

Agile Robust Visionary

Annual Report
2023

July Aug Sep Oct

1,009

210.95

149.16

0.

25,187.70

7,642.41

12,358.74

27,598.41



Company Name: Türk Katılım Reasürans Anonim Şirketi
Trade Registry Number: 326870-5
Tax ID Number: 8761322427
Central Registration (MERSİS) Number: 0876132242700001
Registered Address: İnkılap Mah. Dr. Adnan Büyükdeniz Cad. Ak Ofis
No: 8/1 Kat: 6 34768 Ümraniye, İstanbul
Company Registration Date: September 8, 2021

In 2021, we were established with 100% public capital as a subsidiary of Türk Reasürans, representing Türkiye's first participation reinsurance company.

We seek to raise the visibility of participation insurance in our country, support the industry's growth and strength, and take measures through early detection of risks in the insurance sector. Accordingly, we merge the agile, strong and visionary perspective of Türk Reasürans with a service approach built on trust, stability, and dedication.

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STRONG STRUCTURE

As Türk Katılım Reasürans, our service approach is aligned with our country's values. We maintain a strong growth outlook and presence, even in challenging conditions like those faced globally and in Türkiye. As a trailblazer in the insurance industry, we are unwavering in our pioneering efforts to become a global company and we move steadfastly towards the future.





VISIONARY MINDSET

We are proud to have introduced a novel concept to the industry that encapsulates our Incorporation's guiding precept. As we grow, evolve, and gain strength through our organic bond with the sector, we expand our area of influence and further accelerate our growth.

AGILE PERFORMANCE

Thanks to our highly skilled and expert team, we detect risks early and we generate smart, rapid solutions. Constantly aware of our activities and our areas of influence, we take firm steps towards a reliable and solid future. We will continue to assure our stakeholders, drawing strength from our colleagues' extensive experience in reinsurance.



Türk Katılım Reasürans at a Glance

Türk Katılım Reasürans was established on September 8, 2021, to respond to the reinsurance needs of the rapidly growing Turkish participation insurance sector.



türk katılım
reasürans



2023 Ordinary General Assembly Agenda

TÜRK KATILIM REASÜRANS A.Ş. **ORDINARY GENERAL ASSEMBLY AGENDA** **07/06/2024**

1. Opening and creation of the meeting chairmanship.
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 2023.
3. Reading, discussion, and approval of the year-end Balance Sheet and Income Statement for the 2023 activity and accounting period.
4. Acquittal of the Board Members regarding their activities in 2023.
5. Discussion and approval of the Profit Distribution table proposed by the Board of Directors regarding the 2023 profit.
6. Granting permission to the Members of the Board of Directors in matters falling within the scope of Articles 395 and 396 of the Turkish Commercial Code.
7. Election of the Members of the Board of Directors.
8. Determining the remuneration of the Members of the Board of Directors.
9. Submission of the Board of Directors' Resolution regarding the selection of the Independent Audit Firm to the approval of the General Assembly.
10. Wishes and closing.



2023 in Figures

Net Profit for the Period

18.5

TL Million

Türk Katılım Reasürans' net profit for the period in 2023 amounted to TL 18,454,914.

Gross Written Premium

971.8

TL Million

From January 1 to December 31, 2023, a total of TL 972 million in gross premiums were produced in 9 different main branches, providing reinsurance protection to the participation insurance sector.

Market Share

5%

Thanks to net premiums of approximately TL 872 million in its second year of operation, Türk Katılım Reasürans secured a 5% share in the Turkish reinsurance market.

Non-Life Technical Income

737.5

TL Million

A technical income of TL 737.5 million was generated mainly due to an investment income of TL 92.9 million transferred to the technical department.

Asset Size

836.7

TL Million

The ratio of liquid assets among the Company's asset size of approximately TL 837 million was 25% as of December 31, 2023.

Shareholders' Equity

122.5

TL Million

Boasting TL 122.5 million in shareholders' equity as of year-end 2023, Türk Katılım completed the year on the pillars of business continuity and forming a strong financial structure.

Technical Expense

710.6

TL Million

Adding TL 462 million of incurred losses and TL 214.7 million of operating expenses, total technical expenses amounted to TL 710.6 million in 2023.

Profit for the Period Before Tax

31.9

TL Million

Türk Katılım Reasürans completed 2023 with a profit for the period before tax of TL 31.9 million, thanks to the TL 26.9 million technical department balance posted in 2023.

About Türk Katılım Reasürans

Türk Katılım Reasürans will serve the participation-based reinsurance needs of domestic insurance companies, in addition to supporting the participation-based reinsurance needs of international markets.

2021 Establishment Year

Türk Katılım Reasürans provides facultative reinsurance needs in the branches for which it is licensed in addition to treaty reinsurance acceptances.

The first participation reinsurance company in Türkiye, Türk Katılım Reasürans was established on September 8, 2021, to respond to the needs of the rapidly growing Turkish participation banking and participation insurance sectors. Türk Katılım Reasürans A.Ş. has set out to extend the achievements that its main shareholder Türk Reasürans A.Ş. accorded in traditional reinsurance in the field of participation reinsurance. The Company serves domestic and international insurance companies, reinsurance companies, organizations, and banks in need of reinsurance, pools, and brokerage firms to facilitate these activities.

Türk Katılım Reasürans will cater to the reinsurance needs of domestic insurance companies based on the principle of participation. Additionally, it will support the participation-based reinsurance requirements of international markets. The company accepts business for all proportional and non-proportional reinsurance treaties, and also provides support for facultative reinsurance needs, in addition to treaty reinsurance, in the branches for which it is licensed.

The Company can not only address the reinsurance needs of companies through its brokerage firms but also provide direct capacity for requests received from insurance companies and/or reinsurance companies.

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

Commencing in non-life branches, the company currently provides reinsurance capacity in the following areas:

- Fire and Natural Disasters
- General Losses
- General Liability
- Accident
- Financial Losses
- Marine
- Water Vehicles
- Water Vehicles Liability
- Land Vehicles
- Land Vehicles Liability
- Air Vehicles
- Air Vehicles Liability
- Credit
- Breach of Trust
- Health
- Legal Protection

Mission and Vision

Our Mission

To support the development of the Turkish participation insurance industry by providing further domestic participation reinsurance capacity.

To contribute to the sustainable growth of Türkiye's economy by keeping participation reinsurance premiums diverted abroad within the confines of the domestic economy.

To contribute to the development of the Turkish participation insurance industry in terms of technological infrastructure, competent human resources, sustainability, governance, and financial strength.

Our Vision

To manage our country's risks effectively as Türkiye's safe and strong participation reinsurer as well as to be recognized as a global participation reinsurance brand and an "exporter of assurance."

Shareholding Structure

Türk Katılım Reasürans' main shareholder is Türk Reasürans A.Ş. The Company's capital is 100,000,000.00 Turkish Lira in total, divided into 100,000,000 shares worth 1.00 Turkish Lira each, and all of these shares are registered shares. The entire amount of 100,000,000.00 Turkish Lira corresponding to 100,000,000 shares of 1.00 Turkish Lira each belongs to Türk Reasürans Anonim Şirketi.

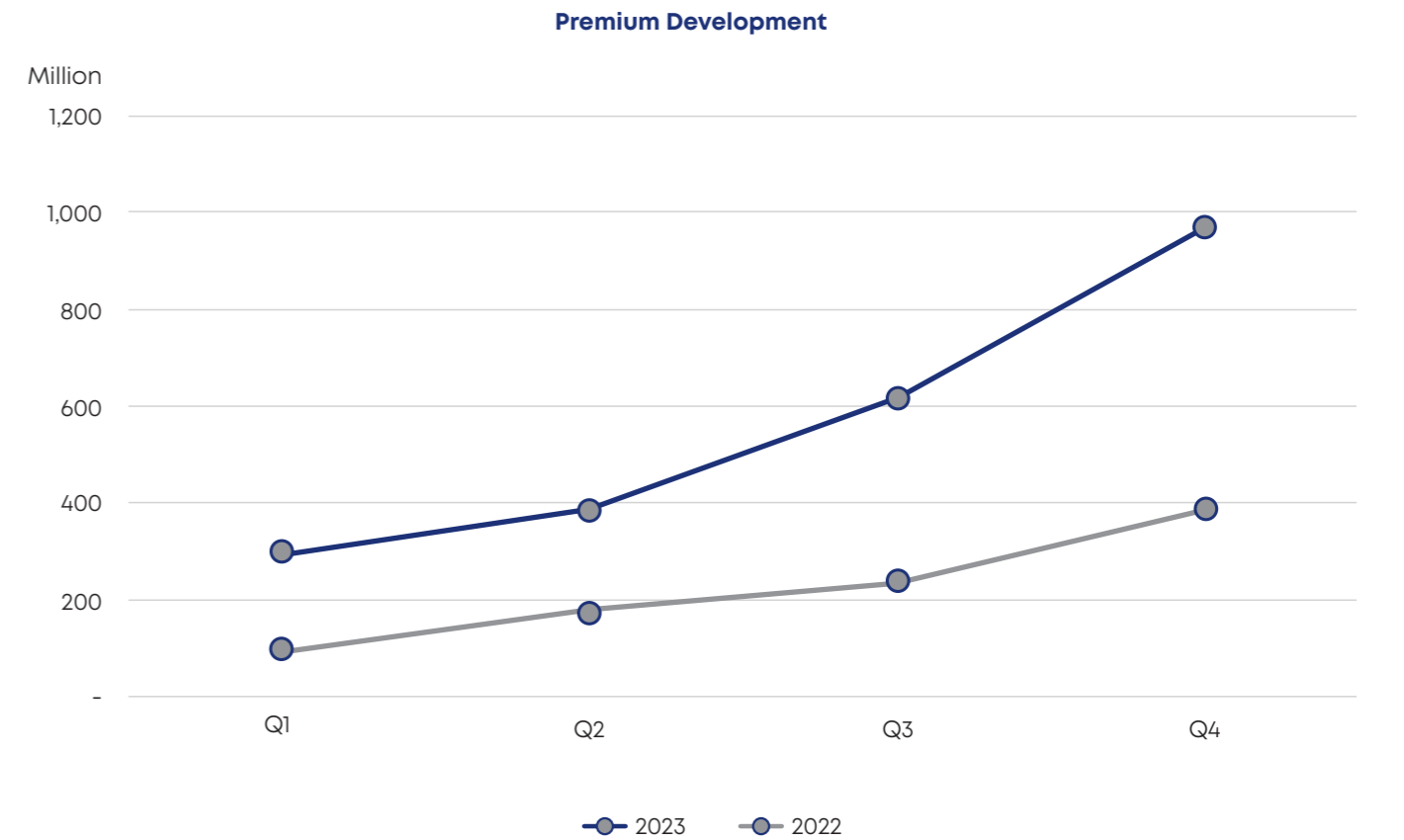
As of December 31, 2023, no privileges had been granted to the stocks representing the capital.

As of December 31, 2023, the Company was not subject to the registered capital system.

Key Financial Indicators and Ratios

Gross Premium Production (TL)

	2023	2022	Change (%)
General Losses	671,632,406	305,857,388	120
Fire and Natural Disasters	226,603,770	70,746,054	220
Accident	44,413,724	593,912	7,378
Marine	9,928,870	4,210,771	136
General Liability	7,782,977	2,838,254	174
Water Vehicles	7,272,382	2,498,812	191
Financial Losses	2,121,830	452,113	369
Land Vehicles	1,991,796	93,180	2,038
Legal Protection	9,171	0	100
Land Vehicles Liability	0	16,444	-100
Total Gross Premium Income	971,756,926	387,306,928	151



Key Financial Indicators and Ratios

Claims Paid, Gross (TL)

	2023	2022
Fire and Natural Disasters	512,700,832	20,617,013
General Losses	238,850,264	62,394,012
Land Vehicles	12,698,956	-
Marine	2,445,251	490,051
Water Vehicles	2,101,793	270,808
Accident	468,153	-
General Liability	220,991	2,179
Financial Losses	37,011	-
Total Claims Paid, Gross	769,523,251	83,774,063

Summary of Financial Results (TL)

	2023	2022	Change (%) (2023-2022)	2021
Cash and Cash Equivalents	199,566,538	153,986,733	30	104,202,963
Securities	7,076,400	0	100	0
Receivables from Main Operations	474,004,981	154,828,993	206	0
Total Assets	836,721,385	364,649,096	129	104,424,996
Technical Provisions	523,202,644	249,401,722	110	0
Total Equity	122,491,693	104,157,431	18	103,058,875
Gross Written Premium	971,756,926	387,306,928	151	0
Technical Revenues	737,467,554	229,416,418	221	0
Technical Profit Balance	26,876,784	1,779,012	1,411	(586,650)
Investment Income	128,178,674	27,644,509	364	4,695,260
Investment Expenses	(128,628,397)	(27,841,025)	362	(27,475)
Other Income and Expenses	5,477,850	519,570	954	662
Profit for the Period	31,904,911	2,102,066	1,418	4,081,797
Tax Expense	(13,450,000)	(1,003,510)	1,240	(1,022,922)
Net Profit for the Period	18,454,911	1,098,556	1,580	3,058,875

Financial Analysis Ratios (%)

	2023 (%)	2022 (%)	2021 (%)
Liquidity ratio	70	194	8,565
Current ratio	243	393	8,566
Return on equity	15	1	3
Claim premium ratio, net	72	75	-
Expense ratio, net	37	34	-
Combined ratio, net	108	109	-
Claims payment ratio	78	57	-
Technical profitability (Technical department balance/Earned premiums)	4	1	-
Conservation ratio	90	97	-

From the Management

Türk Katılım Reasürans conducts successful operations, leveraging the synergy of its main shareholder Türk Reasürans, its highly skilled workforce, technological investments, and corporate expertise.



Message from the Chairman

As the first participation reinsurance company in our country, Türk Katılım Reasürans, despite its relative youth, takes firm steps forward and inspires us with hope.

151%
Growth

5%
Market Share

Relying on its strong capital structure, strategic management, and experienced team, Türk Katılım Reasürans successfully achieved its goals in both local and global participation markets.

Esteemed Stakeholders,

I will first wish God's mercy on our citizens who lost their lives in the Kahramanmaraş earthquakes on February 6, 2023, and I extend my condolences to their loved ones. I sincerely hope that we as a nation will never again endure such a catastrophe.

In 2023, our industry faced major natural disasters, both in our country and around the world. Extreme temperatures and intense weather events due to the climate crisis headlined the agendas of insurance and reinsurance markets worldwide. The earthquakes on February 6 in Kahramanmaraş, regarded as the most catastrophic natural disaster of recent years, led to massive claims for the insurance industry.

Türk Katılım Reasürans achieved its targets in both local and global participation markets despite challenging conditions within the sector. The Company's strong capital structure, strategic management, and experienced staff were instrumental in this success. In terms of net written premiums in the reinsurance market, the Company's market share among reinsurance companies based in Türkiye expanded to 5%, representing a significant 151% growth. Currently, the company holds a 100% market share in the participation reinsurance market as the sole player in this sector.

Türk Katılım Reasürans embarked on its journey in 2021 and, since that time, the Company has progressed with firm steps. Türk Katılım Reasürans endeavors to enhance domestic participation reinsurance capacity and contribute to the development of the participation insurance sector in Türkiye, as well as to support the sustainable growth of our country's economy by retaining in Türkiye those reinsurance premiums previously diverted abroad. In addition, Türk Katılım Reasürans consistently strives to contribute to the maturity of the Turkish participation insurance sector in terms of technology infrastructure, proficient human resources, institutionalization, sustainability, and financial strength.

Türk Reasürans aimed to provide confidence in the growing field of participation reinsurance worldwide. To accomplish this, the Company used its own capital resources to establish Türk Katılım Reasürans in line with its vision. As the first company of its kind in our country, Türk Katılım Reasürans is young but making strong progress, giving us hope for the future.

I am confident that Türk Katılım Reasürans will continue to support the development, stability, and strength of our industry and economy through all its activities in 2024. The Company will successfully meet its corporate targets while increasing its current support for the participation insurance industry.

I want to express my gratitude to all our stakeholders, especially our esteemed Board Members and executives, and our dedicated employees, whose strength and commitment are invaluable in achieving our goals.

Sincerely,



Dr. Ahmet GENÇ
Chairman of the Board of Directors



Board of Directors

Name & Surname	Position
Ahmet Genç	Chairman of the Board of Directors
Ayşe Dilbay	Vice Chairman of the Board of Directors
Ahmet Deniz	Board Member
Mustafa Cüneyd Düzyol	Board Member
Zekiye Selva Eren	Board Member and CEO

About the Board of Directors

The Board of Directors is composed of one chairman and four members.

The Board of Directors convenes with the majority of the full number of Board members at least 4 times in a calendar year and in any case when necessary upon the call of the Chairman or the Vice Chairman by e-mail or by registered letter with return receipt along with the obligatory and written agenda sent to each Board member at least 15 days before the meeting date.



Ahmet Genç
Chairman of the Board of Directors

Ahmet Genç graduated from the Department of Public Administration, Faculty of Political Sciences at Ankara University in 1984. He joined the Undersecretariat of Treasury and Foreign Trade in 1985 before working in the Undersecretariat of Treasury and most recently at the Ministry of Treasury and Finance, with the titles of Specialist, Branch Manager, Head of Department, General Manager, and Deputy Undersecretary. He completed one year of insurance and reinsurance training between March 1990 and March 1991 in the UK, where his institution referred to him. He completed a master's degree in Economics at the Northeastern University in Boston, USA between 1993 and 1995. In 2002, he completed his doctoral education with a "Financial Competence in Insurance" thesis from the Department of Business Administration, Institute of Social Sciences at Ankara University.

He prepared the draft text of Insurance Law No. 5684 with his team, which was enacted in 2007. While carrying out his duties in the public sector, he also served as a founding board/committee member or as a chairman in institutions and organizations such as the Assurance Account, the Insurance Information and Monitoring Center, the Insurance Training Center (SEGEM), and the Agricultural Insurances Pool (TARSİM). He served as a chairman and board member at Ziraat Bank, Ziraat Sigorta and Ziraat Hayat ve Emeklilik (Pension), and at the Türk Reasürans and Türk Katılım Reasürans companies. He has been teaching "Introduction to Insurance, Fundamentals of Insurance, Reinsurance" courses since 2002 as a lecturer in various universities. Fluent in English, Ahmet Genç is married with two children.



Ayşe Dilbay
Vice Chairman of the Board

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

She worked as a tax inspector in 1985 and as a branch manager in 1989. She was appointed to be the Head of Department in the General Directorate of Revenues in 2003. After the reorganization of the General Directorate of Revenues, she was appointed as the Head of the Revenue Administration Department. In 2016, Ayşe Dilbay was appointed to be the Vice President of Revenue Administration and currently works in the same position. Since June 3, 2021 she has been a Board Member at Türk Reasürans.



Ahmet Deniz
Board Member

Ahmet Deniz was born in Mersin in 1966. He graduated from the Department of Public Administration in the Faculty of Political Science at Istanbul University in 1988. He studied language education for a year in the UK. After that, he worked as a district governor, deputy governor, and governor in different provinces and districts. Since September 6, 2022, he has been a Board Member at Türk Reasürans.



Mustafa Cüneyd Düzyol
Board Member

Düzyol was born on September 19, 1964, in Izmir. He graduated from the Department of Civil Engineering at Middle East Technical University (METU) in 1988. After working as a design engineer in the private sector briefly, he commenced his career at the State Planning Organization (SPO) in the same year. He earned the title of Assistant Specialist through a competitive exam in 1989. In 1992, he completed his diploma studies in "Development Economics" at the University of East Anglia in the United Kingdom, and with his expertise thesis titled "Building Construction Sector and Demand Forecast for the Period 1990-2010," he was appointed as a Planning Specialist in 1993. He furthered his education by obtaining a master's degree in "Economic Policy" from the University of Illinois in the United States during 1995-1996. Beginning in early 1996, Düzyol continued his career at the General Directorate of Economic Sectors and Coordination (DGES) of the SPO, specializing in the Department of Project, Investment Evaluation, and Analysis. His dedication led to his appointment as the department head in 1999. He served as the Director General of the DGES from 2003 to 2009, and in September 2009, he was appointed as the Undersecretary Deputy of the SPO. Following the restructuring of the SPO into the Ministry of Development in 2011, he continued his role as the Undersecretary Deputy of the Ministry. On December 2, 2014, Düzyol was appointed as the Undersecretary of the Ministry of Development. He also served as the Minister of Development in the 63rd Government from September 22, 2015, to November 24, 2015. After his term as a minister, he returned to the position of Undersecretary of the Ministry of Development, which he held until the transition to the Presidential Government System. Currently, he holds the same title as a member of the Ministry of Interior.

Between 2011 and 2018, he assumed various high-level positions, including Vice Chairman and Member of the Board of Directors of the Development Bank of Türkiye, Member of the Board of Directors of Ziraat Portfolio Inc., and Member of the Board of Directors of Boğaziçi Electricity Distribution Inc. Due to his extensive experience and high-level positions, he also chaired and served as a member of various committees and commissions in the public sector. Düzyol possesses a wealth of experience in designing and developing development plans, sectoral programs, regional development plans, medium-term economic programs, annual programs, and public investment programs. His expertise extends to planning and analyzing public investment projects in various fields, including Public-Private Partnership (PPP) projects. He has provided training to public institutions on Project Cycle Management, international finance, development organization relations and negotiations, target-oriented project planning, and participatory moderation techniques, among other topics. Düzyol is also a co-author of the book "Planning and Analysis of Public Investments," and he has authored numerous articles on project cycle management. Beyond his professional accomplishments, Düzyol is married and has two daughters.



Zekiye Selva Eren
Board Member and CEO

Selva Eren was born in Istanbul in 1975. She graduated from the Department of Economics in the Faculty of Economics at Istanbul University in 2000. She pursued her Master's degree at San Diego State University from 2001 to 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. Accordingly, she founded the Rönesans Reasürans ve Sigorta Brokerlik A.Ş. She served as a Board Member of the International Competition and Technology Association between 2016-2018. In 2017, she became the founding partner and board member of the Clean Energy Agency.

Selva Eren was appointed as the founding CEO of Türk Reasürans A.Ş. by the Ministry of Treasury and Finance on September 6, 2019. She currently serves as a board member, the CEO of Türk Reasürans A.Ş. and Türk Katılım Reasürans A.Ş.

Selva Eren also serves as the CEO of the Turkish Catastrophe Insurance Pool (TCIP) and Special Risks Management Center, of which Türk Reasürans has undertaken the technical management.

At the same time she is a board member of the Agricultural Insurance Pool of Türkiye, Yıldız Technical University Technopark, and T Rupt Technology.

Message from the CEO

In 2023, Türk Katılım Reasürans participated in 12 treaty programs of six clients in the market.

122.5

TL Million

Shareholders'
Equity

837

TL Million

Assets

Esteemed Stakeholders,

The year 2023 was one of great difficulties, self-sacrifice, and solidarity for our country and industry. We concluded a year marked by tremendous pain and even greater losses caused by the Kahramanmaraş earthquakes on February 6, 2023.

As Türk Reasürans and in alignment with our founding purposes, we acted swiftly when we heard about the disaster. We immediately initiated efforts in the region to extend a helping hand and to heal, albeit to a small extent, the wounds of survivors. We know we live in an earthquake-prone country and, due to our continuous technological investments and preparations, we were able to fulfill our duties within the first 24 hours of the disaster and during the recovery efforts. A year after the disaster, we find some solace in reflecting on those contributions to the reconstruction efforts and the goals we have achieved. Amid these challenges, we grow stronger and more experienced every day – and we aim towards new goals for a strong and resilient future.

A Türk Reasürans subsidiary, Türk Katılım Reasürans continues to create value for the development of the sector and the economy

Operating throughout 2023 in alignment with its founding purposes, Türk Katılım Reasürans supported the development of the industry and economy.

Financed by Türk Reasürans' equity, Türk Katılım Reasürans grew its shareholders' equity to TL 122.5 million and its asset size to TL 837 million. The Company's premium production shot up by 151% year-on-year to TL 971.7 million.

In 2023, Türk Katılım Reasürans participated in 12 different treaty programs of six clients in the markets. Türk Katılım Reasürans is committed to making sustainable contributions to the sector and the economy.

We conclude 2023 as a period of remarkable achievements and we proceed with even greater ambitions for the future. As we undertake efforts, propelled by our belief and confidence, to shape the future, I would like to express my gratitude to the Board of Directors for their visionary leadership and I thank our valuable team who, working selflessly, constantly add enormous value to the Türk Katılım Reasürans family.

Sincerely,

Selva Eren
Board Member and CEO

We concluded 2023 as a period of remarkable achievements and we proceed with even greater ambitions for the future.



Senior Management

Name & Surname	Position
Zekiye Selva Eren	Board Member and CEO
Sibel Sağlam	Deputy General Manager

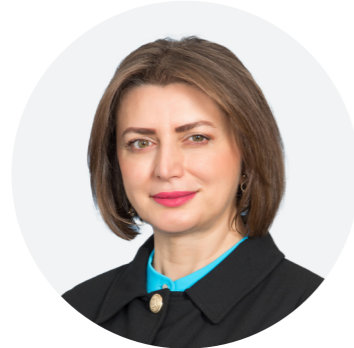


Zekiye Selva Eren
Board Member and CEO

Selva Eren was born in Istanbul in 1975. She graduated from the Department of Economics in the Faculty of Economics at Istanbul University in 2000. She pursued her Master's degree at San Diego State University from 2001 to 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. Accordingly, she founded the Rönesans Reasürans ve Sigorta Brokerlik A.Ş. She served as a Board Member of the International Competition and Technology Association between 2016-2018. In 2017, she became the founding partner and board member of the Clean Energy Agency.

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Selva Eren also serves as the CEO of the Turkish Catastrophe Insurance Pool (TCIP) and Special Risks Management Center, of which Türk Reasürans has undertaken the technical management. At the same time, she is a board member of the Agricultural Insurance Pool of Türkiye, Yıldız Technical University Technopark and T Rupt Technology.



Sibel Sağlam
Deputy General Manager

Sibel Sağlam was born in Kırklareli. She completed her undergraduate education at Marmara University's Faculty of Communication and obtained her Master's Degree from Maltepe University, Institute of Social Sciences, specializing in Marketing Communication. Additionally, she holds a CMO (Chief Marketing Officer) certificate, a CMB Advanced Level License, and a PMI (Project Management) certificate.

Until 1996, she worked as a reporter for Hürriyet and Sabah Daily and as the Editor-in-Chief of Intermedia Economy Magazine. From that time onwards, she worked as an Assistant Marketing Manager at Sümerbank A.Ş. From 1997 to 2001, she worked at Sümer Yatırım ve Menkul Değerler A.Ş. Between 2001 and 2003, she served as a Portfolio Marketing Manager at Deniz Yatırım Menkul Değerler A.Ş. and Deniz Portföy A.Ş.

Between 2003 and 2010, she served as the Head of the Marketing and Sales Support Group at Aegon Hayat ve Emeklilik A.Ş. (Ankara Emeklilik A.Ş. until 2008), Human Resources Manager at Double Tree by Hilton Istanbul Moda between 2010 and 2011, Manager in charge of Bancassurance, Corporate Communications and Special Projects Departments at Vakıf Emeklilik A.Ş. between 2011 and 2012, and Manager in charge of Corporate Sales, Agencies and Customer Services Departments at Asya Emeklilik ve Hayat A.Ş. between 2015 and 2017 (after its transfer to SDIF Management in 2014).

Until the end of July 2020, Sibel Sağlam worked as the Deputy General Manager of Marketing and Sales at Halk Hayat ve Emeklilik. She left her position during the merger of insurance companies under a single roof. Since October 2021, she has worked as Deputy General Manager at Türk Katılım Reasürans A.Ş.

Managers within the Internal Systems, Financial Affairs and Actuarial

Hatice Dilek Oğuz Eker

Finance Group 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. Ms. Eker started her career at the National Productivity Center in 2007 and continued this duty for 11 months. She then started to work as an assistant 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. She then joined Türk Reasürans A.Ş. in September 2019 to serve as the Manager of Financial Reporting and Accounting. Since February 2023, she has been acting as Group Manager in charge of the Financial Reporting and Accounting, Technical Accounting, and Structured Reinsurance Departments.

İsmail Yıldırım

Internal Audit Manager
İsmail Yıldırım completed his Bachelor's degree at the Departments of Business and Economics (second major) of 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 PwC independent audit company. He then went on to work for Anadolu Sigorta for a period of 10 years mainly in the Inspection Board, also in the Risk Management and Internal Control Department and the Claims Management Department. He was promoted to the position of Unit Supervisor in the same company. He continued his career as the Internal Audit Manager at Allianz Trade Insurance in 2019. As of August 2020, İsmail Yıldırım has been serving as the Internal Audit Manager at Türk Reasürans AŞ and speaks English and German.

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 at Akbank in 2013 as a Management Trainee in the Manager Trainee program. Then, in 2014, she entered the insurance sector as a Statistics, Actuarial and Financial Statements 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.

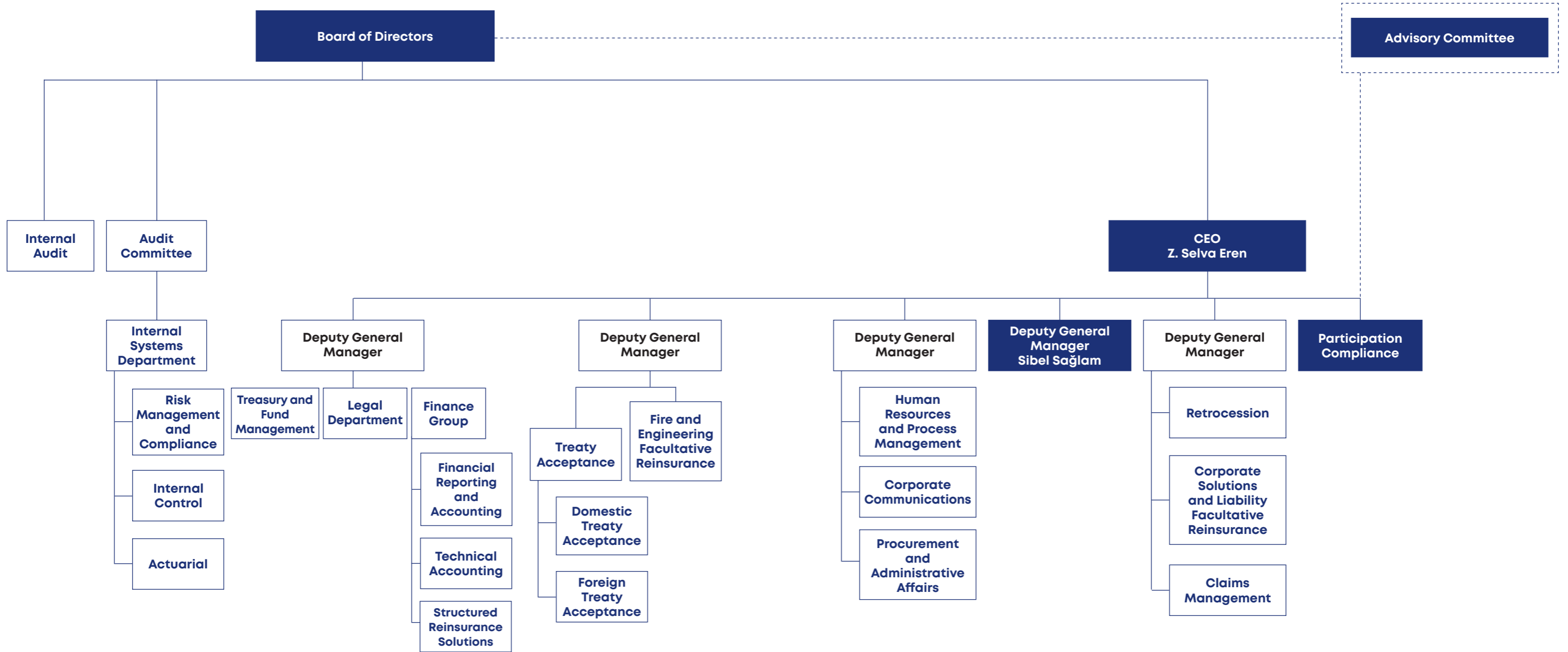
Deniz Bozkurt

Assistant Internal Control Manager
Deniz Bozkurt graduated from Marmara University's Faculty of Economics and Administrative Sciences, Department of Economics in 2009. She completed her master's degree at Okan University's Institute of Social Sciences, Department of Business Management in 2014. Ms. Bozkurt began her career at Generali Sigorta's Accounting Department in 2010, followed by Deloitte Türkiye in 2011 as an Assistant Auditor in the Tax Department. Afterward, she assumed the position of Assistant Internal Control Manager at QNB Finansbank, which she joined in 2013. Deniz Bozkurt is the Assistant Internal Control Manager at Türk Reasürans A.Ş. since 2022. She is also a Certified Public Accountant and Financial Advisor since 2014.

Orhun Emre Çelik

Responsible Actuary (Advisor)
Mr. 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. Afterward, Mr. Çelik served as R&D and Reinsurance Group Manager, Technical Group Manager, and Technical Coordinator in various companies. Orhun Emre Çelik currently manages PREFUS, the consultancy company he founded in 2009, and has a good command of English.

Organizational Chart



Developments in 2023

Türk Katılım Reasürans proactively engages in marketing and promotional activities to become an international reinsurance company.



Economic and Industry-Related Developments in 2023

Economic activity slowed down globally due to the tight monetary policies introduced in the fight against inflation, a trend that persisted on a global scale, and global economic growth was recorded at 3%.

6.8%
Global
Inflation
(2023)

Rising inflation, trade wars, growing protectionism, geopolitical tensions, armed conflicts, climate crisis, and natural disasters were the primary global economic risk factors in 2023.

GLOBAL ECONOMIC OUTLOOK

2023 can be described as a period during which the central banks of advanced economies, which play a leading role in driving global markets, shaped the rising interest rate environment without compromising on their resolve to fight inflation.

The limited but significantly less active economic situation in the first half of 2023 was a result of decreasing energy prices and the slow recovery of the Chinese economy. However, globally, tight monetary policies aimed at combating ongoing inflation have led to stagnant economic activity and imbalances among countries.

The US Federal Reserve (FED) raised its policy rate continuously from the first quarter of 2022 until the end of the second quarter of 2023. The European Central Bank (ECB) increased its rates but after a delay. With many countries experiencing tightening financial conditions, the global economy is currently undergoing a phase of slow growth and high inflation.

It is expected that the FED will maintain its firm monetary stance for the foreseeable future.

After the second half of the year, the tight monetary stance has yielded positive results in reducing price pressures, supported by the elimination of supply-side disruptions. Owing to the aggressive monetary tightening steps, the feared recession scenario was avoided and only a deceleration in growth momentum was experienced. Against this background, the global economy, which had grown by 3.5% in 2022, was able to grow by 3.0% in 2023.

IMF forecasts suggest that advanced economies will grow by 1.5% in 2023.

The IMF announced global inflation as 6.8% in 2023 and it is expected to fall to 5.8% in 2024 and 4.4% in 2025, while the IMF's forecast for 2025 is to be revised downwards.

IMF Growth Projections (January 2024)	2022 (%)	2023 (%)	2024F (%)	2025F (%)
World	3.5	3.1	3.1	3.1
Advanced Economies	2.6	1.6	1.5	1.8
USA	1.9	2.5	2.1	1.7
Eurozone	3.4	0.5	0.9	1.7
UK	4.3	0.5	0.6	1.6
Japan	1.0	1.9	0.9	0.8
Developing Economies	4.1	4.1	4.1	4.2
Türkiye	5.5	4.0	3.1	3.2
Russia	-1.2	3.0	2.6	1.1
China	3.0	5.2	4.6	4.1
Global Inflation	8.7	6.8	5.8	4.4



Economic and Industry-Related Developments in 2023

The first five months of 2023 were marked by ultra-expansionary monetary and fiscal policies, while the economy was shaped by a gradual tightening of monetary policy in the second half of the year.

Despite a partial slowdown in economic activity in the second half of 2023, developing countries ended the year with 4% growth.

In 2023, the US economy closed with a GDP growth rate of 2.5%. The Federal Reserve's stable monetary stance helped to calm inflationary pressures, which had reached all-time highs the previous year. The impact of these actions on growth was closely monitored. Alongside monetary tightening, efforts to address pandemic-related supply chain issues and the de-escalation of tensions between Russia and Ukraine helped to bring CPI inflation down to below 3% in June. Although there was a significant decline from 9% in 2022, annual inflation moderately rose to 3.4% in December 2023 as base support decreased and inflationary rigidities persisted.

The Eurozone economy exhibited an outlook characterized by increasing downside risks to growth, posting a GDP growth of only 0.5% in 2023. In particular, a contraction of 0.3% in Germany, which is the major driver of the zone's economy, played an important role in the elevated concerns regarding the zone.

Meanwhile, Japan's economy concluded the year with 2% growth as the slowdown in consumption expenditures was balanced by increased investments and exports.

However, the current outlook suggests that a stalemate of low growth remains. An important pressure factor is the impact of the weak yen on domestic consumption and commodity imports.

Despite a partial slowdown in economic activity in the second half of 2023, developing countries ended the year with 4% growth. Growth in developing countries was led by China, which grew by 5.2%, and India, which grew by 6.3%.

World trade volume in 2023 slowed down relatively in line with the slowdown in global economic activity. The volume of world trade in goods and services rose by 0.9% in 2023 due to geopolitical tensions, energy problems, and supply chain constraints that curtailed global trade.

When examined by region, imports are estimated to have shrunk by 0.7% in Europe and by 1% in South America. On the other hand, North America, CIS countries, Africa, the Middle East, and Asia grew by 0.8%, 9.4%, 5.7%, and 2.2%, respectively.

The war between Russia and Ukraine in 2022 and the war in the Middle East in 2023 caused energy prices to rise again after the record lows seen during the COVID-19 pandemic. Meanwhile, geopolitical uncertainties led to market concerns followed by a decline in the global risk appetite, with commodity prices remaining on a highly volatile trajectory in 2023.

Geopolitical tensions, wars, and natural disasters adversely affected global growth and intensified risks stemming from supply and demand in energy markets. In Q3 2023, the price per barrel of Brent crude oil rose rapidly after Russia announced restrictions. Accordingly, the price per barrel of Brent oil reached USD 93.3 in September, the highest level since November 2022. In December, oil prices declined by 7% and ended 2023 at USD 77.1 per barrel due to rising supply-side risks. Having started 2024 on a flat course, oil prices showed an upward trend amid rising geopolitical risks in the Middle East and closed January with a 6% increase at USD 81.7. In 2024, geopolitical risks and upcoming developments are expected to continue to pose risks to energy prices.

It is estimated that non-fuel commodity prices dropped by 6.3% in 2023. Food prices, on the other hand, remain at high levels due to geopolitical problems.

Unemployment in advanced economies declined after the pandemic, falling to 4.5% in 2022, mirroring the global recovery. In 2023, unemployment in advanced economies remained at 4.4%.

According to the Organization for Economic Cooperation and Development (OECD), global economic growth will decelerate slightly next year, but the risk of a hard landing has diminished despite high debt levels and uncertainty over interest rates.

Economists expect global Gross World Product (GWP) growth to be not much different in 2024 than in 2023. However, some economists foresee a slowdown. OECD forecasts growth of around 2.7% next year, whilst the International Monetary Fund (IMF) forecasts 2.9% and the European Central Bank 3%.

Inflation and low growth forecasts continue to pose challenges for the global economy. Trade wars, growing protectionism, geopolitical tensions, wars, and natural disasters are among the main global economic risk factors. In addition, supply chain disruptions and growing geopolitical tensions bring the risks and opportunities of trade divergence to the forefront of policy discussions.

Forecasts point to different growth rates in various regions. For example, the IMF forecasts much stronger growth in the United States (US) than in China and Europe.

OECD's Economic Outlook Report suggests that global economic growth will be heavily reliant on Asian economies. China's economy, with signs of a slowdown, is one of the facts to be closely monitored in 2024.

TÜRKİYE'S ECONOMIC OUTLOOK

Earthquakes with the epicenter of Kahramanmaraş struck Türkiye in 2023. Over 50 thousand of our citizens lost their lives and hundreds of thousands of people were wounded in the earthquakes that hit 11 provinces.

The overall impact of the disaster caused by the earthquakes on the Turkish economy is estimated to be around USD 103.6 billion. The assessment by the Presidency's Strategy and Budget Directorate suggests that this figure could represent around 9-10% of Türkiye's national income in 2023.

2023 witnessed major changes in the Turkish economy and was marked by the implementation of two different sets of economic policies. The first five months of 2023 were defined by ultra-expansionary monetary and fiscal policies and heightened market regulation and controls. In the second half of the year, our economy saw a gradual tightening of monetary policy.



Economic and Industry-Related Developments in 2023

The Turkish economy grew by more than 4% in 2023, driven by expansionary monetary and fiscal policies. This represented the highest growth among OECD countries.

To contain inflation, the new administration of the Central Bank decided to hike interest rates, raising the policy rate from 8.5% in May to 42.5% in December.

In response to the developments in Türkiye, the Central Bank of the Republic of Türkiye (CBRT) lowered its policy rate until May 2023. Cutting the policy rate by 550 basis points in total, the CBRT announced in the statements released after the meeting that it would resolutely use all the tools at its disposal to achieve the inflation target in order to achieve price stability.

In the aftermath of the elections, new steps were taken in monetary policy, and with the new administration, the CBRT raised the policy rate by 750 basis points to 25% in August and by 500 basis points each in September and October to 35% as part of the revised strategy. The decision text published after the meeting stated that the gradual tightening process would continue in order to anchor inflation expectations and tackle further hikes in prices. The lack of an expected improvement in inflation reinforced expectations that tightening measures would continue. The CBRT raised the policy rate by another 500 basis points to 40% at the November meeting, in parallel with expectations. In the last meeting of the year, the CBRT raised the policy rate by 250 basis points to 42.5%, again in parallel with expectations.

Therefore, the CBRT slowed down the pace of tightening stated in the text released after the meeting held in November.

New steps taken by the new economic administration for price stability and the emphasis on determination in the fight against inflation accelerated the decline in Türkiye's CDS. These developments were welcomed in the markets, with Türkiye's CDS premium falling below 400 basis points in July for the first time in a long time. Positive opinions expressed by international credit rating agencies for Türkiye also pointed to a decline in risk perception.

To support monetary tightening, the CBRT revised the Foreign Currency-Protected Deposits by raising the required reserve ratio and shifting to longer maturities. It was announced that as of January 1, 2024, no new TL-convertible foreign currency-protected deposit accounts will be opened, and existing TL-convertible foreign currency-protected accounts will not be renewed.

The Turkish economy grew by more than 4% in 2023, driven by expansionary monetary and fiscal policies. Across OECD countries, this was the highest growth rate. The main engine of growth in 2023 was consumption, which was pulled forward due to high inflation. Although industrial production slowed down due to tighter lending conditions, the services sector remained strong and was the main driver of growth. The agricultural sector, on the other hand, has been performing poorly for the last three years.

Türkiye's national income per capita in 2023 equaled USD 12,415. The goal is to reach USD 12,875 in 2024, USD 13,717 in 2025 and USD 14,855 in 2026.

After falling to 8.5% in October, the unemployment rate stood at 8.9% in December 2023. Meanwhile, the number of people employed rose slightly to 32 million 113 thousand compared to the previous year. The employment rate was 48.9% in 2023.

What emerged in 2023 as the most heated issue was inflation, which was rapidly eroding the purchasing power of households. To contain inflation, the new administration of the Central Bank decided to hike interest rates, raising the policy rate from 8.5% in May to 42.5% in December.

The annual CPI inflation rate peaked at 85.51% in October 2022 and fell sharply to 38.21% by the end of June 2023. Yet, the steep exchange rate shocks in summer and the sluggish pricing behavior did not lead to the expected pullback in consumer inflation in 2023. According to the Turkish Statistical Institute (TurkStat), consumer prices were 64.77% at the end of 2023, up from 64% at the end of 2022.

It is planned to reduce inflation to 33% in 2024 and 15% in 2025 in the coming 3 years. In 2026, the target is to bring it down to 8%, i.e. to single digits.

In 2023, consumption-led economic growth also put a strain on the external balance. According to data from the Ministry of Trade, the following year-on-year developments took place from January to December 2023:

- Exports surged by 0.64% to 255 billion 809 million US dollars,
- Imports dropped by 0.51% to USD 361 billion 847 million,
- Foreign trade volume fell by 0.04% to USD 617 billion 656 million.

In the same period, energy imports declined by 29%, while non-energy imports grew by 12.2% owing to the high domestic demand. The foreign trade deficit reached 93.9 billion US dollars in this period as export growth remained below the growth in imports.

Summing up, 2023 was marked by substantial policy stances/transitions and partial rebalancing in the Turkish economy as well as in the global economy. We envisage 2024 to be a critical period in which the effects/delayed effects of the policy moves implemented to tackle economic imbalances will be seen. While the struggle to bring inflation back to medium-term targets is considered a common economic priority both externally and internally, this is expected to be achieved internally within the framework of macro-financial stability and more balanced growth.

The CBRT published the monetary policy text for 2024, according to which an emphasis was placed on continued simplification steps in 2024. It was also underlined that monetary policy will be formulated in a way to achieve an inflation target of 5%.

At its meeting held on January 25, 2024, the CBRT raised the policy rate by 250 basis points to 45% in line with expectations. In its decision text, the CBRT noted that the required level of monetary tightening had been reached and that the policy rate would be reviewed in case of persistent risks to inflation.



Economic and Industry-Related Developments in 2023

Similar to the global economy, 2023 was a year of significant policy stances/transitions and partial rebalancing in the Turkish economy.

It is planned to reduce inflation to 33% in 2024 and 15% in 2025 over the coming 3 years.

Dr. Fatih Karahan was appointed as the Governor of the CBRT on February 3, while tightening was announced to continue until inflation reached the targeted level.

As a result of the monetary policy meeting held on February 22, the policy rate remained unchanged at 45%.

Meanwhile, on January 12, Moody's left Türkiye's credit rating unchanged at "B3," while revising its outlook from "stable" to "positive." The tight monetary policy and the inflation target were announced as the most important factors in this decision.

According to data released by the Ministry of Trade, exports posted a YoY growth of 0.64% in the period from January to December 2023 and amounted to USD 255 billion 809 million.

SECTOR OUTLOOK

The insurance industry entered 2023 seeking to recover from the effects of the pandemic and experienced an eventful period with regrettable disasters such as earthquakes and floods. The most striking and costly event of 2023, which saw many developments for the sector, was the Kahramanmaraş earthquakes on February 6.

Costing many lives and property, this disaster has painfully demonstrated the vital importance of having insurance against the reality of earthquakes that can occur at any time in our earthquake-prone country. A state of emergency was declared for three months following the earthquake disaster, and the insurance industry, like the rest of the country, immediately mobilized to heal the wounds quickly. Of the USD 105 billion in property damage, equivalent to 9% of Türkiye's 2023 GDP, USD 6 billion was insured, according to the latest data.

Premium Production Growth

70 active companies were operating in the sector as of the end of 2023. The sector's total assets, which stood at TL 781 billion in 2022, reached TL 1.4 trillion in 2023. Premium production grew above inflation and reached TL 486 billion.

Data from the Insurance Association of Türkiye (TSB) show that TL 429.2 billion of total premium production came from non-life, while TL 56.7 billion came from the life branch. Traffic (TL 118 billion), motor insurance (TL 84 billion), health (TL 70.7 billion), and fire and natural disasters (TL 65.4 billion) were the branches with the highest premium production.

Premium Production of the Sector

Branch	2023		2022		Change (%)	Real Change (%)
	Total Production (TL)	Market Share (%)	Total Production (TL)	Market Share (%)		
ACCIDENT	10,936,802,656	2.5	4,710,103,460	2.3	132.2	40.9
HEALTH	70,761,799,630	16.5	30,058,996,315	4.7	135.4	42.9
LAND VEHICLES	84,211,963,057	9.6	44,514,428,282	21.8	89.2	14.8
RAIL VEHICLES	0	0.0	0	0.0	0.0	0.0
AIR VEHICLES	1,011,305,342	0.2	634,247,668	0.3	59.4	-3.2
WATER VEHICLES	3,972,200,836	0.9	2,188,365,682	1.1	81.5	10.2
MARINE	6,612,515,835	1.5	3,825,153,009	1.9	72.9	4.9
FIRE AND NATURAL DISASTERS	65,477,470,691	15.3	27,337,045,896	13.4	139.5	45.4
GENERAL LOSSES	44,807,652,778	10.4	21,952,997,498	10.8	104.1	23.9
LAND VEHICLES LIABILITY	118,176,694,931	27.5	57,587,840,154	28.2	105.2	24.5
Traffic - Green Card included	109,795,187,812	25.6	54,370,611,063	26.6	101.9	22.6
AIR VEHICLES LIABILITY	770,445,869	0.2	904,666,282	0.4	-14.8	-48.3
WATER VEHICLES LIABILITY	471,275,441	0.1	237,847,913	0.1	98.1	20.3
GENERAL LIABILITY	11,206,859,850	2.6	5,955,119,936	2.9	88.2	14.2
CREDIT	1,412,523,249	0.3	962,384,048	0.5	46.8	-10.9
BREACH OF TRUST	897,177,383	0.2	349,187,372	0.2	156.9	55.9
FINANCIAL LOSSES	5,232,337,913	1.2	1,761,229,781	0.9	197.1	80.3
LEGAL PROTECTION	1,973,276,305	0.5	720,780,185	0.4	173.8	66.2
SUPPORT	1,399,600,316	0.3	439,935,396	0.2	218.1	93.1
TOTAL NON-LIFE	429,331,902,082	88.3	204,140,328,876	86.9	10.3	27.6
TOTAL LIFE	56,692,131,258	11.7	30,858,298,437	13.1	83.7	11.5
Grand Total	486,024,033,340	100.0	234,998,627,313	100.0	06.8	25.5

* Data dated May 8, 2024, published by the Insurance Association of Türkiye was used.

Economic and Industry-Related Developments in 2023

70 active companies were operating in the sector as of the end of 2023. The sector's total assets, which stood at TL 781 billion in 2022, reached TL 1.4 trillion in 2023. Premium production grew above inflation and reached TL 486 billion.

TL 429.2 billion of total premium production came from non-life, while TL 56.7 billion came from the life branch. The highest production was generated in traffic, land vehicles, health, fire and natural disasters.

Real Growth: 25.5%

The inflation-adjusted real growth of the insurance sector in 2023 was 25.5%, while non-life insurance grew by 27.6% and life insurance by 11.5% in real terms.

Between January 1 and December 31, 2023, a total of approximately TL 972 million gross premiums were written in 9 different main branches. Technical Income, consisting of earned premiums and investment income transferred from the non-technical section, increased by 221% year-on-year to TL 737.5 million.

According to the Insurance Association of Türkiye insurance sector data, Türkiye Sigorta A.Ş. continues to lead the sector with a market share of 11.79%. Allianz Sigorta A.Ş. ranked second with 9.48% and Anadolu Anonim Türk Sigorta A.Ş. ranked third with 8.68%.

Non-life insurance production increased by 116.74% annually, while life insurance saw an increase of 87.1%. According to the latest data from the Pension Monitoring Center, the total number of participants in the PPS and the OPS is close to 16 million. Total fund size, including the state contribution, reached TL 756 billion, breaking another record.

Growth in Participation Insurance

As of the end of 2023, 11 companies were operating in non-life branches and four in life insurance.

Participation insurance total premium production in 2023 amounted to TL 24.5 billion with a YoY increase of 103.2%, as per the data of the Insurance Association of Türkiye. In 2023, the share of participation insurance in the total insurance market was 5%.

When 2023 figures are inflation-adjusted, participation insurance grew by 23.3% in real terms in 2023 year-on-year, while non-life insurance grew by 24% and life insurance by 12.2% in real terms.

Of the total production in participation insurance, TL 23.1 billion was generated from non-life insurance and TL 1.3 billion from life insurance. Life and non-life groups accounted for 6% and 94% of premium production, respectively. Thus, while the life group grew by 84.9% year-on-year as of the end of 2023, the non-life group grew by 104.4%. The share of non-life participation insurance in the total non-life insurance market was 5.4% in 2023, while the share of participation life insurance in total life insurance was 2.3%.

When analyzed on a branch basis, traffic insurance was the branch with the highest production in the participation insurance market in 2023. Participation companies generated TL 7.8 billion in traffic premiums last year, pushing the share of traffic insurance to 33.9% of the total participation insurance market.

Inland vehicles, participation insurance companies generated TL 3.5 billion in premiums last year.

The share of motor insurance in participation insurance was 15.48%. Accordingly, motor insurance represented 50% of the participation insurance market.

In 2023, the sub-branches with the highest year-on-year performance were legal protection (up by 337.9%), health (up by 294.3%), and accident (up by 187.6%).

A year-on-year analysis of 2023 premium production reveals that the sub-branches with the highest year-on-year decline were air vehicles liability and financial losses, respectively.

Participation Insurance Premium Production and Growth Ratios in 2023

Branch	2023		2022		Change (%)	Real Change (%)
	Total Production (TL)	Market Share (%)	Total Production (TL)	Market Share (%)		
ACCIDENT	1,166,726,382	5.0	405,745,008	3.6	187.6	74.5
HEALTH	1,183,783,608	5.1	300,201,928	2.6	294.3	139.3
LAND VEHICLES	3,582,990,933	15.5	2,323,298,980	20.5	54.2	-6.4
RAIL VEHICLES	0	0.0	0	0.0	0.0	0.0
AIR VEHICLES	16,864,631	0.1	9,678,120	0.1	74.3	5.8
WATER VEHICLES	30,542,166	0.1	17,272,380	0.2	76.8	7.3
MARINE	122,618,619	0.5	75,499,137	0.7	62.4	-1.4
FIRE AND NATURAL DISASTERS	3,258,637,400	14.1	1,310,152,929	11.6	148.7	51.0
GENERAL LOSSES	5,086,072,846	21.9	2,782,282,418	24.5	82.8	10.9
LAND VEHICLES LIABILITY	7,865,716,207	33.9	3,820,208,084	33.7	105.9	25.0
Traffic - Green Card included	7,166,035,214	30.9	3,509,365,202	30.9	104.2	23.9
AIR VEHICLES LIABILITY	0	0.0	-22,152	0.0	-100.0	-100.0
WATER VEHICLES LIABILITY	0	0.0	0	0.0	0.0	0.0
GENERAL LIABILITY	366,615,353	1.6	147,213,137	1.3	149.0	51.1
CREDIT	266,146	0.0	248,995	0.0	6.9	-35.1
BREACH OF TRUST	44,387,299	0.2	29,641,151	0.3	49.7	-9.1
FINANCIAL LOSSES	18,684,336	0.1	20,193,497	0.2	-7.5	-43.8
LEGAL PROTECTION	432,722,878	1.9	98,821,684	0.9	337.9	165.8
SUPPORT	0	0.0	0	0.0	0.0	0.0
TOTAL NON-LIFE	23,176,628,805	94.6	11,340,435,296	94.1	104.4	24.0
TOTAL LIFE	1,319,740,515	5.4	713,796,001	5.9	84.9	12.2
Grand Total	24,496,369,321	100.0	12,054,231,297	100.0	103.2	23.3

* Data dated May 8, 2024, published by the Insurance Association of Türkiye was used.

Economic and Industry-Related Developments in 2023

Participation insurance total premium production in 2023 amounted to TL 24.5 billion with a YoY increase of 103.2%, as per the data of the Insurance Association of Türkiye. In 2023, the share of participation insurance in the total insurance market was 5%.

Highlight Developments in the Sector

Two main developments took place in 2023 in two important institutions of the insurance sector. On August 3, 2023, Atilla Benli announced his resignation from his position as the General Manager of Türkiye Sigorta and Türkiye Hayat Emeklilik, thus ending his term as the President of Insurance Association of Türkiye (TSB) in accordance with the Insurance Law No. 5684. Taylan Yılmaz, one of the Vice Presidents of TSB, served as Acting TSB President until the presidential election. Uğur Gülen, Aksigorta's General Manager, was elected president at the extraordinary general assembly held on September 14, 2023. Gülen will serve as the President of TSB until the General Assembly of TSB to be held in April 2024.

The second important development took place at the Insurance and Private Pension Regulatory and Supervisory Board (SEDDK). Davut Menteş was appointed as the Chair of SEDDK upon a Presidential Appointment Decree.

One of the most important events at the end of 2023 was the seizure of Gri Sigorta and Mellce Sigorta by the SEDDK. Gradual measures were applied to these insurance companies due to their unlawful transactions and mismanagement, and they were seized on the grounds that their assets could not cover their liabilities because they failed to improve their situation despite the reasonable time granted. The existing board members of these companies were removed from their positions, new board members were appointed to replace them, and the management of their insurance portfolios was entrusted to Güvence Hesabı (Assurance Account).

Projections for 2024

The insurance sector is expected to deliver above-inflation growth in 2024. Premium production is estimated to reach TL 740 billion, representing a growth of 52%.

Across insurance branches, health insurance is expected to continue to expand thanks to new products and services as well as complementary and private health insurance already offered.

Considering the claims costs in the motor branch and the losses from previous years, sustainability with current premiums is likely to be difficult to achieve in the coming period as well. As for the PPS, which stands at the center of savings, the total fund size target for 2024 is TL 1.3 trillion.

Meanwhile, natural reinsurance costs have been on an upward trend all over the world in recent years due to the rising losses arising from natural disasters. For Türkiye, approximately 95% of the insured losses arising from earthquakes were covered by reinsurance markets. Therefore, insurance companies are projected to face significant cost hikes in reinsurance treaty renewals in the coming years.

2023 was a year in which inflation made its presence felt worldwide and in Türkiye. Large catastrophic losses worldwide led to a contraction in the reinsurance market. Shrinking reinsurance capacities as a result of high inflation rates and large losses in the world have been driving up reinsurance costs since 2022. In addition, the earthquakes in Kahramanmaraş in February 2023 adversely affected the treaty results of many insurance companies.

Coupled with such price hikes ongoing since 2022, reinsurance costs are also likely to rise in 2024. Consequently, this forecast is expected to motivate insurance companies to achieve a healthier balance between earthquake and non-earthquake premiums in their portfolios.

Due to the ongoing capacity shrinkage since 2022, reinsurance companies supporting the Turkish market demanded revision of the terms and conditions of their existing reinsurance treaties for the following year. Regarding 2023 renewals, reduction of commission rates, introduction of minimum retention practices in some loss-generating lines of business, and introduction of restrictions on coinsurance practices were among the themes discussed. This revision has still not sufficed and continued for 2024 renewals across the market. Practices such as lowering risk and event limits and commission rates in proportional treaties, additional revisions in co-insurance, and increases in retentions and deductibles are projected for 2024 renewals.

In the case of non-proportional treaties, higher deductible costs in the aftermath of the earthquake, in line with the view that capacities were insufficient, resulted in a greater need for protection.

Regulations to Strengthen the Sector

The Medium Term Plan (MTP) covering the period between 2024 and 2026 lists very important targets for the insurance and pension sector, aiming to further strengthen the sector and enable insurance penetration to the grassroots. Private Pension System, which is celebrating its 20th anniversary, is also included in the targets, which range from participation insurance to the Complementary Pension System, from building completion insurance to disaster insurance.

Converting Compulsory Earthquake Insurance (CEI) into compulsory disaster insurance to cover other disasters is slated to be finalized in the third period of 2024.

The other issue is the square meter values which will now be raised in line with the inflation rate as the unit square meter values and coverage amounts are raised under the CEI. Meanwhile, an addendum will no longer be required under the new regulation. For reinforced concrete buildings, the square meter value to serve as the basis for the calculation of the insurance amount has been upped from TL 3 thousand 16 to TL 6 thousand. The maximum amount of coverage to be provided by TCIP has also been raised from TL 640 thousand to TL 1 million 272 thousand.

Inflation protection has also been introduced to TCIP in the new practice. Accordingly, starting from 2024, the square meter values serving as a basis for the calculation of the insurance amount will be automatically raised as per the PPI every month.

Slated for implementation in the first half of the year, partial withdrawals and assignments of savings, as well as the Complementary Pension System that will be operational by the end of the year will be among other highlights.

Top Ten Companies of the Sector

Company Name	2023		2022		Change (%)	Real Change (%)
	Total Production (TL)	Market Share (%)	Total Production (TL)	Market Share (%)		
Türkiye Sigorta A.Ş.	59,518,179,027	12.25	25,173,422,675	10.71	136.43	43.49
Allianz Sigorta A.Ş.	46,637,491,246	9.60	22,307,673,363	9.49	109.06	26.88
Anadolu Anonim Türk Sigorta Şirketi	44,228,418,367	9.10	23,755,830,190	10.11	86.18	12.99
Axa Sigorta A.Ş.	36,112,099,996	7.43	17,490,811,279	7.44	106.46	25.30
Aksigorta A.Ş.	27,298,748,170	5.62	13,563,436,949	5.77	101.27	22.15
HDI Sigorta A.Ş.	25,239,312,351	5.19	13,823,561,381	5.88	82.58	10.81
Quick Sigorta A.Ş.	20,278,387,802	4.17	6,783,670,018	2.89	198.93	81.42
Sompo Sigorta A.Ş.	17,477,426,649	3.60	10,085,231,032	4.29	73.30	5.18
Ray Sigorta A.Ş.	12,815,129,659	2.64	6,148,770,094	2.62	108.42	26.49
Bupa Acibadem Sigorta A.Ş.	12,600,507,029	2.59	5,326,025,808	2.27	136.58	43.58

2023 Performance of Türk Katılım Reasürans

Coming up with new solutions to emerging risks, Türk Katılım Reasürans has contributed to the development of the insurance sector and economy.



Treaty Reinsurance

Türk Katılım Reasürans extends capacity support to the sector in proportional and non-proportional treaties, mainly in the agricultural, fire, engineering, liability, and marine branches.

124 Treaty Participation

The Company participated in 12 differing treaties of 6 clients in domestic markets.

The need for a domestic participation reinsurer in Türkiye has mounted due to legislative changes regarding participation reinsurance. Established to serve this purpose in 2021, Türk Katılım Reasürans A.Ş. became operational in 2022 and began supporting the Turkish market for treaty reinsurance business. Responding to the demands from companies, the Company reviewed treaty terms and conditions, took such criteria as treaty structure, treaty performance, and business acceptance approach into account, and completed treaty assessment processes before accepting business.

Türk Katılım Reasürans sought to address such emerging needs while providing capacity support to the sector in proportional and non-proportional treaties, mainly in the agricultural, fire, engineering, liability, and marine branches.

Enhancing support for domestic markets, Türk Katılım Reasürans provided capacity support for 12 treaties of 6 companies, including 4 insurance companies and 2 institutions as of year-end 2023. Five of these treaties were proportional and seven were non-proportional. Türk Katılım Reasürans concluded 2023 by posting a YoY 149% growth in gross written premiums in treaty reinsurance.

No business acceptance has been made yet from companies overseas.

Simultaneously with its support in the domestic markets, Türk Katılım Reasürans has proactively executed the required marketing and promotional activities towards its goal of becoming an international reinsurance company, which is one of its founding purposes. The Company has taken strategic steps to become an international assurance exporter to various geographies in line with its business principles.

Against this background, gross premium production amounted to TL 387.3 million at the end of 2022 and TL 971.8 million at the end of 2023. The Company concluded its first year on a profitable note with a net loss ratio of 74% against net incurred losses of TL 151.4 million. It concluded 2023 again on a profitable note, with a net loss ratio of 71% against net incurred losses of TL 462 million.

2023 was a year in which inflation made its presence felt worldwide and in Türkiye. On insurance policies, this inflationary effect was reflected not only in increases in insurance premiums, but also in the updating of insurance prices between insurance companies and customers in order to avoid underinsurance in the event of damage, and in this direction, additional premium increases were experienced.

On the other hand, due to the current economic picture, policyholders' budgets allocated to the rehabilitation costs of risks have decreased, leading to large market losses. This adversely affected the performance of insurance companies, which in turn supported the tendency of insurance companies to increase policy prices. Aside from rising prices since 2022, the Kahramanmaraş earthquakes in February 2023 caused the current situation to deepen and premiums to move upwards.

Regarding 2023 renewals, reduction of commission rates, introduction of minimum retention practices in some loss-generating lines of business, and introduction of restrictions on coinsurance practices were among the themes discussed.

This revision has still not sufficed and continued for 2024 renewals across the market.

Practices such as lowering risk and event limits and commission rates in proportional treaties, additional revisions in co-insurance, and increases in retentions and deductibles are projected for 2024 renewals. In the case of non-proportional treaties, higher deductible costs in the aftermath of the earthquake, in line with the view that capacities were insufficient, resulted in a greater need for protection.

International reinsurance companies, whose financials have been affected due to the major losses in Türkiye and globally, have revised their business acceptance processes and the need for new capacity has mounted in the face of capacity constraints.

Aiming to maintain its support in the domestic markets, Türk Katılım Reasürans aims to act for the protection of its existing portfolio despite challenging market conditions in 2024 renewals. Unlike other players in the market, the Company's strategy is to retain its existing responsibility in both proportional and non-proportional treaties and to support the market to the fullest extent possible.

In this respect, Türk Katılım Reasürans' gross premium for business acceptances in 2023 equaled TL 971.8 million, while the estimated gross premium for business acceptances in 2024 is expected to stand at TL 1.8 billion, considering the impact of inflation in Türkiye and the anticipated rise in the number of companies.



Facultative Reinsurance

Türk Katılım Reasürans continued to accept facultative risk for fire, electronic equipment, machinery breakdown, construction, and erection all risks branches throughout 2023.

838%
Growth in
Facultative Fire
and Engineering
Premium
Production

Türk Katılım Reasürans aspires to lead and continue to shape the market in the coming years relying on its enhanced capacities, technical discipline, and the risk acceptance policies it adopts.

Türk Katılım Reasürans' Facultative Fire and Engineering Department began accepting risks as of January 1, 2022, and throughout 2023, the second year of its founding, it continued to accept facultative risks for fire, electronic equipment, machinery breakdown, construction and erection all risks branches.

Last year, Türk Katılım Reasürans sustained efforts to provide assurance in a wide range of activities from major infrastructure investments to heavy industrial facilities, from power plants to the defense industry. The Company participated in the projects of Türkiye's leading industrial giants and retained reinsurance premiums in our country. In the same period, it provided coverage to many businesses in the renewable energy sector, supporting Türkiye's goal of lowering its energy reliance.

The Facultative Fire and Engineering Department concluded 2023 with a growth of 838% in gross premium production. Such a high growth rate, stemming from the elevated weight of industrial risks in the Company's portfolio, also aligns with the strategic locations of Türkiye's manufacturing industry in terms of geographical distribution and thus has had a balanced and positive reflection in the technical results of Türk Katılım Reasürans.

The business processes of the Department were re-structured to help serve its business partners in a constructive and agile manner backed by the principles of open communication. Therefore, the Company has preserved its technical discipline throughout 2023 and attained a balanced and sustainable portfolio the technical results of which positively differentiated from the sector.

In an environment of high inflation and exchange rate fluctuations in Türkiye over the last few years, which already negatively impacted technical results in fire and engineering branches, the Kahramanmaraş earthquakes on February 6, 2023, led to a detrimental impact on the sector's technical results.

This necessitated some restrictions in the risk acceptance policies of insurance companies in an attempt to restore their technical results to favorable levels in 2023. Besides the technical tightening applied by companies throughout the year, another important development concerning the sector was the changes made in the facultative earthquake tariff.

Although the technical tightening steps taken by insurance companies and the revisions in earthquake tariffs are welcomed, they are not considered to be sufficient to prevent the rising costs of catastrophic protection and the shrinking supply of reinsurance capacity in Türkiye. In this respect, rates for industrial risks are expected to continue to move upward in 2024.

Now in its second year, Türk Katılım Reasürans positioned itself as an effective business partner in the Turkish insurance market driven by its expert staff, solution-oriented perspective and operational excellence. The Company is committed to leading and guiding the market in the coming years tapping into enhanced capacities, technical discipline, and risk acceptance policies adopted. Continued focus on best practices and innovations in the sector, coupled with customer satisfaction as its top priority, is also among the plans.



Retrocession

2023 was a year comparable to previous years in terms of severity and frequency of damages from windstorms, storms, hail, and drought, which are called secondary risks.

In 2023, insurance markets have had to cope with growing uncertainties due to inflation, geopolitical crises, rising cyber risks, and the increasing frequency and severity of natural events.

After the 2022 renewals, while the markets reflected price increases in direct policy premiums, high inflation, more frequent climate change-related losses, disruptions in global supply chains, rising energy prices, food inflation, geopolitical uncertainties, and especially Hurricane Ian that hit Florida in late September have had a negative impact on the market. This resulted in a delay in the completion of 2023 renewals on a global scale, while impacts were even felt in loss-free programs.

In the wake of the January 2023 renewals, the upward trend in the costs of global catastrophe reinsurance programs, shrinking coverages, and the increase in the lower limits of the programs were also observed in April, June, and July renewals in different parts of the world.

Several major players in the market preferred to limit their regional and/or general operations, which led to a contraction in the reinsurance market. As a result of rising insured losses due to natural disasters caused by climate change and related weather events, 2023 was a year comparable to previous years in terms of severity and frequency of damages from windstorms, storms, hail, and drought, which are called secondary risks.

As with the local market, reinsurers' ability to maintain their current position in global markets seems to be balanced only by the continued hike in policy prices in the market. The intention of switching to protection types where risks are listed one by one in treaties for many geographies, is to eliminate unpredictable risks and reduce uncertainties.

According to the latest figures released by Munich Re, natural disasters caused USD 110 billion in losses in the first half of 2023, higher than the 10-year average. An unprecedented string of losses linked with natural disasters has corresponded to more than EUR 1 billion as a result of extreme weather events such as heavy rains, flooding, flash floods, and severe hailstorms in September in Europe.

In 2023, insurance markets have had to cope with growing uncertainties due to inflation, geopolitical crises, rising cyber risks, and the increasing frequency and severity of natural events. Based on Munich Re's analysis (as of the end of September), at least seven natural disasters in Europe fall into this category:

- Earthquakes in Türkiye and Syria in February,
- Floods in Northeast Italy and neighboring countries in May,
- Storms Kai and Lambert in Germany in June,
- Severe weather conditions due to Storm Unai in Northern Italy, Slovenia and Croatia in July,
- Floods in Slovenia, Austria, and Croatia in early August,
- Storm Hans in Northern Europe in August,
- Storm Dennis with hail in late August, especially in Southern Germany.

Given the high inflationary environment and climate change, the predictability of loss trends is declining. Optimizing and making programs attractive in the coming period will only be possible with transparent, consistent, and effective transfer of data. A benign hurricane season will have positive implications on a global scale, while investments are being made to interpret data and create consistent approaches.

2024 Projections of Türk Katılım Reasürans (Treaty/Facultative/Retrocession)

Escalating climate changes are seen to aggravate the risks of floods, droughts, and wildfires. Higher global catastrophic losses pave the way for a growing need for capacity and higher catastrophic loss costs, which totaled USD 110 billion annually for 2023 compared to USD 750 billion since 2017. Progress is supported rapidly in legal and scientific terms as well as in terms of industrial technologies and sustainable energy.

There has been a dramatic increase in the reinsurance pricing of risk and cumulative risk capacity, and its terms have also tightened. Enhanced conservation practices, currency risk at the time of loss, capital adequacy, and higher cost of capital have become more important. This has led to acquisitions and mergers.

Volatility in economic parameters, inflation, a surge in commodity and global transportation prices, a slowdown in the supply chain after the COVID-19 pandemic, higher interest rates/returns on investment, penetration, and demand for insurance have become characteristic traits of the markets.

Notwithstanding the challenging market conditions in 2024 renewals, Türk Katılım Reasürans still pursues the strategy of maintaining its existing responsibility in both proportional and non-proportional treaties and providing capacity to newly established companies to sustain the support in the domestic markets. In 2024, the Company will also carry on with its objective to lead Türkiye's participation-based insurance companies' treaties.



Main Reinsurance Application

Principal decisions regarding analysis, software, and application installation activities were clarified and efforts were initiated for the implementation of IFRS17 standards in 2023.

The plan for 2024 is to complete enhancements for Version 2.0 of the Main Reinsurance Application (ARU) which is licensable and comes with a functionality to provide the reinsurance norms outside Türkiye.

Information Technologies Systems in 2023 - T RUPT

Details regarding Türk Katılım Reasürans' principles for Information and Technology Management are outlined below:

IT Gains in 2023

Activities to add new functions related to Ceded Paid Claims, Ceded Outstanding Claims, and technical calculations were completed in 2023 in the Main Reinsurance Application, which went live in phases in coordination with T Rupt Teknoloji. As part of the scheduled tasks, efforts were undertaken to ensure that jobs in the application could operate with higher performance and reporting capabilities.

IFRS17 Project: Principal decisions to complete all analysis, software, and application installation activities for the implementation of IFRS17 standards, published to make financial statements more useful and to ensure that accounting practices used in different countries are consistent, were clarified and efforts were initiated in 2023.

Highlight Projects Slated for 2024

- **Main Reinsurance Application 2.0:** In 2024, the Company plans to complete enhancements for Version 2.0 of the Main Reinsurance Application (ARU) which is licensable and comes with a functionality to provide the reinsurance norms outside Türkiye.
- **Management Dashboard:** A "dashboard" application will be rolled out covering key performance indicators and made available for use by the leadership of Türk Katılım Reasürans.

Human Resources and Process Management

Türk Katılım Reasürans offers effective and sustainable areas for improvement by leveraging its robust human resources practices.

Contributing to employees' career pathways by supporting their potential growth opportunities, Türk Katılım Reasürans encourages them to add value to the Turkish insurance industry.

All Türk Katılım Reasürans employees are women who hold Bachelor's and higher degrees.

Türk Katılım Reasürans takes firm steps on its participation reinsurance path in pursuit of serving the insurance industry as a global player and offers effective and sustainable areas for improvement by leveraging robust human resources practices.

The value attributed to the employee lies at the heart of Türk Katılım Reasürans' Human Resources and Process Management policies and practices. The goal is to proceed with fair, ethical, sustainable, and value-driven processes in a mutual manner. The Company has made it a priority for its employees to consider the Human Resources and Process Management Department as a companion in all human resources processes and for its managers to be a strategic business partner.

In this respect, any developments about Türk Reasürans are promptly communicated to all employees to guarantee full transparency. These communications also contribute to employees' sense of belonging given the hybrid working model adopted across the Company.

Acting in alignment with strategic corporate decisions, the human resources monitors the structural evolution of the workforce within and outside Türkiye and accurately positions new technological developments in its business processes.

Organizing qualified employees with various skills and capabilities inclusively to yield positive outputs through effective human resources practices, the Company seeks to add value to the Turkish insurance industry while contributing to their career pathways by supporting their potential growth opportunities.

Utilizing the competency and business value models in place, areas where employees can demonstrate their talents and potential at the highest level open up and they are encouraged to specialize. Committed to training the professionals and managers of the future that the industry calls for, Türk Katılım Reasürans provides its employees with a variety of training programs, particularly those focused on technical reinsurance.

Personnel Details

Türk Katılım Reasürans boasts a core team of four individuals, including one General Manager, one Deputy General Manager, one Assistant Manager and one Specialist.

Türk Reasürans A.Ş., the parent company of Türk Katılım Reasürans, extends support to the delivery of technical and administrative services tapping into its 195 employees.

Participation Compliance

Türk Katılım Reasürans bases its operations on the views and approvals of the Advisory Committee.

Participation-based insurance sets out principles and procedures for the execution of insurance and private pension schemes within the framework of participation principles. Türk Katılım Reasürans operates in tandem with the approvals, views, and oversight of the Advisory Committee to execute activities according to principles and procedures of participation insurance and applicable laws.

As part of participation-based insurance, Türk Katılım Reasürans observes the following principles:

- Establishing an Islamic corporate governance mechanism (Advisory Committee, Participation Compliance Unit, Participation Internal Audit Mechanism),
- Providing no coverage for religiously illegitimate issues and risks,

- Managing financial assets within the framework of participation principles.
- The Participation Compliance Department consists of a team of three people; one Specialist and two Assistant Specialists, reporting to the General Manager.
- The Participation Compliance Department at Türk Katılım Reasürans performs its duties and responsibilities as prescribed by the Regulation within the framework of the following functions:

The Participation Risk Management Function conducts the following activities to prevent situations that may lead to negative consequences -such as reputational damage or loss of customers- due to misunderstandings or non-compliance with participation principles:

- Setting the participation risk strategy.
- Identifying and assessing participation risks.
- Managing participation risks and proposing remedial measures to compensate for losses, if any.

The Participation Oversight Function performs the following activities to ensure that activities comply with participation principles.

- Monitoring the compliance of products and services with participation principles.
- Monitoring the compliance of activities with advisory committee decisions.
- Evaluating the findings arising from audits, requests, and complaints.
- Contributing to data sharing and reporting processes.

The Participation Research and Development Function is responsible for the following activities to ensure the continuity and improvement of operations:

- Acting as the secretariat for the advisory committee.
- Conducting relevant research on matters to be presented to the advisory committee, gathering information and documents, archiving decisions, and communicating them to relevant departments.
- Contributing to product and service development processes.
- Monitoring relevant shariah decisions and standards at national and international levels.



Advisory Committee

The Advisory Committee contributes to the formulation of product and service development, and system improvement processes, and other policies and procedures based on participation principles.

Türk Katılım Reasürans A.Ş.'s Advisory Committee met 12 times in 2023 to conduct its activities in compliance with participation reinsurance legislation and principles.

The Advisory Committee passes decisions to guarantee the execution of insurance and private pension activities by participation principles.

Members

Türk Katılım Reasürans A.Ş. Advisory Committee is composed of three members.

Name & Surname	Duty at the Committee
Prof. Dr. Hamdi Döndüren	Chairman
Assoc. Prof. Dr. Yusuf Erdem Gezgin	Vice Chairman
Adem Yönden	Member

Türk Katılım Reasürans A.Ş.'s Advisory Committee met 12 times in 2023 to conduct its activities in compliance with participation reinsurance legislation and principles. During these meetings, required permission certificates were submitted, and decisions were made following extensive discussions.

The Advisory Committee acts under and directly reports to the Board of Directors.

According to the terms and conditions of participation insurance, the Advisory Committee has the following responsibilities:

- Contributing to the formulation of product and service development, and system improvement processes, and other policies and procedures based on participation principles.

- Giving approvals to the products and services to be offered and to forms, contracts, policies, and informative materials to be drawn up.
- Responding to inquiries about the compliance of operations with participation principles and providing alternative solutions when necessary.
- Serving as a consultant to the Board and relevant functions regarding the implementation of participation principles and current domestic and global developments in participation finance.
- Submitting an opinion on compliance, no less than once a year, to determine whether products, services, and operations are compatible with participation principles.
- Providing training on participation principles at Company and group levels at least once a year.

Advisory Committee

The Advisory Committee provides training at least once a year to the personnel who hold or are obliged to hold a certificate of participation.

As for decision-making processes at the Advisory Committee:

- The Advisory Committee adopts decisions to ensure that insurance or private pension activities are carried out according to participation principles, and relevant Islamic provisions that form the basis of the decision are included in the justification.
- They apply the principle of fiqh (jurisprudence) in the absence of clear Islamic rulings on the issue to be decided.
- Members of the Advisory Committee request necessary information and documents related to their decision from the Participation Compliance Unit. Relevant units of the Company or organization submit requested information and documents to the Participation Compliance Unit in a timely and complete manner.

The Advisory Committee issued a report containing the findings and evaluations on whether the Company or organization's activities during the relevant calendar year were performed in accordance with participation principles and submitted the said report to the Board of Directors of the Company or organization by no later than the end of the third month following the end of the relevant year.

The Advisory Committee provides training at least once a year to the personnel who hold or are obliged to hold a certificate of participation.

Number of Meetings, Evaluations and Permissions

Türk Katılım Reasürans A.Ş.'s Advisory Committee met 12 times in 2023 to conduct its activities in compliance with participation reinsurance legislation and principles. During these meetings, required permission certificates were submitted, and decisions were made following extensive discussions.



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

Türk Reasürans 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 A.Ş. (A Member Firm of Ernst & Young Global Limited) as an independent audit company to conduct full-scope independent audits in 12-month periods and limited reviews in 6-month periods.

Türk Katılım Reasürans A.Ş. authorized Kuzey Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş. to conduct the audit and certification of the annual income, corporate tax returns as well as the financial statements and notifications attached to them, and other works in accordance with the Law on Certified Public Accountants and Sworn-in Certified Public Accountants No. 3568 and other relevant laws and regulations.

Other Information

Information Regarding the Lawsuits Filed Against the Company that May Affect Its Financial Situation and Activities, and their Possible Consequences

As of December 31, 2023, there are no lawsuits filed against the Company that may affect its financial situation and activities, and there are no possible consequences.

Information on the Transactions Executed with the Risk Group in which the Company Is Included

Holding 100% of the paid-in capital of Türk Katılım Reasürans, Türk Reasürans A.Ş. is the related company. The Company carries out the purchase or sale of goods or services with the risk group in which it is included in accordance with the applicable laws and adheres to the principle of arm's length transaction.

Intra-group transactions include reinsurance, information technologies services, and intra-group services. Details of the transactions executed with the risk group in which the Company is included during the period are presented in the footnotes to the financial statements attached.

Information about the Company's Charitable Donations and Aids and Expenses Incurred for Social Responsibility Projects in the Reporting Period While making donations pursuant to the applicable provisions of its Articles of Association, the Company has not made any donations in 2023.

Determination and the Management Body's 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 Adequacies of Insurance, Reinsurance, and Pension Companies" published in the Official Gazette of the Republic of Türkiye dated 23 August 2015 and numbered 29454. According to the result of the capital adequacy calculation made as of 31 December 2023, the Company has a capital deficit of TL 22,633,250. It has been represented and undertaken in writing that Türk Katılım Reasürans' parent company will take necessary action to guarantee full and timely compliance with legal provisions.

Capital Adequacy (TL million)	2023	2022
Minimum Equity Requirement	165	66
Calculated Equity Requirement	142	110
Capital Adequacy Result	-23	44

Corporate Governance

Tapping into its competent management team, Türk Katılım Reasürans extends support to the healthy and sustainable development of Türkiye's participation insurance sector.



Summary Report of the Board of Directors

Esteemed Shareholder,

Before submitting Türk Katılım Reasürans' annual report for 2023 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.

2023 was a year overshadowed by fast-paced and volatile agendas in the world and Türkiye. In 2023, the insurance industry was severely affected by major economic fluctuations and uncertainties around the world. Under particularly high inflationary pressure, the sector's growth and profitability were severely hampered. While rising inflation led to an uptick in premium production, it also had a negative impact on claim costs. High exchange rates were also a factor that exacerbated costs. In addition to economic conditions, growing political and geopolitical risks have been a restrictive factor for the insurance sector's rapid growth.

The ongoing Russian-Ukrainian war, which started last year, and the conflicts in the Middle East in 2023 pushed energy prices up again. Geopolitical uncertainties fueled market concerns and led to a decline in global risk appetite. According to TurkStat data, the Turkish economy grew by 4.5% in 2023.

Insurance Association of Türkiye (TSB) year-end data for 2023 indicates that total premium production of the insurance sector grew by 106.8% year-on-year to TL 486 billion. When adjusted for inflation, the sector's real growth was 25.5%.

TL 429.3 billion (88.3%) of premium production came from non-life branches, which grew by 110.3%, while real growth was 27.6%.

On the non-life side, health insurance, motor insurance, compulsory traffic insurance, fire and natural disasters, and general losses were the prominent branches with their production, while the main branch of "land vehicles liability" landed on the largest share in total production with 27.5%. Premium production in this branch grew by 105% to TL 118 billion. In health insurance, which garnered heightened interest due to the pandemic, premium production increased by 135.4% to TL 70.7 billion, while premium production in complementary health increased by 163.9% to TL 20.6 billion. Life insurance, which saw its share in total production decline from 13.1% to 11.7%, generated TL 56.7 billion in premium production, with nominal growth of 83.7% and real growth of 11.5%.

Between January 1 and December 31, 2023, a total of approximately TL 972 million gross premiums were written in 9 different main branches. Technical Income, consisting of earned premiums and investment income transferred from the non-technical section, increased by 221% year-on-year to TL 737.5 million.

Since Türk Katılım Reasürans incepted reinsurance business acceptances, it has attained TL 122.5 million in equity at the end of its second year of operations.

Türk Katılım Reasürans was founded in 2021 as a subsidiary of Türk Reasürans to address the capacity needs for participation insurance and reinsurance, and since then had successful operations.

Türk Reasürans pursues its development and achievements in line with the goals of the Turkish Catastrophe Insurance Pool (TCIP), for which it assumed the duties of technical operator in 2020, and the Special Risks Management Center (SRMC), for which it assumed the duties of technical operator in 2021.

In its fourth year of operations, Türk Reasürans continued to support the development of the Turkish insurance industry through its robust domestic and international capacity and respond to the needs of the Turkish insurance industry with tailor-made and agile solutions. As of December 31, 2023, Türk Reasürans' total assets climbed by 286% compared to the previous balance sheet period, reaching TL 17.2 billion.

T Rupt Teknoloji, a subsidiary of Türk Reasürans established in December 2022, produces insurance and reinsurance-oriented competitive solutions through its technological competencies and introduces them to the sector.

Türk Katılım Reasürans will continue to foster the development of the insurance industry in line with its sustainable growth and financial stability targets for the development of the national economy and our industry.

As we submit the annual report and financial statements of our Company for 2023 for your approval and review, we would like to thank our Management Team and employees who have guided us on the path to our goals in 2023, and on behalf of our Board of Directors, we would like to express our gratitude to you, our Shareholder, for your invaluable and unwavering support.

Board of Directors of Türk Reasürans

Information on the Board of Directors and the Senior Management

Board of Directors

Ahmet Genç	Chairman of the Board of Directors
Ayşe Dilbay	Vice Chairman of the Board of Directors
Mustafa Cüneyd Düzyol	Board Member
Ahmet Deniz	Board Member
Zekiye Selva Eren	Board Member and CEO

Senior Management

Zekiye Selva Eren	Board Member and General Manage
Sibel Sağlam	Deputy General Manager

About the Board of Directors

The Board of Directors is composed of one chairman and four members.

The Board of Directors convenes with the majority of the full number of Board members at least 4 times in a calendar year and in any case when necessary upon the call of the Chairman or the Vice Chairman by e-mail or by registered letter with return receipt along with the obligatory and written agenda sent to each Board member at least 15 days before the meeting date.

In 2023, decisions on 60 different topics were adopted by the Board of Directors, and the Chairman and all members of the Board of Directors attended all meetings. The agenda of the Board of Directors meetings is composed of motions submitted by the CEO. Matters deemed necessary other than the items on the agenda are discussed at the meeting.

As per the resolution regarding the election of board members unanimously adopted at the 2023 Ordinary General Assembly Meeting held on August 25, 2023, Dr. Ahmet Genç was appointed as the Chairman of the Board of Directors, Ayşe Dilbay was appointed as the Vice Chairman of the Board of Directors, Mustafa Cüneyd Düzyol, Zekiye Selva Eren and Ahmet Deniz were appointed as the Members of the Board of Directors and their term of office was set as 3 years. As per the board resolution dated September 14, 2023, Dr. Cebirail Taşkın, Dr. Fatih Hasdemir, and Fatih Mehmet Bal resigned from the Board of Directors.

Company Compliance Statement

We declare that our Company's Annual Report for 2023 has been prepared within the framework of the principles and procedures enforced by the "Regulation on the Financial Structures of Insurance, Reinsurance, and Pension Companies" published in the Official Gazette of the Republic of Türkiye numbered 26606 and dated August 7, 2007, and "Regulation on Determining the Minimum Content of the Annual Report of the Companies" published in the Official Gazette of the Republic of Türkiye numbered 28395 and dated August 28, 2012.

Istanbul, May 21, 2024



Dr. Ahmet Genç
Chairman of the Board of Directors



Selva Eren
Board Member and CEO



Sibel Sağlam
Deputy General Manager

Independent Auditor's Report on the Annual Report



Building a better
working world

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(Convenience translation of a report originally issued in Turkish)

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

To the General Assembly of Türk Katılım Reasürans Anonim Şirketi

1) Opinion

We have audited the annual report of Türk Katılım Reasürans Anonim Şirketi (the Company) for the period of January 1 – December 31, 2023.

In our opinion, the financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Company are presented fairly and consistent, in all material respects, with the audited full set financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the 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 Annual Report* 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) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated March 27, 2024 on the full set financial statements of the Company for the period of January 1 – December 31, 2023.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC"), and the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" and designing and the Communiqué on Individual Retirement Saving and Investment System" ("Communiqué") issued on 7 August 2007 dated and 26606 numbered, the management of the Company is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Company for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

Independent Auditor's Report on the Annual Report



(Convenience translation of a report originally issued in Turkish)

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Company,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

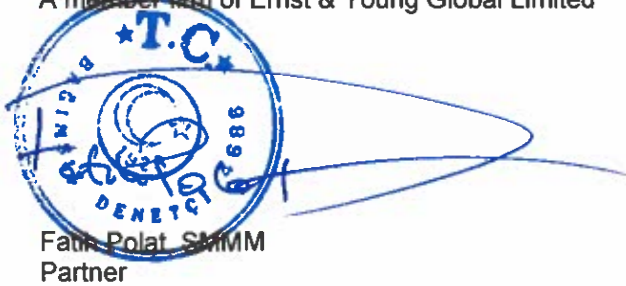
5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code, on whether the financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Company's audited financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and Insurance Accounting and Financial Reporting Legislation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

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

May 21, 2024
İstanbul, Türkiye

A member firm of Ernst & Young Global Limited

Changes Between the Period-End and Issuance of the Report

As defined in TAS 10, 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 certified for publication.

Amendments to the Articles of Association

None.

Financial Status and Risk Management

Boasting TL 122.5 million in shareholders' equity as of year-end 2023, Türk Katılım Reasürans completed the year on the pillars of business continuity and forming a strong financial structure.



Assessment of the Financial Status, Profitability, and Claims Payment Solvency

Commencing operations after being registered on September 8, 2021, Türk Katılım Reasürans has structured its operations around the mission of responding to the needs of the sector, bringing depth and dynamism to the sector, and enabling the establishment of a structure that will strengthen the hands of sector stakeholders in risk management.

Türk Katılım Reasürans provides participation reinsurance services in non-life insurance groups in order to foster the healthy and sustainable development of the participation insurance sector in Türkiye and to ensure that Türkiye emerges as an important player in this globally developing market. Currently, it holds a 5% share in the Turkish reinsurance market with net premiums of approximately TL 872 million in its second year of operations.

As of December 31, 2023, the Company's liquid assets represented 25% of its total assets of TL 837 million, while the construction and preservation of a liquid structure in order to maintain a high asset quality has been set as the primary objective in this period as well as in the following periods.

Boasting TL 122.5 million in shareholders' equity as of year-end 2023, Türk Katılım completed the year on the pillars of business continuity and forming a strong financial structure.

From January 1 to December 31, 2023, gross premiums totaling TL 972 million were generated in 9 different main branches, providing reinsurance protection to the participation insurance sector. Technical income attained corresponded to TL 737.5 million, thanks to the impact of investment income totaling TL 92.9 million which was transferred to the technical department.

In 2023, gross loss payments of TL 769.5 million and the change in provisions for outstanding claims amounting to TL 33.7 million resulted in a total incurred loss of TL 462 million. When TL 214.7 million of operating expenses are included, total technical expenses amounted to TL 710.6 million in 2023.

Türk Katılım Reasürans concluded 2023 with a profit for the period before tax of TL 31.9 million, thanks to the TL 26.9 million technical department balance posted in 2023.

Profit Distribution Policy

Our Company 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.

While 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 takes into consideration the following criteria: adequacy of the resources which are subject to profit distribution and found in the legal records, profitability, cash status, capital requirement and investment and financing policies.

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 by 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.

The Board of Directors approves the 'Profit Distribution Table' before the annual general assembly meeting and submits a proposal for profit distribution 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 in accordance with the following principles, before being subject to distribution, after deducting the previous year's losses, if any:

- According 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.

As for the dividend decided to be distributed, the General Assembly may decide to distribute it on the date proposed by the Board of Directors, or 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 defense 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. In this process, the Internal Control Department is tasked with designing and monitoring effective internal controls and producing consolidated results.

Internal control activities consist of control, assessment, and reporting activities aimed at ensuring that the Company’s assets are safeguarded, that activities are executed effectively and efficiently in accordance with the Law and other relevant legislation, internal policies and rules, and insurance practices, and that the reliability and integrity of the accounting and financial reporting system and the timely availability of information are achieved.

Internal Control Inventory and Internal Control Officers

Although the “Internal Control Inventory” constitutes the framework of internal control activities, it was created as a result of the activities carried out to control the compliance and relevance of the Company’s activities and operations with the relevant legislation, the Company’s goals, objectives, and principles, as well as the policies and rules, powers, codes of practice, and instructions set by the Company’s management. Internal control activities related to specified risks are carried out actively, and corrective actions are taken within the internal control process. The “internal control personnel” designated within the Departments are responsible for the periodic implementation of the control points in the inventory, and the Internal Control Department is in charge of coordinating the process.

The framework of internal control activities is formed by the “Internal Control Inventory,” which covers regulatory compliance and relevance controls, controls on tangible assets, reviews on compliance with limits, controls on approval and authorization system, reconciliation controls, controls on information and communication systems, controls on financial reporting systems, controls on communication channels.

These controls are intended to check the compliance and relevance of the activities and transactions with the relevant legislation, the Company’s goals, objectives, and principles, as well as the policies and rules, powers, codes of practice, and instructions set by the Company’s management.

Internal Control Reporting

A report on “Internal Control Activities” is drawn up every quarter and submitted to the CEO and Audit Committee. The report contains information and results regarding the internal control activities carried out. Any errors, deficiencies, and negativities identified 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, with results and developments being monitored by relevant authorities.

Internal Audit Activities

Internal audit activities at the 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 the Official Gazette of the Republic of Türkiye dated 25.11.2021 and numbered 31670 and with our Company’s “Internal Audit Regulation” as per the principles outlined in these regulations.

The Internal Audit Department operates directly under the Board of Directors of the Company in an administratively independent manner. Functionally, internal audit reports to the Board via the Audit Committee. The internal audit system consists of the following activities:

- Providing reasonable assurance to the Board of Directors that the Company’s activities are carried out in accordance with the Law and other relevant legislation as well as the Company’s internal strategies, policies, principles, and objectives; and that the internal control, risk management, and actuarial systems are effective and adequate,
- Accuracy and reliability of electronic information systems, accounting records, and financial reports; accuracy,

reliability, and compliance with time constraints of reports submitted to the Board of Directors within the framework of internal regulations and reports submitted to external parties, particularly public institutions,

- Providing assurance on the compliance of operational activities with the legislation and determined procedures, and the functioning of the relevant internal control implementing procedures, the effectiveness and adequacy of the internal control and risk management systems,
- Identifying deficiencies, errors, incidents of fraud, and irregularities, and preventing their recurrence, and providing opinions and suggestions for the effective and efficient use of corporate resources.

The internal audit activity covers all activities of the Company and the Head Office units, including periodic and risk-based planned audits, and special audits performed in line with the needs arising during the period and service procurements.

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 ranking in terms of importance and priority as a result of risk-based assessments,
- The purpose of the audit and the summary risk assessments related to each area or activity to be audited, the Law and other relevant legislation,
- The time and audit period in which the planned audit will be carried out,
- On-site examination of all assets, accounts and records, documents, personnel, and all other elements which may affect the Company’s security,
- Control or examination based on general or specific observations, and monitoring through various control documents and tools,
- Determining whether the Company’s Central Organization units operate in compliance with the insurance legislation, the Company’s objectives and policies, and the decisions taken by the Company.

As part of the Internal Audit Plan, six audits were conducted in 2023 at the departments of Türk Katılım Reasürans A.Ş.

Risk Management Activities

Risks and Assessment of the Management Body

The primary objective of risk management activities is to ensure that the Company's asset quality and the level of risk it is willing to assume to gain a certain return comply with the limits stipulated by the legislation on insurance and reinsurance activities and the Company's risk tolerance.

The main strategy adopted by the Risk Management and Compliance Department for this purpose is to plan, execute, and manage risk management activities with a risk-oriented approach and within the framework of relevant legislation and internationally recognized principles, rules, 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 on the Company's Risk Management Policy against Foreseen Risks

The first line of defense throughout the risk management activities consists of "all executive units of the Company" that 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. Policies, implementing procedures, limits, and risk management activities to enable the management of differing dimensions of the risks arising from the Company's operations are clearly specified in the Risk Management procedure.

Information Regarding the Activities and Reports of the Early Detection and Management of Risk Committee

Efforts for early detection of risks are undertaken by the Risk Management and Compliance Department.

The Risk Management and Compliance Department carries out liquidity analysis, capital adequacy analysis, checking the capital adequacy ratio against the limits stipulated in the legislation, checking the capital adequacy ratio against the leading levels in the risk limits, capital impact analysis, and ratio analysis studies every quarter.

Information About Risk Management Policies by Risk Type

Market Risk

Checks are performed as to whether the losses that may occur in the investment instruments in which the Company invests under certain market conditions are within the limits set by the Risk Management and Compliance Department and the Investment Management Department.

The Value at Risk Measurement Model is employed to monitor the value at risk of the total portfolio value and shareholders' equity within the limits set by the Company.

Liquidity Risk

Liquidity Risk is the Company's inability to fulfill its obligations due to the failure to convert its assets into cash, i.e. lack of liquidity, despite having sufficient assets.

Liquidity Risk is generally caused by imbalances between assets and liabilities, delays in repayments, and sudden cash outflows.

The annually revised Investment Policy of the Company provides formula and minimum ratio information planned for use for the liquidity ratio. The Risk Management and Compliance Department quarterly checks whether the Company's liquidity ratio to be calculated within the framework of the specified formula is at the minimum level.

Capital Adequacy Risk

The capital impact analysis is conducted quarterly to check the impact of the relevant risk items on capital and whether the capital adequacy ratio is above the regulatory ratio.

Furthermore, in addition to the legal limits set out in the Capital Adequacy Regulation, different risk limits have been defined for the Company's capital based on stress test calculations performed by the Risk Management and Compliance Unit.

The Risk Management and Compliance Department is in charge of monitoring risk limits and actions.

Concentration Risk

Concentration limits applied are shared on a bank and group basis in the annually revised Investment Policy of the Company. The Investment Management and Risk Management Departments work together on the revision of relevant limits and updating of the document.

Quarterly, Concentration Risk is monitored by considering the concentration limits set on the basis of the relevant banks and investment products in the portfolio.

Operational Risk

The financial impact matrix of Türk Reasürans A.Ş.'s potential operational risks is presented in the "Risk Limits" document.

Details on operational risks are indicated in the quarterly "Operational Risk" report.

Information About Risk Management Policies by Risk Type

The following reports are prepared as part of risk management activities:

- An annual report covering risk management policies, amendments to these policies made in a given year, risk limits, and amendments made to these risk limits in a given year;
- Quarterly report on the capital adequacy impact analysis whereby the long-term impact of assumed and exposed risks on capital adequacy and the Company's continuity is measured;
- Quarterly report on the findings of stress tests carried out in line with the scenarios specified by the Insurance and Private Pension Regulatory and Supervisory Authority.

Türk Katılım Reasürans Anonim Şirketi

Financial Statements
as of December 31, 2023
together with the Independent
Auditor's Report

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



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(Convenience translation of a report and financial statements 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, 2023, and the statement of income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended, and 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, 2023, 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) 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.



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

Key audit matter

How our audit addressed the key audit matter

Incurred But Not Reported Outstanding Claims Reserve

As of December 31, 2023, the Company has insurance liabilities of TL 523.202.644 representing 63% of the Company's total liabilities. The Company has reflected a net provision of TL 102.307.104 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 88.709.761 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.

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.

4) 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.



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

5) 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.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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, 2023 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.
- 3) As of December 31, 2023, the Company measured its minimum capital requirement as TL 164.594.798. 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, the Company's equity capital calculated as of December 31, 2023 is TL 22.633.250 less than the minimum required equity capital. As explained in note 4, the Company's main shareholder has declared and committed in writing that necessary actions will be taken in compliance with legal regulations in full and on time.

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

March 27, 2024
Istanbul, Türkiye



TÜRK KATILIM REASÜRANS ANONİM ŞİRKETİ
FINANCIAL STATEMENTS PREPARED
AS OF DECEMBER 31, 2023

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

Istanbul, March 27, 2024

Dr. Ahmet GENÇ
 Chairman of the Board
 of Directors

Ayşe DiLBAY
 Vice Chairman of the Board

Selva EREN
 Board Member and CEO

Sibel SAĞLAM
 Deputy General Manager

Orhun Emre ÇELİK
 Responsible Actuary (Advisor)

Türk Katılım Reasürans A.Ş.

İnkılap Mah. Dr. Adnan Büyükdeniz Cad.
 Ak Ofis No:8 Bağ. Böl. No:2 Kat:6 34768 Ümraniye/İSTANBUL

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Türk Katılım Reasürans Anonim Şirketi

Statement of Financial Position

as of December 31, 2023

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

	Notes	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
I- Current Assets			
A- Cash and Cash Equivalents		199.566.538	153.986.733
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4,2, 14	199.566.538	153.986.733
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		7.076.400	-
1- Available-for-Sale Financial Assets	11	7.076.400	-
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		474.004.981	154.828.993
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4,2, 12	474.004.981	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		118.528.683	51.229.089
1- Deferred Acquisition Costs	17	117.798.088	51.210.454
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4,2, 12	544.132	-
4- Other Prepaid Expenses	4,2, 12	186.463	18.635
G- Other Current Assets		31.010.859	3.319.520
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	4,2, 12	31.010.859	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		830.187.461	363.364.335

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Financial Position

as of December 31, 2023

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

	Notes	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to 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		279.562	644.211
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	743.183	736.241
9- Accumulated Depreciation	6	(463.621)	(92.030)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets		16.717	28.517
1- Rights	8	35.400	35.400
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(18.683)	(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		6.237.645	612.033
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	6.237.645	612.033
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		6.533.924	1.284.761
TOTAL ASSETS		836.721.385	364.649.096

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Financial Position

as of December 31, 2023

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

	Notes	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
III- Short-Term Liabilities			
A- Financial Liabilities		309.158	359.364
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	309.158	359.364
B- Payables Arising from Main Operations		177.586.120	8.070.320
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2, 19	138.153.701	4.660.395
3- Cash Deposited by Insurance and Reinsurance Companies	4.2, 19	39.432.419	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		1.601	3.548
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4.2, 19	1.601	3.548
6- Due to Other Related Parties		-	-
D- Other Payables	4.2, 19	125.544	16.187
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2, 19	125.544	16.187
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		503.732.787	242.825.039
1- Reserve for Unearned Premiums - Net	17	395.116.214	172.202.424
2- Reserve for Unexpired Risks- Net	17	6.309.469	2.050.313
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.1, 17	102.307.104	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	234.761	118.098
1- Taxes and Funds Payable	4.2	133.186	50.606
2- Social Security Premiums Payable	4.2	83.494	67.492
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4.2, 19, 35	13.450.000	1.003.510
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4.2, 19	(13.450.000)	(1.003.510)
7- Provisions for Other Taxes and Similar Liabilities	4.2	18.081	-
G- Provisions for Other Risks		4.611.360	1.914.184
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	4.2, 23	4.611.360	1.914.184
H- Deferred Income and Expense Accruals		8.105.380	277.974
1- Deferred Commission Income	10, 19	1.020	9.245
2- Expense Accruals	23	8.104.360	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		694.706.711	253.584.714

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Financial Position

as of December 31, 2023

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

	Notes	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
IV- Long-Term Liabilities			
A- Financial Liabilities		-	304.250
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
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		19.469.857	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	19.469.857	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		53.124	26.018
1- Provisions for Employment Termination Benefits	23	53.124	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		19.522.981	6.906.951

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Financial Position

as of December 31, 2023

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

	Notes	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
V- Shareholders' Equity			
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		87.223	152.944
1- Legal Reserves	15	207.872	152.944
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets		(112.597)	-
6- Other Profit Reserves	15	(8.052)	-
D- Retained Earnings		3.949.559	2.905.931
1- Retained Earnings		3.949.559	2.905.931
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Period		18.454.911	1.098.556
1- Net Profit for the Year		18.454.911	1.098.556
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		122.491.693	104.157.431
TOTAL EQUITY AND LIABILITIES		836.721.385	364.649.096

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Income

for the Year Ended December 31, 2023

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

	Notes	Audited Current Period January 1 - December 31, 2023	Audited Prior Period January 1 - December 31, 2022
I-TECHNICAL SECTION			
A- Non-Life Technical Income		737.467.554	229.416.418
1- Earned Premiums (Net of Reinsurer Share)		644.543.288	202.571.404
1.1- Written Premiums (Net of Reinsurer Share)		871.716.234	376.824.141
1.1.1- Written Premiums, gross	17, 24	971.756.926	387.306.928
1.1.2- Written Premiums, ceded	10, 17, 24	(100.040.692)	(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	(222.913.790)	(172.202.424)
1.2.1- Reserve for Unearned Premiums, gross	17	(222.844.092)	(172.280.280)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	(69.698)	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	(4.259.156)	(2.050.313)
1.3.1- Reserve for Unexpired Risks, gross	17	(4.258.575)	(2.050.894)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	(581)	581
2- Investment Income - Transferred from Non-Technical Section		92.924.266	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		(710.590.770)	(227.637.406)
1- Incurred Losses (Net of Reinsurer Share)		(462.018.349)	(152.264.765)
1.1- Claims Paid (Net of Reinsurer Share)	29	(428.283.547)	(83.692.463)
1.1.1- Claims Paid, gross	17	(769.523.251)	(83.774.063)
1.1.2- Claims Paid, ceded		341.239.704	81.600
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(33.734.802)	(68.572.302)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(199.875.353)	(74.474.035)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	166.140.551	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	(12.893.174)	(6.576.683)
4- Operating Expenses	32	(214.702.755)	(61.651.499)
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)		(20.976.492)	(7.144.459)
6.1- Other Technical Expenses, gross	47	(20.976.492)	(7.144.459)
6.2- Other Technical Expenses, ceded		-	-
C- Net Technical Income-Non-Life (A - B)		26.876.784	1.779.012

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Income

for the Year Ended December 31, 2023

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

	Notes	Audited Current Period January 1 - December 31, 2023	Audited Prior Period January 1 - December 31, 2022
I-TECHNICAL SECTION			
D- Life Technical Income			
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-
5- Accrued Salvage Income		-	-
E- Life Technical Expense			
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Life Mathematical Provisions		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Net Technical Income- Life (D - E)			
G- Pension Business Technical Income			
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense			
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)			

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Income

for the Year Ended December 31, 2023

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

	Notes	Audited Current Period January 1 - December 31, 2023	Audited Prior Period January 1 - December 31, 2022
II-NON-TECHNICAL SECTION			
C- Net Technical Income - Non-Life (A-B)			
		26.876.784	1.779.012
F- Net Technical Income - Life (D-E)			
		-	-
I - Net Technical Income - Pension Business (G-H)			
		-	-
J- Total Net Technical Income (C+F+I)			
		26.876.784	1.779.012
K- Investment Income			
	4.2	128.178.674	27.644.509
1- Income from Financial Assets	4.2	49.727.122	26.460.269
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	4.2	(1.581.615)	597.495
4- Foreign Exchange Gains	4.2	80.033.167	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			
		(128.628.397)	(27.841.025)
1- Investment Management Expenses (including interest)	4.2	(66.332)	(39.111)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section		(92.924.266)	(26.845.014)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(35.254.408)	(799.495)
7- Depreciation and Amortisation Expenses	6, 8	(383.391)	(157.405)
8- Other Investment Expenses		-	-
M- Income and Expenses from Other and Extraordinary Operation			
		5.477.850	519.570
1- Provisions	47	(19.397)	(80.349)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	5.573.906	610.903
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		-	-
8- Other Expenses and Losses		(76.659)	(10.984)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Period			
		18.454.911	1.098.556
1- Profit for the Period		31.904.911	2.102.066
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(13.450.000)	(1.003.510)
3- Net Profit for the Period		18.454.911	1.098.556
4- Inflation Adjustment Account		-	-

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

Türk Katılım Reasürans Anonim Şirketi

Statement of Profit Distribution

for the Year Ended December 31, 2023

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

	Notes	Audited Current Period December 31, 2023 (*)	Audited Prior Period December 31, 2022
PROFIT DISTRIBUTION			
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT		31.904.911	2.102.066
1.2. TAX AND FUNDS PAYABLE		(13.450.000)	(1.003.510)
1.2.1. Corporate Income Tax (Income Tax)	35	(13.450.000)	(1.003.510)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
A. NET PROFIT (1.1 - 1.2)		18.454.911	1.098.556
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE	15	-	54.928
1.5. STATUTORY FUND (-)		-	-
B. NET PROFIT DISTRIBUTION [(A)-(1.3 + 1.4 + 1.5)]		-	1.043.628
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		-	1.043.628
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 (**)		-	-
3.2. HOLDERS OF SHARES (%)		-	-
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) In accordance with Article 408 of the Turkish Commercial Code, the entire authority in determining profit distribution and reserve fund transfers is in the General Assembly and the profit distribution proposal for 2023 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.

(**) The number of shares corresponding to the paid up capital has been taken into account.

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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

(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, 2023, 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 "İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/2 Kat:7 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, 2023	December 31, 2022
Top executive	2	2
Expert / Authorized / Other employees	2	2
Total	4	2

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

(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, 2023, TL 2.950.221 wages and similar benefits were provided to senior executives. (December 31, 2022: TL 1.080.595).

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	:İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/2 Kat:7 34768 Ümraniye, İstanbul
The web page of the Company	: www.turkkatilimreasurans.com.tr

A change has been made in the address of the Company's Head Office, which is included in the information presented above, and this change has been registered in the Trade Registry Gazette No. 11008 dated January 25, 2024.

1.10 Subsequent events to date of balance sheet

The financial statements prepared as at December 31, 2023, have been approved by the Company's Board of Directors on March 27, 2024.

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, 2023

(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.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to "TAS 29 Financial Reporting in Hyperinflation Economies". Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") announced that financial statements of insurance and reinsurance companies as of December 31, 2023 would not be subject to the inflation adjustment in accordance with IPPRSA Board decision on December 6, 2023. Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Company as of December 31, 2023.

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.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.3 Current and presentation currency

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

2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

The accompanying 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 June 30, 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, 2023, 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, 2023

(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, 2023, the Company has no any impairment on tangible assets (December 31, 2022: 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. Such assets are depreciated when they are ready for use, as in the depreciation method used for other fixed assets.

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, 2023, the Company has not any investment property (December 31, 2022: 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, 2023, the Company does not have any intangible fixed assets impaired (December 31, 2022: 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, 2023

(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 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, 2023

(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 TFRS 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, 2023

(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, 2023, the Company has no derivative financial instruments (December 31, 2022: 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, 2023 and December 31, 2022, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2023		December 31, 2022	
	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, 2023.

As of December 31, 2023, there are not any privileges on common shares representing share capital (December 31, 2022: None).

As of December 31, 2023 and December 31, 2022, the Company is not subject to registered capital system.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

(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, 2022: 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, 2022: 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, 2023

(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 30% (The Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized currency institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies has been increased from 25% to 30% starting from the declarations to be submitted from October 1, 2023, onwards, as a result of the amendment made in the Corporate Tax Law by the Law published in the Official Gazette dated July 15, 2023, numbered 5520). 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 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. 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.

As per the Article 17 of the Omnibus Law published in the Official Gazette dated December 28, 2023, Banks, companies within the scope of the Law on Financial Leasing, Factoring, Financing and Savings Finance Companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will apply inflation accounting in accordance with the Tax Procedure Law as of December 31, 2023, and the profit / loss difference arising from the inflation adjustment made in the 2024 and 2025 accounting periods, including the temporary tax periods, will not be taken into account in the determination of the tax base.

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.

As of December 31, 2023, a tax rate of 30% has been applied for deferred tax calculations for temporary differences (December 31, 2022: 25%).

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

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

2. Summary of significant accounting policies (continued)

2.18 Taxes (continued)

Transfer pricing

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

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

2.19 Employee benefits

Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2023 is TL 23.489,83 (December 31, 2022: TL 15.371,40).

In accordance with *TAS 19* which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated June 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 has accounted for the service and interest costs from the calculation of severance pay provisions in the income statement as of December 31, 2023, while actuarial gains and losses have been accounted for within the "Other Profit Reserves" account in equity.

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, 2023 is as follows (December 31, 2022: None):

	December 31, 2023	December 31, 2022
Discount rate	%3,35	%3,11
Expected rate of salary/limit increase	%30,00	%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, 2023

(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, 2023

(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, 2023

(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.

At the commencement date of the lease, lease payments included in the measurement of lease liability consist of the following payments that will be made for the right to use the underlying asset throughout the lease term and that have not been paid at the commencement date of the lease:

- fixed payments,
- Variable lease payments based on an index or rate, the first measurement of which is made using an index or rate on the date the lease actually begins,
- The amounts expected to be paid by the Company under residual value guarantees,
- If the Company is reasonably certain to exercise the purchase option, the exercise price and
- In the event that the lease term indicates that the Company will use an option to terminate the lease, penalty payments related to the termination of the lease.

Variable lease payments that are not dependent on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The Company determines the revised discount rate for the remaining term of the lease as the implicit interest rate in the lease if easily determinable; if not easily determinable, it is determined as the alternative borrowing rate at the date of the reassessment.

The Company measures the lease liability after the commencement of the lease as follows:

- Increases the carrying amount to reflect the interest expense on the lease liability, and
- Decreases the carrying amount to reflect 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

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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2. Summary of significant accounting policies (continued)

2.23 Dividend distribution

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

2.24 Insurance technical provisions

Unearned premium reserve

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

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

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

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

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

Unexpired risk reserves

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

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.

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Notes to the Financial Statements

as of December 31, 2023

(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 6.309.469 unexpired risk reserves (December 31, 2022: TL 2.050.313).

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.

Considering that calculations should be made on a fiscal year basis, and actuarial methods should be employed in relevant line of business when determining the incurred loss reserves due to the insufficient maturity of the Company's date-of-loss-based data. In this context, it is evaluated that the identified outstanding claim reserves also encompass the liability adequacy of the outstanding claim reserve.

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.

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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, 2023, 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, 2023 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, 2023 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. 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, 2023, the Company reflected to financial statement the gross IBNR amount of TL 104.686.278 and TL 88.709.761 net IBNR calculated according to the method explained above (As of December 31, 2022, gross and ceded IBNR amount based on sub-branch except Agricultural sub-branches in the General Losses main branch was calculated by deducting incurred loss from final loss dated December 31, 2022 determined through sector loss ratio based on sub-branch due to insufficient data in branches. However, the IBNR amounts reported by Tarsim (Insurance of Agriculture) as of December 31, 2022 in the Agriculture sub-branches of the General Losses main branch were included in the financial statements. In the calculation of the ceded IBNR, the retrocession / gross ratio in the incurred loss on the basis of sub-branch is used. As of December 31, 2022, the Company reflected to unconsolidated financial statement the gross IBNR amount of TL 22.197.600 and TL 19.277.860 net IBNR).

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. 2024/03 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions as of January 15, 2024, Article 7 of the circular no 2016/22 has been changed "Net cash flows are discounted to cash value by taking into account 35% as of the financial reporting period date". (December 31, 2022: %14).

The Company has calculated taking into account the sector cash flow rates to discount of all branches. Accordingly, as of December 31 2023, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of negative TL 14.596.127 (December 31 2022: TL 8.941.746).

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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 19.469.857 (December 31, 2022: TL 6.576.683).

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.

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Notes to the Financial Statements

as of December 31, 2023

(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, 2023 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, 2023 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 TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments 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.

The Company does not expect a material impact on the financial statements.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. 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 change did not have a significant impact on the financial position or performance of the Company.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

2. Summary of significant accounting policies (continued)

2.28 The new standards, amendments and interpretations (continued)

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

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments 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 amendments did not have a significant impact on the financial position or performance of the Company.

TAS 12 Amendments - International Tax Reform - Second Pillar Model Rules

In September 2023, the POA issued amendments to TAS 12, which introduces a mandatory exception to the recognition and disclosure of deferred tax assets and liabilities related to Second Pillar income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before December 31, 2023.

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 unconsolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the unconsolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

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

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

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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)

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI.

The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. 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 mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA:

- Insurance, Reinsurance and Pension Companies.
- Banks that have partnerships/investments in insurance, reinsurance and pension companies.
- Other companies that have partnerships/investments in insurance, reinsurance and pension companies.

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

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

In January 2021 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 January 1, 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.

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

2. Summary of significant accounting policies (continued)

2.28 The new standards, amendments and interpretations (continued)

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

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

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

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted but will need to be disclosed.

Overall, the Company expects no significant impact on its balance sheet and equity.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 12 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its unconsolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Overall, the Company expects no significant impact on its balance sheet and equity.

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as of December 31, 2023

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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	-	<i>Management of insurance risk</i>
Note 4.2	-	<i>Financial risk management</i>
Note 10	-	<i>Reinsurance assets/liabilities</i>
Note 11	-	<i>Financial assets</i>
Note 12	-	<i>Loans and receivables</i>
Note 17	-	<i>Insurance liabilities and reinsurance assets</i>
Note 21	-	<i>Deferred taxes</i>
Note 23	-	<i>Other liabilities and cost provisions</i>
Note 34	-	<i>Financial costs</i>

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

4. Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Insurance risk condensation

The Company's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance):

Total claims liability December 31, 2023	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	74.896.125	(29.610.062)	45.286.063
Land Vehicles	33.064.471	(3.287.398)	29.777.073
Marine	27.372.922	(2.666.390)	24.706.532
Water Vehicles	12.599.039	-	12.599.039
General Liabilities	5.229.933	(393.359)	4.836.574
Accident	694.217	(27.009)	667.208
Fire and Natural Disasters	120.237.666	(136.055.478)	(15.817.812)
Financial Losses	253.126	(2.588)	250.538
Land Vehicles Liability	1.889	-	1.889
Total	274.349.388	(172.042.284)	102.307.104

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 Loses	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, 2023	December 31, 2022
Fire and Natural Disasters	44.523.052.416	9.399.409.059
General Losses	21.381.828.666	7.359.636.383
Financial Losses	1.829.431.954	551.443.576
General Liabilities	1.179.445.080	395.007.035
Accident	1.191.901.716	297.375.467
Water Vehicles	279.066.370	13.754.292
Marine	262.032.053	76.633.130
Land Vehicles	180.044.503	27.886.146
Land Vehicles Liability	20.864.302	20.864.302
Credit	7.867.440	-
Legal Protection	4.193.868	-
Total(*)	70.859.728.368	18.142.009.390

(*) Net amount which deducted share of reinsurance.

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as of December 31, 2023

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

4. Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Insurance risk condensation (continued)

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

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

4.2 Management of insurance risk

Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are 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
- Available for sale financial assets
- Held for trading financial assets
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

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

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

Türk Katılım Reasürans Anonim Şirketi

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as of December 31, 2023

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

4. Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Credit risk (continued)

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

	December 31, 2023	December 31, 2022
Cash and cash equivalents (Note 14)	199.566.538	153.986.733
Financial assets (Not 11)	7.076.400	-
Receivables from main operations (Note 12)	474.004.981	154.828.993
-third parties (Note 12)	354.999.791	154.828.993
-related parties (Note 12), (Note 45)	119.005.190	-
Income accruals (Note 12)	544.132	-
Prepaid expenses (Note 12)	186.463	18.635
Prepaid taxes and funds (Note 12)	31.010.859	3.319.520
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	172.042.284	5.901.733
Total	884.431.657	318.055.614

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

	December 31, 2023		December 31, 2022	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	473.486.000	-	149.021.915	-
Past due 0-30 days	39.215	-	46.440	-
Past due 31 - 60 days	10.564	-	60.020	-
Past due 61 - 90 days	-	-	5.686.696	-
Past due 90+	469.202	-	13.922	-
Total	474.004.981	-	154.828.993	-

The Company does not have any allowance for impairment losses for receivables from main operations as of December 31, 2023 (December 31, 2022: 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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Notes to the Financial Statements as of December 31, 2023

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

4. Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Liquidity risk (continued)

Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	199.566.538	98.067.323	-	-	-	-	101.499.215
Financial assets	7.076.400	-	5.032.200	-	2.044.200	-	-
Receivables from main operations -third parties	354.999.791	760.055	351.753.376	513.688	1.972.672	-	-
Receivables from main operations -related parties	119.005.190	-	119.005.190	-	-	-	-
Other receivables and current assets	544.132	-	-	544.132	-	-	-
Total monetary assets	681.192.051	98.827.378	475.790.766	1.057.820	4.016.872	-	101.499.215
Financial and other financial liabilities	309.158	32.741	66.844	103.103	106.470	-	-
Payables from main operations -third parties	140.979.003	14.620	101.531.964	39.432.419	-	-	-
Payables from main operations -related parties	36.607.117	-	36.607.117	-	-	-	-
Insurance technical reserves	102.307.104	-	-	-	-	-	102.307.104
Provisions for taxes and other similar obligations	234.761	234.761	-	-	-	-	-
Other payables	127.145	127.145	-	-	-	-	-
Provisions for other risks and expense accruals	12.768.844	-	3.542.985	9.114.609	58.126	53.124	-
Total monetary liabilities	293.333.132	409.267	141.748.910	48.650.131	164.596	53.124	102.307.104

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

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
Payables from main operations -third parties	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
Financial and other financial liabilities	663.614	27.921	57.545	88.251	185.647	304.250	-
Receivables from main operations -related parties	7.129.926	439.541	3.267.962	3.422.423	-	-	-
Receivables 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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Notes to the Financial Statements as of December 31, 2023

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

4. Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Market risk

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, 2023	US Dollar	Euro	Other currencies	Total
Receivables from main operations	780.702	120.911.651	-	121.692.353
Cash and cash equivalents	20.468.660	146.421.779	-	166.890.439
Total foreign currency assets	21.249.362	267.333.430	-	288.582.792
Payables from main operations	-	28.325.603	-	28.325.603
Insurance technical reserves (*)	3.770.019	(14.046.738)	-	(10.276.719)
Total foreign currency liabilities	3.770.019	14.278.865	-	18.048.884
Net financial position	17.479.343	253.054.565	-	270.533.908

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, 2023, 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, 2023 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 (continued)

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2023 and December 31, 2022 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2023	29,4382	32,5739	29,4913	32,6326	23,6933	25,6260
December 31, 2022	18,6983	19,9349	18,7320	19,9708	16,5443	17,3629

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2023 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction (December 31, 2022: None).

	December 31, 2023		December 31, 2022	
	Profit or loss	Equity ⁽¹⁾	Profit or loss	Equity ⁽¹⁾
US Dollar	(1.747.934)	(1.747.934)	3.414	3.414
Euro	(25.305.457)	(25.305.457)	1.713.355	1.713.355
Total, net	(27.053.391)	(27.053.391)	1.716.769	1.716.769

⁽¹⁾ 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, 2023	December 31, 2022
Financial assets / (liabilities) with fixed interest rates:		
Cash at banks (Note 14)	98.067.323	153.982.956
Available for sale financial assets - Private sector borrowing bonds - TL (Note 11)	7.076.400	-

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.

Türk Katılım Reasürans Anonim Şirketi

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as of December 31, 2023

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

4. Management of insurance and financial risk (continued)

4.2 Management of insurance risk (continued)

Market risk (continued)

Classification relevant to fair value information

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

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 *TFRS 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.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	7.076.400	-	-	7.076.400
Total	7.076.400	-	-	7.076.400

Gain and losses from financial assets

	January 1- December 31, 2023	January 1- December 31, 2022
Gains and losses recognized in the statement of income, net:		
Profit share income from participation bank account	47.908.254	27.057.764
Income from debt securities classified as available for sale financial assets	237.253	-
Foreign exchange gains	80.033.167	586.745
Investment income	128.178.674	27.644.509
Foreign exchange losses	(35.254.408)	(799.495)
Investment management expenses (including interest)	(66.332)	(39.111)
Investment expenses	(35.320.740)	(838.606)
Gains and losses recognized in the statement of income, net	92.857.934	26.805.903

	December 31, 2023	December 31, 2022
Gains and losses recognized in the statement of equity:		
Fair value changes in available for sale financial assets (Note 15)	(112.597)	-
Gains and losses recognized in the statement of equity, net	(112.597)	-

Türk Katılım Reasürans Anonim Şirketi

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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)

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; capital adequacy calculations are conducted twice a year, in June and December. The Company measured its minimum capital requirement as TL 164.594.798 (December 31, 2022: TL 66.302.957). The Company's equity capital calculated as of December 31, 2023 is TL 22.633.250 less than the minimum required equity capital (December 31, 2022: TL 44.431.157 capital surplus). The company's main shareholder has declared and committed in writing that necessary actions will be taken in compliance with legal regulations in full and on time.

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, 2023, 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, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

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

6. Tangible assets

Movement in tangible assets in the period from January 1 to December 31, 2023 is presented below:

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Operating leases (Vehicles)	736.241	6.942	-	743.183
	736.241	6.942	-	743.183
Accumulated depreciation:				
Operating leases (Vehicles)	(92.030)	(371.591)	-	(463.621)
	(92.030)	(371.591)	-	(463.621)
	644.211			279.562
Carrying amounts				

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)
	214.468			644.211
Carrying amounts				

There is not any mortgage over tangible assets of the Company as at December 31, 2023 (December 31, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

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as of December 31, 2023

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

7. Investment properties

The Company has not any investment property as at December 31, 2023 (December 31, 2022: None).

8. Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2023 is presented below:

	January 1, 2023	Additions	Transfers	Disposals	December 31, 2023
Costs:					
Rights	35.400	-	-	-	35.400
	35.400				35.400
Accumulated amortization:					
Intangible assets	(6.883)	(11.800)	-	-	(18.683)
	(6.883)	(11.800)			(18.683)
Net book value	28.517				16.717

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

	January 1, 2022	Additions	Transfers	Disposals	December 31, 2022
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, 2023, the Company has not any associates (December 31, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

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as of December 31, 2023

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

10. Reinsurance asset and liabilities

As of December 31, 2023 and 2022, outstanding reinsurance assets and liabilities of the Company, as reinsurance company in accordance with existing reinsurance contracts are as follows:

	December 31, 2023	December 31, 2022
Reinsurance assets		
Receivables from reinsurance companies (Note 12)	119.008.869	-
Unearned premiums reserve, ceded (Note 17)	8.158	77.856
Unexpired risk reserve, ceded (Note 17)	-	581
Outstanding claims reserve, ceded (Not 4.2), (Not 17)	172.042.284	5.901.733
Other technical reserves, ceded (Note 17)	8.103.954	699.276
Total	299.163.265	6.679.446

There are no impairment losses recognized for reinsurance assets.

	December 31, 2023	December 31, 2022
Reinsurance liabilities		
Payables to reinsurance companies related to premiums written	36.573.543	940.394
Deferred commission income (Note 19)	1.020	9.245
Cash deposited by reinsurance companies (Note 19)	39.432.419	3.409.925
Total	76.006.982	4.359.564

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, 2023	January 1 - December 31, 2022
Premiums ceded during the period (Note 17)	(100.040.692)	(10.482.787)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(77.856)	-
Unearned premiums reserve, ceded at the end of the period (Note 17)	8.158	77.856
Premiums earned, ceded (Note 17)	(100.110.390)	(10.404.931)
Claims paid, ceded during the period (Note 17)	341.239.704	81.600
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(5.901.733)	-
Outstanding claims reserve, ceded at the end of the period (Note 17)	172.042.284	5.901.733
Claims incurred, ceded (Note 17)	507.380.255	5.983.333
Commission income accrued from reinsurers during the period (Note 32)	13.485	36.321
Deferred commission income at the beginning of the period (Note 19)	9.245	-
Deferred commission income at the end of the period (Note 19)	(1.020)	(9.245)
Commission income earned from reinsurers (Note 32)	21.710	27.076
Changes in unexpired risks reserve, ceded (Note 17)	-	581
Changes in equalization reserve, ceded (Note 17)	8.103.954	699.276
Total, net	415.395.529	(3.694.665)

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

11. Financial assets

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

	December 31, 2023	December 31, 2022
Available for sale financial assets	7.076.400	-
Total	7.076.400	-

As of December 31, 2023, the details of the Company's available for sale financial assets are as follows:
(December 31, 2022: None).

	December 31, 2023			Net book value
	Nominal value	Cost	Fair value	
Debt instruments:				
Private sector bonds - TL	7.000.000	7.000.000	7.076.400	7.076.400
Total	7.000.000	7.076.400	7.076.400	7.076.400
Total available for sale financial assets (Note 4.2)	7.000.000	7.076.400	7.076.400	7.076.400

As of December 31, 2023, the Company does not have any securities classified as trading or held-to-maturity financial assets (December 31, 2022: None)

The company does not have any financial assets issued by its associated entities.

During the period, there are no securities representing borrowings issued by the Company or previously issued and redeemed during the period.

There are no financial assets within the Company's portfolio that have matured but have not yet suffered any impairment.

The movements of financial assets during the period are as follows:

	December 31, 2023		
	Available for sale	Held for trading	Total
Balance at the beginning of the period	-	-	-
Acquisitions during the period	7.000.000	-	7.000.000
Change in the fair value of financial assets	76.400	-	76.400
Balance at the end of the period	7.076.400	-	7.076.400

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

12. Loan and receivables

	December 31, 2023	December 31, 2022
Receivables from main operations (Note 4.2)	474.004.981	154.828.993
- third parties (Note 4.2)	354.999.791	154.828.993
- related parties (Note 4.2), (Note 45)	119.005.190	-
Income accruals (Note 4.2) (*)	544.132	-
Prepaid expenses (Note 4.2) (**)	186.463	18.635
Prepaid taxes and funds (Note 4.2)	31.010.859	3.319.520
Total	505.746.435	158.167.148
Short-term receivables	505.746.435	158.167.148
Long-term receivables	-	-
Total	505.746.435	158.167.148

(*) Consists of replacement premium accruals.

(**) Prepaid expenses consist of personnel health insurance, meal benefits and other prepaid externally provided benefits and services.

As of December 31, 2023 and 2022, receivables from main operations are detailed as follows:

	December 31, 2023	December 31, 2022
Receivables from insurance companies	351.672.174	154.540.438
Receivables from brokers and intermediaries	3.323.938	288.555
Receivables from reinsurance companies (Note 10)	119.008.869	-
Total receivables from insurance operations, net	474.004.981	154.828.993
Receivables from main operations	474.004.981	154.828.993

As of December 31, 2023, the Company does not have any mortgages and collaterals obtained for receivables (December 31, 2022: 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, 2022: None).

b) *Provision for premium receivables (due):* None (December 31, 2022: 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, 2023, the Company has no derivative financial instruments (December 31, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

14. Cash and cash equivalents

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

	December 31, 2023		December 31, 2022	
	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	199.566.538	153.986.733	153.986.733	104.202.963
Cash and cash equivalents in the balance sheet	199.566.538	153.986.733	153.986.733	104.202.963
Interest accruals on bank deposits	(135.630)	(1.954.497)	(1.954.497)	(1.357.002)
Cash and cash equivalents presented in the statement of cash flows	199.430.908	152.032.236	152.032.236	102.845.961

As at December 31, 2023 and December 31, 2022, participation bank accounts are further analyzed as follows:

	December 31, 2023	December 31, 2022
Foreign currency denominated bank accounts		
- time deposits	65.391.223	-
- demand deposits	101.499.215	3.777
Bank deposits in Turkish Lira		
- time deposits	32.676.100	153.982.956
- demand deposits	-	-
Banks	199.566.538	153.986.733

All participation bank accounts have a term of less than three months and profit share rates for the participation bank accounts to TL applied is 32,00% (December 31, 2022: %9,50-%26,50), for foreign currency deposits 4,00% (December 31, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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

15. Equity

Paid in capital

As of December 31, 2023 and 2022, the shareholding structure of the Company is as follows:

Name	December 31, 2023		December 31, 2022	
	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, 2023	December 31, 2022
Legal reserves at the beginning of the period	152.944	-
Transfer from profit	54.928	152.944
Legal reserves at the end of the period	207.872	152.944

Valuation of financial assets

As of December 31, 2023 and 2022, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	December 31, 2023		December 31, 2022	
	Available for sale financial assets	Total	Available for sale financial assets	Total
Revaluation differences at the beginning of the period				
Change in the fair value during the period	(160.852)	(160.852)	-	-
Deferred tax effect	48.255	48.255	-	-
Revaluation differences at the end of the period	(112.597)	(112.597)	-	-

Türk Katılım Reasürans Anonim Şirketi

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15. Equity (continued)

Other Profit Reserves

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

The movement table of other profit reserves as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Other profit reserves at the beginning of the period	-	-
Actuarial (loss)/gain (Note 23)	(11.503)	-
Deferred tax effect	3.451	-
Other profit reserves at the end of the period	(8.052)	-

16. Other reserves and equity component of discretionary participation

As of December 31, 2023 other reserves are explained in detail in Note 15 - Equity above.

As of December 31, 2023, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature (December 31, 2022: None).

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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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, 2023 and 2022, technical reserves of the Company are as follows:

	December 31, 2023	December 31, 2022
Unearned premiums reserve, gross	395.124.372	172.280.280
Unearned premiums reserve, ceded (Note 10)	(8.158)	(77.856)
Unearned premiums reserve, net	395.116.214	172.202.424
Unexpired risk reserve, gross	6.309.469	2.050.894
Unexpired risk reserve, ceded (Note 10)	-	(581)
Unexpired risk reserve, net	6.309.469	2.050.313
Outstanding claims reserve, gross	274.349.388	74.474.035
Outstanding claims reserve, ceded (Note 10)	(172.042.284)	(5.901.733)
Outstanding claims reserve, net	102.307.104	68.572.302
Other technical reserve, gross	27.573.811	7.275.959
Other technical reserve, ceded (Note 10)	(8.103.954)	(699.276)
Other technical reserve, net	19.469.857	6.576.683
Total technical provisions, net	523.202.644	249.401.722
Short-term	503.732.787	242.825.039
Mid and long-term	19.469.857	6.576.683
Total technical provisions, net	523.202.644	249.401.722

As of December 31, 2023 and 2022, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2023		
	Gross	Ceded	Net
Unearned premiums reserve			
Unearned premiums reserve at the beginning of the period	172.280.280	(77.856)	172.202.424
Written premiums during the period	971.756.926	(100.040.692)	871.716.234
Earned premiums during the period	(748.912.834)	100.110.390	(648.802.444)
Unearned premiums reserve at the end of the period	395.124.372	(8.158)	395.116.214

	December 31, 2022		
	Gross	Ceded	Net
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

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Notes to the Financial Statements as of December 31, 2023

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17. Insurance contract liabilities and reinsurance assets (continued)

Unexpired risk reserve	December 31, 2023		
	Gross	Ceded	Net
Unexpired risk reserve at the beginning of the period	2.050.894	(581)	2.050.313
Change in unexpired risk reserves during the period	4.258.575	581	4.259.156
Unexpired risk reserve at the end of the period	6.309.469	-	6.309.469

Unexpired risk reserve	December 31, 2022		
	Gross	Ceded	Net
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

Outstanding claims reserve	December 31, 2023		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	74.474.035	(5.901.733)	68.572.302
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	969.398.604	(507.380.255)	462.018.349
Claims paid during the period	(769.523.251)	341.239.704	(428.283.547)
Outstanding claims reserve at the end of the period	274.349.388	(172.042.284)	102.307.104

Outstanding claims reserve	December 31, 2022		
	Gross	Ceded	Net
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

Other technical reserves	December 31, 2023		
	Gross	Ceded	Net
Equalization reserve at the beginning of the period	7.275.959	(699.276)	6.576.683
Equalization reserve during the period	20.297.852	(7.404.678)	12.893.174
Equalization reserve at the end of the period	27.573.811	(8.103.954)	19.469.857

Other technical reserves	December 31, 2022		
	Gross	Ceded	Net
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

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17. Insurance contract liabilities and reinsurance assets (continued)

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

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

Total amount of insurance risk on a branch basis

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

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

None.

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

None.

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

None.

Pension investment funds established by the Company and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

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

None.

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

None.

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

None.

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

None.

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.

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17. Insurance contract liabilities and reinsurance assets (continued)

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, 2023, deferred acquisition costs are amounting to TL 117.798.088 (December 31, 2022: TL 51.210.454) that consist of short-term deferred commission expenses are amounting to TL 105.088.754 (December 31, 2022: TL 44.625.701) and the part amounting to TL 12.709.334 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2022: TL 6.584.753).

For the periods ended December 31, 2023 and 2022, the movement of deferred commission expenses are presented below:

	December 31, 2023	December 31, 2022
Deferred commission expenses at the beginning of the period	44.625.701	-
Commissions accrued during the period (Note 32)	249.111.029	98.490.876
Commissions expensed during the period (Note 32)	(188.647.976)	(53.865.175)
Deferred commission expenses at the end of the period	105.088.754	44.625.701

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

	December 31, 2023	December 31, 2022
Other financial liabilities (Not 20)	309.158	663.614
Payables from reinsurance operations	138.153.701	4.660.395
- third parties	101.546.584	3.720.001
- related parties (Note 45)	36.607.117	940.394
Cash deposited by reinsurance companies (Note 10)	39.432.419	3.409.925
Deferred commission income (Note 10)	1.020	9.245
Taxes and other liabilities and similar obligations	234.761	118.098
Other payables	127.145	19.735
Total	178.258.204	8.881.012
Short-term liabilities	178.258.204	8.576.762
Long-term liabilities	-	304.250
Total	178.258.204	8.881.012

As of December 31, 2023, 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, 2023	December 31, 2022
Corporate tax liabilities	(13.450.000)	(1.003.510)
Taxes paid during the year	44.460.859	4.323.030
Corporate tax asset/(liability), net	31.010.859	3.319.520

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

None.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

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20. Financial liabilities

	December 31, 2023	December 31, 2022
Payables from operating leases (Note 34) (*)	309.158	663.614
Short term	309.158	359.364
Mid and long term	-	304.250
Total	309.158	663.614

(*) As of December 31, 2023 and 2022, the details of financial liabilities are presented in Note 34 - Financial costs.

21. Deferred tax

As at December 31, 2023 and 2022, deferred tax assets and liabilities are attributable to the following:

	December 31, 2023		December 31, 2022	
	Tax rate used %	Deferred tax assets / (liabilities)	Tax rate used %	Deferred tax assets / (liabilities)
Expense accruals	30	2.431.308	25	67.182
Equalization reserve	30	2.029.183	25	1.989
Unexpired risk reserves	30	1.892.841	25	512.578
Time participation bank account rediscount	30	64	25	6.574
Adjustment of TFRS 16	30	9.214	25	4.851
Provisions for employee termination benefits	30	15.937	25	6.505
Provision for unused vacation	30	17.438	25	13.583
TAS adjustment differences in depreciation	30	2.806	25	(1.229)
Other	30	2.094	25	-
Income accrual	30	(163.240)	25	-
Deferred tax assets / (liabilities), net		6.237.645		612.033

As at December 31, 2023, the Company has not any deductible tax losses (December 31, 2022: None).

Movement of deferred tax assets are given below:

	December 31, 2023	December 31, 2022
Opening balance at January 1	612.033	1.130
Deferred tax income/ expense (Note 35)	5.573.906	610.903
Deferred tax income/ expense recognised in equity (Note 15)	51.706	-
Deferred tax assets / (liabilities)	6.237.645	612.033

22. Retirement benefit obligations

None.

Türk Katılım Reasürans Anonim Şirketi

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as of December 31, 2023

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

23. Other liabilities and expense accruals

As of December 31, 2023 and 2022, other liabilities and expense accruals are as follows:

	December 31, 2023	December 31, 2022
Substitution outstanding reserves under excess of loss agreements	8.104.360	268.729
Personnel bonus provision	1.010.250	-
Provision for unused vacation	58.125	54.331
Provision for employee termination benefits	53.124	26.018
Invoice accruals (*) (Note 45)	3.542.985	1.859.853
Total	12.768.844	2.208.931

(*) 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.

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

	December 31, 2023	December 31, 2022
Provision for employee termination benefits beginning of the period	26.018	-
Interest cost (Not 47)	6.519	-
Service cost (Not 47)	32.036	26.018
Payments during the period (Not 47)	(22.952)	-
Actuarial loss/(gain) (Note 15)	11.503	-
Provision for employee termination benefits end of the period	53.124	26.018

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2023	December 31, 2022
Provision for unused vacation beginning of the period	54.331	-
Provision made during the period (Note 47)	49.142	54.331
Provision for unused vacation canceled during the period (Note 47)	(45.348)	-
Provision for unused vacation end of the period	58.125	54.331

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24. Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2023			January 1 - December 31, 2022		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	671.632.406	(26.451.376)	645.181.030	305.857.388	(3.078.882)	302.778.506
Fire and Natural Disasters	226.603.770	(69.781.977)	156.821.793	70.746.054	(6.355.962)	64.390.092
Accident	44.413.724	(81.719)	44.332.005	593.912	(77.723)	516.189
Marine	9.928.870	(1.199.355)	8.729.515	4.210.771	(230.622)	3.980.149
General Liabilities	7.782.977	(244.783)	7.538.194	2.838.254	(367.449)	2.470.805
Water Vehicles	7.272.382	(1.011.768)	6.260.614	2.498.812	(231.505)	2.267.307
Financial Losses	2.121.830	(1.073.175)	1.048.655	452.113	(117.397)	334.716
Land Vehicles	1.991.796	(195.761)	1.796.035	93.180	(22.079)	71.101
Legal Protection	9.171	(778)	8.393	-	(1.168)	(1.168)
Land Vehicles Liability	-	-	-	16.444	-	16.444
Total	971.756.926	(100.040.692)	871.716.234	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*.

29. Insurance rights and claims

	January 1 - December 31, 2023	January 1 - December 31, 2022
Claims paid, net off reinsurers' share	428.283.547	83.692.463
Changes in unearned premiums reserve, net off reinsurers' share	222.913.790	172.202.424
Changes in unexpired risk reserve, net off reinsurers' share	4.259.156	2.050.313
Change in outstanding claims reserve, net off reinsurers' share	33.734.802	68.572.302
Change in equalization reserve, net off reinsurers' share	12.893.174	6.576.683
Total	702.084.469	333.094.185

30. Investment contract benefits

None.

Türk Katılım Reasürans Anonim Şirketi

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

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, 2023	January 1 - December 31, 2022
Commission expenses (Note 17)	188.647.976	53.865.175
Commissions to the intermediaries accrued during the period (Note 17)	249.111.029	98.490.876
Changes in deferred commission expenses (Note 17)	(60.463.053)	(44.625.701)
Employee benefit expenses (Note 33)	17.268.059	5.432.982
Administration expenses	6.150.090	1.449.450
Outsourced benefits and services	2.658.340	930.968
Commission income from reinsurers (Note 10)	(21.710)	(27.076)
Commission income from reinsurers accrued during the period	(13.485)	(36.321)
Change in deferred commission income	(8.225)	9.245
Total	214.702.755	61.651.499

33. Employee benefit expenses

	January 1 - December 31, 2023	January 1 - December 31, 2022
Wages and salaries	16.751.529	5.309.149
Employer's share in social security premiums	444.788	112.802
Pension fund benefits	71.742	11.031
Total (Note 32)	17.268.059	5.432.982

34. Financial costs

As of December 31, 2023, TL 66.332 (January 1 - December 31, 2022: TL 39.111) 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 371.591 is recognised under the "Depreciation and Amortization Expense" accounts (January 1 - December 31, 2022: TL 150.521).

As of December 31, 2023 and 2022, discounted reimbursement plan for operating leases of the Company is as follows:

	December 31, 2023	December 31, 2022
	Operating Leases Reimbursement Plan -TL	Operating Leases Reimbursement Plan -TL
Up to 1 year	309.158	359.364
1 to 2 years	-	304.250
Total (*)	309.158	663.614

(*) As of reporting date, TL 309.158 (December 31, 2022: TL 359.364) was short term, there are no balance corresponding to long term (December 31, 2022: TL 304.250).

Türk Katılım Reasürans Anonim Şirketi

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35. Income taxes

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

	January 1 - December 31, 2023	January 1 - December 31, 2022
Corporate tax expense:		
Corporate tax provision	(13.450.000)	(1.003.510)
Deferred taxes:		
Origination and reversal of temporary differences	5.573.906	610.903
Total income tax income / (expense)	(7.876.094)	(392.607)

For the periods then ended as of December 31, 2023 and 2022, 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, 2023		December 31, 2022	
Profit before taxes	26.331.005	Tax rate (%)	1.491.163	Tax rate (%)
Taxes on income per statutory tax rate	7.899.302	30,00	372.791	25,00
Tax-exempt incomes	(6.500.766)	(24,69)	(612.598)	(41,08)
Non-deductible expenses	6.477.558	24,60	632.414	42,41
Total tax expense recognized in loss / (profit)	7.876.094	29,91	392.607	26,33

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, 2023	January 1 - December 31, 2022
Net profit for the period	18.454.911	1.098.556
Weighted average number of shares	100.000.000	100.000.000
Earnings per share (TL)	0,185	0,011

38. Dividends per share

None.

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

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

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, 2023, the Company has not been the subject of any lawsuits (December 31, 2022: 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.

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, 2023 and 2022, the details of the transactions performed with related parties are as follows:

	December 31, 2023	December 31, 2022
Türk Reasürans A.Ş. - income accruals related to intra-group services	119.005.190	-
Türk Reasürans A.Ş. - payables arising from main operation under retrocession contracts	36.607.117	940.395
Türk Reasürans A.Ş. - expense accruals related to intra-group services	3.522.762	1.859.853
T Rupt Teknoloji A.Ş. - license maintenance and support service procurement	3.676.590	-

Türk Katılım Reasürans Anonim Şirketi

Notes to the Financial Statements

as of December 31, 2023

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46. Subsequent events

In accordance with the circular dated March 11, 2024, SEDDK announced that insurance and reinsurance companies will start to apply inflation accounting as of January 1, 2025.

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, 2023

Other technical expenses in the income statement amounting to TL 20.976.492 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (December 31, 2022: TL 7.144.459).

The details of provisions for the period ended on December 31, 2023 and 2022 are as follows:

Provisions expenses	January 1 - December 31, 2023	January 1 - December 31, 2022
Provision for unused vacation expense (Note 23)	3.794	54.331
Provision for employee termination benefits expense (Note 23)	15.603	26.018
Provisions	19.397	80.349
Fees paid to an independent auditor or an independent audit firm for services		
	January 1 - December 31, 2023	January 1 - December 31, 2022
Independent audit fee for the reporting period	1.265.000	195.000
Fees for tax advisory services	64.625	40.500
Total (*)	1.329.625	235.500

(*) The fee is excluding VAT.

