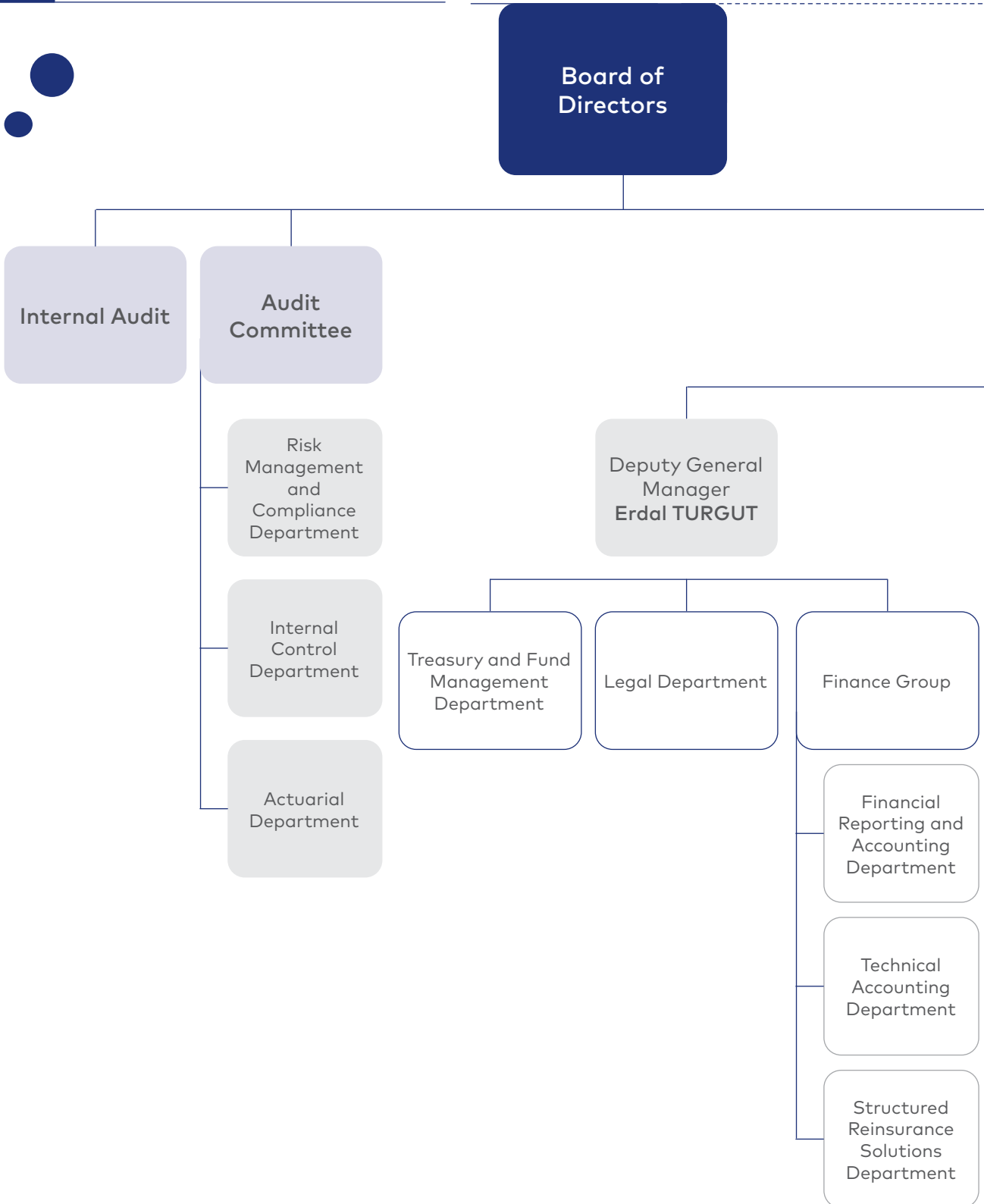
Orhun Emre ÇELİK Responsible Actuary (Advisor)

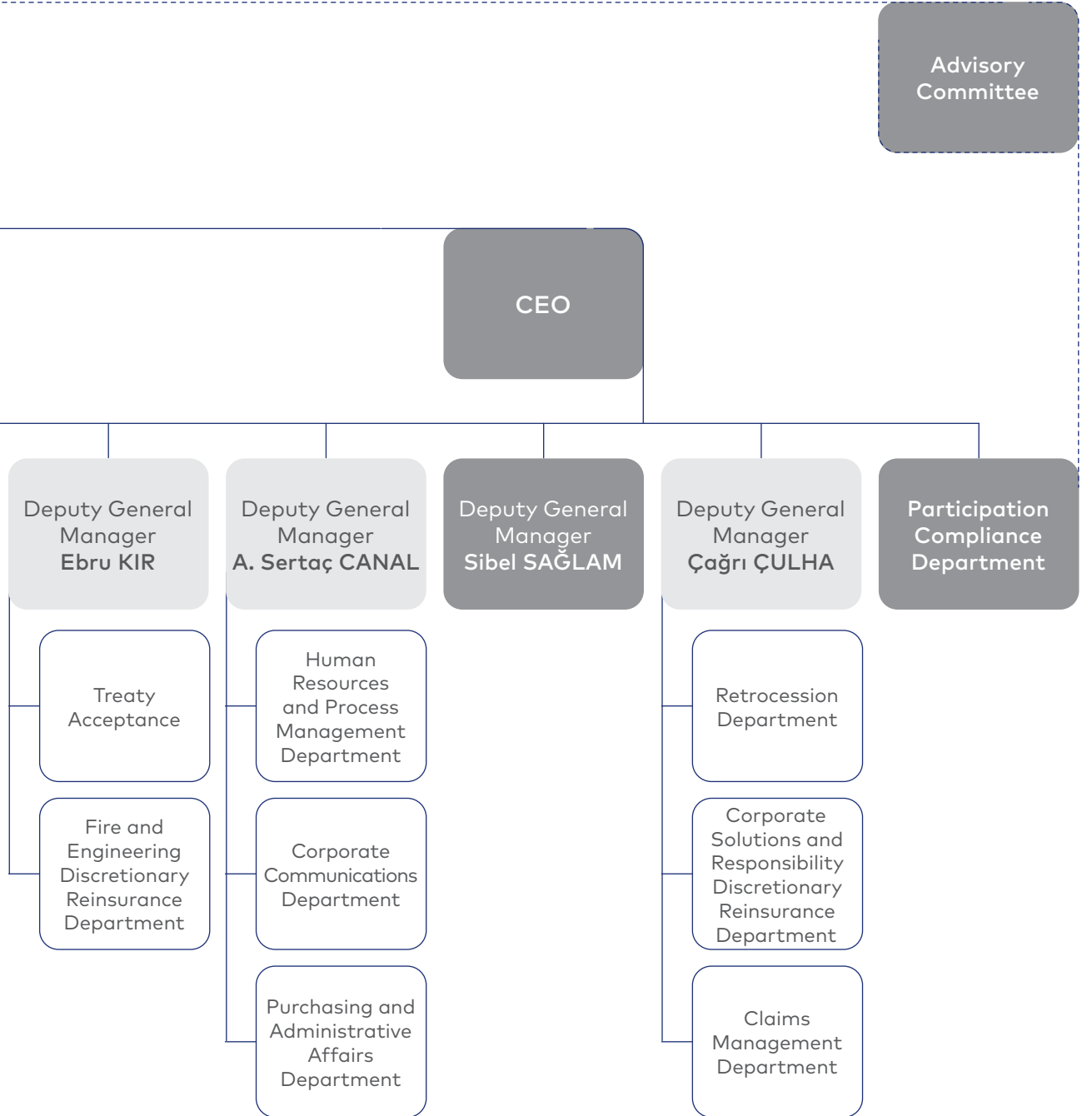
Orhun Emre Çelik completed his undergraduate degree from the Department of Industrial Engineering, Faculty of Business Administration at Istanbul Technical University in 1998.

He started his professional career as an Assistant Actuary at the Insurance Supervisory Board in 1998 and was appointed as an Actuary in 2002.

He left the Board in 2003 and started to work as the Chairman of the Inspection Board of Demir Finansal Grup Holding A.Ş. Afterwards, Mr. Çelik served as R&D and Reinsurance Group Manager, Technical Group Manager and Technical Coordinator in various companies. Orhun Emre Çelik, who still manages the PREFUS consultancy company he founded in 2009, has a good command of English.

Organization Chart









**Aiming to Expand
the Sphere of
Influence** with the
Vision of Becoming a
Global Participation
Reinsurance Brand

Developments in 2022

2022 Developments in Economy and Industry

The implementation of significant policy rate hikes by several countries with reserve currencies has heightened concerns regarding a potential global recession, **as it indicates a discernible decline in economic activity.**

GLOBAL ECONOMIC OUTLOOK

While commodity prices soared rapidly during the Russia-Ukraine war, which began in February 2022, inflation, which rose in 2021 due to expansionary monetary policies implemented during the pandemic period, escalated to unanticipated levels as commodity prices increased. Monetary tightening, inflation, growth, and commodity prices were at the top of the global economy's agenda.

In this sense, 2022 has been a challenging year due to both the Russia-Ukraine crisis and decisions made by countries regarding their monetary policies. The expanding boycott of Russian energy flows, followed by Russia's cutting off the gas supply to Europe, significantly constrained the energy markets

and tested extreme price levels. The disruption of the supply chains during the war brought about an increase in food and commodity prices.

The surge in food, energy, and commodity prices, along with a resulting rise in inflation rates in developed as well as developing countries, has prompted central banks, such as the FED and the ECB, to implement monetary tightening measures and raise interest rates in order to combat inflation. Additionally, the Chinese government's implementation of stringent quarantine measures as part of their zero COVID-19 case policy has emerged as a significant factor that could potentially impact global growth and foreign trade in an adverse way.

The adoption of more stringent monetary policies has resulted

in the emergence of financing challenges in developing and underdeveloped nations. The implementation of significant policy rate hikes by several countries with reserve currencies has heightened concerns regarding a potential global recession, as it indicates a discernible decline in economic activity. However, the extent to which tight monetary policies will effectively curb global inflation in light of supply-side issues remains uncertain. However, the weakening of purchasing power due to high inflation and the suppression of risk appetite in the second half of the year due to tightening liquidity conditions led to a limited decline in global inflation. In December 2022, the inflation rate in the United States experienced a decline from 7.1% to 6.5%, while in the Euro area, it decreased from 10.1% to 9.2%.





Weakening in global economic growth

The prevailing pessimistic outlook on global growth throughout the year was also reflected in the global growth projections for 2022 and 2023. The global growth expectations for 2022 and 2023, as stated in the IMF World Economic Outlook report published in January 2022, were initially announced as 4.4% and 3.8%, respectively. However, these projections were revised downward to 3.6% for both years in the report published in April. The figures were subsequently adjusted to 3.2% and 2.7% in the month of October. As we entered the year 2023, China's loosening of the pandemic measures and the more favorable demand indicators compared to previous forecasts provided a modest sense

of optimism for the upcoming projections. In the January 2023 update, the International Monetary Fund (IMF) made upward revisions to its global growth forecasts. The revised projections indicate a growth rate of 3.4% for the year 2022 and 2.9% for the year 2023.

3.4%

In its January 2023 update, the IMF revised its growth rate estimations as 3.4% for 2022 and 2.9% for 2023.

2022 Developments in Economy and Industry

In 2022, Türkiye's economy endured similar impacts as the global economy. **However, it diverged from other countries in terms of the policies pursued in response to these developments.**

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

The probability of contraction, particularly in the EU region, remains significant for the year 2023. The baseline scenario for Germany, in particular, has been identified as a period of recession. It is anticipated that the series of hikes in interest rates will end in 2023. However, it is important to note that the ongoing economic slowdown and the Russia-Ukraine conflict will remain significant topics of concern for the financial markets.

ECONOMIC OUTLOOK OF TÜRKİYE

In 2022, Türkiye's economy endured similar impacts as the global economy. However, it diverged from other countries in terms of the policies pursued in response to these developments. The implementation of the liraization and export-focused growth strategy, which commenced towards the end of 2021, has been consistently pursued throughout 2022. Significant developments in this regard include the impact of the interest rate reductions implemented by the Central Bank of the Republic of Türkiye (CBRT) during the second half of the year, as well as the introduction of the Foreign Exchange Rate Protected Deposit program towards the end of the year. The policy rate, which was 14.00% as of the end of 2021, was reduced by 500 basis points in August, by 100 basis points in September, by 150 basis points in October, and finally by 150 basis points in November, descending to 9.00% by the end of the year.

In 2022, inflation experienced a significant upward trajectory, primarily driven by exchange rate volatility resulting from the implementation of interest rate hike policies by foreign central banks, geopolitical developments leading to increases in commodity and import prices, and supply constraints observed in certain industries. The inflation rate reached its highest point at 85.51% on an annual basis in October. However, it subsequently decreased in November and December due to measures implemented to address speculative price movements in certain industries, a decline in global energy prices, and the impact of a high base effect. As a result, the annual inflation rate for 2022 was recorded at 64.27%.

A favorable year was left behind in terms of economic growth, which started in 2022 with cautious optimism and created expectations that it would remain low in line with the developments observed during the year. In addition to the increased raw material and energy costs due to the Russia-Ukraine war, disruptions in regional supply chains had limited effects on the growth performance of Türkiye's economy. Although private consumption expenditures, which made the highest contribution with 12.1% in 2022, as in 2021, and public expenditures, which experienced the highest increase in 4 years during the last quarter, showed a contraction of 12.8% in total in the last quarter, considering the 0.6% point positive contribution of the net exports item, which contributed positively to growth during the first three quarters, the favorable effect of the investment expenditures by 0.7 points, and the 8.5% suppressive effect caused by the stock change, Türkiye's economy exceeded expectations and achieved a growth rate of 5.6% in 2022.

Based on the market participants' survey published by the Central Bank of the Republic of Türkiye in March 2023, the inflation expectations for 2023 were reported at 37.72%, while the growth expectations stood at 3.5%.


INDUSTRIAL OUTLOOK

In 2022, the insurance industry in Türkiye experienced significant impacts from global macroeconomic and cyclical uncertainties. Particularly, inflationary pressures directly influenced the growth and profitability of the industry.



5.6%

Türkiye's economy exceeded expectations and achieved a growth rate of 5.6% in 2022.



2022 Developments in Economy and Industry

The industry's continued growth can be attributed to its robust capital structure, **the presence of prominent private and public institutions, and the supportive contributions from the state.**

The increase in inflation had an upward impact on the production of premiums. However, it also had an adverse impact on claims costs. Additionally, the relatively high exchange rates were among the factors contributing to the upsurge in costs. In addition to prevailing economic conditions, the insurance industry experienced constraints in its rapid growth due to escalating political and geopolitical risks.

The subject market conditions have had an adverse effect on the technical results of the fire and engineering branches. This is evident in the increased cost of claims. Furthermore, these conditions have also impacted the treaty results of insurance companies that operate with low retention and high treaty rates in these branches. As a result, insurance companies have implemented certain limitations within their risk acceptance policies to safeguard the long-term viability of their treaty agreements.

Despite these developments in the industry, Türk Katılım Reasürans did not set any limitations on its risk acceptance policies, even though it was in its first year of operation. Additionally, the company

extended considerable support to the industry, despite the global economic conditions leading to a decrease in capacity.

Nevertheless, there has been a persistent rise in both the quantity and severity of insurance claims throughout 2022, primarily attributed to the occurrence of catastrophic incidents resulting from global warming and the climate crisis. The ongoing trend has exerted significant pressure on the global insurance industry, resulting in adverse impacts on equity and capital. This has led to a decline in risk appetite and reinsurance capacity within the industry, ultimately resulting in a surge in prices.

The insurance industry recorded significant growth in real terms.

Türkiye's insurance industry has demonstrated resilience against adverse external effects, thanks to its solid structure bolstered by regulations and reforms. The industry's continued growth can be attributed to its robust capital structure, the presence of prominent private and public institutions, and the supportive contributions from the state.

Based on the year-end 2022 data from the Insurance Association of Türkiye (TSB), the insurance industry accomplished a significant growth of 123.2% compared to the previous year, resulting in a total premium production of TL 235 billion. The industry's real growth rate, adjusted for inflation, is 35.9%.

While TL 204.3 billion (86.9%) of premium production came from non-life branches, which grew by 133.2%, real growth was 41.9%.

In terms of non-life insurance, notable branches that garnered attention in terms of production include health insurance, motor insurance, compulsory traffic insurance, fire and natural disasters, and general losses. Among these, the "Land Vehicle Liability" main branch accounted for the largest share in total production, amounting to 28.21%. The premium production of this branch experienced a significant growth of 147%, reaching a total of TL 57.6 billion.

The health insurance branch experienced a significant increase of 130% in premium production, resulting in a total of TL 30.1 billion. This growth can be attributed to the

escalated public interest in health insurance due to the pandemic. In complementary health insurance, premium production was realized at TL 7.8 billion with an increase of 199%.

In the life branch, there occurred a decrease in the share of total production from 16.8% to 13.1%, premium production was realized as TL 30.9 billion, while a nominal growth of 74.1% and a real growth of 6% were observed.

In terms of life insurance products with both assurance and savings features, the accelerating effect of the pandemic-induced increase in future security concerns is observed. Consumer and commercial loans, which gained momentum in the first half of the year, slowed down in the third quarter as a result of macroprudential measures, while a decline in demand for loans hindered the production of credit-linked life insurance premiums. On the other hand, cumulative life insurance maintained its outstanding performance in terms of premium production and its share in overall premium production.

The private pension system continues to develop steadily.

Based on the data provided by the Pension Monitoring Center, as of 30 December 2022, the total fund size of the Voluntary Private Pension System (PPS), inclusive of the state contribution, has reached TL 400.1 billion, with the participant count surpassing 7.8 million individuals. As of the same date, the Auto Enrollment System (AES) recorded a fund size of TL 33.3 billion, with a corresponding number of participants totaling 8.3 million. The incorporation of individuals under the age of 18 into the PPS continues to enhance the effectiveness of the voluntary PPS by expanding the pool of participants. As of the

end of 2022, the fund size attained within the participant group below the age of 18 amounted to TL 3 billion, with a total count of 594,164 participants.

As of the end of 2022, the overall fund size of voluntary PPS and automatic participation reached a total of TL 433.4 billion, with a participant count of 16.1 million individuals.

The Participation Insurance industry is growing rapidly.

Participation insurance is a form of insurance that provides insurance products in alignment with Islamic principles. The participation insurance industry in Türkiye has experienced a notable upward trajectory in recent years.

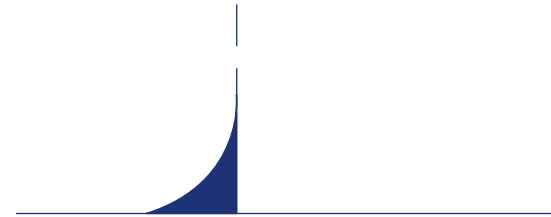
The participation insurance industry offers a range of services, with a particular focus on health, life, and vehicle insurance. Furthermore, the other insurance companies in Türkiye provide participation insurance products as well.

The demand for insurance products that adhere to Islamic principles is expected to drive the continued growth of participation insurance in Türkiye. Hence, the future of the participation insurance industry appears promising.

As of the end of 2022, the total premium production in participation insurance surpassed TL 12 billion, exhibiting a growth of 120.4% in comparison to the previous year, 2021. The non-life premium production amounted to TL 11.3 billion, while the life branch recorded a total of TL 714 million. Considering participation insurance, the sub-branch that recorded the highest premium amount was land vehicle liability, which amounted to TL 3.8 billion.

123.2%

The insurance industry accomplished a significant growth of 123.2% compared to the previous year, resulting in a total premium production of TL 235 billion.



Türk Katılım Reasürans in 2022

Türk Katılım Reasürans concluded the year 2022 with an equity of TL 104 million. **The company's focus was on maintaining business continuity and establishing a robust financial structure.**

Türk Katılım Reasürans was registered on 8 September 2021, and commenced its operations in 2022. The company has strategically aligned its activities with the objective of addressing the industry's requirements, fostering growth and vitality within the industry, and facilitating the development of a robust risk management framework to empower stakeholders.

In order to support the healthy and sustainable development of the participation insurance industry in Türkiye, and to position Türkiye as a significant global player in this emerging market, Türk Katılım Reasürans has successfully provided participation reinsurance services within various non-life insurance groups. In its first year of operation, the company achieved a 4% market share in Türkiye's reinsurance industry, generating a total of TL 387.3 million in gross premiums across 9 different main branches.

In 2022, a technical income of TL 229.4 million was obtained as an outcome of investment incomes of TL 26.8 million transferred to the technical segment. Along with the gross claims payment of TL 83.8 million realized throughout the year, the change in outstanding claims of TL 68.6 million resulted in a total loss of TL 152.3 million. In 2022, technical expenses totaled TL 227.6 million, including TL 61.6 million in operational expenses.

Türk Katılım Reasürans recorded a pre-tax profit of TL 2.1 million in 2022, with the technical segment contributing significantly with a balance of TL 1.8 million.

As of 31 December 2022, the proportion of liquid assets within the asset size, which is nearing TL 365 million, was recorded at 42%. In the future, our primary objective will continue to be centered around the establishment and preservation of a strong and resilient liquid framework in order to uphold a high standard of asset quality.

Türk Katılım Reasürans concluded the year 2022 with an equity of TL 104 million. The company's focus was on maintaining business continuity and establishing a robust financial structure. In accordance with the provisions outlined in the "Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance, and Pension Companies", a capital adequacy calculation was conducted, resulting in a surplus of TL 44.4 million.







**Outstanding
Performance**
through Financial
Strength and
Expertise

Treaty Reinsurance

While starting to offer reinsurance support in domestic markets, Türk Katılım Reasürans simultaneously pursued **marketing activities across different geographical locations in accordance with its founding goals and business principles.**

Supporting the participation market

2022 treaty acceptances were concluded by signing 6 treaties with 4 domestic customers.

The development in the participation insurance industry has increased the need for a local participation reinsurer in Türkiye. Established for this purpose in 2021, Türk Katılım Reasürans A.Ş. has started to provide support to Türkiye's market in treaty reinsurance since the beginning of 2022. The demands from participation insurance companies were assessed in line with criteria such as treaty terms and conditions, treaty structure, treaty performance, and business acceptance approach, and treaty assessment processes were finalized and acceptance activities were carried out.

Türk Katılım Reasürans made efforts to adequately address the domestic participation insurance needs as much as possible and provided capacity support to the industry through proportional and non-proportional treaties, including various branches such as agriculture, fire, engineering, liability, and transportation.

2022 treaty acceptances were concluded by signing 6 treaties with 4 domestic customers. Connections have been established with companies located abroad, and our ongoing efforts include conducting meetings and visits.





Rising demand for local reinsurance capacity

The gross premium production for the treaty in 2022 amounted to TL 385.8 million. The projected gross premium amount of Türk Katılım Reasürans A.Ş. for the business acceptance year 2022 is TL 235,294,633. Based on the projected inflation in Türkiye and the anticipated increase in the number of companies, it is estimated that the gross premium amount for the business acceptance year of 2023 will reach TL 790,219,220.

While starting to offer reinsurance support in domestic markets, Türk Katılım Reasürans simultaneously pursued marketing activities across different geographical locations in accordance with

its founding goals and business principles, and took strategic steps to become a global reinsurance company that exports assurance.

The consecutive occurrences of the pandemic, the Russia-Ukraine war, forest fires, floods, hurricanes, etc., in recent years have resulted in a significant deterioration of the economic landscape worldwide. As a consequence, the reinsurance markets have been profoundly impacted by these circumstances. The decline in risk appetite among reinsurers has led to a greater demand for local reinsurance capacity. Despite being in its first operational year, Türk Katılım Reasürans has effectively addressed this demand.

Strong capacity

Despite being in its first operational year, Türk Katılım Reasürans has effectively addressed the demand for local reinsurance capacity.

Discretionary Reinsurance

Türk Katılım Reasürans has successfully developed a well-balanced and sustainable portfolio. **The company's technical results have stood out positively within the industry, thanks to its commitment to constructive, agile, and transparent communication principles.**



Technical business acceptance

Türk Katılım Reasürans has strategically positioned the technical business acceptance discipline as the key component in the establishment of its corporate culture during the structuring of discretionary business acceptance processes.

The Discretionary Fire and Engineering Department of Türk Katılım Reasürans A.Ş. commenced its reinsurance acceptances on 1 January 2022. It offers discretionary risk acceptance for various risk branches, including fire, electronic devices, machine breakdown, construction, and assembly.

Türk Katılım Reasürans remains committed to its founding objectives by continuing to accept risks with the goal of establishing a portfolio that promotes profitable and sustainable growth in order to provide the necessary discretionary capacity support to the domestic participation insurance market.

Türk Katılım Reasürans has strategically positioned the technical business acceptance discipline as the key component in the establishment of its corporate

culture during the structuring of discretionary business acceptance processes. In spite of the challenging year for the insurance industry's technical profitability in 2022, Türk Katılım Reasürans has successfully developed a well-balanced and sustainable portfolio. The company's technical results have stood out positively within the industry, thanks to its commitment to constructive, agile, and transparent communication principles. Throughout this process, Türk Katılım Reasürans has maintained its strong technical discipline while effectively serving its business partners. The company has provided assurance for a wide range of operations in our country, from major infrastructure investments, especially industrial risks, to tourism facilities, power plants, and industrial risks.



A challenging year in terms of technical profitability

The economic developments observed in 2022, coupled with the rising costs of claims resulting from natural disasters, have adversely affected the technical outcomes of the fire and engineering branches in both the participation and conventional insurance markets. The treaty results of insurance companies also demonstrated this situation. It was observed that certain restrictions were implemented in industry-specific risk acceptance policies to maintain the sustainability of treaty agreements. Consequently, there was a slight increase in prices due to the shrinking supply in the market. If the supply in the market continues to shrink in 2023, it is anticipated that prices will keep climbing.

Türk Katılım Reasürans commenced its operations in January 2022 and proceeded to build its portfolio by signing its first discretionary

reinsurance agreement in March 2022 within the fire and engineering branches. By the end of 2022, the company had achieved a gross production of TL 1,452,730. Although the discretionary premium production may be relatively lower compared to the conventional production figures, since participation insurance reinsurance is a first in our country, it will grow with the influence of the market-maker insurance companies that started their operations in 2023.

The primary objective of Türk Katılım Reasürans for the upcoming year is to establish itself as a company that generates additional value for the economy of our country while maintaining its services within the framework of the corporate culture it has established.

TL

1.5

million

Since participation insurance reinsurance is a first in our country, it has a considerable growth potential.

Retrocession

In order to mitigate the adverse effects of rising claims costs on financial performance, insurers must acquire a comprehensive understanding of the factors driving inflation. **Subsequently, they should implement prudent balance sheet and reserve management measures.**

There is a noticeable deceleration in global economic growth, and the insurance market is being impacted by the prevailing high inflation environment. Furthermore, there has been a decline in insurance demand due to the deceleration in economic growth, and the cost of claims, particularly in non-life insurance, has risen significantly due to a high rate of inflation. The economic impacts of the COVID-19 pandemic, disruptions in global supply chains, and the long-term indirect consequences of increasing energy prices, food inflation, and geopolitical uncertainties resulting from the war in Ukraine will outweigh the direct effects. It is anticipated that several prominent economies will experience a recession within the upcoming year.

In the near term, unfavorable conditions will persistently affect the fire, engineering, and motor branches to the greatest extent. In the construction industry, it is anticipated that supply disruptions and labor shortages will result in elevated repair and rebuilding costs, consequently leading to higher claim amounts. Within the motor branch, the shortage of spare parts and disruptions in the supply chain contribute to a rise in claim costs. The high inflation observed in accident, motor liability, and general liability products is anticipated to result in an escalation of bodily injury claims. In order to mitigate the adverse effects of rising claims costs on financial performance, insurers must acquire a comprehensive understanding of the factors

driving inflation. Subsequently, they should implement prudent balance sheet and reserve management measures.

According to Fitch's global reinsurance report, it is projected that the combined claim ratio for 2023 will be approximately 94%. The report emphasizes how the current high inflation environment and the effects of climate change have impacted the predictability of claim trends.

The market experienced price increases in direct policy premiums following the 2022 renewals. However, the market was further impacted by high inflation, increased claims from climate change, the Ukraine war, and notably, the Ian hurricane in Florida, USA, at the end of September.





Increase in costs and shrinkage in capacities

These factors collectively posed challenges for the 2023 renewals. The combination of low profitability in recent years and the losses on the balance sheets of reinsurance companies has led to the adoption of long-term sustainable strategies. These strategies involve shrinking the capacities offered to the reinsurance industry and introducing regional and risk variations in their portfolios. The January 2023 renewals also witnessed an increase in costs associated with global catastrophic reinsurance programs.

Certain key players in the market made the strategic decision to limit their regional and/or overall operations, resulting in a shrinkage of the reinsurance market. Given the absence of observable outcomes from global climate change mitigation efforts, it is

anticipated that the year 2023 will witness an increase in the severity and frequency of secondary risks, namely flood, storm, hail, and drought claims. The ongoing situation affecting reinsurers in both global and local markets will only find balance through the sustained rise in policy prices within the market. In numerous regions, efforts have been made to mitigate uncertainties by transitioning to coverage types that explicitly specify risks in treaties while also eliminating unpredictable risks commonly referred to as the Black Swan. In insurance policies of the "all risks" type, where risks are not explicitly listed and only exceptions are provided, there may be instances of ambiguity and inconsistencies within the agreements.

94%

According to Fitch's global reinsurance report, it is projected that the combined claim ratio for 2023 will be approximately 94%.

Main Reinsurance Application

Türk Katılım Reasürans has enhanced the Katılım Main Reinsurance application by completing the activities of adding new functions pertaining to technical calculations **rendering performance improvements, and integrating the improvements made on the Türk Reasürans Main Reinsurance application in 2022.**

BPM project

Within the scope of the Business Process Management (BPM) project, the processes of Communication Management, Inquiry, Incident and Problem Management, External Correspondence, Integrated Management Systems needed in company operations were completed and implemented.

Information Technology Systems

Below is information regarding the Project and Technology Management principles of Türk Katılım Reasürans A.Ş.

IT Achievements in 2022

Türk Katılım Reasürans has enhanced the Katılım Main Reinsurance application, which was taken live at the end of 2021, by completing the activities of adding new functions pertaining to technical calculations, rendering performance improvements, and integrating the improvements made on the Türk Reasürans Main Reinsurance application in 2022.

Within the scope of the Business Process Management (BPM) project, the processes of Communication Management, Inquiry, Incident and Problem Management, External Correspondence, Integrated Management Systems needed in company operations were completed and implemented.

The existing SAP FI and TRM applications of Türk Reasürans were modified and adjusted to meet the requirements of Türk Katılım Reasürans A.Ş., and the modifications were successfully implemented.



Efficient processes utilizing the latest technology

The implementation and successful live transition of a software product developed as part of the Treasury SGS Project have enabled the integration of financial statements in XML with the Insurance Information and Monitoring Center (SBM). The financial statements, as per the instructions of the Treasury, have been transmitted in XML format through web service integration, in compliance with the required legal obligations.

The implementation studies for E-Ledger were conducted in collaboration with an intermediary firm that is aligned with SAP

and authorized by the Revenue Administration. These studies were carried out within the scope of the e-Ledger Project. Subsequently, the necessary steps were taken to make the E-Ledgers operational, and the company fulfilled the legal requirement by transferring them to the Revenue Administration.

E-Ledger

The implementation studies for E-Ledger were conducted in collaboration with an intermediary firm that is aligned with SAP and authorized by the Revenue Administration.

Human Resources and Talent Management

In line with its vision of becoming a global power in the insurance industry, Türk Katılım Reasürans **successfully progresses on its route in the field of participation reinsurance while providing effective and sustainable development opportunities through its robust human resources practices.**

Active structure

The human resources department maintains an active structure that adapts to workforce changes and effectively incorporates new technological developments into business processes.

In line with its vision of becoming a global power in the insurance industry, Türk Katılım Reasürans successfully progresses on its route in the field of participation reinsurance while providing effective and sustainable development opportunities through its robust human resources practices.

In alignment with corporate-level strategic choices, the human resources department maintains an active structure that adapts to workforce changes at both local and international levels and effectively incorporates new technological developments into business processes.

The company utilizes effective human resources practices to strategically allocate qualified employees with diverse skills and abilities. This approach aims to generate favorable outcomes in an inclusive manner while simultaneously adding value to Türkiye's insurance industry. Additionally, the company actively supports the personal career development of its employees by identifying and nurturing their potential areas of growth.



Effective human resources practices

The implementation of competency and business values models has created opportunities for employees to showcase their talents and potential at an exceptional level. This has also provided them with the chance to specialize in their respective areas. Türk Katılım Reasürans is committed to equipping industry professionals and future managers with the necessary skills through comprehensive training programs, with a particular emphasis on technical reinsurance.

specialization

The implementation of competency and business values models has created opportunities for employees to showcase their talents and potential at an exceptional level. This has also provided them with the chance to specialize in their respective areas.

Participation Compliance

Türk Katılım Reasürans operates in accordance with the **opinions of Advisory Committee and the principles of participation risk management.**

Participation-based insurance governs the procedures and principles necessary for the execution of insurance and private pension activities in accordance with the principles of participation. Türk Katılım Reasürans operates in accordance with the opinions of Advisory Committee and the principles of participation risk management.

Türk Katılım Reasürans A.Ş. complies with the following principles within the scope of participation-based insurance:

- Establishment of Islamic corporate governance mechanisms (advisory committee, participation compliance unit, and participation internal audit mechanism),

- Ensuring that issues and risks that are not religiously legitimate are not covered,
- Management of financial assets in compliance with participation principles.

The Participation and Compliance Department consists of a team of three people, is led by a general manager, and staffed by one Expert and two Assistant Experts.

At Türk Katılım Reasürans A.Ş., the Participation Compliance Unit undertakes its responsibilities and duties in accordance with the functions outlined by the Regulation:

The Participation Risk Management Function: The following activities are performed to prevent situations that could lead to unfavorable outcomes, such as damage to reputation and loss of customers due to activities not complying with the participation principles or being misperceived.

- Developing a strategy for mitigating participation risks
- Identifying and assessing participation risks
- Managing participation risks and making appropriate recommendations to compensate for the loss, if any.





Services delivered in compliance with participation principles

The Participation Oversight Function: The following tasks are carried out to ensure that all activities are in full compliance with the participation principles:

- , To monitor the compliance of products and services with the participation principles.
- , To oversee and ensure that activities are in alignment with the decisions of the Advisory Committee.
- , To assess the outcomes derived from audits, inquiries, and complaints.
- , To provide contribution to the processes of data sharing and reporting.

Participation Research and Development Function: The following tasks are performed to assure the continuity and development of the operations:

- , To execute the secretariat of the Advisory Committee.
- , To conduct the requisite research on the matters to be submitted to the Advisory Committee, to collect pertinent information and documents, to ensure the preservation of the decisions and, to share them with the relevant units.

- , To contribute to the product and service development processes.
- , To adhere to the applicable Shari'ah decisions and standards in both national and international contexts.

Advisory Committee

Members

The Advisory Committee of Türk Katılım Reasürans A.Ş. consists of 3 members.

Name/Surname	Role on the Committee
Prof. Dr. Hamdi DÖNDÜREN	Chairman
Assoc. Prof. Yusuf Erdem GEZGİN	Deputy Chairman
Adem YÖNDEN	Member

The Advisory Committee of Türk Katılım Reasürans A.Ş. convened a total of 12 meetings in 2022 to ensure continued adherence to the legislation and principles governing participation reinsurance. During the Advisory Committee meetings, three Certificates of Approval were provided, and a number of assessments were conducted, leading to several decisions being made.

The Advisory Committee functions within the organizational structure of the company, operating under the authority of the board of directors and maintaining a direct reporting line to the board.


In accordance with the principles of participation insurance legislation, the Advisory Committee:

- Contributes to product and service development and system improvement processes and to the building of policies and procedures within the framework of participation principles.

- Approves the products and services to be offered and the forms, contracts, policies, and information texts to be issued.
- Provides responses to inquiries regarding the adherence of company operations to participation principles and presents alternative resolutions if required.
- Provides consultancy to the board of directors and other relevant departments on the implementation of participation principles and developments in our country and abroad in terms of participation finance.
- Communicates an opinion of conformity regarding the products and services offered and whether the activities are carried out in accordance with the participation principles, at least once a year.
- Delivers a training session on the principles of participation to the company and organization at least once a year.

The Advisory Committee, in its decisions:

- Takes decisions in order to ensure that insurance or private pension activities are carried out within the framework of participation principles, and the relevant Islamic provisions that form the basis of the decision are included with its justification.
- Decides by applying the fiqh method in the absence of clear Islamic provisions regarding the issue at hand.
- Members of the Advisory Committee request pertinent information and documentation from the participation compliance unit in relation to their decision. The relevant units of the company or organization quickly and accurately submit the requested information and documents to the participation compliance unit.



By the end of the third month following the end of the relevant calendar year, the Advisory Committee has submitted to the board of directors of the company or organization a report containing its determinations and assessments as to whether the activities of the company or organization during the relevant calendar year were carried out in accordance with the principles of participation.

The Advisory Committee provided training to employees who have or are required to have a certificate of participation at least once per year.

Number of Meetings

Türk Katılım Reasürans A.Ş. Advisory Committee held a total of 12 meetings in 2022 in order to pursue its activities in accordance with the participation reinsurance legislation and principles. At the Advisory Committee meetings, 3 Certificates of Approval were provided, and several assessments were held, and decisions were taken.

Assessments and Approvals

In the year 2022, the Advisory Committee obtained 2 approvals and conducted 3 assessments. General Approval and Foreign Exchange Rate Protected Time Deposit Account Approval were obtained, and Takaful and Retakaful Insurance Implementation Assessment, Teysir Assessment, and the Assessment of Derivative Products were carried out in Türkiye.

Explanations Regarding the Special Audit and Public Audit Performed during the Accounting Period

Türk Katılım Reasürans A.Ş. is subject to audits that will be performed by the Turkish Court of Accounts in accordance with the provisions of the Public Finance Management and Control Law No. 5018 and the Law on the Court of Accounts No. 6085. The Company also appointed Güney Bağımsız Denetim ve Serbest Mali Müşavirlik Anonim Şirketi (A Member Firm of

Ernst & Young Global Limited) as an independent audit company to carry out full-scope independent auditing in 12-month periods and limited review activities in 6-month periods.

Türk Katılım Reasürans A.Ş. authorized Kuzey Yeminli Mali Müşavirlik ve Bağımsız Denetim Anonim Şirketi to carry out the

audit and approval of the annual income and corporate tax returns and the financial statements and notifications attached to them, and other work in accordance with the Law on Certified Public Accountant and Sworn-in Certified Public Accountant No. 3568 and other relevant laws and regulations.

Other Information

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

As of 31 December 2022, there are no pending legal actions that have been filed against the Company or no potential consequences which could have an impact on the Company's financial position and operations.

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

None

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

Türk Reasürans A.Ş., which holds a 100% share in the paid-in capital of Türk Katılım Reasürans, is defined as an associated entity. The Company's purchases or sales

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

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

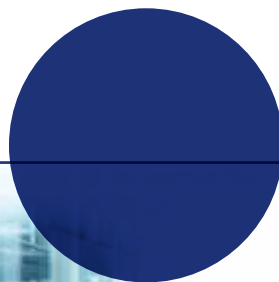
The details of the transactions carried out with the risk group in which the Company is included, during the period are presented in the footnotes to the accompanying financial statements.

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

The Company fulfills its donations in accordance with the provisions of the relevant article in its Articles of Association and has not made any donations in 2022.

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

Türk Katılım Reasürans takes due care to keep sufficient equity to protect against the losses that may arise due to its current liabilities and potential risks. In this context, the Company performs the capital adequacy calculation in accordance with the principles of the "Regulation on the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated 23 August 2015 and numbered 29454. According to the result of the capital adequacy calculation made as of 31 December 2022, the Company has a capital surplus of TL 44,431,157.





Robust Corporate
Structure and
**Management
Competency**

Summary Report of the Board of Directors

Dear Partner,

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

The global economy, starting in 2022 alongside the ongoing repercussions of the pandemic, encountered significant challenges pertaining to energy and commodity prices, as well as disruptions in supply chains due to the outbreak of the war between Russia and Ukraine in late February. This crisis was combined with tightening monetary policies implemented by central banks, being reflected to economies in the form of inflationary pressure. The crisis had a negative impact on global growth expectations. Accordingly, global growth forecasts for 2022 and 2023 were revised down, with global growth expectations for announced as 4.4% for 2022 and 3.8% for 2023 in the IMF World Economic Outlook report published in January 2022. For global growth, the forecast was revised first to 3.6% in April, then to 3.2% and 2.7% in October.

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

The rate of inflation, which had remained elevated throughout the year, started to decline in the final months of the year due to the implementation of tightening measures by central banks and the initiation of interest rate hike cycles. It is anticipated that the current interest rate hike cycles will conclude in 2023, with the prominent concerns being an economic slowdown and the possibility of a recession.

The Turkish economy was likewise influenced by the developments affecting the global economy in 2022. However, it diverged from other countries in terms of the policies implemented in the face of these developments. The liraization and export-oriented growth strategy, which was introduced at the end of 2021, continued to be implemented in 2022, while the effects of the CBRT's interest rate cuts in the second half of the year along with the implementation of exchange rate-protected deposits, which started at the end of last year, stood out as key developments.

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

The year of 2022 kicked off with limited optimism in terms of economic growth, leading to expectations that growth would remain low in line with the developments experienced during the year. The Turkish economy outperformed expectations, with a 5.6% rate of growth in 2022.



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

Türk Katılım Reasürans has commenced the acceptance of reinsurance business in 2022, adhering to the principles of participation. The Company has aligned its operations with its mission of meeting the sector's needs, fostering depth and dynamism, and facilitating the establishment of a robust framework that empowers stakeholders in risk management.

Türk Katılım Reasürans, which provides participation reinsurance services in non-life insurance groups, aims to foster the healthy and sustainable development of the participation insurance industry in Türkiye and establish Türkiye as a significant player in the global market. In its initial year, the Company achieved gross premiums surpassing TL 387 million. As a result of this, it currently holds a 4% market share in the reinsurance industry in Türkiye.

While the ratio of liquid assets within the asset size approaching TL 365 million as of 31 December 2022 was 42%, the construction and protection of the liquid structure in order to maintain the asset quality high have been determined to be the primary objectives for this period as well as in the subsequent periods.

Türk Katılım, which has equity capital worth TL 104 million as of the end of 2022, concluded the year on the axis of business continuity and establishment of a robust financial structure and achieved a capital surplus of TL 44.4 million, according to the capital adequacy calculation conducted in line with the provisions of the "Regulation on Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance, and Pension Companies".

We hereby present the 2022 activity report and financial statements of Türk Katılım Reasürans for your consideration and feedback. We extend our sincere appreciation to our Management Team and dedicated employees for their contributions towards achieving our objectives for the year 2022, and we would like to express our gratitude on behalf of our Board of Directors for their valuable support.

Türk Katılım Reasürans Board of Directors

Information on the Board of Directors and the Senior Management

Board of Directors

Ahmet GENÇ	Chairman of the Board of Directors
Ayşe DİLBAY	Vice Chairman of the Board of Directors
Cebrail TAŞKIN	Member of the Board of Directors
Fatih HASDEMİR	Member of the Board of Directors
Ahmet DENİZ	Member of the Board of Directors
Fatih Mehmet BAL	Member of the Board of Directors
Zekiye Selva EREN	Member of the Board of Directors and CEO

Senior Management

Selva EREN	Member of the Board of Directors and CEO
Sibel SAĞLAM	Deputy General Manager

About the Board of Directors


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

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

In 2022, a total of 62 decisions were taken by our Board of Directors. The Chairman of the Board of Directors and all members of the Board of Directors attended all of the meetings. The agenda of the Board of Directors Meeting is formed by the proposals submitted by the General Directorate, and matters other than the agenda are also discussed during the meeting, if deemed necessary.

Pursuant the decision made unanimously regarding the election of the Members of the Board of Directors at the 2022 Ordinary General Assembly Meeting held on 25 March 2022, Dr. Ahmet Genç

was appointed as the Chairman of the Board of Directors, Ayşe Dilbay was appointed as the Deputy Chairman of the Board of Directors, and Dr. Cebrail Taşkın, Dr. Fatih Hasdemir, Suat Sarıgül, Murat İsiyel, Fatih Mehmet Bal and Zekiye Selva Eren were appointed as Board Members. The duration of their terms of office is set at three years. By the decision of the Board of Directors made on 9 May 2022, Suat Sarıgül and Murat İsiyel resigned from membership. The Board of Directors made a decision on 11 August 2022, to appoint Ahmet Deniz and Fatih Mehmet Bal as Board Members.



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

During the 2021 Annual General Meeting of Türk Reasürans A.Ş. held on 25 March 2022, no decision was taken to allow the Members of the Board of Directors to carry out work falling within the scope of the Company's area on behalf of themselves or another person, to be a partner in any companies which carry out such work, or to carry out other transactions, in accordance with Articles 395 and 396 of the Turkish Commercial Code,. The members of the Board do not carry out any activities which could be considered to come within the scope of the prohibition of competition.

Financial rights provided to members of the Board and senior executives

During the accounting period that concluded on 31 December 2022, no honorarium payments were disbursed to the chairman and members of the board of directors. Senior managers received wages and similar benefits totaling TL 1,080,595.

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

In the accounting period ending on 31 December 2022, travel, accommodation, representation, in-kind and cash facilities were provided to the chairman and members of the board of directors and senior executives with a value amounting to TL 78,477.

2022 Compliance Statement

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

Istanbul, 11 July 2023



Dr. Ahmet Genç
Chairman of the Board of Directors



Selva Eren
Member of the Board of
Directors and CEO



Sibel Sağlam
Deputy General Manager

Faaliyet Raporuna İlişkin Bağımsız Denetçi Görüşü

YÖNETİM KURULUNUN YILLIK FAALİYET RAPORUNA İLİŞKİN BAĞIMSIZ DENETÇİ RAPORU

Türk Katılım Reasürans A.Ş. Şirketi Genel Kurulu'na,

1) Görüş

Türk Katılım Reasürans Anonim Şirketi'nin 1 Ocak 2022-31 Aralık 2022 hesap dönemine ilişkin yıllık faaliyet raporunu denetlemiş bulunuyoruz.

Görüşümüze göre, yönetim kurulunun yıllık faaliyet raporu içinde yer alan finansal bilgiler ile Yönetim Kurulunun Şirketin durumu hakkında yaptığı irdelemeler, tüm önemli yönleriyle, denetlenen tam set finansal tablolarla ve bağımsız denetim sırasında elde ettiğimiz bilgilerle tutarlıdır ve gerçeği yansıtmaktadır.

2) Görüşün Dayanağı

Yaptığımız bağımsız denetim, Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu (KGK) tarafından yayımlanan Türkiye Denetim Standartlarının bir parçası olan Bağımsız Denetim Standartlarına (BDS'lere) uygun olarak yürütülmüştür. Bu Standartlar kapsamındaki sorumluluklarımız, raporumuzun Bağımsız Denetçinin Yıllık Faaliyet Raporunun Bağımsız Denetimine İlişkin Sorumlulukları bölümünde ayrıntılı bir şekilde açıklanmıştır. KGK tarafından yayımlanan Bağımsız Denetçiler için Etik Kurallar (Etik Kurallar) ve bağımsız denetimle ilgili mevzuatta yer alan etik hükümlere uygun olarak Şirketten bağımsız olduğumuzu beyan ederiz. Etik Kurallar ve mevzuat kapsamındaki etiğe ilişkin diğer sorumluluklar da tarafımızca yerine getirilmiştir. Bağımsız denetim sırasında elde ettiğimiz bağımsız denetim kanıtlarının, görüşümüzün oluşturulması için yeterli ve uygun bir dayanak oluşturduğuna inanıyoruz.

3) Tam Set Finansal Tablolara İlişkin Denetçi Görüşümüz

Şirket'in 1 Ocak 2022-31 Aralık 2022 hesap dönemine ilişkin finansal tabloları hakkında 3 Nisan 2023 tarihli denetçi raporumuzda olumlu görüş bildirmiş bulunuyoruz.

4) Yönetim Kurulunun Yıllık Faaliyet Raporuna İlişkin Sorumluluğu

Şirket yönetimi, 6102 sayılı Türk Ticaret Kanununun (TTK) 514 ve 516 ncı maddelerine ve 7 Ağustos 2007 tarih ve 26606 sayılı Resmi Gazete'de yayımlanan "Sigorta ve Reasürans ile Emeklilik Şirketlerinin Mali Bünyelerine İlişkin Yönetmelik" hükümleri uyarınca yıllık faaliyet raporuyla ilgili olarak aşağıdakilerden sorumludur:

- Yıllık faaliyet raporunu bilanço gününü izleyen ilk üç ay içinde hazırlar ve genel kurula sunar.
- Yıllık faaliyet raporunu; şirketin o yıla ait faaliyetlerinin akışı ile her yönüyle finansal durumunu doğru, eksiksiz, dolambaçsız, gerçeğe uygun ve dürüst bir şekilde yansıtabilecek şekilde hazırlar. Bu raporda finansal durum, finansal tablolara göre değerlendirilir. Raporda ayrıca, şirketin gelişmesine ve karşılaşması muhtemel risklere de açıkça işaret olunur. Bu konulara ilişkin yönetim kurulunun değerlendirmesi de raporda yer alır.
- Faaliyet raporu ayrıca aşağıdaki hususları da içerir:
 - Faaliyet yılının sona ermesinden sonra şirkette meydana gelen ve özel önem taşıyan olaylar,
 - Şirketin araştırma ve geliştirme çalışmaları,
 - Yönetim kurulu üyeleri ile üst düzey yöneticilere ödenen ücret, prim, ikramiye gibi mali menfaatler, ödenekler, yolculuk, konaklama ve temsil giderleri, ayni ve nakdî imkânlar, sigortalar ve benzeri teminatlar.

Yönetim kurulu, faaliyet raporunu hazırlarken Ticaret Bakanlığının ve ilgili kurumların yaptığı ikincil mevzuat düzenlemelerini de dikkate alır.

Faaliyet Raporuna İlişkin Bağımsız Denetçi Görüşü

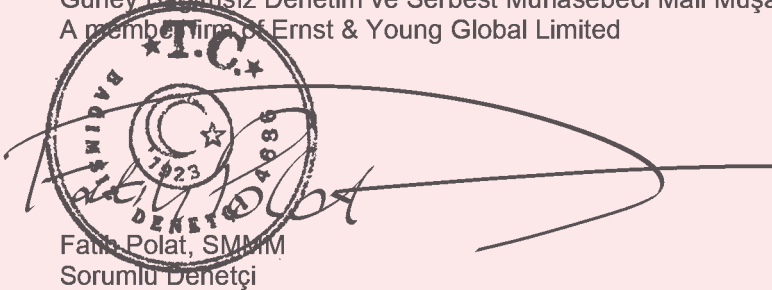
5) Bağımsız Denetçinin Yıllık Faaliyet Raporunun Bağımsız Denetimine İlişkin Sorumluluğu

Amacımız, TTK hükümleri, Tebliğ çerçevesinde yıllık faaliyet raporu içinde yer alan finansal bilgiler ile Yönetim Kurulunun yaptığı irdelemelerin, Şirketin denetlenen finansal tablolarıyla ve bağımsız denetim sırasında elde ettiğimiz bilgilerle tutarlı olup olmadığı ve gerçeği yansıtmayı yansıtmadığı hakkında görüş vermek ve bu görüşümüzü içeren bir rapor düzenlemektir.

Yaptığımız bağımsız denetim, BDS'lere uygun olarak yürütülmüştür. Bu standartlar, etik hükümlere uygunluk sağlanması ile bağımsız denetimin, faaliyet raporunda yer alan finansal bilgiler ve Yönetim Kurulunun yaptığı irdelemelerin finansal tablolarla ve denetim sırasında elde edilen bilgilerle tutarlı olup olmadığına ve gerçeği yansıtmayı yansıtmadığına dair makul güvence elde etmek üzere planlanarak yürütülmesini gerektirir.

Bu bağımsız denetimi yürütüp sonuçlandıran sorumlu denetçi Fatih Polat'tır.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Fatih Polat, SMMM
Sorumlu Denetçi

11 Temmuz 2023
İstanbul, Türkiye

Changes which Took Place after the End of the Reporting Period

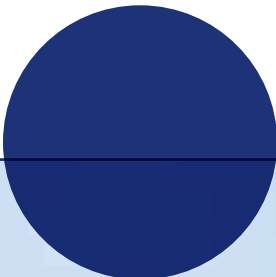


As defined in TAS 10 of the Turkish Accounting Standards, events following the reporting period are classified under two types; "events requiring correction after the reporting period" and "events which do not require correction after the reporting period", which may be in favor or against the enterprises,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

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

Amendments to the Articles of Association

None





**Efficient Resource
Utilization** through
Well-Structured Risk
Management

Financial Status and Risk Management

Assessment of Financial Status, Profitability and Solvency Strength

While the ratio of liquid assets within the asset size approaching TL 365 million as of 31 December 2022 was 42%, the construction and protection of the liquid structure in order to maintain the asset quality high have been determined to be the primary objectives for this period as well as in the subsequent periods.

Türk Katılım, which has equity capital worth TL 104 million as of the end of 2022, concluded the year on the axis of business continuity and establishment of a robust financial structure and achieved a capital surplus of TL 44.4 million, according to

the capital adequacy calculation conducted in line with the provisions of the "Regulation on Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance, and Pension Companies".

During the time frame of 1 January to 31 December 2022, a total of TL 387 million of gross premium was generated across nine distinct main branches, with reinsurance coverage provided to the participation insurance industry. The transfer of investment incomes totaling TL 26.8 million to the technical segment resulted in a technical income of TL 229.4 million.

In addition to the gross claims payment of TL 83.8 million that was realized throughout 2022, there was a total loss of TL 152.3 million due to the change in outstanding claims, which amounted to TL 68.6 million. In 2022, a total of TL 227.6 million in technical expenses were incurred, including operating expenses amounting to TL 61.6 million.

With the contribution of the technical segment balance of TL 1.8 million realized in 2022, the year was accomplished with a pre-tax profit of TL 2.1 million.

Profit Distribution Policy

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

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

The General Assembly is authorized to decide on the transfer of some or all of the net profit to the following year or to the reserve fund, on whether the payment of the profit is distributed in cash or added to the capital, and if distributions are carried out within the legal periods stipulated in the legislation. Based on the proposal of the Board of Directors regarding the profit

distribution, the decision is taken at the discretion of the General Assembly. Before the Annual General Meeting, the Board of Directors approves the 'Profit Distribution Table' and presents its proposal for the profit distribution table to the General Assembly.

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

Pursuant to the first paragraph of Article 519 of the Turkish Commercial Code, 5% of the net profit for the period is set aside as general legal reserves until it reaches 20% of the paid-in capital. No decision to distribute dividends, transfer the profit to the next year or allocate optional reserves can be taken without setting aside legally compulsory reserves.

The General Assembly may decide to set aside the remaining part of the net profit for the period as a reserve, partially or fully, or to distribute it to the shareholders. The provision of subparagraph (c) of the second paragraph of Article 519 of the Turkish Commercial Code is reserved.

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

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

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

Internal Control Activities

The first line of defence in internal control activities is "all executive units of the Company". The personnel of these executive units are responsible at the first level for maintaining the effectiveness of internal control activities in integration with their daily activities in their areas of authority and responsibility. The responsibility of the Internal Control Department entails the design and monitoring of effective internal controls, as well as the production of consolidated results within this framework.

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

Internal Audit Inventory and Internal Control Officers

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

reconciliation controls, controls on information and communication systems, controls on financial reporting systems and controls on communication channels. These controls are aimed at checking the compatibility and compliance of the activities and transactions with the relevant legislation, the purposes, objectives and principles of the Company and the policies and rules, powers, application principles and instructions determined by the Company management.

Internal Control Reporting

A quarterly "Internal Control Activities Report" is prepared and subsequently presented to both the General Directorate and the Audit Committee. The report contains information and results regarding the internal audit activities that have been carried out. Any errors, deficiencies and negativities detected during internal control activities and conveyed in the report are immediately and meticulously evaluated by the relevant units and all necessary complementary, corrective or eliminative measures are taken as soon as possible, and results and developments are monitored by the relevant authorities.

Internal Audit Activities

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

The Internal Audit Department is organized directly under the Company's Board of Directors and is administratively independent. The Internal Audit Department is responsible for the following;

- , To provide a reasonable assurance to the Board of Directors regarding the effectiveness and adequacy of the internal control, risk management and actuarial systems, and that the Company's activities have been carried out in line with the Law and other relevant legislation and in-house strategies, policies, principles and goals,
- , To ensure the accuracy and reliability of the accounting records of the electronic information system and the financial reports, the accuracy, reliability and compliance with time constraints of the reports made to the Board of Directors within the framework of internal regulations and the reports made to external parties, especially public institutions,

- , To provide assurance on the compliance of operational activities with legislation and established procedures and the functioning of the internal control application procedures related to them, the effectiveness and adequacy of the internal control and risk management systems,
- , •The system consists of activities to detect deficiencies, errors, incidents of fraud and irregularities and to prevent their repeat occurrence and to provide opinions and suggestions for the effective and efficient use of company resources.

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

- , The areas to be audited during the period by ordering in terms of importance and priority as a result of risk-based assessments,
- , The purpose of the audits and the summary risk assessments related to each area or activity to be audited, Law and other relevant legislation,

- , The time and audit period in which the planned audit work will be carried out,
- , The resources required for audit activities and the possible effects of resource constraints,
- , On-site examination of all assets, accounts and records, documents, personnel and all other elements which may affect the Company's security within the company,
- , Control or examination based on general or specific observations and monitoring through various control documents and tools,
- , Determining whether departments in the Head Office organization of the Company work in accordance with the insurance legislation, the Company objectives and policies, and the decisions taken by the Company.

Within the scope of the Internal Audit Plan, nine unit audits, one Compliance Program audit and one review activity were carried out in 2022 within the body of Türk Katılım Reasürans A.Ş.

Risk Management Activities

Risks and assessment by the management authority

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

The main strategy for this purpose is that the Risk Management and Compliance Department plans, executes and supervises risk management activities with a risk-oriented approach and within the framework of the relevant legislation and internationally accepted principles, bases and standards in an independent, impartial, purposeful, efficient and effective manner. The use of advanced tools and methods which are feasible and appropriate is essential in this respect.

Information regarding the Company's risk management policy that will be implemented to mitigate anticipated risks

The first line of defence in risk management activities consists of "all executive units of the

Company" which undertake and manage risks. The personnel of these executive units are responsible at the first level for carrying out risk monitoring and control activities in integration with their daily activities under their areas of authority and responsibility. The Risk Management procedure clearly outlines the appropriate policies, implementation procedures, and limitations necessary for effectively managing the various dimensions of risks associated with the Company's activities.

Information pertaining to the activities and reports of the committee responsible for early detection and management of risk

The Risk Management and Compliance department conducts studies on early detection of risk.

The Risk Management and Compliance department conducts quarterly assessments on liquidity analysis, capital adequacy analysis, control of capital adequacy ratio within legislative limits, control of leading levels in risk limits, capital impact analysis, and Ratio Analysis studies.

Information regarding the implementation of risk management policies based on different risk types

Market Risk

Under certain market conditions, a thorough assessment is conducted to ensure that potential losses associated with the company's investment products remain within the predetermined thresholds established by the Risk Management and Compliance Department, as well as the Investment Management Department.

The Value at Risk measurement model is utilized to monitor the total portfolio value and the equity amount at risk, ensuring that they remain within predetermined limits.

Liquidity Risk

Liquidity risk refers to the potential inability of a company to meet its financial obligations due to being illiquid, despite possessing adequate assets.

Liquidity risk can arise due to various factors, including asset-liability imbalances, disruptions in repayments, and unexpected cash outflows.

The formula and minimum rate to be utilized for the liquidity ratio are detailed in the Investment Policy of our Company, which is updated annually. Quarterly, the Risk Management and Compliance Department verifies that the Company's liquidity ratio, which is to be calculated using the specified formula, meets the minimum threshold.

Capital Adequacy Risk

With the quarterly capital impact analysis, the impact of relevant risk factors on the capital and whether the capital adequacy ratio exceeds the rate in the legislation are reviewed.

In addition to the legal limits established by the Capital Adequacy Regulation, separate risk limits have been established for our Company's capital based on the stress test calculations performed by the Risk Management and Compliance department.

The Risk Management and Compliance department is responsible for monitoring risk limits and actions.

Concentration Risk

In our Company's annually revised Investment Policy, the applied concentration limits are shared on a bank and group basis. The Investment Management and Risk Management departments collaborate in the process of reviewing and revising the relevant limits, as well as updating the associated documentation.

The monitoring of Concentration Risk occurs on a quarterly basis, with consideration given to the concentration limits established for the relevant banks and investment products within the portfolio.

Operational Risk

The financial impact matrix pertaining to the potential operational risks of Türk Reasürans A.Ş. is outlined in the "Risk Limits" document.

The "Operational Risk" report contains comprehensive information on operational risks and is reviewed on a quarterly basis.

Information on risk management policies implemented for specific risk types

The following reports are prepared within the scope of risk management activities:

- Annually, report on risk management policies and changes to these policies during the year, as well as risk limits and changes to these limits during the year,
- Quarterly, report on the capital adequacy impact analysis, which assesses the long-term effects of assumed and exposed risks on capital adequacy and Company continuity,
- Quarterly, report on the results of the stress test to be conducted in accordance with the Insurance and Private Pension Regulation and Supervision Agency-determined scenarios.





Business Continuity
and
**Establishing a
Strong Financial
Structure**

Türk Katılım Reasürans Anonim Şirketi

**Financial Statements as of
December 31, 2022
together with the Independent
Auditors' Report**

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

Independent Auditor's Report

To the General Assembly of Türk Katılım Reasürans Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Türk Katılım Reasürans Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2022, 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 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 December 31, 2022, and its financial performance, its cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

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

4) Key Audit Matters

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>Incurred But Not Reported Outstanding Claims Reserve</p> <p>As of December 31, 2022, the Company has insurance liabilities of TL 249.401.722 representing 68% of the Company's total liabilities. The Company has reflected a net provision of TL 68.572.302 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 19.277.860 which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17. The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording of the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the 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.

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

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatih Polat, SMMM
Partner

April 3, 2023
İstanbul, Türkiye

Türk Katılım Reasürans Anonim Şirketi Financial Statements Prepared as of December 31, 2022

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

Istanbul, April 3, 2023



Selva EREN
Member of Board of Directors and
General Manager



Sibel SAĞLAM
Assistant General Manager



Orhun Emre ÇELİK
Actuary

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Türk Katılım Reasürans Anonim Şirketi
Statement of Financial Position
As of December 31, 2022

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

I- Current Assets	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Cash and Cash Equivalents		153.986.733	104.202.963
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4,2, 14	153.986.733	104.202.963
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables with Maturity Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		-	-
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading		-	-
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations		154.828.993	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4,2, 12	154.828.993	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
D- Due from Related Parties		-	-
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		-	-
E- Other Receivables		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		51.229.089	6.435
1- Deferred Acquisition Costs	17	51.210.454	-
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	4,2, 12	18.635	6.435
G- Other Current Assets		3.319.520	-
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	4,2, 12	3.319.520	-
3- Deferred Tax Assets		-	-
4- Job Advances		-	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		363.364.335	104.209.398

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

Türk Katılım Reasürans Anonim Şirketi
Statement of Financial Position
As of December 31, 2022

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

II- Non-Current Assets	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets		-	-
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets		644.211	214.468
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's		-	-
5- Furniture and Fixtures		-	-
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)		-	-
8- Tangible Assets Acquired Through Finance Leases	6	736.241	233.965
9- Accumulated Depreciation	6	(92.030)	(19.497)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets		28.517	-
1- Rights	8	35.400	-
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(6.883)	-
7- Advances Paid for Intangible Assets		-	-
G-Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H-Other Non-Current Assets		612.033	1.130
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	612.033	1.130
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		1.284.761	215.598
TOTAL ASSETS		364.649.096	104.424.996

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

Türk Katılım Reasürans Anonim Şirketi
Statement of Financial Position
As of December 31, 2022

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

III- Short-Term Liabilities	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Financial Liabilities		359.364	67.958
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	20	359.364	67.958
B- Payables Arising from Main Operations		8.070.320	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2, 19	4.660.395	-
3- Cash Deposited by Insurance and Reinsurance Companies	4.2, 19	3.409.925	-
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		3.548	138.611
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries	4.2, 19, 45	-	138.611
4- Due to Joint Ventures		-	-
5- Due to Personnel	4.2, 19	3.548	-
6- Due to Other Related Parties		-	-
D- Other Payables	4.2, 19	16.187	186.710
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2, 19	16.187	186.710
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		242.825.039	-
1- Reserve for Unearned Premiums - Net	17	172.202.424	-
2- Reserve for Unexpired Risks- Net	17	2.050.313	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.1, 17	68.572.302	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	4.2, 19	118.098	823.283
1- Taxes and Funds Payable	4.2	50.606	15.853
2- Social Security Premiums Payable	4.2	67.492	10.783
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4.2, 19, 35	1.003.510	1.022.922
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4.2, 19	(1.003.510)	(226.275)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks		1.914.184	-
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	4.2, 23	1.914.184	-
H- Deferred Income and Expense Accruals		277.974	-
1- Deferred Commission Income	10, 19	9.245	-
2- Expense Accruals	23	268.729	-
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
III - Total Short-Term Liabilities		253.584.714	1.216.562

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

Türk Katılım Reasürans Anonim Şirketi
Statement of Financial Position
As of December 31, 2022

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

IV- Long-Term Liabilities	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Financial Liabilities		304.250	149.559
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities	20	304.250	149.559
B- Payables Arising from Main Operations		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		6.576.683	-
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	17	6.576.683	-
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		26.018	-
1- Provisions for Employment Termination Benefits	23	26.018	-
2- Provisions for Employee Pension Funds Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		6.906.951	149.559

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

Türk Katılım Reasürans Anonim Şirketi
Statement of Financial Position
As of December 31, 2022

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

V- Shareholders' Equity	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Paid in Capital	2.13, 15	100.000.000	100.000.000
1- (Nominal) Capital	2.13, 15, 37	100.000.000	100.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		-	-
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		152.944	-
1- Legal Reserves	15	152.944	-
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves		-	-
D- Retained Earnings		2.905.931	-
1- Retained Earnings		2.905.931	-
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Period		1.098.556	3.058.875
1- Net Profit for the Year		1.098.556	3.058.875
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		104.157.431	103.058.875
TOTAL EQUITY AND LIABILITIES		364.649.096	104.424.996

Türk Katılım Reasürans Anonim Şirketi

Statement of Income

For the Year Ended December 31, 2022

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

I-TECHNICAL SECTION ⁽¹⁾	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period September 8 - December 31, 2021
A- Non-Life Technical Income		229.416.418	-
1- Earned Premiums (Net of Reinsurer Share)		202.571.404	-
1.1- Written Premiums (Net of Reinsurer Share)		376.824.141	-
1.1.1- Written Premiums, gross	17, 24	387.306.928	-
1.1.2- Written Premiums, ceded	10, 17, 24	(10.482.787)	-
1.1.3- Premiums Transferred to Social Security Institutions		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	29	(172.202.424)	-
1.2.1- Reserve for Unearned Premiums, gross	17	(172.280.280)	-
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	77.856	-
1.2.3 - Reserve for Unearned Premiums, Social Security Institution Share		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(2.050.313)	-
1.3.1- Reserve for Unexpired Risks, gross	17	(2.050.894)	-
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	581	-
2- Investment Income - Transferred from Non-Technical Section		26.845.014	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income		-	-
B- Non-Life Technical Expense		(227.637.406)	(586.650)
1- Incurred Losses (Net of Reinsurer Share)		(152.264.765)	-
1.1- Claims Paid (Net of Reinsurer Share)	29	(83.692.463)	-
1.1.1- Claims Paid, gross	17	(83.774.063)	-
1.1.2- Claims Paid, ceded		81.600	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(68.572.302)	-
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(74.474.035)	-
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	5.901.733	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17, 29	(6.576.683)	-
4- Operating Expenses	32	(61.651.499)	(586.650)
5- Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions, gross		-	-
5.2 - Mathematical Provisions, ceded		-	-
6- Other Technical Expenses (Net of Reinsurer and Less the Amounts Carried Forward)		(7.144.459)	-
6.1- Other Technical Expenses, gross	47	(7.144.459)	-
6.2- Other Technical Expenses, ceded		-	-
C- Net Technical Income-Non-Life (A - B)		1.779.012	(586.650)

⁽¹⁾ The Company's detailed income statement for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

Türk Katılım Reasürans Anonim Şirketi
Statement of Income
For the Year Ended December 31, 2022

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

I-TECHNICAL SECTION ^(*)	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period September 8 - December 31, 2021
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums. gross		-	-
1.1.2- Written Premiums. ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums. gross		-	-
1.2.2- Reserve for Unearned Premiums. ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks. gross		-	-
1.3.2- Reserve for Unexpired Risks. ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income. gross		-	-
4.2- Other Technical Income. ceded		-	-
5- Accrued Salvage Income		-	-
E- Life Technical Expense		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Life Mathematical Provisions		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Net Technical Income- Life (D - E)		-	-
G- Pension Business Technical Income		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-

(*) The Company's detailed income statement for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

Türk Katılım Reasürans Anonim Şirketi

Statement of Income

For the Year Ended December 31, 2022

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

II-NON-TECHNICAL SECTION ^(*)	Notes	Audited Current Period January 1 - December 31, 2022	Audited Prior Period September 8 - December 31, 2021
C- Net Technical Income - Non-Life (A-B)		1.779.012	(586.650)
F- Net Technical Income - Life (D-E)		-	-
I - Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		1.779.012	(586.650)
K- Investment Income	4.2	27.644.509	4.695.260
1- Income from Financial Assets	4.2	26.460.269	3.338.258
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	4.2	597.495	1.357.002
4- Foreign Exchange Gains	4.2	586.745	-
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(27.841.025)	(27.475)
1- Investment Management Expenses (including interest)	4.2	(39.111)	(7.978)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(26.845.014)	-
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(799.495)	-
7- Depreciation and Amortisation Expenses	6, 8	(157.405)	(19.497)
8- Other Investment Expenses		-	-
M- Income and Expenses from Other and Extraordinary Operation		519.570	662
1- Provisions	47	(80.349)	-
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	610.903	1.130
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		-	-
8- Other Expenses and Losses		(10.984)	(468)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Period		1.098.556	3.058.875
1- Profit for the Period		2.102.066	4.081.797
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(1.003.510)	(1.022.922)
3- Net Profit for the Period		1.098.556	3.058.875
4- Inflation Adjustment Account		-	-

^(*) The Company's detailed income statement for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

Türk Katılım Reasürans Anonim Şirketi

Statement of Changes in Equity For the Year Ended December 31, 2022

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

Audited Statement of Changes in Equity - December 31, 2021						
EQUITY CHANGE ^(*)	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	
I - Balance at the end of the previous year - December 31, 2020		-	-	-	-	
II - Change in Accounting Standards		-	-	-	-	
III - Restated balances (I+II) - January 1, 2021		-	-	-	-	
A - Capital increase	15	100.000.000	-	-	-	
1 - In cash		100.000.000	-	-	-	
2 - From reserves		-	-	-	-	
B - Purchase of own shares		-	-	-	-	
C - Gains and losses that are not included in the statement of income		-	-	-	-	
D - Change in the value of financial assets		-	-	-	-	
E - Currency translation adjustments		-	-	-	-	
F - Other gains and losses		-	-	-	-	
G - Inflation adjustment differences		-	-	-	-	
H - Net profit for the year		-	-	-	-	
I - Other reserves and transfers from retained earnings		-	-	-	-	
J - Dividends paid		-	-	-	-	
IV- Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)	15	100.000.000	-	-	-	

Audited Statement of Changes in Equity December 31, 2022						
EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	
I - Balance at the end of the previous year - (December 31, 2021)	2.13, 15	100.000.000	-	-	-	
II- Change in Accounting Standards		-	-	-	-	
III- Restated Balances (January 1, 2022)	2.13, 15	100.000.000	-	-	-	
A - Capital increase		-	-	-	-	
1 - In cash		-	-	-	-	
2 - From reserves		-	-	-	-	
B - Purchase of own shares		-	-	-	-	
C - Gains and losses that are not included in the statement of income		-	-	-	-	
D - Change in the value of financial assets		-	-	-	-	
E - Currency translation adjustments		-	-	-	-	
F - Other gains and losses		-	-	-	-	
G - Inflation adjustment differences		-	-	-	-	
H - Net profit for the year		-	-	-	-	
I - Other reserves and transfers from retained earnings		-	-	-	-	
J - Dividends paid	15	-	-	-	-	
IV- Balance at the end of the period December 31, 2022 (III+A+B+C+D+E+F+G+H+I+J)	15	100.000.000	-	-	-	

^(*) The Company's statement of changes in equity for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	100.000.000
	-	-	-	-	-	-	100.000.000
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	3.058.875	-	3.058.875
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	3.058.875	-	103.058.875

	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
	-	-	-	-	3.058.875	-	103.058.875
	-	-	-	-	-	-	-
	-	-	-	-	3.058.875	-	103.058.875
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	1.098.556	-	1.098.556
	-	-	-	-	-	-	-
	-	152.944	-	-	(3.058.875)	2.905.931	-
	-	152.944	-	-	1.098.556	2.905.931	104.157.431

Türk Katılım Reasürans Anonim Şirketi

Statement of Cash Flow

For the Year Ended December 31, 2022

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

CASH FLOW ^(*)	Notes	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A. Cash flows from main activities			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		395.458.848	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(307.431.511)	-
6. Cash used in pension business		-	-
7. Cash provided from main activities		88.027.337	-
8. Interest paid		-	-
9. Income taxes paid	19	(5.119.677)	(226.275)
10. Other cash inflows		2.182.913	138.611
11. Other cash outflows		(192.942)	-
12. Net cash provided from operating activities		84.897.631	(87.664)
B. Cash flows from investing activities			
1. Disposal of tangible assets		-	-
2. Acquisition of tangible assets	6, 8	(35.400)	-
3. Acquisition of financial assets		-	-
4. Disposal of financial assets		-	-
5. Interests received		26.460.269	3.338.258
6. Dividends received		-	-
7. Other cash inflows		1.129.607	430.863
8. Other cash outflows		(63.420.053)	(835.496)
9. Net cash provided by investing activities		(35.865.577)	2.933.625
C. Cash used in financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	100.000.000
6. Other cash outflows		-	-
7. Net cash used in financing activities		-	100.000.000
D. Impact of currency differences on cash and cash equivalents		154.221	-
E. Net increase/(decrease) in cash and cash equivalents		49.186.275	102.845.961
F. Cash and cash equivalents at the beginning of the period	14	102.845.961	-
G. Cash and cash equivalents at the end of the period	14	152.032.236	102.845.961

(*) The Company's statement of cash flow for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

Türk Katılım Reasürans Anonim Şirketi

Statement of Profit Distribution For the Year Ended December 31, 2022

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

PROFIT DISTRIBUTION ^(*)	Notes	Audited Current Period December 31, 2022 ^(**)	Audited Prior Period December 31, 2021
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT		2.102.066	4.081.797
1.2. TAX AND FUNDS PAYABLE		(1.003.510)	(1.022.922)
1.2.1. Corporate Income Tax (Income Tax)	35	(1.003.510)	(1.022.922)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
A. NET PROFIT (1.1 - 1.2)		1.098.556	3.058.875
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE	15	54.928	152.944
1.5. STATUTORY FUND (-)		-	-
B. NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5))]		1.043.628	2.905.931
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. Holders of shares		-	-
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. Holders of Shares		-	-
1.10.2. Holders of Preferred shares		-	-
1.10.3. Holders of Redeemed shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss sharing certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	2.905.931
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES			
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of Shares		-	-
2.3.2. Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. HOLDERS OF SHARES		-	0,0291
3.2. HOLDERS OF SHARES (%)		-	2,91
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

^(*) The Company's statement of profit distribution for the prior period are included the results for the period between September, 8 - December, 31 2021 since the Company was registered on September 8, 2021.

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

1 General Information

1.1. Name of the Company

The Company was established by the Türk Reasürans A.Ş. under the title of "Türk Katılım Reasürans Anonim Şirketi" with a fully paid-up capital of TL 100.000.000 and started its activities as of register date which is September 8, 2021.

As at December 31, 2022, the shareholder having direct or indirect control over the shares of Türk Katılım Reasürans Anonim Şirketi ("the Company") is the Türk Reasürans A.Ş.

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

The Company was registered in Turkey in September 8, 2021 and has the status of 'Incorporated Company'. The address of the Company's registered office is "Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/2, 34768 Ümraniye, İstanbul".

1.3 Business of the Company

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

1.4 Description of the main operations of the Company

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

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

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

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

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

	December 31, 2022	December 31, 2021
Top executive	2	2
Expert/Authorized/Other employees	2	-
Total	4	2

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

1 General Information (continued)

1.6 Wages and similar benefits provided to the senior management

For the interim period that ended on December 31, 2022, TL 1.080.595 wages and similar benefits were provided to senior executives. (December 31, 2021: TL 132.971).

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

Procedures and principles related to keys used in the financial statements of the companies are determined in accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Republic of Turkey Ministry of Treasury and Finance.

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

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

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

The accompanying financial statements comprise an individual company (Türk Katılım Reasürans Anonim Şirketi).

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

Trade name of the Company:	Türk Katılım Reasürans Anonim Şirketi
Registered address of the head office:	Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/2, 34768 Ümraniye, İstanbul
The web page of the Company:	www.turkkatilimreasurans.com.tr

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

1.10 Subsequent events to date of balance sheet

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

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

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

Accounting in hyperinflationary countries

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

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

Other accounting policies

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

2.1.3. Current and presentation currency

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

Türk Katılım Reasürans Anonim Şirketi
Notes to the Financial Statements
As of December 31, 2022

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

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

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

2.1.6 Accounting policies, changes in accounting estimates and errors

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

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

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

2.2 Consolidation

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

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

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

2.3 Segment reporting

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

2.4 Foreign currency transactions

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.5 Tangible assets

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

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Leased tangible assets	2	50,0

In case of there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and when the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the balance of impairment associates with expense accounts. As of December 31, 2022, the Company has no any impairment on tangible assets (December 31, 2021: None). Gains and losses on the disposal of tangible assets are determined in reference to their carrying amounts and are taken into account in determining operating profit and losses (Note 6).

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

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

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

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

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

2.6 Investment property

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

2.7 Intangible assets

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

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.8 Financial assets

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

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

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

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

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

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

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

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

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

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

Securities are recognized and derecognized at the date of settlement.

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

2.9 Impairment on assets

Impairment on financial assets

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

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

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

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

Impairment on tangible and intangible assets

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.10 Derivative financial instruments

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

Derivative financial instruments are initially recognized at their fair value.

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

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

As of December 31, 2022, the Company has no derivative financial instruments (31 Aralık 2021: None).

2.11 Offsetting of financial assets

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

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

2.12 Cash and cash equivalents

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

2.13 Capital

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

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türk Reasürans A.Ş	100.000.000	100,00	100.000.000	100,00
Paid in capital	100.000.000	100,00	100.000.000	100,00

The capital of the Company is TL 100.000.000 in total which consists of 100.000.000 shares, each of them is valued as TL 1. TL 100.000.000 corresponding to 100.000.000 shares, which are valued as TL 1 each, is paid in cash by Türk Reasürans A.Ş as of December 31, 2022.

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.14 Insurance and investment contracts - classification

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

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

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

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

2.15 Insurance contracts and investment contracts with discretionary participation feature

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

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

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

2.16 Investment contracts without discretionary participation feature

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

2.17 Liabilities

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.18 Taxes

Corporate tax

Statutory income is subject to corporate tax at 25% (With the amendment made in Article 32 of the Corporate Tax Law No. 5520 by the Law No. 7394 on April 15, 2022, it has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2022 calendar year, starting from the declarations that must be submitted as of July 1, 2022 and being valid for the corporate earnings for the taxation period starting from January 1, 2022). This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

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

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax

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

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.18 Taxes (continued)

Deferred tax (continued)

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

Transfer pricing

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

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

2.19 Employee benefits

Pension and other post-retirement obligations

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

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

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

The major actuarial assumptions used in the calculation of the total liability as of December 31, 2022 is as follows (December 31, 2021: None):

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

Other benefits

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.20 Provisions

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is not any probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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

2.21 Revenue recognition

Written premiums

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

Claims paid

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

Commission income and expenses

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

Profit share income and expenses

Profit share income and expenses are recognized using the internal rate of return method by discounting 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 calculation of the internal rate of return includes all fees and points paid or received transaction costs, and discounts or premiums. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies *(continued)*

2.21 Revenue recognition *(continued)*

Trading income/expense

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

Dividends

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

2.22 Leasing transactions

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

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

Right-of-use assets

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

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

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

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

Right-of-use assets are subject to impairment.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.22 Leasing transactions (continued)

Lease liabilities

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

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

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

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

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

Assets subject to operational leasing	Contract Period (Year)	Discount Rate - TL (%)
Vehicles	2 years	14,94

2.23 Dividend distribution

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions

Unearned premium reserve

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

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

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

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

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

Unexpired risk reserves

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions (continued)

Unexpired risk reserves (continued)

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

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

As a result of the calculation during the reporting period, the Company has TL 2.050.313 unexpired risk reserves (December 31, 2021: None).

Outstanding claims reserve

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

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 27655 numbered and July 28, 2010 dated Official Gazette, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses are considered while the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

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

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions (continued)

Outstanding claims reserve (continued)

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

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

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

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

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

As of December 31, 2022, the Company reflected to financial statement the gross IBNR amount of TL 22.197.600 and TL 19.277.860 net IBNR calculated according to the method explained above (December 31, 2021: None).

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

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

The Company has calculated taking into account the sector cash flow rates in the Table57-AZMM file uploaded on February 13, 2023 to discount of all branches. Accordingly, as of December 31 2022, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of TL 8.941.746 (December 31 2021: None).

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions (continued)

Equalization reserve

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

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

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

Equalization reserves are presented under "Other technical reserves" within long term liabilities in the accompanying consolidated financial statements. As of the reporting date, the Company has recognized equalization reserves amounting to TL 6.576.683 (December 31, 2021: None).

2.25 Related parties

Parties are considered related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company;

(b) the party is an associate of the Company;

(c) the party is a joint venture in which the Company is a venturer;

(d) the party is member of the key management personnel of the Company and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

2 Summary of significant accounting policies (continued)

2.26 Earning per share

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

2.27 Subsequent events

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

2.28 The new standards, amendments and interpretations

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

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

Amendments to TFRS 3 - Reference to the Conceptual Framework

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

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

Amendments to TAS 16 - Proceeds before intended use

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

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

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

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

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

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

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

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

Annual Improvements - 2018-2020 Cycle

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- TFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture - Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

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

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2 Summary of significant accounting policies *(continued)*

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

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

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

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

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

Amendments to TAS 1 - Disclosure of Accounting Policies

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

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

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Notes to the Financial Statements As of December 31, 2022

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2 Summary of significant accounting policies (continued)

2.28 The new standards, amendments and interpretations (continued)

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

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

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

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

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

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

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

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3 Critical accounting estimates and judgements in applying accounting policies

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

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

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

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

Note 4.1 - *Management of insurance risk*

Note 4.2 - *Financial risk management*

Note 10 - *Reinsurance assets/liabilities*

Note 11 - *Financial assets*

Note 12 - *Loans and receivables*

Note 17 - *Insurance liabilities and reinsurance assets*

Note 21 - *Deferred taxes*

Note 23 - *Other liabilities and cost provisions*

Note 34 - *Financial costs*

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4 Management of insurance and financial risk

4.1 Management of insurance risk

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

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

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

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

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

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

Sensitivity to insurance risk

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

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

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4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Insurance risk condensation

The Company's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance) (December 31, 2021: None):

Total claims liability December 31, 2022	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Fire and Natural Disasters	41.167.450	(3.463.914)	37.703.536
General Losses	25.590.586	(1.908.172)	23.682.414
Marine	5.156.788	(229.203)	4.927.585
Water Vehicles	1.202.265	-	1.202.265
General Liabilities	1.125.385	(264.686)	860.699
Accident	145.681	(14.814)	130.867
Land Vehicles	67.634	(16.026)	51.608
Financial Losses	13.174	(4.918)	8.256
Land Vehicles Liability	5.072	-	5.072
Total	74.474.035	(5.901.733)	68.572.302

Given insurance collateral amounts in respect to branches

	December 31, 2022
Fire and Natural Disasters	9.399.409.059
General Losses	7.359.636.383
Financial Losses	551.443.576
General Liabilities	395.007.035
Accident	297.375.467
Marine	76.633.130
Land Vehicles	27.886.146
Land Vehicles Liability	20.864.302
Water Vehicles	13.754.292
Total^(*)	18.142.009.390

^(*) Net amount which deducted share of reinsurance.

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

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

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Notes to the Financial Statements As of December 31, 2022

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

4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk

Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are Audited 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 the risk of financial loss to the Company if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Company fails to meet its contractual obligations. The Company manages this credit risk by regularly assessing reliability of the counterparties. The balance sheet items that the Company is exposed to credit risk are as follows:

- Banks
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

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

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

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4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Credit risk (continued)

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 14)	153.986.733	104.202.963
Receivables from main operations (Note 12)	154.828.993	-
Prepaid expenses (Note 12)	18.635	6.435
Prepaid taxes and funds (Note 12)	3.319.520	-
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	5.901.733	-
Total	318.055.614	104.209.398

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

	December 31, 2022		December 31, 2021	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	149.021.915	-	-	-
Past due 0-30 days	46.440	-	-	-
Past due 31 - 60 days	60.020	-	-	-
Past due 61 - 90 days	5.686.696	-	-	-
Past due 90+	13.922	-	-	-
Total	154.828.993	-	-	-

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

Liquidity risk

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

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

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

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

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

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4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Liquidity risk (continued)

Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	153.986.733	99.635.436	54.347.520	-	-	-	3.777
Receivables from main operations	154.828.993	5.862.755	148.904.125	38.116	23.997	-	-
Total monetary assets	308.815.726	105.498.191	203.251.645	38.116	23.997	-	3.777
Other financial liabilities	663.614	27.921	57.545	88.251	185.647	304.250	-
Payables from main operations							
-third parties	7.129.926	439.541	3.267.962	3.422.423	-	-	-
Payables from main operations							
-related parties	940.394	-	940.394	-	-	-	-
Insurance technical reserves ^(*)	68.572.302	-	-	-	-	-	68.572.302
Provisions for taxes and other similar obligations	118.098	118.098	-	-	-	-	-
Other payables	19.735	19.735	-	-	-	-	-
Provisions for other risks and expense accruals	2.208.931	-	1.859.853	268.729	54.331	26.018	-
Total monetary liabilities	79.653.000	605.295	6.125.754	3.779.403	239.978	330.268	68.572.302

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

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

4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Liquidity risk (continued)

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	104.202.963	104.202.887		-	-	-	76
Total monetary assets	104.202.963	104.202.887	-	-	-	-	76
Other financial liabilities	217.517	5.186	10.877	16.642	35.253	149.559	-
Provisions for taxes and other similar obligations	823.283	26.636	796.647	-	-	-	-
Other payables -third parties	186.710	-	186.710	-	-	-	-
Other payables -related parties	138.611	-	138.611	-	-	-	-
Total monetary liabilities	1.366.121	31.822	1.132.845	16.642	35.253	149.559	-

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

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.

Foreign currency risk

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

The Company's exposure to foreign currency risk is as follows (December 31, 2021: None):

December 31, 2022	US Dollar	Euro	Other currencies	Total
Receivables from main operations	60.422	48.133	-	108.555
Cash and cash equivalents	3.777	-	-	3.777
Total foreign currency assets	64.199	48.133	-	112.332
Payables from main operations	-	4.458.838	-	4.458.838
Insurance technical reserves ^(*)	98.343	12.722.840	-	12.821.183
Total foreign currency liabilities	98.343	17.181.678	-	17.280.021
Net financial position	(34.144)	(17.133.545)	-	(17.167.689)

^(*) According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated July 28, 2010; foreign currency denominated claims provisions evaluated by the Central Bank of Republic of Turkey's spot selling rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical provisions are valued at the CBRT's selling rate of December 31, 2022, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, assets are valued at the CBRT buying rates and liabilities are valued at the CBRT selling rate as of December 31, 2022 and the resulting exchange rate differences are recorded as foreign exchange profit and loss.

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4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Market risk (continued)

Exposure to foreign currency risk

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2022 and December 31, 2021 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2022	18,6983	19,9349	18,7320	19,9708	16,5443	17,3629
December 31, 2021	13,3290	15,0867	13,3530	15,1139	8,8541	10,4381

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2022 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction (December 31, 2021: None).

	December 31, 2022	
	Profit or loss	Equity ^(*)
US Dollar	3.414	3.414
Euro	1.713.355	1.713.355
Total, net	1.716.769	1.716.769

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

Exposure to profit share rate risk

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

As at reporting date, the variable interest income and interest-bearing financial assets and liabilities are as follows:

	December 31, 2022	December 31, 2021
Financial assets/(liabilities) with fixed interest rates:		
Cash at banks (Note 14)	153.982.956	104.202.887

Fair value information

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

The Company has classified its financial assets as available for sale, held for trading or held to maturity. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying consolidated financial statements.

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

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4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Market risk (continued)

Classification relevant to fair value information

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

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

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

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

In accordance with *IFRS 13 - Measurement of Fair Value* standard effective from January 1, 2013, all assets measured at fair value are classified and presented in an order that reflects the importance of the data used in determining their fair value.

As of December 31, 2022, the Company has no financial assets and liabilities measured at fair value (December 31, 2021: None).

Gain and losses from financial assets

<i>Gains and losses recognized in the statement of income, net:</i>	January 1- December 31, 2022	September 8- December 31, 2021
Profit share income from participation bank account	27.057.764	4.695.260
Foreign exchange gains	586.745	-
Investment income	27.644.509	4.695.260
Foreign exchange losses	(799.495)	-
Investment management expenses (including interest)	(39.111)	(7.978)
Investment expenses	(838.606)	(7.978)
Investment income, net	26.805.903	4.687.282

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4 Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as a going concern

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Company measured its minimum capital requirement as TL 66.302.957. As of December 31, 2022, the capital amount of the Company calculated according to the Communiqué is TL 44.431.157 more than the minimum capital requirement amounts. The main shareholder of the Company has stated that the necessary support will be provided to ensure that the Company complies with the legal regulations fully and in a timely manner.

5 Segment Information

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

As of December 31, 2022, the Company operates in non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market. The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting. (December 31, 2021: None).

6 Tangible assets

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

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Operating leases (Vehicles)	233.965	736.241	(233.965)	736.241
	233.965	736.241	(233.965)	736.241
Accumulated depreciation:				
Operating leases (Vehicles)	(19.497)	(150.522)	77.989	(92.030)
	(19.497)	(150.522)	77.989	(92.030)
Carrying amounts	214.468			644.211

Movement in tangible assets in the period from September 8 to December 31, 2021 is presented below:

	September 8, 2021	Additions	Disposals	December 31, 2021
Cost:				
Operating leases (Vehicles)	-	233.965	-	233.965
	-	233.965	-	233.965
Accumulated depreciation:				
Operating leases (Vehicles)	-	(19.497)	-	(19.497)
	-	(19.497)	-	(19.497)
Carrying amounts	-			214.468

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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7 Investment properties

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

8 Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2022 is presented below (September 8, - December 31, 2021: None):

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
Costs:					
Rights	-	35.400	-	-	35.400
	-	35.400	-	-	35.400
Accumulated amortization:					
Intangible assets	-	(6.883)	-	-	(6.883)
	-	(6.883)	-	-	(6.883)
Net book value	-				28.517

9 Investments in associates

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

10 Reinsurance asset and liabilities

As of December 31, 2022, outstanding reinsurance assets and liabilities of the Company, as reinsurance company in accordance with existing reinsurance contracts are as follows (December 31, 2021: None):

Reinsurance assets	December 31, 2022	December 31, 2021
Unearned premiums reserve, ceded (Note 17)	77.856	-
Unexpired risk reserve, ceded (Note 17)	581	-
Outstanding claims reserve, ceded (Note 4.2, 17)	5.901.733	-
Other technical reserves, ceded (Note 17)	699.276	-
Total	6.679.446	-

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2022	December 31, 2021
Payables to reinsurance companies related to premiums written	940.394	-
Deferred commission income (Note 19)	9.245	-
Cash deposited by reinsurance companies (Note 19)	3.409.925	-
Total	4.359.564	-

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Notes to the Financial Statements As of December 31, 2022

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10 Reinsurance asset and liabilities (continued)

The gains and losses recognized in the income statement in accordance with the retrocession contracts of the Company are shown in the following table:

	January 1 - December 31, 2022	September 8 - December 31, 2022
Premiums ceded during the period (Note 17)	(10.482.787)	-
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	-	-
Unearned premiums reserve, ceded at the end of the period (Note 17)	77.856	-
Premiums earned, ceded (Note 17)	(10.404.931)	-
Claims paid, ceded during the period (Note 17)	81.600	-
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	-	-
Outstanding claims reserve, ceded at the end of the period (Note 17)	5.901.733	-
Claims incurred, ceded (Note 17)	5.983.333	-
Commission income accrued from reinsurers during the period (Note 32)	36.321	-
Deferred commission income at the beginning of the period (Note 19)	-	-
Deferred commission income at the end of the period (Note 19)	(9.245)	-
Commission income earned from reinsurers (Note 32)	27.076	-
Changes in unexpired risks reserve, ceded (Note 17)	581	-
Changes in equalization reserve, ceded (Note 17)	699.276	-
Total, net	(3.694.665)	-

11 Financial assets

As of December 31, 2022, the Company has no financial assets portfolio (December 31, 2021: None).

12 Loan and receivables

	December 31, 2022	December 31, 2021
Receivables from main operations (Note 4.2)	154.828.993	-
Prepaid expenses (Note 4.2)	18.635	6.435
Prepaid taxes and funds (Note 4.2)	3.319.520	-
Total	158.167.148	6.435
Short-term receivables	158.167.148	6.435
Long-term receivables	-	-
Total	158.167.148	6.435

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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12 Loan and receivables (continued)

As of December 31, 2022, receivables from main operations are detailed as follows (December 31, 2021: None):

	December 31, 2022	December 31, 2021
Receivables from insurance companies	154.540.438	-
Receivables from brokers and intermediaries	288.555	-
Receivables from reinsurance companies (Note 10)	-	-
Total receivables from insurance operations, net	154.828.993	-
Receivables from main operations	154.828.993	-

As of December 31, 2022, the Company does not have any mortgages and collaterals obtained for receivables (December 31, 2021: None).

Provisions provided for doubtful receivables that are due and not due

a) *Receivables under legal or administrative follow up (due)*: There are not any legal and administrative follow-ups arising from main operations and other receivables (December 31, 2021: None).

b) *Provision for premium receivables (due)*: None (December 31, 2021: None).

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in 45 -Related party transactions.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in Note 4.2.

13 Derivative financial instruments

As of December 31, 2022, the Company has no derivative financial instruments (December 31, 2021: None).

14 Cash and cash equivalents

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

	December 31, 2022		December 31, 2021	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	153.986.733	104.202.963	104.202.963	-
Cash and cash equivalents in the balance sheet	153.986.733	104.202.963	104.202.963	-
Interest accruals on bank deposits	(1.954.497)	(1.357.002)	(1.357.002)	-
Cash and cash equivalents presented in the statement of cash flows	152.032.236	102.845.961	102.845.961	-

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

14 Cash and cash equivalents (continued)

As at December 31, 2022 and December 31, 2021, participation bank accounts are further analyzed as follows:

	December 31, 2022	December 31, 2021
Foreign currency denominated participation bank accounts		
- time participation bank accounts	-	-
- demand participation bank accounts	3.777	-
Participation bank accounts in Turkish Lira		
- time participation bank accounts	153.982.956	104.202.887
- demand participation bank accounts	-	76
Banks	153.986.733	104.202.963

All participation bank accounts have a term of less than three months and profit share rates for the participation bank accounts to TL applied are between 9,50% - 26,50% (December 31, 2021: 14,00% -16,70%).

15 Equity

Paid in capital

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

Name	December 31, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türk Reasürans A.Ş.	100.000.000	100.000.000	100,00	100,00
Paid in capital	100.000.000	100.000.000	100,00	100,00

The capital of the Company is TL 100.000.000 in total which consists of 100.000.000 shares, each of them is valued as TL 1. TL 100.000.000 corresponding to 100.000.000 shares, which are valued as TL 1 each, is paid in cash by Türk Reasürans A.Ş.

There are not any privileges on common shares representing share capital.

Legal reserves

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

The movement table for legal reserves is as follows (December 31, 2021: None);

	December 31, 2022
Legal reserves at the beginning of the period	-
Transfer from profit	152.944
Legal reserves at the end of the period	152.944

Türk Katılım Reasürans Anonim Şirketi

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15 Equity (continued)

Valuation of financial assets

As of December 31, 2022, the Company has no financial assets that are marketable securities and debt securities, and whose change of fair value are accounted in equity, and which are classified as available for sale financial assets (December 31, 2021: None).

16 Other reserves and equity component of discretionary participation

As of December 31, 2022 and December 31, 2021, other reserves are explained in detail in Note 15 - Equity above.

As of December 31, 2022, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature (December 31, 2021: None).

17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 - Summary of significant accounting policies.

As at December 31, 2022, technical reserves of the Company are as follows (December 31, 2021: None):

	December 31, 2022
Unearned premiums reserve, gross	172.280.280
Unearned premiums reserve, ceded (Note 10)	(77.856)
Unearned premiums reserve, net	172.202.424
Unexpired risk reserve, gross	2.050.894
Unexpired risk reserve, ceded (Note 10)	(581)
Unexpired risk reserve, net	2.050.313
Outstanding claims reserve, gross	74.474.035
Outstanding claims reserve, ceded (Note 10)	(5.901.733)
Outstanding claims reserve, net	68.572.302
Other technical reserve, gross	7.275.959
Other technical reserve, ceded (Note 10)	(699.276)
Other technical reserve, net	6.576.683
Total technical provisions, net	249.401.722
Short-term	242.825.039
Mid and long-term	6.576.683
Total technical provisions, net	249.401.722

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

17 Insurance contract liabilities and reinsurance assets (continued)

As of December 31, 2022, movements of the insurance liabilities and related reinsurance assets are presented below (December 31, 2021: None):

	December 31, 2022		Net
	Gross	Ceded	
Unearned premiums reserve			
Unearned premiums reserve at the beginning of the period	-	-	-
Written premiums during the period	387.306.928	(10.482.787)	376.824.141
Earned premiums during the period	(215.026.648)	10.404.931	(204.621.717)
Unearned premiums reserve at the end of the period	172.280.280	(77.856)	172.202.424

	December 31, 2022		Net
	Gross	Ceded	
Unexpired risk reserve			
Unexpired risk reserve at the beginning of the period	-	-	-
Change in unexpired risk reserves during the period	2.050.894	(581)	2.050.313
Unexpired risk reserve at the end of the period	2.050.894	(581)	2.050.313

	December 31, 2022		Net
	Gross	Ceded	
Outstanding claims reserve			
Outstanding claims reserve at the beginning of the period	-	-	-
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	158.248.098	(5.983.333)	152.264.765
Claims paid during the period	(83.774.063)	81.600	(83.692.463)
Outstanding claims reserve at the end of the period	74.474.035	(5.901.733)	68.572.302

	December 31, 2022		Net
	Gross	Ceded	
Other technical reserves			
Equalization reserve at the beginning of the period	-	-	-
Equalization reserve during the period	7.275.959	(699.276)	6.576.683
Equalization reserve at the end of the period	7.275.959	(699.276)	6.576.683

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

The Company, being a reinsurance Company, has no obligation of providing guarantees.

Total amount of insurance risk on a branch basis

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Company.

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

None.

Türk Katılım Reasürans Anonim Şirketi

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17 Insurance contract liabilities and reinsurance assets (continued)

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

None.

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

None.

Pension investment funds established by the Company and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups

None.

Valuation methods used in profit share calculation for saving life contracts with profit sharing

None.

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups

None.

Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year

None.

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year

None.

Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

Profit share distribution rate of life insurances

None.

Deferred commission expenses

The Company capitalizes the portion of commissions paid which is belong following periods, to the intermediaries related to premium production under "Deferred acquisition costs". As at December 31, 2022, deferred acquisition costs are amounting to TL 51.210.454 (December 31, 2021: None) that consist of short-term deferred commission expenses are amounting to TL 44.625.701 (December 31, 2021: None) and the remaining portion consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2021: None).

For the periods ended December 31, 2022, the movement of deferred commission expenses are presented below:

	December 31, 2022
Deferred commission expenses at the beginning of the period	-
Commissions accrued during the period (Note 32)	98.490.876
Commissions expensed during the period (Note 32)	(53.865.175)
Deferred commission expenses at the end of the period	44.625.701

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18 Investment contract liabilities

None.

19 Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Other financial liabilities (Not 20)	663.614	217.517
Payables from reinsurance operations	4.660.395	-
- <i>third parties</i>	3.720.001	-
- <i>related parties (Note 45)</i>	940.394	-
Cash deposited by reinsurance companies (Note 10)	3.409.925	-
Deferred commission income (Note 10)	9.245	-
Taxes and other liabilities and similar obligations	118.098	823.283
Other payables	19.735	325.321
- <i>third parties</i>	19.735	186.710
- <i>related parties (Note 45)</i>	-	138.611
Total	8.881.012	1.366.121
Short-term liabilities	8.576.762	1.216.562
Long-term liabilities	304.250	149.559
Total	8.881.012	1.366.121

As of December 31, 2022, Other payables consist of payments to be made for outsourced benefits and services and guarantees received.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2022	December 31, 2021
Taxes paid during the year	(1.003.510)	(1.022.922)
Corporate tax liabilities	4.323.030	226.275
Corporate tax asset/(liability), net	3.319.520	(796.647)

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

None.

20 Financial liabilities

	December 31, 2022	December 31, 2021
Payables from operating leases (Note 34) ^(*)	663.614	217.517
<i>Short term</i>	359.364	67.958
<i>Mid and long term</i>	304.250	149.559
Total	663.614	217.517

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

Türk Katılım Reasürans Anonim Şirketi

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21 Deferred tax

As at December 31, 2022 and December 31, 2021, deferred tax assets and liabilities are attributable to the following:

	December 31, 2022		December 31, 2021	
	Tax rate used %	Deferred tax assets/(liabilities)	Tax rate used %	Deferred tax assets/(liabilities)
Equalization reserve	25	1.989	20	-
Unexpired risk reserves	25	512.578	23	702
Adjustment of IFRS 16	25	4.851	23	-
Expense accruals	25	67.182	23	-
Provision for unused vacation	25	13.583	20	-
Provisions for employee termination benefits	25	6.505	20	-
Time participation bank account rediscount	25	6.574	23	428
TAS adjustment differences in depreciation	25	(1.229)	20	-
Deferred tax assets/(liabilities), net		612.033		1.130

As at December 31, 2022, the Company has not any deductible tax losses (December 31, 2021: None).

Movement of deferred tax assets are given below:

	December 31, 2022	December 31, 2021
Opening balance at January 1	1.130	-
Deferred tax income/expense (Note 35)	610.903	1.130
Deferred tax assets/(liabilities)	612.033	1.130

22 Retirement benefit obligations

None.

23 Other liabilities and expense accruals

As of December 31, 2022 and 2021, other liabilities and expense accruals are as follows:

	December 31, 2022	December 31, 2021
Substitution outstanding reserves under excess of loss agreements	268.729	-
Provision for unused vacation	54.331	-
Provision for employee termination benefits	26.018	-
Invoice accruals ⁽¹⁾ (Note 45)	1.859.853	-
Total	2.208.931	-

⁽¹⁾ Consists of accruals related to services provided by Türk Reasürans A.Ş, main shareholder of the Company, that are within scope of intra-group services, and that are specified in agreed-upon 'Cost Sharing Policy', and that are necessary to conduct the Company's insurance activities

Türk Katılım Reasürans Anonim Şirketi

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23 Other liabilities and expense accruals *continued*)

The movement of the provision for employee termination benefits within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for employee termination benefits beginning of the period	-	-
Provision made during the period (Note 47)	26.018	-
Payments during the period (Note 47)	-	-
Provision for employee termination benefits end of the period	26.018	-

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2022	December 31, 2021
Provision for unused vacation beginning of the period	-	-
Provision made during the period (Note 47)	54.331	-
Provision for unused vacation canceled during the period (Note 47)	-	-
Provision for unused vacation end of the period	54.331	-

24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2022			September 8 - December 31, 2022		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	305.857.388	(3.078.882)	302.778.506	-	-	-
Fire and Natural Disasters	70.746.054	(6.355.962)	64.390.092	-	-	-
Marine	4.210.771	(230.622)	3.980.149	-	-	-
General Liabilities	2.838.254	(367.449)	2.470.805	-	-	-
Water Vehicles	2.498.812	(231.505)	2.267.307	-	-	-
Accident	593.912	(77.723)	516.189	-	-	-
Financial Losses	452.113	(117.397)	334.716	-	-	-
Land Vehicles	93.180	(22.079)	71.101	-	-	-
Land Vehicles Liability	16.444	-	16.444	-	-	-
Legal Protection	-	(1.168)	(1.168)	-	-	-
Total	387.306.928	(10.482.787)	376.824.141	-	-	-

25 Fee revenue

None

26 Investment income

Investment income is presented in Note 4.2 - *Financial risk management*.

27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 - *Financial risk management*.

28 Asset held at fair value through profit or loss

Presented in Note 4.2 - *Financial Risk Management*.

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29 Insurance rights and claims

	January 1 - December 31, 2022	September 8- December 31, 2021
Claims paid, net off reinsurers' share	83.692.463	-
Changes in unearned premiums reserve, net off reinsurers' share	172.202.424	-
Changes in unexpired risk reserve, net off reinsurers' share	2.050.313	-
Change in outstanding claims reserve, net off reinsurers' share	68.572.302	-
Change in equalization reserve, net off reinsurers' share	6.576.683	-
Total	333.094.185	-

30 Investment contract benefits

None.

31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 - *Expenses by nature* below.

32 Operating expenses

	January 1 - December 31, 2022	September 8- December 31, 2021
Commission expenses (Note 17)	53.865.175	-
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	98.490.876	-
<i>Changes in deferred commission expenses (Note 17)</i>	(44.625.701)	-
Employee benefit expenses (Note 33)	5.432.982	140.275
Administration expenses	1.449.450	301.808
Outsourced benefits and services	930.968	144.567
Commission income from reinsurers (Note 10)	(27.076)	-
<i>Commission income from reinsurers accrued during the period</i>	(36.321)	-
<i>Change in deferred commission income</i>	9.245	-
Total	61.651.499	586.650

33 Employee benefit expenses

	January 1 - December 31, 2022	September 8- December 31, 2021
Wages and salaries	5.309.149	121.430
Employer's share in social security premiums	112.802	15.122
Pension fund benefits	11.031	3.723
Total (Note 32)	5.432.982	140.275

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34 Financial costs

As of December 31, 2022, TL 39.111 (September 8 - December 31, 2021: TL 7.978) interest expense arising from leases that the Company is subject to *IFRS 16 Leasing Transactions* standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 150.521 is recognised under the "Depreciation and Amortization Expense" accounts (September 8 - December 31, 2021: TL 19.497).

As of December 31, 2022 and 2021, discounted reimbursement plan for operating leases of the Company is as follows:

	December 31, 2022	December 31, 2021
	Operating Leases Reimbursement Plan -TL	Operating Leases Reimbursement Plan -TL
Up to 1 year	359.364	67.958
1 to 2 years	304.250	80.157
2 to 3 years	-	69.402
Total (*)	663.614	217.517

(*) As of reporting date, TL 359.364 (December 31, 2021: TL 67.958) was short term, TL 304.250 was long term (December 31, 2021: TL 149.559).

35 Income taxes

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

	January 1 - December 31, 2022	September 8- December 31, 2021
Corporate tax expense:		
Corporate tax provision	(1.003.510)	(1.022.922)
Deferred taxes:		
Origination and reversal of temporary differences	610.903	1.130
Total income tax income/(expense)	(392.607)	(1.021.792)

For the periods then ended as of December 31, 2022 and 2021, a reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	December 31, 2022		December 31, 2021	
	1.491.163	Tax rate (%)	4.080.667	Tax rate (%)
Profit before taxes				
Taxes on income per statutory tax rate	372.791	25,00	1.020.167	25,00
Tax-exempt incomes	(612.598)	(41,08)	(1.130)	(0,03)
Non-deductible expenses	632.414	42,41	2.755	0,07
Donations and charities	-	-	-	-
Total tax expense recognized in loss/(profit)	392.607	26,33	1.021.792	25,04

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36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 - *Financial Risk Management* above.

37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	January 1 - December 31, 2022	September 8- December 31, 2021
Net profit for the period	1.098.556	3.058.875
Weighted average number of shares	100.000.000	100.000.000
Earnings per share (TL)	0,011	0,031

38 Dividends per share

None.

39 Cash generated from operations

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

40 Convertible bonds

None.

41 Redeemable preference shares

None.

42 Risks

As of December 31, 2022, the Company has not been the subject of any lawsuits (December 31, 2021: None).

43 Commitments

Due to the Company's activities, it provides protection to sedan companies as reinsurers in non-life insurance branches, and guarantees the insurance risk through reinsurance agreements.

The details of the guarantees that are given by the Company for the operations in non-life branches are presented in *Note 17 - Insurance contract liabilities and reinsurance assets*.

44 Business combinations

None.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

45 Related party transactions

Türk Reasürans A.Ş. which own 100% shares of the Company is defined as related party at these consolidated financial statements.

As of December 31, 2022 and December 31, 2021, the details of the transactions performed with related parties are as follows:

	December 31, 2022	December 31, 2021
Türk Reasürans A.Ş. - payables from main operation arising from ceded premiums	940.394	-
Türk Reasürans A.Ş. - other payables	-	138.611
Türk Reasürans A.Ş. - expense accruals related to intra-group services	1.859.853	-

46 Subsequent events

On February 6, 2023, two significant earthquakes occurred in Kahramanmaraş's Pazarcık and Elbistan districts, caused destruction in 11 provinces and their surroundings, and caused thousands of people to die and be injured. Preliminary examination has been completed to determine the effects of the claims caused by the aforementioned earthquake disaster on the consolidated financial statements of the Company.

The estimated total claim was calculated using CatMod, a catastrophic modeling platform developed in-house for the purpose of determining the total claims due to earthquakes and modeling the liabilities to be faced due to disasters.

In addition to the CatMod results, similar experiments were conducted on another modeling platform used in the industry; in order to stay in the safe zone, the modeling tool that creates higher loss amount was preferred.

As of December 31, 2022, the amount of accumulated funds related to the equalization reserve to be used for the abovementioned earthquake loss is TL 6.576.683, and it is estimated that the effect of the expected net loss amount arising from domestic treaties and facultative reinsurance acceptances on the total equity will be approximately TL 57 million, deducting the accumulated fund amount related to the equalization reserve, and including the replacement premium. Considering the Company's total equity is TL 104.157.431 as of December 31, 2022, no uncertainty is foreseen regarding the going concern.

The regulation dismantling the retirement age requirement for employees who started their working life before September 1999 was published in the Official Gazette on March 3, 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Company's financial position and financial performance. Efforts to measurement of the effects of the mentioned regulation to the Company's financial position and performance continue.

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on March 12, 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. There is no additional tax amount to be accrued as a result of performed tax assessment.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements As of December 31, 2022

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

47 Other

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

They are presented in the related notes above.

Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets

None.

Subrogation recorded in "Off-Balance Sheet Accounts"

None.

Explanatory note for the amounts and nature of previous years' income and losses

None.

Information on Other technical expenses items in income statement for the period ended December 31, 2022

Other technical expenses in the income statement amounting to TL 7.144.459 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses.

The details of provisions for the period ended on December 31, 2022 and 2021 are as follows:

Provisions expenses	January 1 - December 31, 2022	September 8- December 31, 2021
Provision for unused vacation expense (Note 23)	54.331	-
Provision for employee termination benefits expense (Note 23)	26.018	-
Provisions	80.349	-

Fees paid to an independent auditor or an independent audit firm for services

	January 1- December 31, 2022	September 8- December 31, 2021
Independent audit fee for the reporting period	195.000	25.000
Fees for tax advisory services	40.500	-
Total (*)	235.500	25.000

(*) The fee is excluding VAT.

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