

WE GROW TOGETHER



In 2020, we brought a different enthusiasm to the insurance sector. As a 100% subsidiary of Kuveyt Türk, Turkey’s leading participation finance institution, we continue to give confidence to the present and the future with our new structure built on deep-rooted knowledge and experience.

We left behind 2022, during which we added new achievements in a year dominated by challenging macroeconomic conditions. In line with the strategies and plans we have made, we have continued our development with our expert, well-trained, young and dynamic people.

As one of the best known and most trusted brands in the industry in a short time, we are now setting out towards greater goals.

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A hand is placing a wooden block with a target icon on top of a pyramid of other wooden blocks. The pyramid consists of six blocks in total, arranged in three rows: the bottom row has three blocks (lightbulb, magnifying glass, clock), the middle row has two blocks (gears, bar chart), and the top block has a target icon. The background is a blurred blue and white.

Strategic and **strong** **steps** into the future

Last year, we had created our 5-year strategic plan that will elevate Neova Participation Insurance to higher ranks in the market and to maximize customer experience. This path continues to lead us through different successes under tough competitive environment. While we are taking strong steps towards the future with our balanced portfolio management and strong capital structure, the 115% increase in premium production suggests that we can reach higher targets.

TRY **500** MILLION
Paid-in capital



Strong business and target partnership **with agents**

Our agents are our most important business partners and at the center of our 2025 growth strategy. While increasing the number of our agents to over 3,000 in 2022, we have provided 70.9% of our total premium production through our agents. We are delighted growing with our agents, which we see as members of this big family.

70.9%
The share of
our agents
in premium
production



Innovative approach, **instant solutions**

We continue to transform and make life easier with our innovative products and services. With the “Neova Agent” application we have developed for our agents, we enable our agents to provide services to their customers more closely. In our digital transformation process, we employ the fastest, most efficient and technological methods for damage assessment of our customers; and we shorten the appraisal time with our ‘Remote Video Appraisal’ tool. In this way, we are able to increase efficiency while reducing operational processes.

A close-up photograph of two hands shaking in a firm grip. The hand on the left is wearing a light blue shirt cuff, and the hand on the right is wearing a dark suit jacket with a white shirt cuff. The background is a light green world map. A white curved shape on the right side of the image contains text.

Overseas development with breakthroughs

As the pioneer company of the insurance industry in the field of innovation, we established Neova Techafull in an effort to provide “digital participation insurance service for the first time in Europe”. With Techafull, we offer our customers the opportunity to purchase insurance policies in an easy and completely digital way and we continue to develop the most suitable solutions for the needs of our customers. As we aim at growing with innovative services and solutions, we support sustainability with our fully digitalized business model by deploying the innovative step we took in Germany to the rest of Europe.

Message from the Chairman of the Board of Directors

As Turkey stands out with its high growth rate among OECD countries, the insurance sector continues its growth.

We are going through a period where inflation rates are rising all over the world which in turn affects processes such as the global supply chain, production and operations. In this sense, 2022 was a year during which some challenges were experienced as a result of both the conflict between Russia and Ukraine and the decisions taken by countries in their monetary policies. According to the International Monetary Fund (IMF) Global Economic Outlook Update report, the global economic growth, which is estimated to be 3.4% in 2022, is predicted to decrease to 2.9% in 2023 and then to recover to 3.1%. According to the data of the Turkish Statistical Institute (TUIK), while the Turkish economy grew by 5.6% in 2022, it draws attention with its high growth rate among the Organization for Economic Cooperation and Development (OECD) countries.

Global and national economic developments had an impact on insurance as well as in all sectors in 2022. Inflation and the increase in accident costs caused prices to rise. Despite all these unfavorable developments, the sector continued to grow in 2022. According to the data disclosed by the Insurance Association of Turkey (TSB), the total premium production of the sector as at the end of 2022 increased by 123% compared to the same period of the previous year and amounted to TRY 235 billion 12 million. The real growth rate in the sector at the end of 12 months after adjusting for inflation was recorded as 35.9%.

We were able to increase our total premium production by 115% compared to 2021

According to the Turkish Insurance Association (TSB) data, the non-life insurance sector grew by 133% in 2022. As Neova Participation Insurance, we managed to reach our targets by growing above the sector in many branches in 2022. While increasing our total premium production by 115%, we have also achieved a premium production of TRY 5.7 billion in 2022.

Our brand Techafull, which offers Europe's first digital participation insurance service, signed its first policy

Established in November 2021 to provide "digital participation insurance service for the first time in Europe", Neova Techafull GmbH continues its operations in Germany without deceleration. Started issuing policies in 2022, Techafull offers its customers the opportunity to purchase policies in an easy and completely digital way through the website www.techafull.com. While Techafull aims to grow in Germany with the innovative services and solutions, it continues to develop the most suitable solutions for the needs and demands of its customers.

We made our first investment in the Lumnion venture with Neova VCIF

As Neova Participation Insurance, we have launched the Neova Participation Insurance Venture Capital Investment Fund (CVIF) in 2021 to provide products and services in the insurance sector, as well as to support entrepreneurs in the field of technology and innovation. With

this fund, we aimed to support technology-oriented initiatives in our sector and contribute to the development of the sector. In line with our 5-year growth strategy, we both provide capital support to entrepreneurs and are on the way to become an insurance company that uses the technologies they developed. With Neova CVIF, we primarily focus on technology-oriented startups operating in the insurance sector (InsurTech). For this purpose, we made our first investment in Lumnion, whose products we also use. Lumnion offers solutions for the insurance industry with its artificial intelligence and machine learning-based risk pricing platform.

As the pioneer of participation insurance in Turkey, we will continue to contribute to both the national economy and the insurance sector without slowing down in the upcoming period. We would like to express our gratitude to our stakeholders, who have always contributed to our success, and especially to our employees, who have never spared their support.

Nurettin KOLAÇ
Chairman of the Board of Directors



As Neova Participation Insurance, we managed to reach our targets by growing above the sector in many branches in 2022.

115%
Premium Growth



Message from the Chief Executive Officer

We attach great importance to sound, regular and fast communication with our agents; in this line, we support their digital transformation journeys.

As Neova Participation Insurance, we continued our growth in 2022

In 2022, macroeconomic uncertainties in the world and rising inflation all over the world along with the conflict between Russia and Ukraine were felt strongly. Problems and risks suffered in the raw material and supply chain worsened with the effect of high inflation. The decisions taken by the countries on an international scale have seriously affected the dynamics of global trade. Subsequent to such decisions, energy, raw material and commodity prices also continued to follow an upward momentum. Despite the economic challenges, as Neova Participation Insurance, we successfully completed the year 2022 with the strength we have received from Kuveyt Türk Finance Group.

We have increased our total premium production by 115%

While uncertainties dominated in general in 2022, we managed to maintain our growth momentum. By investing in the right areas and using our technical specialization and

sales channels more effectively, we increased our premium production by 115% compared to the previous year and achieved a level of TRY 5.7 billion. While we continued our growth in all branches, we achieved a growth above the sector in most of the branch categories such as fire, natural disaster, motor insurance and general losses.

We achieved a growth rate of 308% in the motor insurance branch compared to 2021

Achieving a significant success in the motor insurance branch in 2022, we reached a growth rate of 308% compared to 2021. We are among the top three growing insurance companies in the motor insurance branch. In addition, we became one of the few companies that switched to artificial intelligence-supported pricing in car insurance. We wish to make this growth momentum that we have achieved in car insurance sustainable. In addition, despite all uncertainties, as Neova Participation Insurance, we increased our premium production in traffic insurance.

We continue to support our sales channels both in terms of production and technology.

By increasing the number of our agents to over 3000 in 2022, we started to serve more customers. The premium production of our agents increased by 108%. We attach great importance to sound, regular and fast communication with our agents; in this line, we support their digital transformation journeys. We continue our efforts to renew our policy offer screens in terms of design and experience in order to facilitate the workload of our agents. In addition, we came together with our agents at the breakfasts we organized in all of our regional directorates in 2022. We shared our future growth strategy with our agents.

The year 2022 was a year during which we achieved significant achievements on behalf of our company in the bancassurance sales channel. While expanding our production volume in this channel, we also increased our bancassurance share in the sector from 3.1% to 4.8%. We were able to reach more customers and reach different customer groups through our bank channel. We aim to use the bank's digital sales channels effectively with the projects we develop. I can say that we managed to manage the risk well while approaching the sector averages in 2022 with a balanced branch mix.

PIONEER OF PARTICIPATION INSURANCE



We are among the top three growing insurance companies in the motor insurance branch.

308%
Car Insurance
Premium
Growth

Message from the Chief Executive Officer

As Neova Participation Insurance, we continue to use innovative technologies and develop new products and services.

108%
**Agent-Raised
Premium Increase**

We have specialized in technical fields

The year 2022 has been a year in which we expanded our organization in technical fields for our company. We have improved and accelerated our risk selection processes with the 3 new policy acceptance directorates we have established and the end-to-end job acceptance project we have started. We are well aware of our responsibilities towards our reinsurance companies, one of our key business partners in the sector, and we invest in both our system and our organization for this purpose. With the expert teams we have formed, we have increased our capacity in many areas such as tariffs, pricing, etc.

We have sponsored the ITU Çekirdek 'Insurtech Program'

As Neova Participation Insurance, we continue to use innovative technologies and develop new products and services. We wish to take a leading role in the technological transformation of the insurance industry. Accordingly, we have sponsored the ITU Çekirdek InsurTech Program, which plays a key role in the transformation of the industry with advanced technologies and brings start-ups together with the leading companies of the industry for this goal. The program brings us together with initiatives that can be beneficial for the industry. We shape our innovative efforts with the resulting synergy. As part of the cooperation, our

Neova Participation Insurance directors were able to know the start-ups closely as a jury in the quarter-finals, semi-finals and Big Bang processes of ITU Çekirdek. At the same time, our employees provided mentorship to the initiatives supported by ITU Çekirdek and guided them. Initiatives eligible to be supported as part of the program were also entitled to receive a share out of the TRY 150 thousand cash prize offered by Neova Participation Insurance at Big Bang 2022.

We became the first insurance company in Teknopark

As Neova Participation Insurance, we moved our Information Technologies group to Teknopark Istanbul. With this remarkable step, we aim to increase our contribution to the technology ecosystem, accelerate our R&D studies, develop inter-sectoral and academic collaborations, add new ones to innovative insurance products and train qualified human resources in the field of IT. With the technologies developed here, we will make life easier for all our customers, especially our agents, and add value to our industry. As Neova Participation Insurance, we believe that we will achieve many innovations with this step, which is a first in the insurance sector, and we are looking forward to realizing our plans for the future with this shared synergy.

Our organization is growing, competencies are improving, HR processes are getting digital

We continue to develop our organization in line with our growth strategy. Accordingly, 87 employee candidates joined the Neova family in 2022. One third of these candidates have started working in our Information Technologies group. Also in 2022, 15 new directorates were formed within our company.

In order to bring new graduates to our industry and increase the attractiveness of the sector among students, we have admitted 34 new students to Neova Campus, the long-term internship program. By putting in place the online training platform; our employees are provided with access to training programs whenever and wherever they wish. Again in 2022, we contributed to the development of managerial skills of our mid-level officers with the "Executive Coaching" programs.

We have completed all our steps through the BOA Enterprise Resource Planning software, by digitizing the performance assessment and promotion processes. We participated in a survey process that has international validity and recognition to measure employee experience. As a result of the survey we applied to our employees at all levels, we were assessed as a great workplace and were entitled to get a certificate.

We elevated our brand awareness

In 2022, we accelerated our communication efforts to leverage our brand awareness. Our commercial spots, starring the popular actor and presenter Selçuk Yöntem, appeared on TV nationwide TV channels periodically. In addition, we continued our communication activities throughout the year in radio, outdoor and digital

channels. As a result of these efforts, we have succeeded in increasing our brand awareness significantly, according to the Ipsos brand soundness surveys we conduct twice a year.

We are fulfilling our responsibilities for the earthquake disaster devastating 11 provinces.

May Allah have mercy on the deceased citizens who lost their lives in the earthquakes that hit 11 provinces and approximately 13.5 million people on early Monday, February 6, 2023, wishing our condolences to their relatives and whole nation, and May Allah hasten the recovery of the injured. On the very first day of the catastrophe, we quickly formed a crisis desk and followed the agenda closely. In addition, we are trying to meet the needs of our quake victims by delivering cash and in-kind aids to the region in coordination with AFAD (Turkish Disaster Management Authority). In addition to the aid we have provided so far, we, as a company, are also implementing new practices for our agents and policy holders. In addition, we sent 3 mobile service centers to the quake-hit provinces in order to provide information and guidance to our policyholders. We will continue to fulfill our responsibilities for our cities and people suffered by the earthquake. I do believe that we will overcome this disaster with unity, togetherness and solidarity.

As Neova Participation Insurance, we will continue to be the pioneer of the participation insurance sector in our country in the upcoming years, with our strong capital structure, customer-centered service model and investments in technology.

Neslihan NECİBOĞLU
Board Member and Chief Executive Officer

In order to bring new graduates to our industry and increase the attractiveness of the sector among students, we have admitted 34 new students to Neova Campus, the long-term internship program.

Shareholding and Capital Structure

After 2022, Neova Participation Insurance is entering 2023 with its strong capital structure, dynamic and well-equipped staff and the power supplied by Kuveyt Türk Katılım Bankası.

Kuveyt Türk Katılım
Bankası A.Ş.

100%

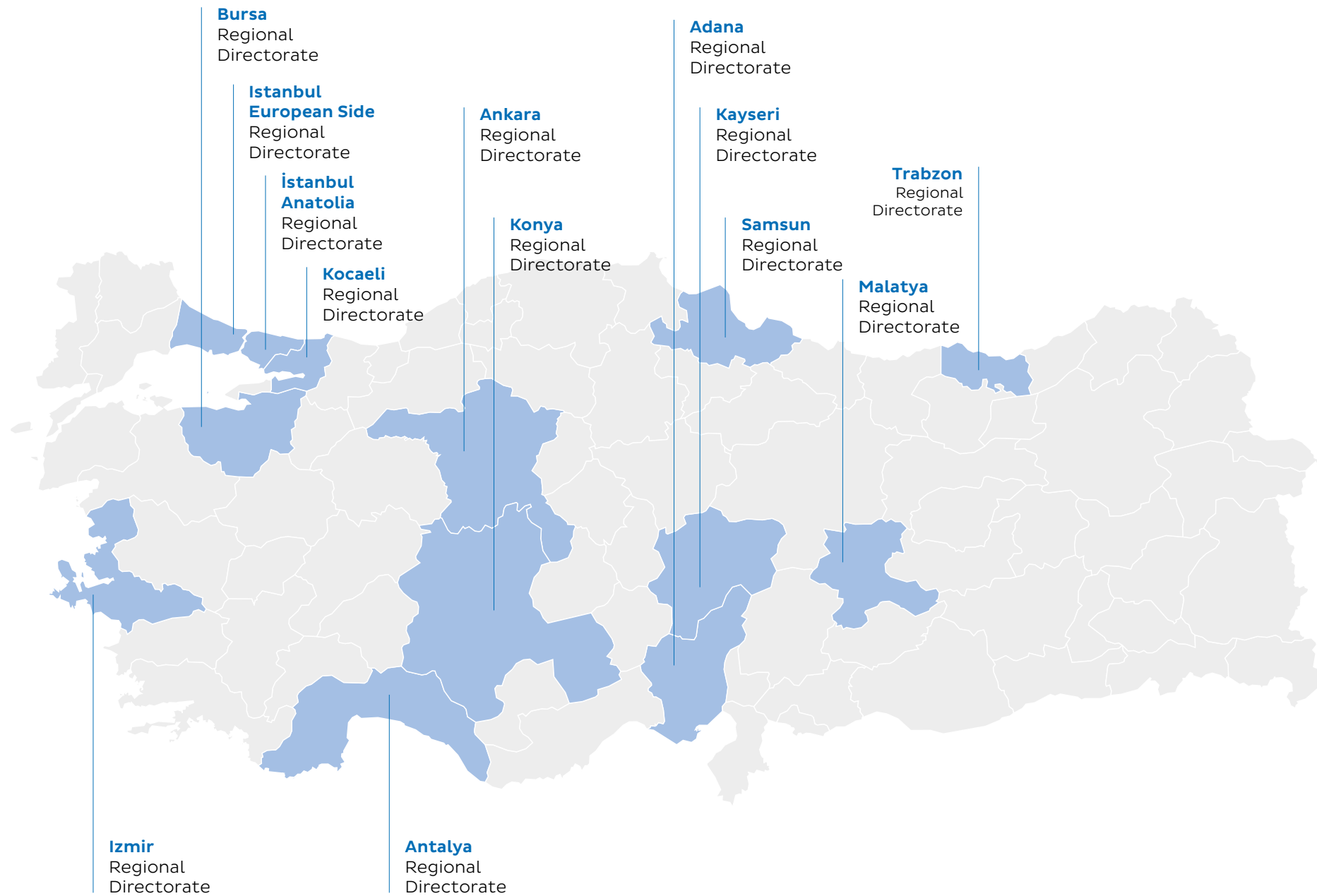
**STRONG
EQUITY
STRUCTURE**



Neova Insurance in Figures

Neova Insurance provides services across Turkey with 13 regional directorates, 3,055 agents, 836 bank branches, 59 brokers, 1,784 contracted private services providers and more than 350 employees.

Neova Insurance Regional Directorates:



13
Regional
directorates

59
Brokers

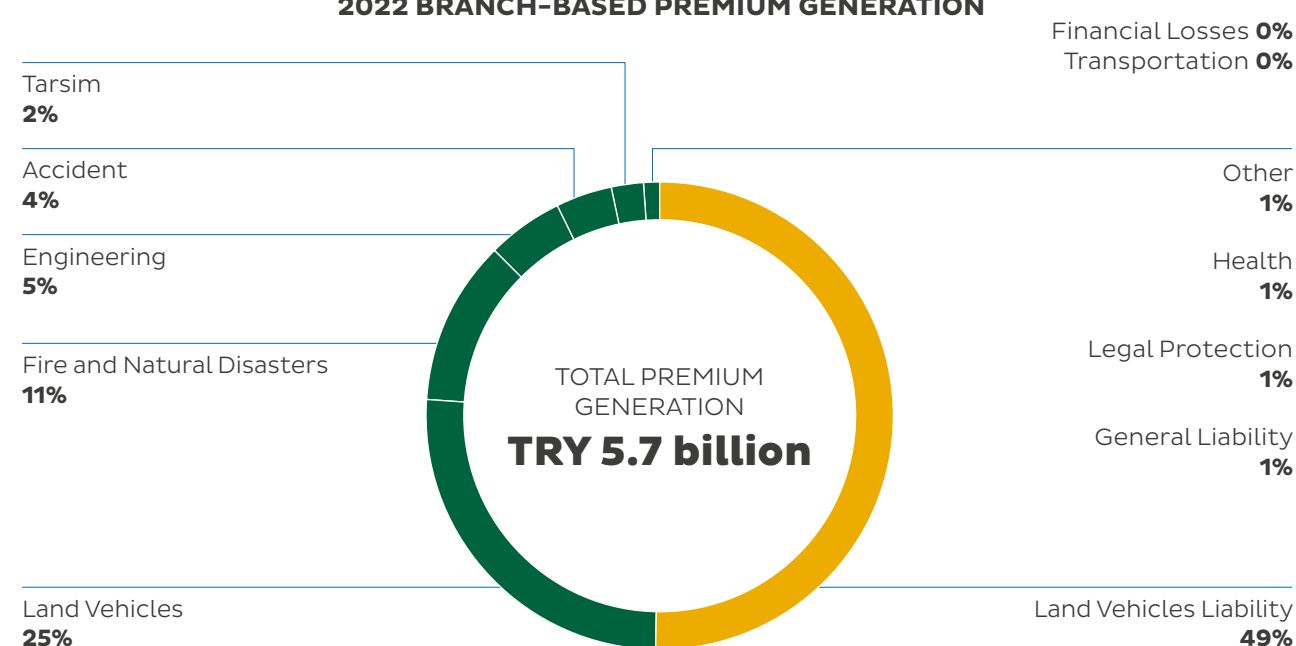
836
Bank branches

3,055
Agent network

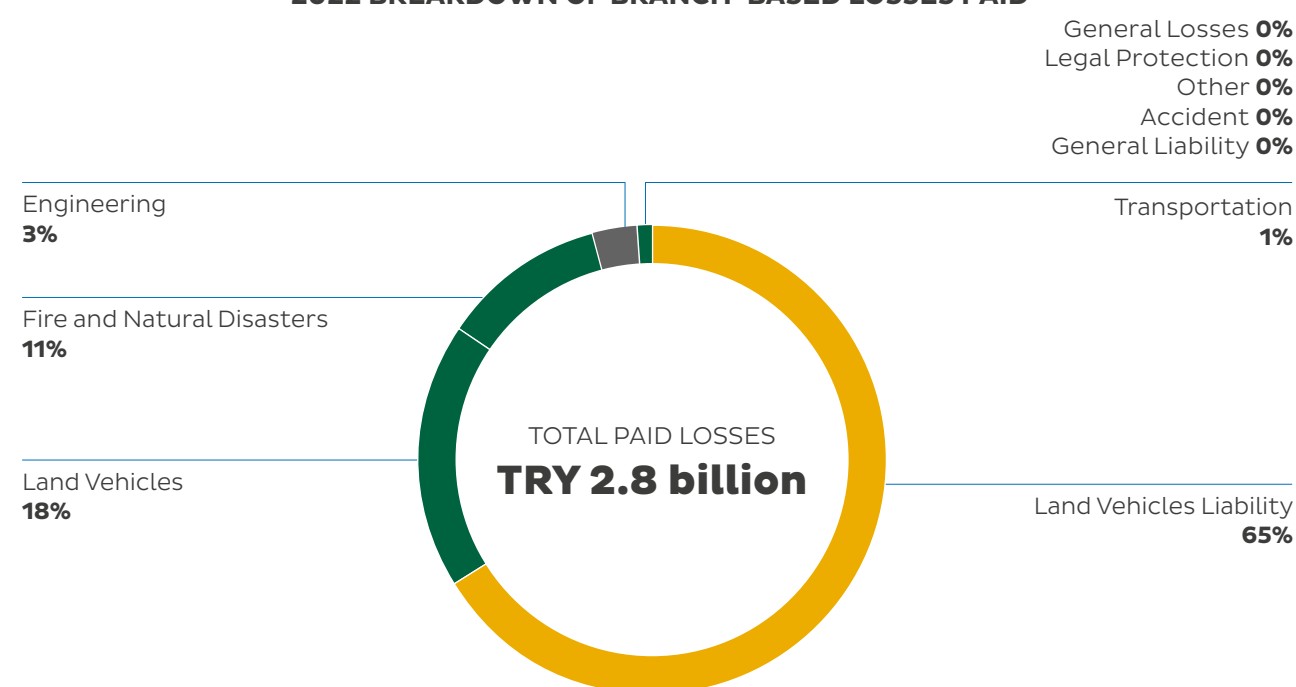
Neova Insurance in Figures

Continuing to expand its service network with innovative products and customer-focused services, Neova Participation Insurance achieved premium production of TRY 5.7 billion in 2022.

2022 BRANCH-BASED PREMIUM GENERATION



2022 BREAKDOWN OF BRANCH-BASED LOSSES PAID



Corporate Profile

Neova Insurance continues its activities with its strong capital structure, dynamic and equipped staff.

836
Bank branch
agents

3
Participation
banks

Neova Participation Insurance, which has completed its 13th year in the Turkish insurance sector in 2022, enters 2023 with its strong capital structure, dynamic and equipped staff and the power it receives from Kuveyt Türk Katılım Bankası. Neova Participation Insurance, which leads the development of Participation Insurance in Turkey and continues to implement the best practices in this field, continues its activities with its customer-oriented approach. In order to provide the best service to its customers, our company has been able to finalize its production with TRY 5,693,771,168 as of December 31, 2022 with 13 regional directorates nationwide, 836 bank branch agencies belonging to 3 participation banks, 3,055 widespread agencies nationwide and 59 brokerage channels.

Neova Participation Insurance, Turkey's first participation insurance company, had a market share of 2.9% among non-life insurance companies in Turkey as of the end of 2022. It aims to win together with all employees, business partners and ultimately the society by providing products and services at a level and quality that can satisfy the needs and expectations of its stakeholders in the future.

**HIGH
PREMIUM
PRODUCTION**



**WE CANNOT
KNOW WHAT
WILL HAPPEN
TOMORROW
IT IS BEST TO
GET INSURANCE**

*Do not be
neglectful.*

NEOVA
INSURANCE

neova.com.tr | 444 1 636

Participation Insurance

Neova Participation Insurance continues its activities in accordance with the principles laid down under the participation insurance legislation.

All kinds of dealings and transactions related to insurance policies issued on a participation basis are carried out under the supervision of the by Neova Participation Insurance A.Ş. Advisory Committee, within the framework of participation principles.

Participation insurance refers to the insurance activities carried out within the scope of the procedures and principles determined by the advisory committee on the basis of the relevant provisions in order to ensure that the activities are carried out within the scope of the relevant legislation in accordance with the participation principles. Neova Participation Insurance operates with the approval, supervision and control of the Neova Participation Insurance Advisory Committee in accordance with the principles set forth in the participation insurance legislation.

Neova Participation Insurance has adopted these principles in all insurance branches in which it operates, and ensures maximum compliance with the principle of interest-free policy issuance, claim payments, investment activities and other areas.

In accordance with the general principles of participation insurance, at Neova Participation Insurance:

- Islamic corporate governance mechanisms have been established (advisory committee, participation compliance unit, participation internal audit mechanism).
- Religiously illegitimate issues and risks are not insured.
- Any payments transferred to the Company, the selection and evaluation of the assets to be invested, cash management and participation in other financial activities are handled in accordance with the participation principles.

MAXIMUM COMPLIANCE WITH INTEREST-FREE PRINCIPLES

14 Advisory Committee Meetings

Participation Reinsurance/ Re-taqaful

The protection and services provided in accordance with the principles laid down in the participation insurance legislation in order to manage participation insurance risks are defined as "Participation Reinsurance/ Re-taqaful". For this purpose, participation reinsurance/ re-taqaful companies have been established in different locations around the world, including our country. Due to the insufficient number and capacity of participation reinsurance/ re-taqaful companies, it is possible to work with traditional reinsurance companies subject to the approval of the advisory committees. Neova Insurance provides participation reinsurance/re-taqaful coverage from domestic and international

participation reinsurance/re-taqaful companies, primarily in the country, to the extent that the number and capacity of participation reinsurance/re-taqaful companies are sufficient, with an increasing rate every year.

Activities of Advisory Committee:

Neova Participation Insurance Advisory Committee held 14 meetings in 2022 in order to ensure that the company could continue its activities in accordance with the participation insurance legislation and principles.

At the 14 Advisory Committee meetings held, evaluations were made for a total of 108 agenda items, and a total of 91 Advisory Committee decisions were taken during the same period.

Neova Participation Insurance ensures maximum compliance with the principle of interest-free policy issuance, claim payments, investment activities and other areas.



Neova Insurance Timeline

Completing its 13th year in the Turkish insurance industry, Neova Participation Insurance established Europe's first digital participation insurance brand.

2009

- As Turkey's first participation insurance company, it started to issue insurance policy.

2011

- For the first time, policy sales were made through the bank channel.

2015

- Unlimited IMM product was developed.
- No of agencies reached 1,000

2016

- A total of TRY 1 billion premium production was reached.
- Balance refund was made for the first time in Turkey.

2018

- Location-based risk pricing was launched.

- The first health insurance policy was sold.
- No of agencies reached 2,000 agencies.

2019

- Special Personal Accident plan was launched for Hajj and Umrah visits.

2020

- Ranked among the top 10 in the non-life insurance sector.
- Neova Participation Insurance became a 100% subsidiary of Kuveyt Türk Katılım Bankası A.Ş.
- The first policy sale was made through the digital channels of banks.

2021


- The title of Neova Sigorta was changed to Neova Participation Insurance, and the logo

- and corporate identity were renewed.
- Paid-in capital reached TRY 500 million.
- Neova GSYF (Venture Capital Investment Fund) worth of TRY 5 million was established.

2022

- Techafull, Europe's first digital participation insurance brand, issued its first policy in Germany.
- No of agencies reached 3,000 agencies.
- Information Technologies Group became the first insurance company to take place in Technopark.

SUSTAINABLE GROWTH WITH SOLID STEPS



**IF YOU HAVE
NEOVA CASCO
INSURANCE,
YOUR LIFE IS
NOT HALFWAY
THERE!**

*Do not be
neglectful.*

NEOVA
INSURANCE

Our Mission, Vision and Values

Our Mission

To become the best brand of the Turkish Insurance Sector by increasing the insurance awareness in our country, aiming to meet customer expectations with zero error together with our partners, employees and agencies.

Our Vision

To provide quality service and responsibility to its customers, suppliers and society with our fair, transparent, reliable, innovative and dynamic corporate values.

Our Values

Being fair

To ensure that the values arising as a result of all the activities carried out are shared fairly among the agencies, personnel and customers.

Transparency

To communicate any information that has not yet been disclosed to the public and that is not a trade secret, to all components of the company in a timely and accurate manner.

To be reliable

To fulfill the commitments made to the customers by all company employees and agencies in a complete and timely manner.

To be innovative

To reach the most efficient and profitable solutions by using all technological innovations taking human values into consideration.

To be dynamic

To adapt to changing social and economic conditions without compromising our values with our young and fast structure.

Financial Highlights

The total assets of Neova Insurance reached TRY 7.6 billion as of the end of 2022.

Neova Participation Insurance also achieved a strong growth in car insurance and non-car branches.

Neova Insurance's premium production as of the end of 2022 reached TRY 5.7 billion.

Premium Production	2021	2022
Land Vehicles Liability	1,609,347,271	2,796,916,841
Fire and Natural Disasters	291,084,562	653,862,797
Land Vehicles	350,975,010	1,430,984,725
Accident	135,802,286	251,479,550
Engineering	110,305,377	263,526,627
Tarsim	38,608,091	86,425,144
Transportation	32,527,527	12,720,525
General Liability	17,389,840	60,337,284
Legal Protection	23,980,337	31,010,786
Health	29,518,120	61,470,486
Financial Losses	2,909,810	5,636,300
Other	5,924,409	39,400,104
Total Premium Income	2,648,372,641	5,693,771,168

The total losses paid by Neova Insurance in 2022 is TRY 2.8 billion.

Paid Losses	2021	2022
Land Vehicles Liability	1,010,307,969	1,887,644,303
Land Vehicles	183,647,475	508,730,649
Fire and Natural Disasters	116,455,335	329,820,201
Engineering	20,769,729	84,471,936
Transportation	19,137,544	21,768,110
General Liability	6,801,968	10,521,956
General Losses	674,466	2,730,158
Accident	847,796	1,228,090
Legal Protection	42,180	85,871
Other	1,267,109	2,730,158
Total Paid Losses	1,359,951,571	2,888,427,633

500

TRY million

Paid-in Share Capital

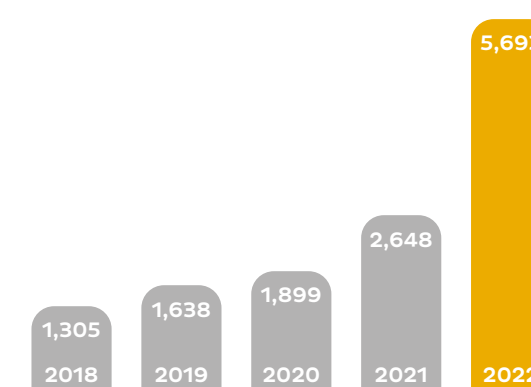
820

TRY million

Shareholders' Equity

Total premium production of Neova Participation Insurance in 2022 increased by 115% as compared to a year ago.

Neova Total Premium (TRY million)



5.7

TRY billion

Total Premium Production

2.8

TRY billion

Paid Losses

7.6

TRY billion

Total Assets



Agenda for Ordinary General Assembly Meeting

Our Company has decided at the meeting dated 10 February 2023 that the Ordinary General Assembly Meeting for the fiscal year 2022 be held on 30 March 2023 at 14:00 hours at the Company Headquarters at Kozyatağı Mah., Saniye Ermutlu Sok., No:6 Şaşmaz Plaza Kadıköy / İstanbul in order to discuss over the following items of the agenda:

AGENDA

1. Opening, Election of Meeting President and forming the presiding board,
2. Authorizing the Presiding Board to sign the General Assembly minutes;
3. Reading, negotiating and ratification of the Annual Report of the Board of Directors.
4. Reading, discussion and ratification of the Financials (balance sheet and profit-loss statement),
5. Discussion and deciding of the Board of Directors' proposal for the distribution of profits for the year 2022,
6. Reading and discussing the Independent Auditor Report,
7. Release of the members of the Board of Directors,
8. Discussing and resolving that the paid-in capital of the Company be increased to TRY 900,000,000 (nine hundred million Turkish Lira) and that Article 6 (Share Capital) of the Articles of Association of the Company be amended as to read as follows,
9. Submitting for the approval of the General Assembly the resolution No. 2022/38 of 18/08/2022 of the Board of Directors that, with the effect as from 01.07.2022, the honoraria payable to the chairman and members of the Board of Directors be increased at the rate of 42.35%,
10. Determination, discussion and approval of the fees and honoraria fees, bonuses and premiums of the Board of Directors members,
11. Submitting for the approval of the General Assembly the resolution No. 2022/09 of 20.06.2022 to appoint Mrs. Neslihan Neciboğlu who has been elected as the member of the Board of Directors by the Resolution No. 2022/29 of 20.06.2022 of the Board of Directors to take office for the remaining term of Mr. Özgür Bülent Koç upon resignation of Mr. Özgür Bülent Koç as the member of Board of Directors who had been elected by the Ordinary General Assembly dated 17/06/2021 as the member of the Board of Directors to take office for a term of 3 (three) years,
12. Appointment of independent auditor,
13. Authorizing the members of the Board of Directors in accordance with Articles 395 and 396 of the Turkish Commercial Code,
14. Reading, discussing and Ratification of the Affiliation Report prepared by the Board of Directors in accordance with Article 199 of the Turkish Commercial Code,
15. Wishes, suggestions and closing.

Amendment to Articles of Association

There has been no amendment made to the Articles of Association in 2022.

2025 Strategic Priorities

Neova Participation Insurance gives priority to institutionalization, customer experience and branding.

LARGE SPECTRUM OF SERVICES AND PRODUCTS

- **Growth**
 - Institutionalization
 - Customer Experience
 - Branding
- **Profitability**
 - Large Spectrum of Services and Products
 - Developing New Channels
- **Balanced Risk Portfolio**
 - Risk Balance
 - Claims Management
 - Non-Motor Ratio Growth
- **Innovation and Efficiency**
 - Cooperation and Partnerships
 - Digitalization and Efficient Technology Management
 - Operational Process Enhancement





Mukaddes Elif-Adem TOPKARA

We remember with mercy and love...

A Memorial Forest was created with 10,000 saplings in Kahramanmaraş Büyükşehir.

In order to keep alive the memory of the two precious members of the Neova Family, Mukaddes Elif Topkara and Adem Topkara, who were martyred in the heinous incident that took place in Taksim in November, a Memorial Forest was created with 10,000 saplings in cooperation between Neova Participation Insurance and TEMA Foundation. Saplings were donated on behalf of all Neova employees and their families, agents, brokers, our bank channels and other insurance companies in the sector.

Operations for 2022

Neova Participation Insurance continues to expand its organizational structure.

Financial Insurance Department was established

Financial Insurance Department; It was established to collect insurance products (security bond, state-supported credit insurance, credit insurance, executive liability insurance, financial liability insurance, public offering insurance) that secure financial losses that individuals or institutions may experience and cover financial damages.

Along with these new insurance products; it is aimed to increase the product diversity, to offer solutions to the different needs of our customers, to distribute the risks in different product ranges, to diversify the fields of activity and to increase our operating income.

Broker Policy Acceptance and Specialization Insurance Department was established

Broker Policy Acceptance and Specialization Insurance Department was established in order to evaluate UW non-car policy requests from the broker channel, and to be responsible for Project (construction-assembly) and Energy Facilities (Operation Period) works for all sales channels.

Agencies Policy Acceptance Department was established

Agencies Policy Acceptance Department was established in order to price, evaluate and follow the process of corporate and SME insurance claims from agencies.

Auto Policy Acceptance Department was established

Auto Policy Acceptance Department was established for the purpose of coordinating the daily work flow, solving the problems of the distribution channels regarding our system and SBM, approving and pricing the entered offers, pricing the special works through the UW filter, and evaluating the fleet demands.

Fraud and Digital Damage Department established

In auto and non-auto damage files for which a notice record is created: In order to control, detect, prevent, record, report to the official authorities and relevant units within the institution, and to take necessary measures systematically and operationally, Unit was established.

The Digital Damage Unit was established in order to remotely detect damage in auto damage files within certain limits, and to manage all existing operational processes during and after the repair phase in a digital environment.

Individual Products Department was established

System and tariff developments, benchmark analyzes and new product developments for all products (Housing, travel health, package, personal accident, etc.) managed with non-auto tariffs, UW evaluation of related

products in the agencies / brokers channel, and feedback from non-auto insurance directorates. Individual Products Department was established in order to make parametric product definitions.

Heavy Damage Department was established

When a pert decision is made for the vehicles of insured customers and victims, the Heavy Damage Department was established in order to put the vehicle on sale on the damaged vehicle sales site and to follow up the sale of the vehicle to the buyer identified there.

Damage Inspection and Logistics Department was established

The Damage Inspection and Logistics Department has been established in order to manage all processes of contracted services, loss adjusters and supplier companies, to pay the actual damage in authorized or unauthorized services, to check the accuracy of the submitted information and documents, to provide visual detection and technical support in the field.

Corporate Communications Department was restructured as Corporate Communications and Customer Experience Department

Customer experience and complaint management sub-departments were established and connected to the corporate communications and Customer Experience management.

Operations for 2022

Neova Participation Insurance sponsored the ITU Çekirdek InsurTech Program, which aims to make the insurance industry more modern, digital and exciting with innovation.

Grant Support of TRY 150,000 to Entrepreneurs

Neova Participation Insurance sponsored the ITU Çekirdek 'Insurtech Program'!

We sponsored the InsurTech Program of ITU Çekirdek, which is among the top five entrepreneurship incubation centers in the world. The program aims to bring together the industry's leading insurance companies and start-ups to make the insurance industry more modern, digital and exciting with innovation.

While Neova Insurance officers mentored and guided the initiatives supported by ITU Çekirdek, two of the startups that were entitled to be supported within the scope of the program were paid TRY 150,000 grant support in Big Bang 2022.

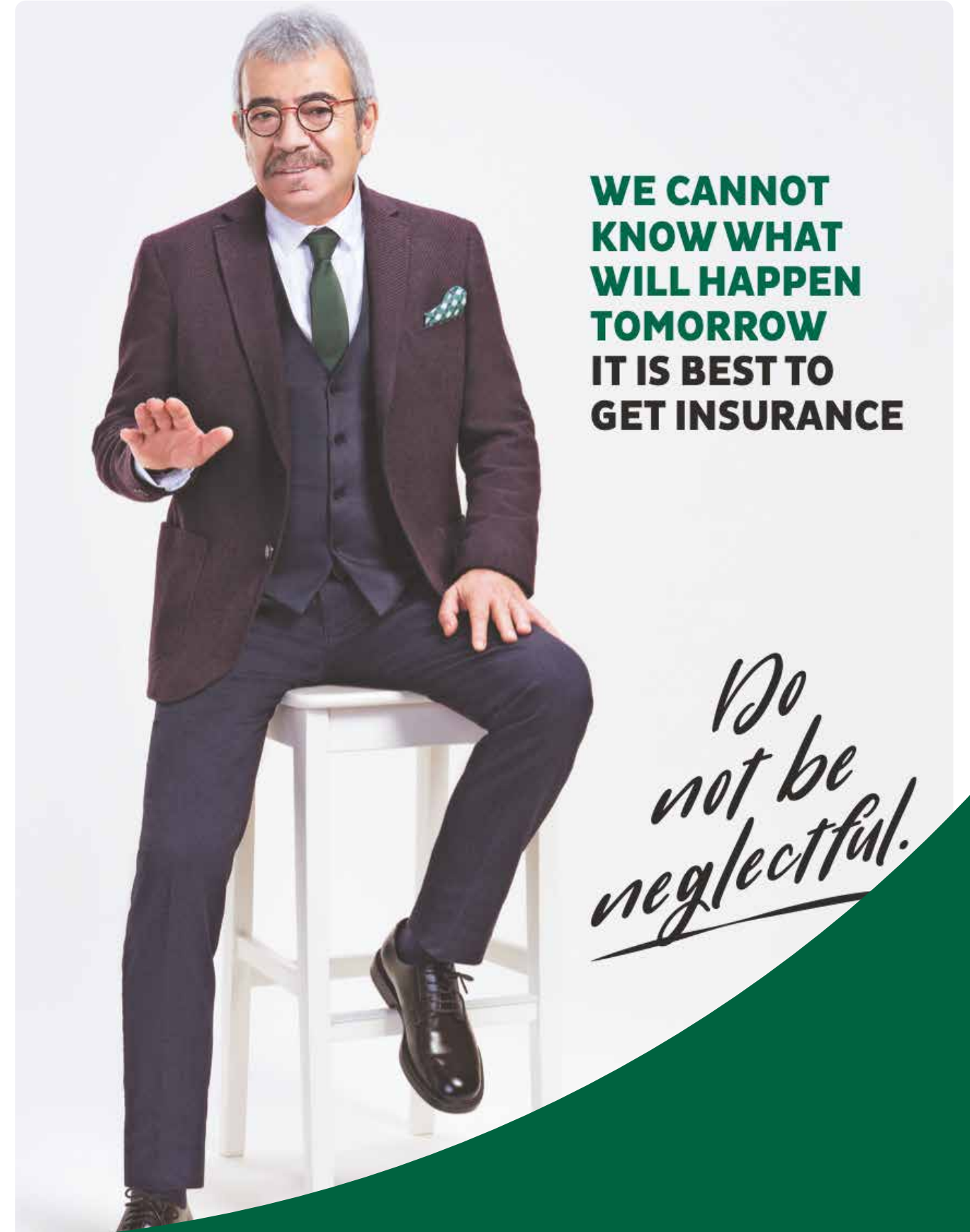
Neova venture capital investment fund (VCIF) made its first investment in Lumnion!

Neova Participation Insurance established Neova VCIF in 2021 to support entrepreneurs in the field of technology and innovation. Neova VCIF made its first investment in Lumnion in 2022 in this direction. Lumnion, which develops artificial intelligence and machine learning-based risk pricing platforms for the insurance industry, can model using machine learning algorithms, making these algorithm results easy to interpret in comparison.



NEOVA
INSURANCE

ITUÇEKİRDEK



We elevated our brand awareness

Our commercial spots, starring the popular actor and presenter Selçuk Yöntem, appeared on TV nationwide TV channels periodically. In addition, Neova Insurance, which continues its communication activities in radio, outdoor and digital channels throughout the year, has succeeded in increasing its brand awareness significantly, as a result of these studies, according to the Ipsos brand health surveys it conducts twice a year.

Operations for 2022

13 Neova Campus graduates who successfully completed the program were employed in different departments.



NEOVA | **CAMPUS**

Neova Campus program gave its second semester graduates

Within the scope of Neova Campus program; a total of 27 Neova Campus students, 10 of whom are 3rd grade and 17 are 4th grade, working in different departments, experienced the joy of graduation after the completion of the program. 27 students who successfully completed the program were prioritized in the recruitment processes. 13 Neova Campus graduates out of 17 senior students who successfully completed the program were employed in different departments.

Koalay.com Unlimited IMM Integration Project

With the Koalay Unlimited IMM Integration project, our Unlimited IMM product has started to be offered to customers via Koalay.com.



The POS PACK product for the bank channel is on sale!

POS Package Insurance is an insurance product that protects against electronic device damages that may be incurred during the use of POS devices or cash register POS devices at or outside the member workplace. Within the scope of this product, electronic device, legal protection and emergency health coverage are offered to Kuveyt Türk Participation Bank SME customers. Thus, an increase in health production is aimed.



Operations for 2022

Travel health insurance is a private insurance product that protects foreign travelers against health risks they may encounter during their travels.

Travel Health Insurance product is on sale!

Travel health insurance is a private insurance product that protects those who travel abroad by using any of the means of transportation against the health risks they may encounter during their travels. The policyholder is provided with the coverage specified in the policy, provided that it does not occur outside the planned travel period, as a result of an accident that occurs between the validity dates of the policy or an illness that is not due to a pre-existing condition.

Turkey General Dealer Network

The Contracted Service Network was increased to 1,784 and the number of Contracted Adjusters to 102.

Neova Participation Insurance Participated in the Insurance Fair!

Neova Participation Insurance participated in the Antalya International Insurance Fair, which was held for the first time between 3-5 March 2022, and interviews were held with current and potential agency candidates. Gathering with current and potential business partners, information about Neova was given and evaluations were made about the sector.



RPA-Robotic Process Automation Technology was brought to Neova

RPA automation technology was brought to Neova in order to increase the work efficiency of operational processes within the company. RPA projects have started to be developed and the following benefits have been achieved:

- Accelerating the damage operational processes
- Supporting the evaluation of damage files
- Querying historical damage information in written-off vehicle files
- Accelerating the review processes of depreciation files

Gathering with Agencies!

Between September and October 2022, 13 breakfast events were organized with agencies, which are important members of the Neova family. On September 9, 2022, with the participation of our chief executive officer, Mrs. Neslihan Neciboğlu, approximately 2,300 agencies and their employees attended the breakfast events that started with the Agencies of the Istanbul European Regional Directorate. The agents who met with the officers of the company expressed their wishes and suggestions.

Between 28 August – 4 September Cruise Travel to the Baltic Countries Was Made!

The cruise travel award was organized in the non-auto production campaign of the 3rd quarter of 2022. The Baltic Countries Cruise was carried out between 28 August and 4 September with the agencies that won the fire campaign in 2022. During the trip with 28 participants, Deputy General Manager Habip Çetinkaya and agencies came together; The ports and historical sites of Copenhagen, Oslo, Kristiansand, Skagen and Aarhus were visited.



Operations for 2022

With the Call Center Integration Project, the service level was increased above 85% and the response rate over 95%.

New career opportunities have been made available across the company for all existing Call Center employees.

Call Center Integration

With the outsourcing of all works carried out within the Neova Call Center, customer satisfaction was increased and costs were reduced. New career opportunities have been created within the company for all existing Call Center employees. With the Call Center project, our service level has increased to 87%, and the response level has increased to 97%. With the new complaint management software used, the customer experience has been improved and the resolution times for complaints have been reduced.



Fineksus Application Integration

“Inspector” application integration of Fineksus company was made in order to control whether the stakeholders having financial relations with Neova are on the sanction lists within the scope of international and MASAK asset freeze decision execution. Within the scope of this project;

- List control was carried out collectively for all stakeholders (customers, suppliers, special services, etc.) with whom we have financial relations.
- While creating the policy instantly, it is started to be checked whether the person/company is in the relevant lists.
- Delta Inquiry integration has been made and daily information is given to compliance officers in case individuals/organizations enter the lists.

Innfina Application Integration Project has been implemented!

The Innfina application integration project is a project that aims to enable the entry of investment transactions made in different instruments through a single platform in order to generate financial profit, and the automatic realization of accounting and valuation processes of these transactions in the background.

E-nocta

In order to contribute to the professional and personal development of Neova Participation Insurance employees, the online training platform of the E-nocta company was rented.

We became the first insurance company to bring the Information Technologies group to Technopark!

We are moving our Information Technologies group to Technopark Istanbul in order to increase our contribution to the technology ecosystem, to accelerate our R&D studies, to develop our inter-sectoral and academic collaborations, to add new ones to our innovative insurance products, and to enable the employment and training of qualified Information Technology personnel.



Operations for 2022

The Neova Family came together at the Neova Spring Festival, which was held for the first time in 2022.



Neova Family Gathered at the Spring Festival

The Neova Family came together at the Neova Spring Festival, which was held for the first time in 2022.

Unforgettable moments were experienced with the participation of all employees in the spring festival, where various games, competitions, fun activities and delicious foods took place.

Operations for 2022

The renewal audit of the ISO 27001 Information Security Management System (ISMS) certificate, which has international validity and recognition, was successfully completed this year, too.

ISO27001 Information Security Management System audit was carried out and the certificate was renewed

Our renewal audit of the ISO 27001 Information Security Management System (ISMS) certificate, which has international validity and recognition, was successfully completed this year, as it is every year. ISO 27001 ISMS certificate shows that our institution's information security management system is operated and maintained in accordance with the standards.



Web Application Firewall (WAF)

The web application firewall (WAF) implementation process has been completed and continuous improvement activities continue.

Precautions against cyber attacks

Cyber Incident Response processes have been designed and implemented effectively.

Integration Studies

The following studies were carried out within the scope of integration.

- Bulk Black List Inquiry infrastructure integration,
- Health damage integration with Katılım Emeklilik,
- UYAP integration for lawyers' business follow-up,
- Car insurance product integration with the tariff determination platform.

BOA Application

BOA is an ERP software in which daily business activities are carried out. With the BOA platform, business process management, contract management, central authorization system, document management system, performance evaluation, enterprise resource (ERP) modules, finding and risk screens, audit and inspection, service desk management, administrative affairs, customer relationship management over BOA is targeted.

Neova API Market is open!

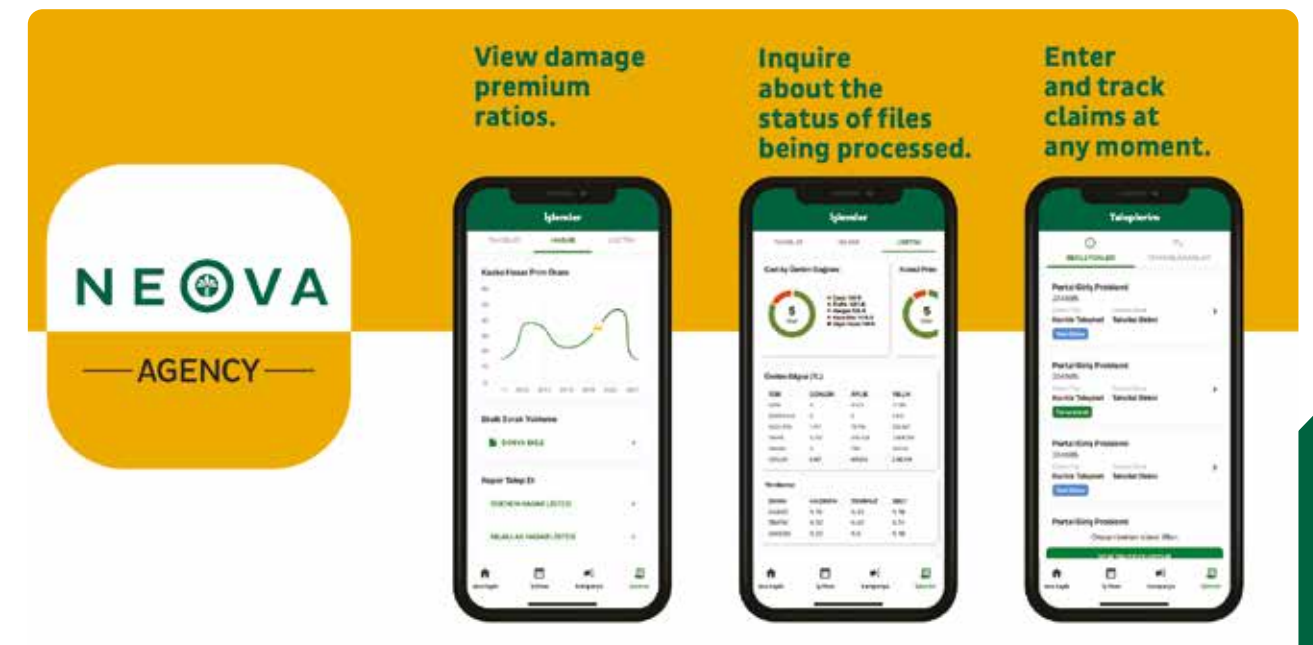
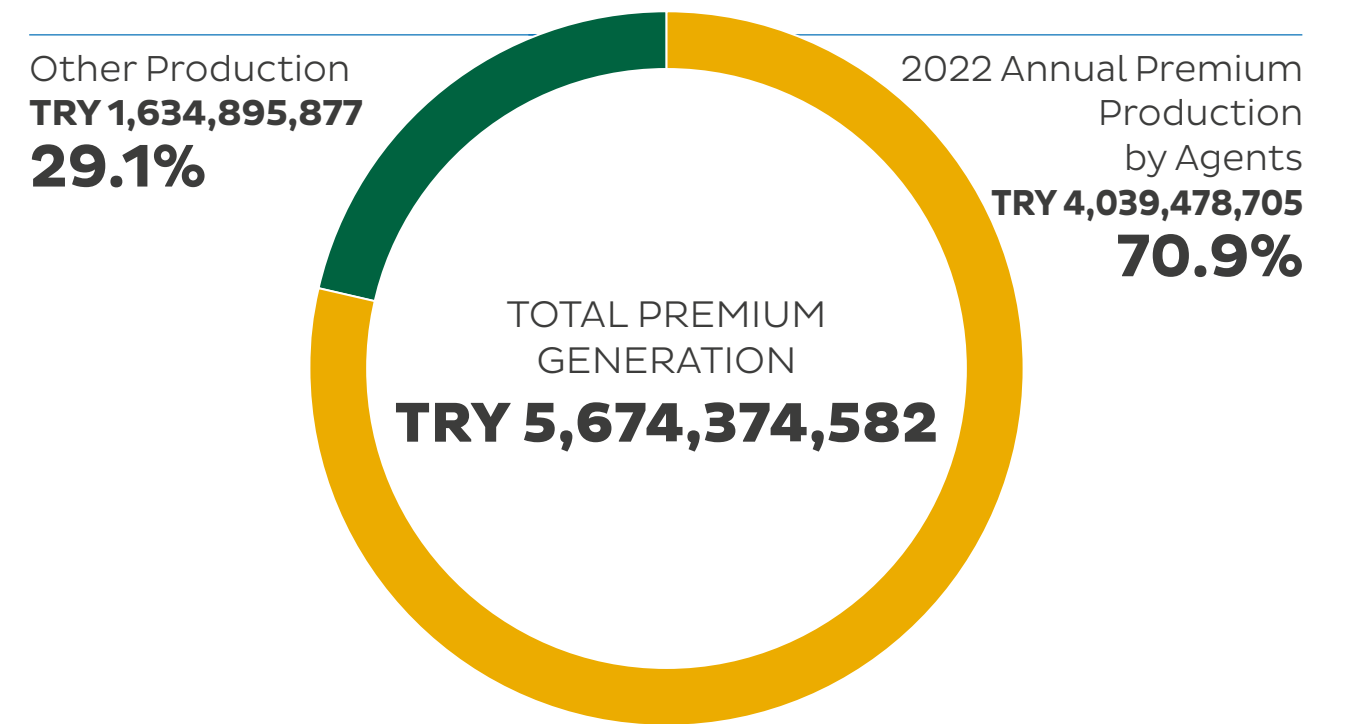
In order to use technology effectively, API Market has been opened to make life easier for our business partners and InsurTechs. Thanks to API Market, the processes of our individual products are carried out in an integrated, safe and fast manner. We continue to develop our applications and

products in the API Market, and at the same time, we aim to contribute to the digitalization of the industry.

We Are Growing with Our Agencies

We increased the number of our agencies, which are our most important business partners, by approximately 16% in 2022, reaching 3,055 agencies.

"Neova Agency Application" continues to be used effectively by all our agencies. Attaching importance to strong communication and close cooperation with its agencies, Neova Participation Insurance has moved forward with its growth targets; especially expanded its motor insurance and fire product range. For this purpose, the "Neova Agency Application", which provides ease of use, continues to make the life of our agencies easier.



Board of Directors



Nurettin Kolaç

Chairman of the Board of Directors

Nurettin Kolaç, who graduated from Marmara University Faculty of Law, worked as a lawyer and legal advisor in the banking, financial and insurance sectors for 16 years. Kolaç, who joined the Banking Regulation and Supervision Agency (BBDK) in 2004, served as the Vice President of the Legal Department and the Head of the Legal Department for 6 years. In April 2010, he joined Kuveyt Türk as Asst. General Manager in Charge of Legal and Risk Monitoring. Between 2015-2018, he was a member of the Board of Directors of KT Portföy Yönetim A.Ş. and between March 2018 and October 2020, he was a member of the Board of Directors of Neova Sigorta A.Ş. Kolaç, who has 33 years of experience in banking and law, was appointed as the Chairman of the Board of Directors of Neova Sigorta A.Ş. with the decision of the Board of Directors dated 21 October 2020. Nurettin Kolaç also serves as the chairman and member of various working committees in some professional associations related to banking.



Hüseyin Cevdet Yılmaz

Vice-Chairman of the Board of Directors

Hüseyin Cevdet Yılmaz graduated from Boğaziçi University, Department of Business Administration in 1989. He started his banking career as Asst. Inspector under the Esbank Inspection Board. After serving as Inspector and Branch Manager in the same institution, he started to work as the Chairman of the Inspection Board in Kuveyt Türk in September 2000. In 2003, he was appointed as the Head of Audit and Risk Group. Yılmaz has been working as the Head of Risk, Control and Compliance since 2012.



Abdurrahman Delipoyraz

Member of Board of Directors

Abdurrahman Delipoyraz, who graduated from Istanbul Technical University, Department of Industrial Engineering, started his career in Kuveyt Türk Family at the Project and Investment Directorate. Abdurrahman Delipoyraz, who worked in the Corporate and Commercial Banking Sales Directorate and Financial Analysis and Intelligence Directorate of the Bank until 2000, served as the Branch Manager in Beşyüzler and Bakırköy branches between 2000-2004 and worked in Istanbul European-1 and Istanbul Anatolian Regional Directorates as of December 2004. As of January 2015, he continues to serve as Asst. General Manager in charge of SME Banking.



Ahmet Karaca

Member of Board of Directors

Ahmet Karaca, who graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration, started to work as the Asst. Certified Auditor of Banks in the Undersecretariat of Treasury in 1992. In 1995, he was appointed as the Sworn Auditor of the Banks. Since 2000, he has continued to work in the Banking Regulation and Supervision Agency (BRSA) with the same title and served as the Vice President of the Board of Sworn Auditors of the Banks in the BRSA between 2002-2003. After nearly a year of office, he was appointed as the Sworn Head of the Banks in 2004. Karaca, who received her master's degree in economics from the State University of New York at Albany in the USA between 2004-2006, has a master's thesis on International Banking and Capital Markets. Ahmet Karaca, who joined Kuveyt Türk Katılım Bankası A.Ş. in July 2006 as Asst. General Manager in charge of Financial Affairs, continues his duty with the same title.



Neslihan Neciboğlu

Board Member and Chief Executive Officer

Neslihan Neciboğlu, who graduated from Middle East Technical University, Department of Business Administration, started her career at Kuveyt Türk Katılım Bankası Corporate and Commercial Loans Department in 2005. After working in Financial Analysis and Intelligence Manager, Commercial and Corporate Branch Sales and Corporate Marketing Manager, she worked as Branch Manager, Retail and SME Risk Tracking Manager, Business Loans Risk Tracking Manager and Risk Tracking Group Manager since 2013, respectively. Neciboğlu has been serving as the Chief Executive Officer of Neova Participation Insurance since July 2022.

Senior Management



Neslihan Neciboğlu
Board Member and Chief Executive Officer

Neslihan Neciboğlu, who graduated from Middle East Technical University, Department of Business Administration, started her career at Kuveyt Türk Katılım Bankası Corporate and Commercial Loans Department in 2005. After working in Financial Analysis and Intelligence Manager, Commercial and Corporate Branch Sales and Corporate Marketing Manager, she worked as Branch Manager, Retail and SME Risk Tracking Manager, Business Loans Risk Tracking Manager and Risk Tracking Group Manager since 2013, respectively. Neciboğlu has been serving as the Chief Executive Officer of Neova Participation Insurance since July 2022.



Cem Salih Çelen
Asst. General Manager – Technical, Damage and Reinsurance

After graduating from Yıldız Technical University's Civil Engineering Department in 1998, Cem Salih Çelen started the insurance sector as a Risk Engineer in 2000. Çelen, who has 23 years of experience in the sector, served as Asst. Technical Manager between 2003-2007 in various insurance companies, Corporate Technical & Reinsurance Directorate and Coordinator between 2007-2016, and Reinsurance and Broker Sales Department Manager between 2017-2018. In 2018, he served as the Chief Executive Officer of the Broker Company. In the period from 2019 until he joined to our company, he has assumed the duties of Asst. General Manager in two different insurance companies.

As of 2021, he continues to work as Asst. General Manager of Technical, Damage and Reinsurance in Neova Insurance.



Habip Çetinkaya
Asst. General Manager Sales & Marketing

Habip Çetinkaya graduated from the Department of Public Administration at Marmara University in 1991, received his Master's degree in Business Administration at Namık Kemal University in 2017. Started his career in the private sector in 1992 and entered the insurance sector in 1999. Çetinkaya, who has 23 years of insurance experience, has worked at various levels. Between 2017 and 2020, he worked as Asst. General Manager in Marketing and Sales for 4 years, then he was a member of the Board of Directors of an insurance company.

As of 2021, he continues to work as the Asst. General Manager in charge of Sales and Marketing in Neova Insurance.

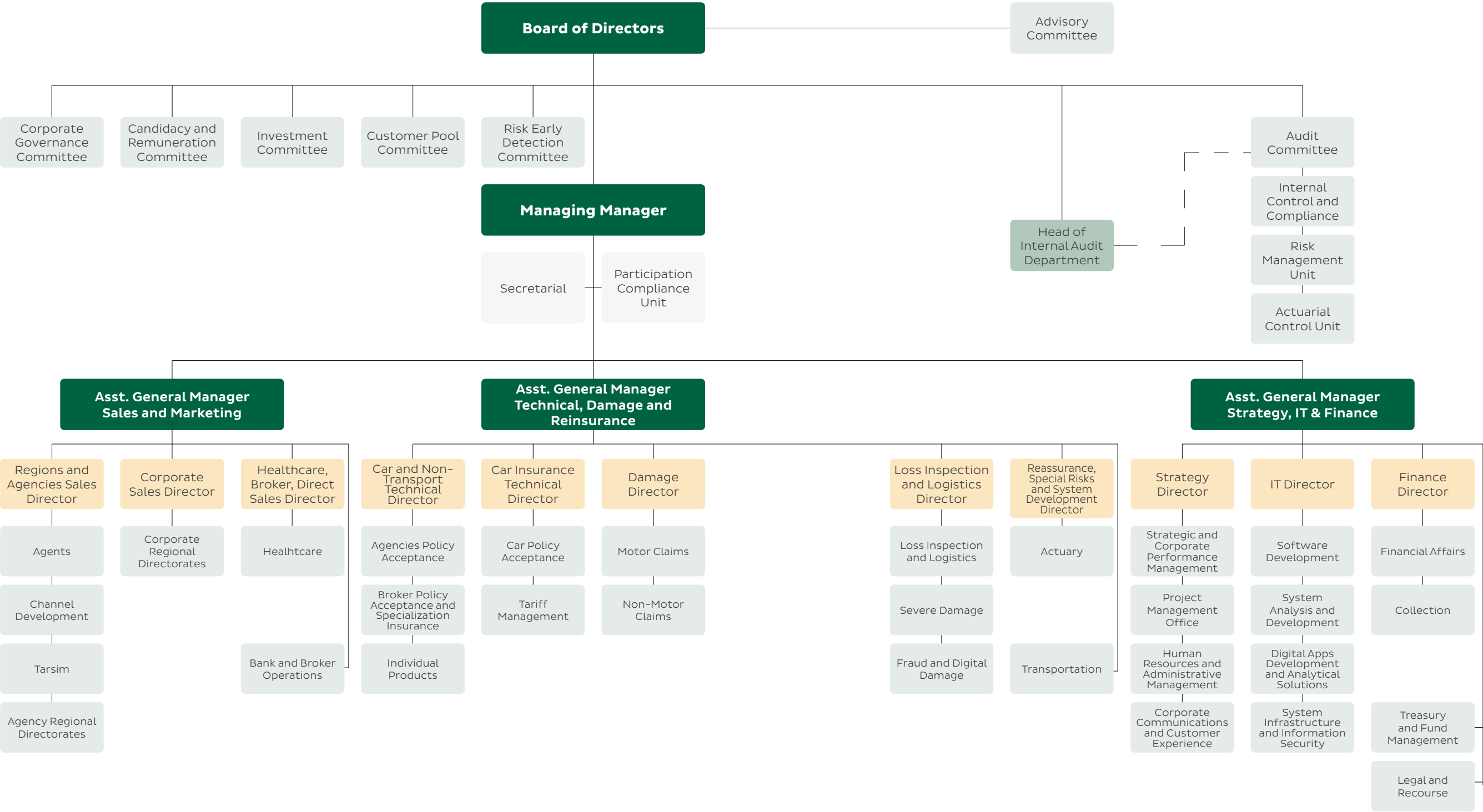


Murat Gündüz
Asst. General Manager Strategy, IT & Finance

Born in 1978 in Istanbul, Murat Gündüz graduated from Istanbul University, Department of English Economics in 2001. He served as an internal auditor in financial affairs in the private sector. In 2004, he started to work in Kuveyt Türk's Loans Department. He served as an Inspector on Kuveyt Türk Inspection Board between 2005 and 2010. Between 2010 and 2020, he worked as Credit Risk Monitoring and Corporate and Commercial Loans Risk Tracking Directorates in Kuveyt Türk Legal and Risk Tracking Group.

Gündüz, who started to work at Neova Participation Insurance in November 2020 as the Asst. General Manager in charge of Treasury, Digital Transformation, Information Technologies and Human Resources, continues to serve as the Asst. General Manager in charge of Strategy, IT and Finance.

Organizational Chart



Summary Board Report to be Submitted to the General Assembly

Our Esteemed Shareholders,

In 2022, macroeconomic uncertainties in the world and rising inflation all over the world along with the conflict between Russia and Ukraine were felt strongly. Problems and risks suffered in the raw material and supply chain worsened with the effect of high inflation. Despite the economic challenges, as Neova Participation Insurance, we successfully completed the year 2022 with the strength we have received from Kuveyt Türk Finance Group.

Neova in 2022

Providing service for 13 years with the products and services it has developed in line with the principles of Participation Insurance, Neova Participation Insurance has increased its premium production by 115% compared to the previous year and reached TRY 5.7 billion in 2022 and achieved a remarkable growth at the rate of 308% in vehicle insurance as compared to 2021.

We continue to support our sales channels both in terms of production and technology

By increasing the number of our agents to over 3000 in 2022, we started to serve more customers. The premium production of our agents increased by 108%. We attach great importance to sound, regular and fast communication with our agents; in this line, we support their digital transformation journeys. We continue our efforts to renew our policy

offer screens in terms of design and experience in order to facilitate the workload of our agents. In addition, we came together with our agents at the breakfasts we organized in all of our regional directorates in 2022. We shared our future growth strategy with our agents.

The year 2022 was a year during which we achieved significant achievements on behalf of our company in the bankassurance sales channel. While expanding our production volume in this channel, we also increased our bancassurance share in the sector from 3.1% to 4.8%. We were able to reach more customers and reach different customer groups through our bank channel. We aim to use the bank's digital sales channels effectively with the projects we develop. I can say that we managed to manage the risk well while approaching the sector averages in 2022 with a balanced branch mix.

Our brand Techafull, which offers Europe's first digital participation insurance service, signed its first policy

Established in November 2021 to provide "digital participation insurance service for the first time in Europe", Neova Techafull GmbH continues its operations in Germany without deceleration. Started issuing policies in 2022, Techafull offers its customers the opportunity to purchase policies in an easy and completely digital way through the website www.techafull.com. While Techafull aims to grow in Germany with the innovative services and solutions, it continues

to develop the most suitable solutions for the needs and demands of its customers.

We elevated our brand awareness

In 2022, we accelerated our communication efforts to leverage our brand awareness. Our commercial spots, starring the popular actor and presenter Selçuk Yöntem, appeared on TV nationwide TV channels periodically. In addition, we continued our communication activities throughout the year in radio, outdoor and digital channels. As a result of these efforts, we have succeeded in increasing our brand awareness significantly, according to the Ipsos brand soundness surveys we conduct twice a year.

We made our first investment in the Lumnion venture with Neova VCIF

As Neova Participation Insurance, we have launched the Neova Participation Insurance Venture Capital Investment Fund (CVIF) in 2021 to provide products and services in the insurance sector, as well as to support entrepreneurs in the field of technology and innovation. With this fund, we aimed to support technology-oriented initiatives in our sector and contribute to the development of the sector. In line with our 5-year growth strategy, we both provide capital support to entrepreneurs and are on the way to become an insurance company that uses the technologies they developed. With Neova CVIF, we primarily focus on technology-oriented startups operating in the

insurance sector (InsurTech). For this purpose, we made our first investment in Lumnion, whose products we also use. Lumnion offers solutions for the insurance industry with its artificial intelligence and machine learning-based risk pricing platform.

We became the first insurance company in Teknopark

As Neova Participation Insurance, we moved our Information Technologies group to Teknopark Istanbul. With this remarkable step, we aim to increase our contribution to the technology ecosystem, accelerate our R&D studies, develop inter-sectoral and academic collaborations, add new ones to innovative insurance products and train qualified human resources in the field of IT. With the technologies developed here, we will make life easier for all our customers, especially our agents, and add value to our industry. As Neova Participation Insurance, we believe that we will achieve many innovations with this step, which is a first in the insurance sector, and we are looking forward to realizing our plans for the future with this shared synergy.

We are fulfilling our responsibilities for the earthquake disaster devastating 11 provinces.

May Allah have mercy on the deceased citizens who lost their lives in the earthquakes that hit 11 provinces and approximately 13.5 million people on early Monday, February 6, 2023, wishing our condolences to their relatives and whole nation, and May Allah hasten the recovery of the injured. On the very first

day of the catastrophe, we quickly formed a crisis desk and followed the agenda closely. In addition, we are trying to meet the needs of our quake victims by delivering cash and in-kind aids to the region in coordination with AFAD (Turkish Disaster Management Authority). In addition to the aid we have provided so far, we, as a company, are also implementing new practices for our agents and policy holders. In addition, we sent 3 mobile service centers to the quake-hit provinces in order to provide information and guidance to our policyholders. We will continue to fulfill our responsibilities for our cities and people suffered by the earthquake. I do believe that we will overcome this disaster with unity, togetherness and solidarity.

Prospects for 2023

In line with the strategic plan established in 2021, Neova aims to continue its stable growth in 2023, too. Neova Participation Insurance, Turkey's first participation insurance company, had a market share of 2.9% among non-life insurance companies in Turkey as of the end of 2022. It aims to win together with all employees, business partners and ultimately the society by providing products and services at a level and quality that can satisfy the needs and expectations of its stakeholders in the future.

We would like to thank our expert, educated, young and dynamic employees, all our business partners and our valued shareholder who contributed to our success.

Board of Directors

Managers within the Internal Systems

Abdullah Samet MEŞE Head of Internal Audit Department

Abdullah Samet Meşe graduated from Istanbul University, Faculty of Economics, Department of Economics (English) in 2009. He started his career in the Participation Banking sector as an assistant inspector at the Albaraka Türk Participation Bank Inspection Board and since 2012 he has served in the Audit Board of Kuveyt Türk Participation Bank, performing audit and consulting activities in many areas, especially branch audits, head office unit audits and subsidiary audits. He holds CFA Certificate, as well as certificates for Capital Market Activities Level-3, Derivative Instruments and Compliance with Interest-Free Banking Principles and Standards. Abdullah Samet Meşe, who served as Kuveyt Türk Inspection Board-General Management and Subsidiary Audits Manager between 2020-2022, continues to work as Head of Internal Audit Department at Neova Participation Insurance as from October 2022.

Serdar SEVİNDİK Internal Control and Compliance Manager

Serdar Sevindik, who was born in Çayeli in 1983, started to work as an auditor in the real sector in 2006 after graduating from Istanbul University, Faculty of Business Administration (English), Department of Business Administration. Since November 2010, he has been working as Internal Control, Risk Management and Compliance Manager at Neova Insurance.

Semih ŞAŞGIN Risk Management Senior Director

Born in Balıkesir in 1989, Semih Şaşgın graduated from Marmara University, Department of Economics in 2012. Semih Şaşgın, who worked in the Internal Audit Department of Neova Insurance for 9 years, has been working in the Risk Management Unit since April 2022.

Sevgi ŞENKAYA

Actuarial Control Director

Born in Tekirdağ in 1997, Sevgi Şenkaya graduated from Marmara University Actuarial Department in 2019. She is currently pursuing her master's degree in Islamic Insurance at Marmara University, Institute of Islamic Economics and Finance. She started to work in Neova Participation Insurance Actuarial Unit in January 2019. She has been working in the Actuarial Control Unit since May 2022.

Board of Directors Meetings Held in 2022

Throughout the year 2022, the Board of Directors meetings have been held on 26.01.2022, 22.02.2022, 30.03.2022, 27.04.2022, 25.05.2022, 29.06.2022, 27.07.2022, 31.08.2022, 28.09.2022, 26.10.2022, 30.11.2022 and 28.12.2022. The meetings have been attended by all the members.

Committees

Advisory Committee

Name and surname	Position on the Committee
Prof. Dr. M. Abdurrezzak TABTABAEI	Chairman
Assoc. Prof. Dr. Abdullah DURMUŞ	Member
Mehmet ODABAŞI	Member
Yunus HUYUT	Member

Duties and Responsibilities

Neova Participation Insurance Advisory Committee held 14 meetings in 2022. The duties and responsibilities of our Advisory Committee include to contribute to the product and service development and system improvement processes, to the creation of policies and procedures within the framework of participation principles, to approve the forms, contracts, policies and information texts to be issued with the products and services to be offered, to answer questions regarding the compliance of company activities with participation principles, to offer alternative solutions if necessary, to provide consulting to the board of directors and related units regarding the implementation of participation principles and developments in our country and in the world in the field of participation finance; and to provide training on the principles of participation before the company and organization.

Corporate Governance Committee (CGC)

Name and surname	Position on the Committee
Hüseyin Cevdet Yılmaz	Chairman
Neslihan Neciboğlu	Member
Abdullah Samet Meşe	Member

Internal Systems Committee

Name and surname	Position on the Committee
Hüseyin Cevdet Yılmaz	Chairman
Nurettin Kolaç	Member

Investment Committee

Name and surname	Position on the Committee
Nurettin Kolaç	Chairman
Hüseyin Cevdet Yılmaz	Member
Abdurrahman Delipoyraz	Member
Neslihan Neciboğlu	Chairman

Candidacy and Remuneration Committee

Name and surname	Position on the Committee
Nurettin Kolaç	Chairman
Hüseyin Cevdet Yılmaz	Member

Customer Pool Committee

Name and surname	Position on the Committee
Abdurrahman Delipoyraz	Chairman
Ahmet Karaca	Member
Abdullah Samet Meşe	Member

Activities as Part of Business Continuity

1. Emergency Tests have been successfully completed.
2. The approval of the Business Continuity Policy and the Business Continuity Plan, Information Systems Continuity Management Plan and Emergency Response Plan based on the policy has been obtained.

Company's Transactions with the Risk Group

Neova Insurance offers all insurance transactions as a service to its group companies within the framework of the quality principles it provides to third parties. All explanations regarding the transactions made with the risk group to which the company is included in 2022 are included in the footnote of the financial statement numbered 45. There is no litigation against our Company which might have material impact on financial status and activities of the Company.

Affiliation Report Result

As the board of directors of Neova Sigorta A.Ş., it has been concluded that according to the legal terms and conditions known to us at the time of the legal transaction with the controlling company Kuveyt Türk Katılım Bankası A.Ş. and its other affiliated companies KT BANK AG, KT Sukuk Varlık Kiralama A.Ş., KT Kira Sertifikaları Varlık Kiralama A.Ş., Körfez Gayrimenkul Yatırım Ortaklığı A.Ş., Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği A.Ş., KT PORTFÖY YÖNETİMİ A.Ş., Architech Bilşim Sistemleri ve Pazarlama Tic. A.Ş. and Katılım Emeklilik ve Hayat A.Ş., an appropriate counter-action has been provided in each transaction and there are no measures taken or avoided that may cause damage to our company.

Our Profit Distribution Policy

Neova Participation Insurance distributes profits in accordance with the provisions of the relevant law. Our strategies, investment and financing policies, profitability/cash status, and capital adequacy are taken into account in determining the profit distribution. In line with the Company's capital adequacy forecasts for the subsequent years and the Company's targets, dividend distribution decisions are made by the shareholders at the General Assembly Meeting held until March of each year. The net profit for the period included in the financial statements prepared and independently audited pursuant to the Insurance Legislation and other relevant legislation is taken as basis. However, in determining the distribution amount, the adequacy of the resources subject to distribution in the statutory records is also taken into account. The General Assembly may transfer some or all of the net profit to the subsequent year or to extraordinary reserve fund.

Human Resources Practices

RECRUITMENT

Human resources policies created in line with the company's vision, mission and values are effectively implemented. The Company attaches equal value to the work of candidates who are competent to perform their job at a level that can fulfill the current duty and position requirements and who can easily adapt to insurance within the framework of participation principles, and who have the customs, customs and established values of the company and the group to which they belong. The company believes that hiring people who meet this definition will contribute to its strategic success in the market. Each employee is hired to make significant contributions to the company.

Creating and maintaining a fair, egalitarian and anti-discriminatory working environment that enables our employees to do their job in a peaceful and productive environment is among the basic moral values of our company. There were no complaints from employees about discrimination during and before 2022.

CAREER AND TALENT MANAGEMENT

In our company, career and talent management activities are carried out in order to increase corporate loyalty, develop employees and create a good corporate image. In line with the vision, goals and strategies of the company, promotion and performance evaluation processes were started to be carried out twice a year; it is planned by

evaluating the career needs of the employees and the workforce requirements and position needs of the company. In order to ensure that the permanent and high-impact managers and other personnel can perform their duties more effectively and efficiently within the organizational structure, guidance is given to bring their knowledge and skills in professional and personal development to the required level.

Accordingly, during the appointment of the employees by being promoted to a higher position, the selection is made among the current candidates. The personnel to be appointed shall:

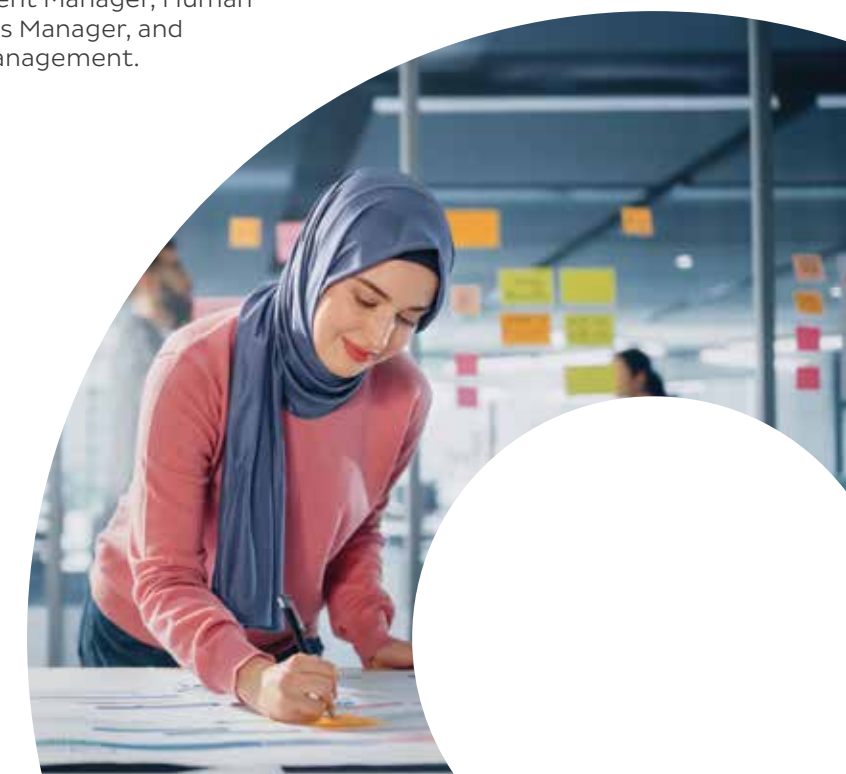
- qualification and potential evaluation being favorable;
- be successful in his/her current task based on the performance evaluations;
- have the technical and delegation level required by the upper position;
- have the specified waiting period expired;
- have achieved a passing grade if an exam is held;
- have the approval from the Department Manager, Human Resources Manager, and senior management.

PROMOTION

In our company, career development activities are carried out in order to increase corporate loyalty, develop employees and create a good corporate image. Promotions are planned by evaluating the career needs of the employees and the workforce requirements and position needs of the company.

During the appointment of the employees by being promoted to a higher position, the selection is made among the current candidates. The personnel to be appointed shall:

- qualification and potential evaluation being favorable;
- be successful in his/her current task based on the performance evaluations;
- have the technical and delegation level required by the upper position;
- have the specified waiting period expired;
- have achieved a passing grade if an exam is held;
- have the approval from the Department Manager, Human Resources Manager, and senior management.



Outsourcing Details

Outsourcing Unit / Department	Description or Subject Matter of Outsourced Service
Internal Control and Compliance Department	Service for ensuring compliance with the regulations related to the scanning, monitoring and controlling of sanction lists through a solution integrated to the main insurance systems
Internal Audit Department	Performance evaluation application service by means of internal audit, risk management, internal control, document management module
Actuarial Department / Unit	Actuarial Service and Support Services Assistance
Treasury and Fund Management Department	System service received for the purpose of recording and reporting the investments made by the company and creating accounting records integrated with the accounting system
Personal Products Department	Providing call center and organization services for health services covered in Travel Health policies
Participation Compliance Unit	Advisory Committee Member Agreements
Non-Motor Loss Department	Assessment of disability rates of victims injured in accidents related to bodily injuries, and on-site examinations when necessary
Loss Inspection and Logistics Department	Vehicle Sales Services
Information Technologies Department	Banking Insurance Package Development
Information Technologies Department	Enterprise ERP Application
Information Technologies Department	Mobile Application Maintenance
Information Technologies Department	Damaged Vehicle Tender Sales Procedures Web Application
Information Technologies Department	Damaged Vehicle Tender Sales Mobile App
Information Technologies Department	Security Consulting Service
Information Technologies Department	SQL Server Consulting Agreement
Information Technologies Department	Reporting Consulting Service
Information Technologies Department	Insurance Claim Process Application
Information Technologies Department	Web Design
Information Technologies Department	Network Maintenance & Consulting
Information Technologies Department	Telephone Exchange App
Information Technologies Department	Maintenance Agreement
Information Technologies Department	Legal Software
Information Technologies Department	Software Database Advanced Support Service
Information Technologies Department	Credit Card Custody Service

Outsourcing Unit / Department	Description or Subject Matter of Outsourced Service
Information Technologies Department	Prepaid Mass Messaging Service
Information Technologies Department	Internet Service
Information Technologies Department	Data Sharing Protocol
Information Technologies Department	Vehicle Damage Inquiry System
Information Technologies Department	E-Signature
Information Technologies Department	KEP Settlement Use License and Maintenance Service
Information Technologies Department	E-Signature
Information Technologies Department	444 1 636 Telephone Exchange Infrastructure Change
Information Technologies Department	E-Mail DNS Service
Information Technologies Department	Network Infrastructure Service
Information Technologies Department	Insurance Applications Server Hosting Service
Information Technologies Department	Insurance Applications Maintenance Service
Information Technologies Department	Bancassurance Software Agreement
Information Technologies Department	Software Development
Information Technologies Department	Software Maintenance
Information Technologies Department	Uyap Integration Module Service Procurement Agreement
Information Technologies Department	Native Uipath Consulting Agreement
Human Resources and Administrative Department	Occupational Health and Safety Services
Human Resources and Administrative Department	Technical Payroll
Human Resources and Administrative Department	Archive Management Service Protocol
Corporate Communications and Customer Experience Department	Call Center Outsourcing
Corporate Sales Department	Digital Bancassurance Integration
Reassurance, Special Risks and System Development Department	Additional services provided to customers with additional coverage in policies
Reassurance, Special Risks and System Development Department	Additional services provided to customers with additional coverage in policies
Reassurance, Special Risks and System Development Department	Additional services provided to customers with additional coverage in policies
Legal and Recourse Department	File Based Attorney Service

Annual Report Compliance Opinion



Güney Bağımsız Denetim ve SMMM A.Ş.
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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 Neova Katılım Sigorta Anonim Şirketi

1) Opinion

We have audited the annual report of Neova Katılım Sigorta Anonim Şirketi ("the Company") for the period of January 1 – December 31, 2022.

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 February 28, 2023 on the full set financial statements of the Company for the period of January 1 – December 31, 2022.

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.



(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 Tolga Özdemir.

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

Tolga Özdemir, SMMM
Partner

March 15, 2023
İstanbul, Turkey

Advisory Committee Compliance Opinion

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

All the praises and thanks to Allah, and to His Prophet, and to his people, and to their people.

Dear Stakeholders,

The Advisory Committee has reviewed the products, contracts and practices of Neova Participation Insurance, which were put on the agenda at the Advisory Committee meetings during 2022. At the same time, the Advisory Committee has performed the necessary studies by giving its opinion on the operation of Neova Participation Insurance according to the principles of Participation Insurance. As declared by the Advisory Committee, the management of the company has the responsibility for compliance control and supervision of the execution of products, contracts and practices in accordance with the principles of Participation Insurance.

Considering the reports, information, explanations, questions and other issues submitted to the Advisory Committee throughout the year, it was observed that Neova Participation Insurance did not act contrary to the principles of Participation Insurance and the decisions of the Advisory Committee in general. It has been informed that the company management has taken the necessary measures to ensure that the incomes that are found not to be in accordance with the principles of Participation Insurance are not included in the company's profit and that they are followed up and disposed of in accordance with the decisions of the Advisory Committee. As the Advisory Committee, we would like to thank the Senior Management, relevant units and employees for their support and activities in accordance with the decisions of the Committee and the principles of Participation Insurance; we would like to pray Allah that their rewards are abundant and their works are successful.

May the peace, mercy, and blessings of Allah be with you.

NEOVA PARTICIPATION INSURANCE ADVISORY COMMITTEE

Prof. Dr. M. Abdurrezzak TABATABAI
Chairman

Assoc. Prof. Dr. Abdullah DURMUŞ
Member

Mehmet ODABAŞI
Member

Yunus HUYUT
Member

Internal Systems Practices

AUDIT COMMITTEE'S ASSESSMENT ON INTERNAL SYSTEMS

The Audit Committee was restructured by the Board of Directors in line with the principles of the Regulation on Internal Systems in the Insurance and Private Pension Sectors. The responsibilities of the Board of Directors as part of internal systems are performed by the Audit Committee. The Internal Control and Compliance Unit, Risk Management Unit and Actuarial Control Unit, which are among the units as part of internal systems, operate directly under the Audit Committee, while the Internal Audit Department operates under the Board of Directors through the Audit Committee. The Audit Committee convened 10 times in 2022.

INTERNAL AUDIT ACTIVITIES

The Internal Audit Department, which operates directly under the Board of Directors for the purpose of auditing the company's activities in accordance with international internal audit standards and providing consulting services as part of risk-based and periodic audit plans and programs, functionally reports to the Board of Directors through the Audit Committee. Audit studies serve the company's mission of improving its operations, adding value and helping the company achieve its strategic goals, with a systematic and disciplined approach.

For the year 2022, a risk assessment has been conducted for the Company's audit assets covering business units, processes and information systems areas,

a risk-focused audit plan has been prepared based on the results of such assessment, and such plan has been put into force with the approval of the Board of Directors.

In addition to the regular audit activities specified in the annual internal audit plan, special audits were carried out by the Department when needed and some consulting activities were carried out. As part of planned audits, the Company's controls regarding information systems and business processes were subjected to a comprehensive evaluation in terms of effectiveness, adequacy and compliance. Issues identified as part of internal audit reports and deficiencies in internal control were shared with the relevant officers, and agreement was reached on action plans and dates. The developments regarding the previous periods and the issues identified during the year and the agreed action plans were followed up as part of monitoring studies. The scope and outputs of the studies were periodically reported to the Audit Committee.

In accordance with the Regulation on Insurance and Private Pension Activities as part of Participation Principles, the participation internal audit report was prepared, in which the evaluations were made about the execution of the company's activities in accordance with the principles and standards of participation insurance and the decisions of the Advisory Committee, and the results were presented to the relevant stakeholders, the Audit Committee and the Board of Directors.

Transformation studies, which take as a mission to ensure full compliance with the issues determined by the Regulation on Internal Systems in the Insurance and Private Pension Sectors as published in November 2021, thereby strengthening the corporate identity of the company and structuring the Internal Systems Units, started and continues as a strategic project throughout the company.

Actuary

The purpose of the actuarial function is to provide assurance to the senior management and the Company about the general pricing policy of the organization, the actuarial adequacy of reinsurance agreements, the financial situation of the organization, the reliability and adequacy of technical provisions, the asset and liability risk management related to insurance activities, and the investment risk for investments made under insurance policies. Pursuant to the new Internal Systems Regulation dated November 25, 2021, it has become mandatory to establish an actuarial unit affiliated to the Company Audit Committee, administratively and functionally, to fulfill the actuarial functions, to follow up the company practices related to these duties and to provide regular reports to the senior management and related units in order to take remedial measures when necessary; and in this context, the Actuarial Control Unit affiliated to the Company Audit Committee was established on 27.05.2022. The Actuarial Control Unit informs the Audit Committee about the actuarial activities and the general situation of the company on a monthly basis. Since the establishment of the unit, 6 Actuarial Control Reports have been submitted to the Audit Committee.

Internal Systems Practices

Internal Control and Compliance

Pursuant to the Regulation on Internal Systems in the Insurance and Private Pension Sectors, published in the Official Gazette dated 25.11.2021 and numbered 31670, the internal control and auditing processes of insurance companies were strengthened and upgraded to the level of international standards. While the relevant Regulation restructured all internal systems units, it attached particular importance to the Internal Control structure and imposed many new duties and functions compared to the previous legislation.

Within the framework of Internal Control practices, the following controls have been conducted on a regular basis in 2022:

- Regulatory compliance controls
- User authorization and approval controls
- LPPD controls
- IT security controls

Regulatory Compliance monitors the legal regulations in order to ensure the compliance of the activities carried out by the Company with the relevant legislation to which the Company is subject, ensures that these are reflected in the internal practices through the announcements and directions it issues, and provides opinions and evaluations on the compliance of new products and services with the legislation. It carries out compliance programs within the relevant scope by following the national/ international regulations regarding the prevention of laundering criminal revenues and financing of terrorism and the regulations on the protection of personal data.

Risk Management Policies

The purpose of the risk management system is to ensure that the exposed risks are measured, monitored and controlled through the policies, implementation procedures and limits determined to monitor the continuity of operations and the risk and yield structure of the future cash flows of the organization, and accordingly the quality and level of the activities, to keep them under control and, if necessary, to change them. Within the scope of the new Internal Systems Regulation dated November 25, 2021, companies are required to establish a risk management unit affiliated to the audit committee, administratively and functionally, in order to support the relevant units in the fulfillment of risk management functions and to ensure the adequacy and effectiveness of the risk management function by working in coordination with these units. Within this framework, the internal control and risk management functions, which were previously under a single department, were separated and the Risk Management Unit was established on 27.05.2022.

In order to manage the operational risks of each unit together with the relevant units, RİKÖD (Risk Control Self-Assessment) studies, in which process-based effects, possibilities and controls are determined, have been put in place in our company. Macro key risk indicators prioritized by the Audit Committee are monitored monthly by the Risk Management Unit. In 2022, 10 risk reports were submitted to the Audit Committee regarding the status of key risk indicators.

On the other hand, the types of risks experienced by Neova Participation Insurance A.Ş., which is in compliance with the new Internal Systems Regulation, are classified below.

Asset and Liability Management Risk

It covers the effects of financial risk components such as market, interest rate, exchange rates and inflation on the Company's assets and liabilities, as well as the monitoring of risks related to capital adequacy ratio, technical provisions and financial structure.

Investment Risk

It is defined as the failure to achieve the expected profit, loss probability or uncertainty from investments such as sukuk, securities and real estate realized in accordance with company strategies.

Liquidity Risk

It means not having enough cash or cash inflows of a level and quality so as to meet the cash outflows required for the liabilities that are due on time and in full.

Concentration Risk

The risks caused by the concentration on the basis of different risks or a particular risk so as to threaten the ability of the Company to maintain its primary operations or its financial structure or result in material losses to such extent that material changes may occur in the risk profile of the Company.

Operational and Administrative Risks

These are the risks that may cause material and/or reputation loss arising from inadequate or unsuccessful internal processes, people and systems. The management of operational risks is based on the RİKÖD (Risk Control Self-Assessment) methodology.

Software and Information Security Risk

It refers to the deterioration of the confidentiality, integrity and accessibility of information and software assets across the company.

Counterparty and Third Party Risk

It refers to the risk that the counterparty (agencies, suppliers, etc.) is not willing and/or fails to fulfill its contractual obligations, and that the receivables from the third cannot be collected on time.

Underwriting and Reinsurance Risk and Other Risk Mitigation Techniques

They refer to the risks arising from the insurance contracts concluded, and it is about the possibility of financial loss as a result of not choosing the insured risks in a healthy way, not applying the insurance technique correctly and effectively, not determining the premiums taken for catastrophic or non-catastrophic risks at a level to cover the future damages, and not creating an appropriate reinsurance policy.

Compliance Risk

It is defined as the possibility of being exposed to penalties and financial and reputation losses due to non-compliance with internal regulations (policies, regulations) in addition to the legislation, rules and standards regarding activities.

Reputation Risk

It refers to the risk of loss caused due to Company's diminished creditworthiness and impaired reputation resulting from negative thoughts of existing or prospective clients, partners, competitors and regulatory authorities about the Company or the Company's failure to comply with current laws and regulations.

Strategy Risk

It refers to the possibility of loss by the Company as a result of the threats that may arise in the future as a result of the wrong commercial choices of the Company, mistakes in implementation, non-compliance with the strategic plan, and failure to analyze the changes in the industry changes properly.

Profit Distribution Table

	Footnote	Independently Audited Current Period 31 December 2022	Independently Audited Previous Period 31 December 2021
1. DISTRIBUTION OF PROFIT FOR THE PERIOD (*)			
1.1. PROFIT FOR THE PERIOD		(9,720,279)	353,672,431
1.2. LEGAL OBLIGATIONS RELATED TO TAX PAYABLE		16,876,560	(123,154,249)
1.2.1. Corporate Tax (Income-tax)		16,876,560	(123,154,249)
1.2.2. Income-tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)		7,156,281	230,518,182
1.3. LOSS OF PREVIOUS PERIODS (-)			-
1.4. FIRST LEGAL RESERVE			-
1.5. LEGAL FUNDS REQUIRED TO BE LEFT IN THE COMPANY AND DISPOSED OF (-)		7,156,281	139,359,383
B DISTRIBUTABLE NET PERIOD PROFIT [(A - (1.3+ 1.4 + 1.5)] (*)		-	91,158.799
1.6. FIRST DIVIDEND FOR SHAREHOLDERS (-)		-	-
1.6.1. To Shareholders		-	-
1.6.2. to Preferred Shareholders		-	-
1.6.3. To Participation Dividend Share Holders		-	-
1.6.4. To Profit Participation Bond Holders		-	-
1.6.5. To Profit and Loss Sharing Certificate Holders		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To Shareholders		-	-
1.10.2. To Preferred Shareholders		-	-
1.10.3. To Participation Dividend Share Holders		-	-
1.10.4. To Profit Participated Bond Holders		-	-
1.10.5. To Profit and Loss Sharing Certificate Holders		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECONDARY LEGAL RESERVES (-)		-	-
2.3. SHAREHOLDER'S SHARE(-)		-	-
2.3.1. To Shareholders		-	-
2.3.2. To Preferred Shareholders		-	-
2.3.3. To Participation Dividend Share Holders		-	-
2.3.4. To Profit Participation Bond Holders		-	-
2.3.5. To Profit and Loss Sharing Certificate Holders		-	-
2.4. SHARE TO PERSONNEL (-)		-	-
2.5. SHARE TO THE BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO SHAREHOLDERS		-	-
3.2. SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS(%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO SHAREHOLDERS		-	-
4.2. TO SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

Details on Financial Structure

As of the end of 2021, total assets of TRY 4,304,639,214 assets increased by 78% to TRY 7,658,670,468 in 2022. Cash and Cash Equivalents and Financial Assets constitute the largest item in the total assets with a share of 81%. As of the end of 2021, the nominal capital of the company is TRY 500,000,000 and has been fully paid.

Evaluation of Financial Situation, Profitability and Compensation Payment Solvency

The company, which produced premium in the amount of TRY 2,648,372,642 in 2021, produced premium in the amount of TRY 5,693,771,170 in 2022. On the other hand, damage payments in the amount of TRY 2,888,427,633 were made.

In 2022, TRY 444,513,577 technical loss and TRY 7,156,281 net profit for the period were realized. The company has net outstanding compensation provisions of TRY 1,264,007,569 as of the end of the period.

Ratios (%)	2022	2021	2020	2019	2018
Equity / Premiums Received (Gross*)	14.4	30.7	30.7	30.3	30.8
Equity / Premiums Received (Net)	20.2	44.6	46.4	40.4	40.0
Total Equity / Total Assets	10.7	18.9	19.0	20.7	22.2
Equity / Technical Provisions (Net)	14.3	28.9	26.6	29.0	32.0
Debt** / Equity*	36.87	15.38	17.8	11.98	11.97

*Including Social Security Institution premiums.

**Liabilities from Key Operations.

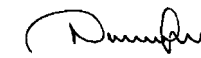
Financial Highlights for the Five-Year Period

Branch Name	2018	2019	2020	2021	2022
CASH ASSETS & FINANCIAL ASSETS	1,481,700,574	2,055,270,447	2,508,042,416	3,424,990,060	6,216,748,706
SHORT TERM RECEIVABLES	220,570,110	205,006,110	401,999,948	587,740,943	727,301,395
LONG TERM RECEIVABLES					410,014
OTHER ASSETS	108,064,807	139,559,839	161,905,302	291,908,211	714,210,353
TOTAL OF ASSETS	1,810,335,491	2,399,836,396	3,071,947,666	4,304,639,214	7,658,670,468
SHORT TERM LIABILITIES	1,395,760,958	1,886,638,582	2,415,405,251	3,449,120,156	6,787,650,477
LONG TERM LIABILITIES	13,150,789	17,374,482	74,402,416	42,860,877	51,205,528
EQUITY	401,423,744	495,823,332	582,139,999	812,658,181	819,814,463
TOTAL LIABILITIES	1,810,335,491	2,399,836,396	3,071,947,666	4,304,639,214	7,658,670,468
TECHNICAL REVENUES	994,813,525	1,289,316,104	1,374,441,122	1,680,539,628	3,731,607,489
ISSUED PREMIUMS, GROSS (REINSURER SHARE NOT DEDUCTED)	1,305,193,650	1,638,481,061	1,899,270,813	2,648,372,642	5,693,771,170
ISSUED PREMIUMS, NET (REINSURER SHARE DEDUCTED)	1,004,287,623	1,225,936,410	1,254,087,812	1,823,316,236	4,059,586,556
TECHNICAL EXPENSES	-861,976,311	-1,162,618,099	-1,179,663,338	-1,651,666,907	-4,176,121,066
PAID LOSSES, GROSS (REINSURER SHARE NOT DEDUCTED)	-572,627,362	-712,583,531	-738,212,429	-1,359,951,571	-2,888,427,633
PAID LOSSES, NET (REINSURER SHARE DEDUCTED)	-512,729,709	-626,789,063	-618,210,913	-1,095,493,163	-2,222,598,610
TECHNICAL PROFIT / LOSS	132,837,214	126,698,005	194,777,784	28,872,721	-444,513,577
FINANCIAL INCOME	153,992,577	255,322,508	223,388,477	1,359,511,931	1,944,410,451
FINANCIAL EXPENSES	-138,100,058	-210,669,792	-194,127,222	-1,068,004,037	-1,536,414,357
EXPENSES AND LOSSES FROM OTHER ORDINARY OPERATIONS	-10,079,882	3,104,092	-16,257,449	33,291,816	26,797,205
PROVISIONS FOR TAX	-32,818,281	-50,055,222	-41,390,953	-123,154,249	16,876,560
NET PROFIT/LOSS FOR THE PERIOD	105,831,570	124,399,588	166,390,637	230,518,182	7,156,281

Declaration of Conformity for Annual Report

As Neova Participation Insurance Declaration of Conformity for Annual Report

We hereby declare that the Neova Insurance Annual Report for 2022 prepared pursuant to the Regulation on the Financial Structures of Insurance and Reinsurance Companies and Pension Companies dated 07.08.2007 has been prepared in accordance with the procedures and principles laid down in the aforementioned regulation.



Nurettin KOLAÇ
Chairman of the Board of Directors



Neslihan NECİBOĞLU
Chief Executive Officer



Murat GÜNDÜZ
Asst. General Manager
Strategy, IT, Finance



Tufan KARAMUK
Finance Director

**NEOVA KATILIM
SİGORTA
ANONİM ŞİRKETİ**

(Formerly Known as Neova Sigorta Anonim Şirketi)

Financial Statements
as of December 31, 2022
together with the
Independent
Auditor's Report

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



Güney Bağımsız Denetim ve SMMM A.Ş.
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Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Neova Katılım Sigorta Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Opinion

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

2) Basis for Opinion

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

3) Emphasis of Matter

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

4) Key Audit Matters

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



Key audit matter	How our audit addressed the key audit matter
Incurred but not reported outstanding claims reserve <p>As of December 31, 2022, the Company has insurance liabilities of TL 5,751,935,902 representing 75% of the Company's total liabilities. The Company made net provision of TL 2,861,932,417 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 2,870,162,170) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review the incurred case files which selected randomly; obtained the signed lawyer letter from the Company's attorney for litigated case files; assessed the average claim amount and opening claim amounts determined by the Company's actuary; have performed the audit procedures related to the completeness of the data used in the correct calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

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

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

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2022, and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.
- 3) As of December 31, 2022, the Company's minimum required capital dated December 31, 2022, calculated in accordance with the regulation on the measurement of capital adequacy, is TL 1,061,471,009. However, in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued on January 19, 2008, the Company's capital calculated as of December 31, 2022 is TL 226,632,339 short of the minimum required capital. As explained in Footnote 4, the Company, in the framework of full and timely compliance with legal regulations, has decided to increase the capital of TL 400,000,000 with the decision of the Board of Directors dated February 2, 2023, and the capital increase was realized in cash on February 9, 2023.

The name of the engagement partner who supervised and concluded this audit is Tolga Özdemir.

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

Tolga Özdemir, SMMM
Partner

February 28, 2023
İstanbul, Turkey

NEOVA KATCLİM SİGORTA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31,2022


We confirm that the financial statements and related disclosures and footnotes as of December 31, 2022 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Prime Ministry Undersecretariat of Treasury 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.

İstanbul, February 28, 2023


Ahmet Korhan AKÇÖL
Actuary


Tufan KARAMUK
Finance Director


Murat GÜNDÜZ
Assistant General Manager


Neslihan NECİBOĞLU
General Manager

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NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Balance Sheet as of
December 31, 2022

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

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
I- Current Assets	Note		
A- Cash and Cash Equivalents	2.12	1,721,111,117	1,312,985,687
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12	1,315,210,935	760,473,897
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2.12, 14	391,601,941	552,511,790
6- Other Cash and Cash Equivalents		14,298,241	-
B- Financial Assets and Financial Investments with Risks on Policyholders	11.1	4,495,637,589	2,112,004,373
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments	11.1	202,420,774	540,511,694
3- Financial Assets Held for Trading	11.1	4,293,216,815	1,571,492,679
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations	12.1	714,466,465	580,754,655
1- Receivables from Insurance Operations	12.1	669,973,762	558,440,618
2- Provision for Receivables from Insurance Operations	2.21, 12.1	(41,478,224)	(14,122,899)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies	12.1	85,970,927	36,436,936
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12.1	98,559,024	68,900,865
10- Provision for Doubtful Receivables from Main Operations	12.1	(98,559,024)	(68,900,865)
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	47.1	12,834,930	6,986,288
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	47.1	719,081	78,898
4- Other Miscellaneous Receivables	47.1	12,115,849	6,907,390
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals	46.1	490,729,410	199,653,234
1- Deferred Acquisition Costs	46.1	429,163,274	178,136,078
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	46.1	61,566,136	21,517,156
G- Other Current Assets		25,682,281	2,059,900
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	35	25,254,491	-
3- Deferred Tax Assets		-	-
4- Job Advances		-	1,882,737
5- Advances Given to Personnel		427,790	177,163
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		7,460,461,792	4,214,444,137

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Balance Sheet as of
December 31, 2022

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

		Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
II- Non Current Assets	Note		
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	9	19,919,795	1,187,458
1- Investments in Equity Shares	9	1,221,495	875,420
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	2.2	18,698,300	312,038
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	6	38,385,706	26,099,329
1- Investment Properties		-	-
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments	6	26,597,167	16,968,568
5- Furniture and Fixtures	6	2,071,745	1,325,627
6- Motor Vehicles	6	18,977,460	10,805,700
7- Other Tangible Assets (Including Leasehold Improvements)	6	1,810,800	1,481,786
8- Tangible Assets Acquired Through Finance Leases	6	22,957,848	17,734,831
9- Accumulated Depreciation	6	(37,037,466)	(24,871,335)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		3,008,152	2,654,152
F- Intangible Assets	8	15,216,273	4,881,276
1- Rights	8	34,156,016	18,866,476
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(18,939,743)	(13,985,200)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		410,014	162,469
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		410,014	162,469
H- Other Non-Current Assets	21	124,276,888	57,864,545
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	124,276,888	57,864,545
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
I- Total Non-Current Assets		198,208,676	90,195,077
Total Asset		7,658,670,468	4,304,639,214

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Balance Sheet as of
December 31, 2022

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

LIABILITIES			
	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
III- Short-Term Liabilities			
A- Financial Liabilities		233,579,850	249,294,757
1- Borrowings from Financial Institutions		150,040,402	-
2- Finance Lease Payables	20	6,919,556	5,372,533
3- Deferred Leasing Costs	20	(393,296)	(640,019)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	2.10	77,013,188	244,562,243
B- Payables Arising from Main Operations	19	302,302,224	125,017,279
1- Payables Arising from Insurance Operations	4, 19	299,907,742	123,562,823
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	2,394,482	1,454,456
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties		831,218	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		831,218	-
6- Due to Other Related Parties		-	-
D- Other Payables		197,974,424	94,414,331
1- Deposits and Guarantees Received		16,818,305	16,055,298
2- Payables to Social Security Institution Related to Treatment Expenses	4, 19	85,122,466	48,658,016
3- Other Miscellaneous Payables	19	99,989,076	32,594,921
4- Discount on Other Miscellaneous Payables	19	(3,955,423)	(2,893,904)
E-Insurance Technical Provisions		5,718,213,393	2,777,431,915
1- Reserve for Unearned Premiums - Net	2.21.a , 17.15	2,508,056,633	1,112,526,418
2- Reserve for Unexpired Risks- Net	2.21.b, 17.15	328,244,367	47,000,465
3- Life Mathematical Provisions - Net	2.21.a , 17.15	9	217
4- Provision for Outstanding Claims - Net	2.21.c, 17.15	2,861,932,417	1,597,924,848
5- Provision for Bonus and Discounts - Net	2.21.e, 17.16	19,979,967	19,979,967
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations		109,435,202	112,724,985
1- Taxes and Funds Payable		104,006,413	57,280,783
2- Social Security Premiums Payable		5,428,789	1,190,631
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	35	-	164,545,202
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	35	-	(110,291,631)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	47.1	28,150,205	15,183,319
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	47.1, 22	28,150,205	15,183,319
H- Deferred Income and Expense Accruals	19, 47.1	170,320,992	71,010,929
1- Deferred Commission Income	19, 47.1	170,320,992	71,010,929
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		26,842,969	4,042,641
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		26,842,969	4,042,641
III- Total Short-Term Liabilities		6,787,650,477	3,449,120,156

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Balance Sheet as of
December 31, 2022

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

	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
IV- Long-Term Liabilities			
A- Financial Liabilities		611,462	3,240,620
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	759,245	3,522,831
3- Deferred Leasing Costs	20	(147,783)	(282,211)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
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- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
4- Payables to Social Security Institution		-	-
E-Insurance Technical Provisions	2.20.d, 17.15	33,722,509	32,390,640
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	2.21.e, 17.16	-	9,097,354
6- Other Technical Provisions - Net	2.21.e, 17.15	33,722,509	23,293,286
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	22	16,871,557	7,229,617
1- Provisions for Employment Termination Benefits	22	16,871,557	7,229,617
2- Provisions for Pension Fund 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		51,205,528	42,860,877

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Balance Sheet as of
December 31, 2022

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

EQUITY			
	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
V- Equity			
A- Paid in Capital		500,000,000	500,000,000
1- (Nominal) Capital	2.13, 15.3	500,000,000	500,000,000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		-	-
1- Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		47,788,688	35,475,758
1- Legal Reserves	15.2	42,933,205	30,620,275
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		5,000,000	5,000,000
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves		(144,517)	(144,517)
D- Retained Earnings		264,869,494	46,664,241
1- Retained Earnings		264,869,493	46,664,241
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Year		7,156,281	230,518,182
1- Net Profit for the Year		7,156,281	230,518,182
2- Net Loss for the Year		-	-
3- Net Profit for the Period Note Subject to Distribution		-	-
V- Total Equity		819,814,463	812,658,181
Total Equity And Liabilities		7,658,670,468	4,304,639,214

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Income statement as of
December 31, 2022

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

		Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
I-TECHNICAL SECTION	Note		
A- Non-Life Technical Income		3,731,607,484	1,680,539,628
1- Earned Premiums (Net of Reinsurer Share)		2,382,812,647	1,451,843,377
1.1- Written Premiums (Net of Reinsurer Share)	24	4,059,586,556	1,823,316,236
1.1.1- Written Premiums, gross	24	5,693,771,170	2,648,372,642
1.1.2- Written Premiums, ceded	24 , 10	(1,418,993,467)	(686,732,227)
1.1.3- Written Premiums, SSI share	24 , 10	(215,191,147)	(138,324,179)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		(1,395,530,007)	(386,865,009)
1.2.1- Reserve for Unearned Premiums, gross		(1,899,591,669)	(463,273,652)
1.2.2- Reserve for Unearned Premiums, ceded	10	455,594,201	61,283,069
1.2.3- Reserve for Unearned Premiums, SSI share	10	48,467,461	15,125,574
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17.15	(281,243,902)	15,392,150
1.3.1- Reserve for Unexpired Risks, gross	17.15	(361,035,636)	20,896,925
1.3.2- Reserve for Unexpired Risks, ceded	10,17.15	79,791,734	(5,504,775)
2- Investment Income - Transferred from Non-Technical Section	26	1,290,817,576	199,856,454
3- Other Technical Income (Net of Reinsurer Share)	47.5	4,028,170	2,127,193
3.1- Other Technical Income, gross	47.5	4,028,170	2,127,193
3.2- Other Technical Income, ceded		-	-
4. Accrued Salvage and Subrogation Income	47.5	53,949,091	26,712,604
B- Non-Life Technical Expense		(4,176,121,069)	(1,651,666,907)
1- Incurred Losses (Net of Reinsurer Share)		(3,486,606,179)	(1,382,839,165)
1.1- Claims Paid (Net of Reinsurer Share)	17.15	(2,222,598,610)	(1,095,493,163)
1.1.1- Claims Paid, gross	17.15	(2,888,427,633)	(1,359,951,571)
1.1.2- Claims Paid, ceded	10,17.15	665,829,023	264,458,408
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		(1,264,007,569)	(287,346,002)
1.2.1- Change in Provisions for Outstanding Claims, gross		(1,530,015,489)	(354,360,051)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	266,007,920	67,014,049
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)	17.16	9,097,354	40,617,798
2.1- Provision for Bonus and Discounts, gross	17.16	9,097,354	40,617,798
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17.15	(10,429,223)	(6,727,700)
4- Operating Expenses	31, 32	(603,243,138)	(268,657,527)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded (+)		-	-
6- Other Technical Expense		(84,939,883)	(34,060,313)
6.1- Other Technical Expense, gross		(84,939,883)	(34,060,313)
6.2- Other Technical Expense, ceded		-	-

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Income statement as of
December 31, 2022

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

		Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
II-NON-TECHNICAL SECTION	Note		
C- Net Technical Income - Non-Life (A-B)		(444,513,585)	28,872,721
F- Net Technical Income - Life (D-E)		-	-
I - Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		(444,513,585)	28,872,721
K- Investment Income		1,944,410,451	1,359,511,931
1- Income from Financial Assets	26	423,522,418	183,584,383
2- Income from Disposal of Financial Assets		132,032,908	10,877,039
3- Valuation of Financial Assets	26, 27	999,675,308	66,831,113
4- Foreign Exchange Gains	26	369,581,482	1,048,843,028
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions	13	19,598,335	49,376,368
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(1,536,414,357)	(1,068,004,037)
1- Investment Management Expenses (inc. interest)		(20,511,572)	(1,163,509)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income T ransferred to Non-Life T echnical Section	26	(1,290,817,576)	(199,856,454)
5- Loss from Derivative Transactions	13	(178,275,575)	(706,471,450)
6- Foreign Exchange Losses	26	(28,384,613)	(148,309,993)
7- Depreciation and Amortization Expenses	6.8.26.31	(18,425,021)	(12,202,631)
8- Other Investment Expenses		-	-
M- Income and Expenses From Other and Extraordinary Operations		26,797,207	33,291,816
1- Provisions	47.5	(44,902,099)	(12,549,021)
2- Rediscunts		(4,204,091)	1,073,792
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred T ax Assets)	21.35	66,412,343	41,971,851
6- Deferred Taxation (Deferred T ax Liabilities)		-	-
7- Other Income	47.5	10,678,250	3,303,421
8- Other Expenses and Losses	47.5	(1,187,196)	(508,227)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		7,156,276	230,518,182
1- Profit for the Year		(9,720,284)	353,672,431
2- Corporate Tax Provision and Other Fiscal Liabilities	35	16,876,560	(123,154,249)
3- Net Profit for the Year		7,156,276	230,518,182
4- Monetary Gains and Losses		-	-

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Equity movement table as of
December 31, 2022

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

Audited Changes in Equity											
Audited Current Year	Capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I- Balance at the beginning of the previous year – January 1, 2022	500,000,000	-	-	-	-	30,620,275	-	4,855,483	230,518,182	46,664,241	812,658,181
A- Capital increase	-	-	-	-	-	-	-	-	-	-	-
1- In cash	-	-	-	-	-	-	-	-	-	-	-
2- From reserves	-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income	-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year	-	-	-	-	-	-	-	-	7,156,276	-	7,156,276
I - Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Other reserves and transfers from retained earnings	-	-	-	-	-	12,312,930	-	-	(230,518,182)	218,205,252	-
II - Balance at the end of the year - December 31, 2022 (I+ A+B+C+D+E+F+G+H+I+J)	500,000,000	-	-	-	-	42,933,205	-	4,855,483	7,156,276	264,869,493	819,814,457

Audited Prior Year	Capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I- Balance at the beginning of the previous year – January 1, 2020	84,800,000	-	-	-	-	22,247,000	-	(144,517)	166,390,637	308,846,879	582,139,999
A- Capital increase	415,200,000	-	-	-	-	-	-	-	-	(166,390,637)	(248,809,363)
1- In cash	-	-	-	-	-	-	-	-	-	-	-
2- From reserves	415,200,000	-	-	-	-	-	-	-	(166,390,637)	(248,809,363)	-
B- Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income	-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	-	-	-	-	-	-	-	-	-	-	-
E- Currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-
F- Other gains or losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year	-	-	-	-	-	-	-	-	230,518,182	-	230,518,182
I - Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Other reserves and transfers from retained earnings	-	-	-	-	-	8,373,275	-	5,000,000	-	(13,373,275)	-
II - Balance at the end of the year - December 31, 2020 (I+ A+B+C+D+E+F+G+H+I+J)	500,000,000	-	-	-	-	30,620,275	-	4,855,483	230,518,182	46,664,241	812,658,181

(*) Stated in Note 17.16

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Statement of Cash Flow for the Period Ended December 31, 2022

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

	Note	Audited Current Year January 1 – December 31, 2022	Audited Prior Year January 1 – December 31, 2021
A. Cash flows from operating activities			
1. Cash provided from insurance activities		7,004,336,625	2,895,484,762
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(2,378,393,127)	(1,357,794,120)
5. Cash used in reinsurance activities		(1,634,184,614)	(825,056,406)
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		2,991,758,884	712,634,236
8. Interest paid		-	-
9. Income taxes paid		(79,508,062)	(111,225,648)
10. Other cash inflows		412,361,095	397,967,839
11. Other cash outflows		(881,987,004)	(360,912,738)
12. Net cash provided from operating activities		2,442,624,913	638,463,689
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6.8	2,826,977	1,051,786
2. Acquisition of tangible assets	6.8	(43,873,374)	(25,775,668)
3. Acquisition of financial assets		(8,127,395,949)	(4,165,847,136)
4. Proceeds from disposal of financial assets		6,724,779,181	3,171,468,659
5. Interests received		555,555,326	194,461,422
6. Dividends received		-	-
7. Other cash inflows		295,813,739	1,063,253,014
8. Other cash outflows		(1,520,261,079)	(1,025,186,540)
9. Net cash provided by / (used in) investing activities		(2,112,555,178)	(786,574,463)
C. Cash flows from financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		150,040,402	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash provided by financing activities		150,040,402	-
D. Effect of exchange rate fluctuations on cash and cash equivalents		108,655,620	38,449,850
E. Net increase /(decrease) in cash and cash equivalents (A12+B9+C7+D)		588,765,757	(109,660,924)
F. Cash and cash equivalents at the beginning of the year		1,308,577,515	1,418,238,439
G. Cash and cash equivalents at the end of the year (E+F)	2.12	1,897,343,272	1,308,577,515

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Statement of Profit Distribution Table for the Period Ended December 31, 2022

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

	Note	Audited Current Year December 31, 2022	Audited Prior Year December 31, 2021
I.DISTRIBUTION OF PROFIT FOR THE PERIOD			
1. PROFIT FOR THE PERIOD (*)		(9,720,284)	353,672,431
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		16,876,560	(123,154,249)
1.2.1. Corporate tax (Income Tax)		16,876,560	(123,154,249)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		7,156,276	230,518,182
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)		7,156,276	139,359,383
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5))] (*)		-	91,158,799
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To Common Shareholders		-	-
1.6.2. To Preferred Shareholders		-	-
1.6.3 To Owners of Participating Redeemed Shares		-	-
1.6.4 To Owners Of Profit-sharing Securities		-	-
1.6.5 To Owners Of Profit And Loss Sharing Securities		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To Common Shareholders		-	-
1.10.2. To Preferred Shareholders		-	-
1.10.3 To Owners of Participating Redeemed Shares		-	-
1.10.4 To Owners Of Profit-sharing Securities		-	-
1.10.5 To Owners Of Profit And Loss Sharing Securities		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVE (-)		-	-
1.13. EXTRAORDINARY RESERVES (*)		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To Common Shareholders		-	-
2.3.2. To Preferred Shareholders		-	-
2.3.3 To Owners of Participating Redeemed Shares		-	-
2.3.4 To Owners Of Profit-sharing Securities		-	-
2.3.5 To Owners Of Profit And Loss Sharing Securities		-	-
2.4. DIVIDENDS TO EMPLOYEES (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		-	-
3.2. TO COMMON SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

The accompanying notes are an integral part of these financial statements

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Convenience Translation of Notes to the Financial Statements as of December 31, 2022

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

1 General Information

1.1 Name of the Company and name of the last owner

Neova Katılım Sigorta Anonim Şirketi (Formerly known as Neova Sigorta A.Ş) ("the Company") was established on July 17, 2008 under the name of Haliç Sigorta Anonim Şirketi. The Company management decided to change the name and registered the name of the Company as Neova Sigorta Anonim Şirketi as of January 26, 2009. The license to engage in insurance activities was given to the Company by the Ministry of Treasury and Finance on December 2, 2009, and policy production began on December 16, 2009. The shareholding structure of Neova Katılım Sigorta Anonim Şirketi is given in Note 2.13.

In addition, the title of the Company has been announced as registered "Neova Katılım Sigorta A.Ş." on June 29, 2021 which is published in the Turkish Trade Registry Gazette dated July 2, 2021 and numbered 10362.

1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office:

Neova Katılım Sigorta Anonim Şirketi operates at the address of E-5 Yanyolüstü Şaşmaz Plaza No:6 Kat:3 34742 Kozyatağı/İstanbul and has the status of a Joint Stock Company established in accordance with the provisions of the Turkish Commercial Code (TCC). The Company conducts its operations in accordance with the Insurance Law No.5684.

1.3 Nature of operations

The Company operates in almost all (Breach of trust policy, financial losses, general liability, general loss, sickness and health air vehicles, legal protection, motor vehicles, accident, transportation, fire and natural disasters, personal accident, and water vehicles) non-life insurance branches.

1.4 Explanation of the activities and characteristics of main operations of the corporation:

Explained in Note 1.2 and 1.3.

1.5 Average number of employees during the period by category:

As of December 31, 2022, the Company employs a total of 373 people (December 31, 2021: 319), including 4 senior managers (December 31, 2021: 5), 57 middle-level managers (December 31, 2021: 40).

	December 31, 2022	December 31, 2021
Senior level executives	61	45
Other personnel	312	274
Total	373	319

1.6 Total salaries and benefits paid to the members of the Board of Directors, General Manager, General Coordinator, Assistant General Managers, and other executive management during the current period

Total salaries and benefits paid to the members of the Board of Directors, General Manager, General Coordinator, Assistant General Managers, and other executive management during the current period January 1, – December 31, 2022 TL 17,081,908 (January 1, – December 31, 2021: TL 9,533,266).

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Convenience Translation of Notes to the Financial Statements as of December 31, 2022

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

1 General Information (continued)

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

Investment income transferred from the non-technical division to the technical division

Within the framework of the "Circular on the Procedures and Principles of the Keys Used in the Financial Statements Prepared in the Framework of the Insurance Uniform Chart of Accounts" dated January 4, 2008 and numbered 2008/1 of the Ministry of Treasury and Finance, all incomes obtained from the investment of the assets that meet the technical provisions, technical transferred to the section. The amount transferred to the technical department is distributed in proportion to the ratios found by dividing the net cash flow amounts calculated for each branch, deducting the reinsurer's share for each branch, by the total net cash flow amounts. Net cash flow is the amount found by deducting net paid claims from net written premiums.

Distribution of operating expenses

As of December 31, 2022 and 2021, personnel, management, research and development, marketing and sales expenses, benefits and services provided from outside and other operating expenses that cannot be directly distributed, are calculated for each sub-branch within the framework of the circular of the Ministry of Treasury and Finance specified in the paragraph above. It is distributed according to the weighted average of the ratios found by dividing the number of policies produced in the last three years, the gross premium amount, and the number of damage notifications, respectively, by the total number of policies produced, the total gross premium amount written and the number of reported claims.

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

Financial statements include only Neova Katılım Sigorta Anonim Şirketi.

1.9 Name or other identifying information of the reporting entity and any changes in that information since the previous balance sheet date

Trade name of the Company	: Neova Katılım Sigorta Anonim Şirketi
Registered address of the head office	:E-5 Yanyol Üzeri Şaşmaz Plaza No:6 Kat:3 34742 Kozyatağı/İSTANBUL
Phone	0216 665 55 55
Fax	0216 665 55 99
The web page of the Company	: www.neova.com.tr
The e-mail of the Company	: info@neova.com.tr

1.10 Events after the reporting date

Events after the balance sheet date are included in footnote 46.

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Convenience Translation of Notes to the Financial Statements as of December 31, 2022

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The Company has registered its records in Turkish Lira (Turkish Lira) in accordance with the Insurance Chart of Accounts (Communiqué on the Accounting Plan) of the Ministry of Treasury and Finance, published in the Official Gazette dated 30 December 2004 and numbered 25686 and entered into force on January 1, 2005.

The Company submits its financial statements to the accounting principles and standards determined in the regulations in force in accordance with the Insurance Law No. 5684 published in the Official Gazette dated 14 June 2007 and numbered 26522, and the Insurance and Private Pension Regulation and Supervision Agency (IPPRS), which was established with the Presidential Decree dated 18 October 2019 and other regulations, explanations and circulars published by the Company, and the "Insurance Accounting and Financial Reporting Legislation", which includes the provisions of Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS). The insurance legislation before the establishment of the IPPRS and the regulatory activities related to the insurance sector was made by The Republic of Türkiye Treasury and Finance Ministry (Ministry of Treasury and Finance) at the same time regulatory activities related to the insurance sector, it was published by the Ministry of Treasury and Finance.

The Company accounts for its activities within the framework of the explanations, regulations, and circulars published in this context by the Ministry of Treasury and Finance, TAS, and TFRS. In the sector announcement of The Republic of Türkiye Treasury and Finance Ministry dated 18 February 2008, it was announced that the standards related to TFRS 4 - "Insurance Contracts" and TAS 1-"Presentation of Financial Statements" will not be applied.

Public Oversight, Accounting and Auditing Standards Institution (POA), which was established pursuant to the Decree with the Force of Law published in the Official Gazette dated November 2, 2011, among other authorities and duties, financial statements of those who are obliged to keep books in accordance with the lawsto which they are subject; In order to ensure their relevance, transparency, reliability, intelligibility, comparability and consistency, by creating and publishing TASs in compliance with international standards, making secondary regulations for the implementation of Turkish Accounting Standards and taking thenecessary decisions, institutions and organizations that have the authority to regulate in their own fields in thisregard. authorized to approve the regulations.

In accordance with the "Board Decision on Determination of the Scope of Application of Turkish Accounting Standards" dated January 13, 2011 and numbered 6102; Institutions concerning the public interest specified in the Decree Law No. 660 will be subject to independent auditing with the decision of the Council of Ministers within the framework of Article 397 of the Law No. 6102, and the companies listed in the second paragraph of Article 1534 of the same Law apply TAS when preparing their individual and consolidated financial statements.

Examples of financial statements in this regulation; Institutions, development and investment banks and financial holding companies established to carry out at least one of the fields of activity stipulated in the Banking Law No. 5411 dated October 19, 2005, Capital Markets Law No. 6362 dated December 6, 2012, Insurance Law No. 5684 dated September 3, 2007 and Financial institutions such as financial institutions established to engage in insurance, private pension or capital market activities within the framework of the Private Pension Savings and Investment System Law No. 4632 dated March 28, 2001 and their respective legislation operate under their own legislation.

The financial statements are prepared in accordance with the accounting and financial reporting regulations inforce in accordance with the insurance legislation and the provisions of Turkish Accounting Standards on matters not regulated by them.

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2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.2 Other accounting policies appropriate for the understanding of the financial statements Accounting in hyperinflationary countries

Since the Company was established on 17 July 2008, the Company is not subject to the adjustment of the financial statements applied in high inflation periods.

According to TAS 29 Financial Reporting in Hyperinflationary Economies , companies whose functional currency is the currency of a high inflationary economy report their financial statements based on the purchasing power of the currency at the end of the reporting period. TAS 29 defines characteristics that may indicate that an economy is a hyperinflationary economy. At the same time, all entities reporting in the currency of a hyperinflationary economy in accordance with TAS 29 must apply this Standard from the same date. Therefore, it is expected that all businesses will start implementing TAS 29 at the same time through a statement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in implementation throughout the country, as stated in TAS 29. However, the Public Oversight Accounting and Auditing Standards Authority (KGK) has not made any statements regarding whether a correction will be made under TMS 29 in the financial statements for the accounting period ending on December 31, 2022. Therefore, TMS 29 was not applied and inflation adjustment was not made in the financial statements dated December 31, 2022.

2.1.3 Valid 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 unless otherwise indicated, has not been rounded.

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

Financial statements have been prepared on the historical cost basis adjusted for the effects of inflation accounting until December 31, 2004, which is considered the end date of the high inflation period, based on reliable measurement at fair values, excluding financial assets held for trading purposes

2.1.6 Accounting policies, changes in accounting estimates and errors

Changes in accounting estimates are applied prospectively in the current period in which the change is made,if they relate to only one period, and in future periods, if they relate to future periods. No changes have been made in the accounting estimates in the current period.

Significant changes in accounting policies and significant accounting errors are applied retrospectively and theprior period financial statements are restated. No changes or errors have occurred in the accounting policies forthe current period.

Explanations on accounting estimates are given in the "Note 3" which is critical accounting estimates and judgments.

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2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.7 Comparative information

To allow for the identification of financial condition and performance trends, the Company's current period financial statements are prepared comparably with the previous period. In order to ensure compliance with the presentation of current period financial statements, comparative information is reclassified when deemed necessary.

2.2 Consolidation

The Company does not have any subsidiaries to be consolidated in the scope of the "Communiqué on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance, and Pension Companies" published in the Official Gazette dated December 31, 2008, and numbered 27097 which is effective from March 31, 2009.

Neova GmbH, a subsidiary of the Company, within the framework of the exception stipulated in the Consolidation Communiqué; Since the total assets of the subsidiary is less than one percent of the Company's total assets. The Company has booked at the cost of acquisition and excluded from the scope of consolidation as of December 31, 2022.

2.3 Segment reporting

As of December 31, 2022 and 2021, the Company does not prepare the segment reporting due to the Company are non-public company and the Company has been continuing their operating in non-life insurance branches that is recording as only one a reportable segment under the IFRS - 8 "Operating Segments" standards.

2.4 Foreign currency translation

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 exchange rates ruling at the reporting date and foreign currency exchange differences are offset and all exchange differences are recognized in the statement of income.

Exchange rates used in end of the period:

	December 31, 2022			December 31, 2021		
	TL/USD	TL/Euro	TL/GBP	TL/USD	TL/Euro	TL/GBP
Buying exchange rate	18.6983	19.9349	22.4892	13.3290	15.0867	17.9667
Selling exchange rate	18.7320	19.9708	22.6065	13.3530	15.1139	18.0604

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2 Summary of significant accounting policies (continued)

2.5 Tangible assets

Tangible fixed assets are arranged in accordance with the provisions of TAS 16 "Tangible Assets".

The tangible fixed assets other than the lands and buildings are reflected to the financial statements by deducting their accumulated depreciation. Depreciation is calculated by the linear depreciation method by taking into account the useful lives of the tangible assets. The depreciation periods estimated by taking into account the useful lives of the tangible assets are given below:

Machinery and equipments	3-15 years
Furniture and fixtures	5-15 years
Vehicles	5 years
Other tangible assets	5 years
Leased tangible assets	2-10 years

In case of existence of the conditions indicating the impairment in tangible fixed assets other than the lands and buildings, an examination is conducted to determine such impairment and as a result, if the recorded value of the tangible asset is more than the amount recoverable, the recorded value is decreased to the amount recoverable by reserving a provision. Gains and losses resulting from the disposal of tangible assets are included in other operating income and expense accounts.

2.6 Investment property

The Company does not have any investment property as of balance sheet dates.

2.7 Intangible assets

Intangible fixed assets contain the information systems, franchise and computer software acquired. They are recorded over their acquisition cost and subjected to depreciation by linear depreciation method over their estimated useful lives after their acquisition date. In case of any impairment, the recorded value of intangible fixed assets is reduced to the amount recoverable. The amortization periods of intangible assets are as follows:

Softwares	3 years
Licenses	15 years

2.8 Financial assets

Financial instruments are agreements that increase the financial assets of one enterprise and the financial liabilities or capital instruments of another enterprise. Financial assets:

- cash,
- contractual right to receive cash or another financial asset from another entity ,
- the contractual right of an entity to exchange financial instruments with another entity in favor of the entity, or
- another enterprise's capital instruments.

A financial asset or liability is calculated over the transaction costs, which are the fair value initially given (for the financial asset) and received (for the financial liability), plus the transaction costs, if any. Fair value refers to the price of a financial instrument that is traded between willing parties in a current transaction, except in cases such as forced sales and liquidation. The quoted market price, if any, is the value that best reflects the fair value of a financial instrument.

As of December 31, 2022, and 2021, the Company's financial assets are classified and accounted for as "Loans and receivables (Receivables from Main Operations)".

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2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

Receivables from main operations are receivables arising from insurance contracts, although TAS 39 excludes all receivables arising from insurance contracts, since TFRS 4 is not applied, the Company voluntarily classifies its receivables arising from this insurance contract as financial assets in the financial statements and for these receivables are included in TAS 39. applies field measurement principles.

Purchase and sale transactions of financial assets are recorded and derecognized according to the "Delivery date". The classification of financial assets is determined by the Company management on the dates of their acquisition, taking into account the acquisition purposes of the related assets.

2.9 Impairment on assets

Financial assets

The impartial indicators for impairment of a financial asset or financial asset group include the followings:

- The person who issues or undertakes is in significant financial problem,
- Breach of the contract,
- The creditor grants a privilege to the debtor that he would not grant under any other condition due to economic or legal reasons regarding the financial difficulty of the debtor,
- There is high probability of bankruptcy or any other new financial restructuring of the debtor,
- Removal of the active market of the financial asset in question due to financial difficulties.

The company evaluates if there is an indicator as of the balance sheet dates and reflects any impairment of value, if any.

Loans and receivables are the financial assets created by providing money or service to the debtor. These receivables are recorded first over their reasonable values and are recognized over their discounted values in the following periods. Trade and other receivables and loans that have fixed and determinable payments and that are not traded in an active market are grouped in this category. Fees paid in relation to the assets purchased as a guarantee of these receivables and other similar expenses are not considered as a part of the transaction cost are reflected to expense calculations. The Company makes provision for its receivables in line with the management's assessments and estimations, taking into account the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies", which was published on July 14, 2007 and entered into force on January 1, 2008.

The above-mentioned provision is classified under "Provision for receivables from insurance activities" in the balance sheet. The Company takes into account the general structure of the current receivables portfolio, the financial structures of the insured and intermediaries, their cash or non-cash guarantees, non-financial data, and the economic conjuncture, in line with the risk policies and prudence principle, while determining the Company's forecasts.

In addition to the provision for receivables from insurance operations, the Company allocates provisions for doubtful receivables, which are not included in the above-mentioned "Receivables from insurance activities" provision, taking into account the value and nature of the receivable. These provisions are classified under "Provision for doubtful receivables arising from main operations" in the balance sheet.

In accordance with the principles set forth in the communique of the Ministry of Treasury and Finance dated September 20, 2010, numbered 2010/16 and dated January 14, 2011, numbered 2011/1, the Company reserved provision for its recourse receivables that are overdue 6 months (receivables from insurance companies) and 4 months (receivables from real and other legal entities) for the claims that constitute a basis for the recourse receivables, and besides these amounts, it allocated voluntary additional provision for the recourse receivables from the entities that were taken into the actives for the first time with the circular dated September 20, 2010, numbered 2010/16 and that are not reconciled by an agreement, for the amounts not reserved with the mentioned method.

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2 Summary of significant accounting policies (continued)

2.9 Impairment on assets(continued)

Impairment on non financial assets:

In cases where the assets could not be converted into money over their value, it is checked whether they have any impairment. When the carried value of assets exceeds the amount that can be converted into money, impairment losses are reflected in the income statement. The amount that could be cashed in is the higher of the net sales price of the asset or the utility value. The utility value reflects the present value of future cash flows predicted to be obtained from sales of an asset at the end of its use or economic life, and the net sales price reflects the amount calculated by subtracting the sales costs from the sales revenue. The amount that could be converted into money is estimated for each value, if it can be determined, if not, for the group it is contained in that provides cash flow. If the provision for impairment that was reserved in previous years is not applicable any more or if a smaller provision is required to be reserved, then the relevant amount is withdrawn and this amount is reflected in the income statement. There is no impairment in the non-financial assets of the Company as of December 31, 2022 (December 31, 2021: None).

2.10 Derivative financial instruments

The Company uses foreign currency forward and swap contracts and uses the period-end market exchange rates and interest rates to calculate the market values of these contracts. As of December 31, 2022, the Company has accounted for "Other Financial Liabilities (Liabilities)" amounting to 77,013,188 due to a forward foreign currency agreement (December 31, 2021: 244,562,243).

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.

Collateral amounts and valuations that are necessary for derivative transactions are included in trading financial assets.

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 "financial assets held for trading" 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.

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

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2 Summary of significant accounting policies (continued)

2.12 Cash and cash equivalents

Cash and cash equivalents include current and demand cash at safes and banks, and credit card amounts. Cash equivalents are short-term highly liquid investments that can be easily converted into cash and have no risk of loss of value.

Cash and cash equivalents are presented as the total of acquisition costs.

Cash flow statement

Cash and cash equivalents included in the statements of cash flows are as follows:

	December 31, 2022	December 31, 2021
Banks	1,315,210,935	760,473,897
- Demand deposit	47,993,092	13,965,725
- Participation time deposit	1,267,217,842	746,508,172
Blocked credit cards (Note 14)	391,601,941	552,511,790
Cash and cash equivalents	1,721,111,117	1,312,985,687
Accrual of dividends	(23,067,845)	(4,408,172)
Cash and cash equivalents in the cash flow statements	1,897,343,272	1,308,577,515

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2 Summary of significant accounting policies (continued)

2.13 Share Capital

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

As of December 31, 2022, the nominal capital of the Company is TL 500,000,000 (December 31, 2021: TL 500,000,000). The Company's issued capital consists of 500,000,000 (December 31, 2021: 500,000,000) shares, each with a nominal value of TL 1. In 2020, there are share transfers that result in the Company's capital exceeding 10%, 20%, 33%, or 50%, and the shares of a partner fall below the above ratios. Kuveyt Türk Katılım Bankası A.Ş. All of the partnership shares belonging to the other partners of the Company were taken over by the decision of the board of directors dated May 4, 2020, and declared in the trade registry gazette dated September 3, 2020.

With the decision of the board of directors dated June 17, 2021, the Company increased its paid-in capital from 84,800,000 to TL 500,000,000, with TL 166,390,637 increased by TL 415,200,000, of which TL 248,809,363 was covered from the profits of the year 2020.

The distribution of shares on the basis of shareholders as of the balance sheet dates are as follows:

	December 31, 2022		December 31, 2021	
Title	Share rate	Share amount	Share rate	Share amount
Kuveyt Türk Katılım Bankası A.Ş.	100%	500.000.000	100%	500.000.000
Nominal capital		500.000.000		500.000.000
Unpaid in capital		-		-
Paid in capital		500.000.000		500.000.000

2.14 Insurance and investment contracts - classification

Insurance contracts

The insurance contracts are those contracts that transfer insurance risk. Insurance contracts provide protection to the insured against adverse economic consequences of an event of loss as covered under the terms and conditions stipulated in the insurance policy. The main insurance contracts produced by the Company are fire and natural disasters, marine, land vehicles, rail vehicles, aircrafts, water vehicles, accident, general liability, motor vehicles third party liability, watercraft liability, aircraft liability, general losses, personal accident, breach of trust and financial losses contracts. As of December 31, 2022 and 2021, all contracts of the Company related to its activities consist of insurance contracts and there are no investment contracts.

Reinsurance agreements

The Company transfers insurance risks in the branches in which operates to reinsurance companies within the framework of reinsurance agreements. Reinsurance assets shows the receivables from reinsurance companies. Impairment of reinsurance assets is evaluated as of the report date.

Income and expenses related to reinsurance contracts are recognized in the profit and loss accounts on the date of accrual, taking into account the periodicity principle. Reinsurance agreements do not eliminate the Company's obligations arising from insurance contracts, and do not transfer the insurance risk present in the financial statements. Written premiums and incurred losses are presented separately as gross and reinsurance shares in the financial statements. Reinsurance assets and liabilities are derecognized when the contract expires.

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2 Summary of significant accounting policies (continued)

2.15 Insurance contracts and investment contracts with discretionary participation features

None (December 31, 2021 – None).

2.16 Investment contracts without discretionary participation features

None (December 31, 2021 – None)

2.17 Borrowings

Contractual financial obligations:

- Provides cash or another financial asset to another entity, or
- Contractual obligations that require an entity to exchange financial instruments with another entity to the detriment of the entity.

The Company has no loan debts as of the balance sheet dates.

2.18 Taxes

Corporate tax

With the amendment made in Article 25 of Law No. 7394 and the first paragraph of Article 32 titled "Corporate Tax and Provisional Tax Rate" of Law No. 5520 on April 15, 2020, It has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment, and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2022 calendar year, starting from the declarations that must be submitted as of July 1, 2022, and being valid for the corporate earnings for the taxation period starting from February 1, 2022.

This rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions (such as the affiliation privilege) and other deductions in the tax laws. Withholding tax is not applied to dividend payments made to corporations earning income through a permanent establishment or a representative office in Turkey or resident corporations in Turkey.

The withholding rates for certain provisions in articles 15 and 30 of the Corporate Tax Law No. 5520 were redefined with the Cabinet Decisions No. 2009/14593 and No. 2009/14594 published in the Official Gazette No. 27130 on February 3, 2009. The withholding tax rate on dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to non-resident institutions and 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.

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's earnings.

According to Turkish tax legislation, financial losses represented on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offset from last year's profits. The Company has no deductible financial losses as of the balance sheet date.

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

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2 Summary of significant accounting policies (continued)

2.18 Taxes (continued)

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 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.

2.19 Employee benefits

Defined benefit plan:

In accordance with the Labor Law, the Company is obliged to pay compensation to the personnel in case of dismissals and retirements other than resignations and justified reasons. As of December 31, 2022, this compensation is a 30-day wage, provided that it does not exceed TL 19,982 for each year worked until the date of dismissal or retirement (December 31, 2021: 10,596).

As of January 1, 2023, the severance pay ceiling has been increased to TL 19,982.

In accordance with the provisions of the “Turkish Accounting Standard for Employee Benefits” (“TAS 19”), liabilities related to severance pay are required to be calculated over the net present value of the estimated future probable liability amounts of all employees by using certain actuarial estimates. The Company has not calculated actuarial gains/losses for the related liabilities as of January 1 – December 31, 2022 (January 1, – December 31, 2021: None).

Defined contribution plan:

The Company pays compulsory social insurance premiums to the Social Security Institution. As long as the Company pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses in the period they are accrued.

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2 Summary of significant accounting policies (continued)

2.20 Leasing transactions

a) Definition of lease

In the transition to TFRS 16, the Company, regarding which transactions are classified as leases; has chosen to apply the contract, which was defined as lease in its old form, by using the facilitating application, without re-evaluating whether it meets the definition of lease. Therefore, it has applied TFRS 16 only to contracts previously defined as lease contracts. According to TAS 17 and TFRS Interpretation 4, contracts that do not contain a lease have not been reassessed whether they contain a lease. Therefore, the definition of lease under TFRS 16 is only applied to contracts entered into or modified on or after January 1, 2019.

The Company allocates to each lease and non-lease component on the basis of its relative stand-alone price at reassessment or contract inception of a contract that includes a lease component. However, for properties of which it is a lessee, the Company has chosen not to separate the non-lease components and to account for the non-lease and non-lease components as a single lease component.

b) As a lease

The Company rents vehicles and buildings.

As a lessee, the Company now recognizes right-of-use assets and lease liabilities for most leases in accordance with TFRS 16, although previously the lease was classified as an operating or finance lease based on an assessment of whether the entirety of the risks and benefits of ownership of the asset is transferred. In other words, these leases are presented in the statement of financial position.

As a result of internal evaluations, the Company considers machinery leases, IT equipment and other lease transactions acquired through operating leases out of the scope of TFRS 16, as they remain below the materiality level and account for the related lease payments under other operating expenses.

The book value of right-of-use assets is as follows.

	December 31, 2022	December 31, 2021
Right-of-use assets presented in property, plant and equipment	22,957,848	17,734,831
Lease Liability	22,957,848	17,734,831

The Company recognizes the right-of-use asset and the lease liability on the financial statements at the actual commencement date of the lease. The right-of-use asset is measured initially cost and subsequently at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented as investment property. Right-of-use asset is initially measured at cost and after the lease actually commences, it is measured at fair value in accordance with the Company's accounting policies.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. Lease payments are discounted using the Company's alternative borrowing interest rate if the implied interest rate in the lease can be easily determined. Generally, the Company used the alternative borrowing interest rate as the discount rate. The weighted average of the alternative borrowing interest rates applied by the Company to the EURO and TL lease liabilities reflected in the statement of financial position as of January 1, 2022 is 2% and 13%.

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2 Summary of significant accounting policies (continued)

2.20 Leasing transactions (continued)

After the commencement date of the lease, the lessee increases the carrying amount of the lease liability to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment of the option to purchase the asset, and in the event of a change in the amounts expected to be paid under the residual value commitment and in the event of a change in these payments as a result of a change in the index or rate.

The Company has used its own judgment to determine the lease term for some leases that include renewal options. Evaluating whether the Company is reasonably confident to exercise such options affects the lease term; therefore, this matter significantly affects the amounts of lease liabilities and right-of-use assets recognized.

2.21 Provisions

Provisions, contingent liabilities and contingent assets

Provisions are recognized only if the Company has a past and present obligation (legal or structural) and there is a possibility that the resources that provide economic benefits to the business will be lost due to this obligation and the amount of the liability to be realized can be reliably estimated. When the depreciation of money over time becomes significant, provisions are calculated by discounting future cash flows with the pre-tax rate of current market estimates that reflect the time value of money (and liability-specific risks, if appropriate).

Contingent liabilities are not reflected in the financial statements and explained in the notes if the situation requiring resource transfer is not highly probable. Contingent assets, on the other hand, are not reflected in the financial statements and are disclosed in the notes if they are likely to generate economic returns.

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2 Summary of significant accounting policies (continued)

2.21 Provisions (continued)

Insurance technical provisions

a) Reserve for unearned premiums

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. For commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

Calculation of the reserve for unearned premiums in accordance with the "Regulation Amending the Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies and Assets to be Invested in These Reserves", which was published in the Official Gazette dated July 28, 2010 and numbered 27655 and entered into force as of September 30, 2010. During the period, the starting day and the ending day of the insurance coverage are taken into account as half a day and the calculation is made accordingly.

According to the Technical Reserves Regulation, when calculating the reserve for unearned premiums for insurance contracts indexed to foreign currency, the foreign exchange selling rates announced by the Central Bank of the Republic of Turkey in the Official Gazette on the accrual date of the relevant premium are taken into account, unless a separate exchange rate is specified in the insurance contract.

Conditions of reinsurance agreements in force are taken into account in calculating the amount of reinsurer's share in reserve for unearned premiums. As of December 31, 2022, the Company has set aside a gross reinsurance share of TL 3,449,475,581 (December 31, 2021: TL 1,549,883,912) for unearned premiums, and TL 941,418,939 (December 31, 2021: TL 437,357,277) for unearned premiums.

Actuarial mathematical provision for long-term personal accident amounting to TL 9 as of December 31, 2022 (December 31, 2021: TL 217) is presented under the unearned premium reserve account.

For non-proportional reinsurance agreements, the portion of the accrued amounts corresponding to the future period or periods is followed in the deferred expense account. As of December 31, 2022, there are prepaid expenses. (December 31, 2021: None).

The company defers the portion of commissions paid to intermediaries for written premiums and commissions received due to transferred premiums to reinsurers, which belong to future periods, in the accounts of deferred expenses (expenses for coming months) and deferred revenues (income for coming months) successively on the balance sheet, and monitors them by netting under the operating expenses account on the income statement.

As of December 31, 2022, deferred commission expense amounting to TL 429,163,274 (December 31, 2021: TL 178,136,078) and deferred commission income amounting to TL 170,320,992 (December 31, 2021: TL 71,010,929) is reflected in the financial statements.

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2 Summary of significant accounting policies (continued)

2.21 Provisions (continued)

Insurance technical provisions (continued)

b) Reserve for unexpired risks

In accordance with the Regulation on Technical Reserves for insurance contracts issued as of January 1, 2008, the provision for continuing risks, in insurance branches where the risk level undertaken during the term of the insurance contract and the time-based distribution of the premiums earned is not compatible, the provision for unearned premiums is based on the Company's risk and expected expense level. separated in case of insufficient.

The expected loss ratio is calculated by dividing the incurred losses by earned premiums. If the loss ratio calculated for a branch determined by The Republic of Türkiye Treasury and Finance Ministry is higher than 95%, the net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the net unearned premium reserve for the related branch and the gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between the gross amount and the net amount is recognized as the reinsurers' share.

Applying on Circular No. 2022/27 on Provision for Continuing Risks dated October 24, 2022, the Company has allocated a net amount of 298,061,622 TL for the Motor Vehicle Liability branch, eliminating misleading effects caused by unpredictable fluctuations in inflation, exchange rates, minimum wage increases, and other similar matters.

The Company has used the accounting-based calculation method prior to the general directive dated October 24, 2022, for all branches except the Motor Vehicle Liability branch in its calculation of unexpired risk provisions as of December 31, 2022. The provision would have been 737,489,920 TL higher if the accounting method prior to the general directive had been taken into account for the Motor Vehicle Liability branch in the unexpired risk provisions calculation. The Company has accounted for reserve for unexpired risk amounting to 328,244,367 TL (December 31, 2021: 47,000,465 TL).

c) Outstanding Claim Provision

The insurance companies are required to allocate provisions for outstanding claims for the claims that were accrued and determined on the account but not actually paid in the previous account periods or current account period, or if this amount was not calculated, for their estimate amounts and for the claims that were realized but not reported. During the calculation of the provision for outstanding claims that was accrued and determined on the account; all expenses necessary for the maturation of claim files are taken into account, including calculated or estimated expert, consultant, advisor, litigation and communication expenses, and recourse, salvage, and similar income items are not deducted in the relevant calculations. As of December 31, 2022, the Company has TL 2,861,932,417 total (December 31, 2021: TL 1,597,924,848) has been set aside for net outstanding claims.

The Company started its insurance activities in non-life branches on December 16, 2009 and provided the five-year data set for the first time on December 31, 2014 and used the actuarial chain ladder method (ACLM) to calculate incurred but not reported claims. The provision for incurred but not reported claims (IBNR) dated December 31, 2022 has been calculated by the Company actuary as a result of the regulations introduced by the Circular on Provision for Outstanding Claims (2014/16).

Extreme damages, which are defined as major damages, are sorted out according to the statistical methods determined by the company actuary, and also ACLM is selected "Standard" method in addition to this ACLM is used in all branches, excluding 730 Medical Insurance Pool sub-branch, Financial Losses, Aircraft, Illness Health, and Watercraft branches (December 31, 2021 – "Standard" method). In the mentioned branches, the sector average is taken into account. As of December 31, 2022, the Company has reserved TL 2,938,302,867 (December 31, 2021: TL 1,331,022,877) gross incurred but not reported loss provision, TL 68,140,697 (December 31, 2021: TL 38,538,375) incurred but not reported loss reinsurance share.

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2 Summary of significant accounting policies (continued)

2.21 Provisions (continued)

Insurance technical provisions (continued)

c) Outstanding Claim Provision (continued)

In accordance with “The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)” dated December 26, 2011 and numbered 2011/23 (the “Communiqué numbered,2011/23”), published by The Republic of Türkiye Treasury and Finance Ministry, ACLM calculations as of and December 31, 2022, in balance sheet takes data related to accrued claim recovery, salvage and similar incomes into consideration.

The legislation on the discounting of net cash flows arising from outstanding claims provisions in the circular numbered 2016-22, which was published on June 10, 2016 and entered into force on September 31, 2016, was amended with the circular numbered 2017/7 of September 15, 2017, General Liability and Land Vehicles. It has become mandatory to apply discounts in liability branches. As a result of this change, the Company discounted outstanding claims provisions gross TL 1,443,651,426 (December 31, 2021: TL 541,037,612). The reinsurance share corresponding to the related amount was TL 77,321,412 TL (December 31, 2021: TL 32,730,293).

Separate additional reserve for insurances from the pool was calculated using the 161% final damage/premium ratio (based on the regulated base premium) specified in the Special Actuarial Evaluation Report Related to the Estimate of the Final Damage/Premium Ratio Range of the Pool of Risky Insurances sent by the Turkish Motor Vehicle Bureau, dated December 13, 2022. As of December 31, 2022, the total gross amount of business received from the Risky Insured Pool is 515,933,378 TL. (December 31, 2021: 259,545,378 TL)

As of 31 December 2022, the company has reflected a total of 140,651,932 TL for the minimum wage and the effect of the Constitutional Supreme Court.

The Company has applied major loss elimination in Fire and Natural Disasters and Mandatory Traffic branches in the ACML calculation included in the financial statements dated December 31, 2022. The threshold in the relevant branches is TL 1,555,102 and TL 468,053. The Company also manually eliminated 5 files in the Discretionary Liability branch, 4 files in the General Losses branch, 15 files in the General Liability branch, 10 files in the Transportation branch, and 6 files in the Guarantee branch, in line with the actuarial opinion, in order to make the data set more homogeneous. In the Compulsory Traffic branch, the development coefficients of the eliminated triangles were applied to the unqualified triangles and the calculation was made.

Branches	Using method	December 31, 2022		December 31, 2021	
		Gross IBNR	Re Share IBNR	Gross IBNR	Re Share IBNR
Land vehicles	Standard	31,095,248	31,591	10,150,666	368
Ships	Standard	43,251	43,251	21,329	21,329
Motor Vehicles Third Party Liability	Standard	2,559,438,254	4,241,742	1,214,908,415	3,066,901
Motor Vehicle Facultative Third Party Liability	Standard	176,942,875	-	34,412,014	-
Liability for Ships	Standard	-	-	-	-
Fire and Natural Disasters	Standard	17,981,633	8,362,004	9,049,333	3,468,267
Accident	Standard	3,747,589	310,176	200,429	9,926
General Losses	Standard	3,553,431	2,290,924	1,311,713	803,289
Financial Losses	Standard	719,243	638,988	324,051	-
Marine	Standard	22,305,537	20,434,947	14,123,638	13,678,848
Credit	Standard	-	-	-	-
General Liability	Standard	116,845,732	26,263,150	39,592,523	10,900,707
Breach of trust	Standard	(226,221)	(226,176)	-	-
Legal Protection	Standard	106,810	-	128,213	-
Aircraft	Standard	5,859,790	5,859,790	2,055,889	2,055,889
Aircraft Liability	Standard	-	-	4,038,621	4,038,621
Sickness/ Health	Standard	(110,305)	(109,690)	706,043	494,230
Total		2,938,302,867	68,140,697	1,331,022,877	38,538,375

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2 Summary of significant accounting policies (continued)

2.21 Provisions (continued)

Insurance technical provisions (continued)

c) Outstanding Claim Provision (continued)

New Regulation on Traffic Accidents Treatment Expenses in the Scope of Circular No. 2011/18 on the “Accounting of Payments Made to the Social Security Institution for Treatment Costs and Opening a New Account Code in the Insurance Chart of Accounts”

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of ‘The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees’ (the ‘Law’) numbered 6111 and dated February 25, 2011.

According to Article 59 of the Law in question, starting from February 25, 2011, with regard to mandatory insurance that provides health coverage for traffic accidents, it is stipulated that the amount determined by the Ministry of Treasury and Finance of the Republic of Turkey, not exceeding 15% of the premiums written by insurance companies, shall be transferred to the Social Security Institution (SSI), and that the responsibility of insurance companies for the treatment expenses arising from injuries incurred in traffic accidents shall be transferred to the SSI with this transfer. The same Law's Temporary Article 1 stipulates that the amount to be transferred within the scope of Article 59, not exceeding 20% of the determined amount by the Ministry of Treasury and Finance of the Republic of Turkey, shall be transferred to the SSI and that the treatment services provided for injuries incurred in traffic accidents before February 25, 2011 shall also be covered by the SSI.

In this context, the procedures and principles related to the payment of treatment expenses within the scope of Compulsory Traffic Insurance, Compulsory Transportation Insurance, and Compulsory Seat Personal Accident Insurance are regulated by the "Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents", published in the Official Gazette numbered 28038 on August 27, 2011, and the Circular numbered 2011/17. The principles and procedures regarding the accounting of these applications have been explained through the circular numbered 2011/18, titled 'Circular on Accounting for the Payments Made to Social Security Institution for Medical Expenses and Opening a New Account Code in the Insurance Accounting Plan', which will be effective as of 30 September 2011

With Article 1 of the “Regulation on the Amendment of the Regulation on the Procedures and Principles Regarding the Collection of Health Service Fees Offered to Persons Related to Traffic Accidents” (“Health Services Regulation”) published in the Official Gazette dated May 2, 2012, and numbered 28280, “Annex 1 – Calculation Method”, in the section titled “a-) Compulsory Traffic Insurance”, the calculation for 2012 and the following years with respect to compulsory traffic insurance, 10% of the premium written for each policy in 2012 is paid to the Social Security Institution (“The Institution”) is said to be transferable. In Article 2 of the Health Services Regulation, the effective date was determined as January 1, 2012. this regulation is effect as of January 1, 2012, instead of May 2, 2012, the publication date of the Health Services Regulation.

As of December 31, 2022, payables to SSI are shown as TL 85,122,466 under short-term other miscellaneous payables (December 31, 2021:TL 48,658,016). As of December 31, 2022, there is no long-term debt to SSI.

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2 Summary of significant accounting policies (continued)

2.21 Provisions (continued)

Insurance technical provisions (continued)

d) Equalization provision:

The Company calculates balancing reserves within the framework of the Technical Provisions Regulation of the Ministry of Treasury and Finance, published in the Official Gazette dated August 7, 2007 and numbered 26606.

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. As of December 31, 2022, the Company has provision for net equalization TL 33,722,509 (December 31, 2021: TL 23,293,286).

e) Provision for bonus and discounts

The Company carries out its activities within the framework of the "Regulation on Participation Insurance and Working Procedures and Principles" published by the Ministry of Treasury and Finance. Within the scope of Article 6 of the same regulation, the Company manages the risk fund formed by the contributions of the participants and the fund of the shareholders separately and accounts the risk fund amounts consisting of the contributions of the participants in the provision for bonuses and discounts account.

As of December 31, 2022, bonuses and discounts amounting to TL 19,979,967, which was accounted for as a short-term liability, represents the amount of funds that have been decided to be distributed, and the remaining total risk fund is accounted for as a long-term liability.

2.22 Revenue recognition

Premium income

Written premiums represent the amount remaining after cancellations are made from the policy premiums issued during the period. Premium income is reflected in the financial statements on an accrual basis by setting aside unearned premium reserves over written premiums.

Commission income and expenses

Commissions paid for written premiums and commission income received for premiums transferred to reinsurance companies are accrued in the current period. Commissions received and paid, which are followed on an accrual basis, are netted in the income statement, under the operating expenses account, and in the balance sheet, respectively, in the income and expense accounts of the next months.

Recourse and salvage income

The company is accounting for recovery revenues related to recourse receivables from insurance companies and settled individuals and legal entities, regarding damage payments made in accordance with the letter numbered B.02.1.HM.O.SGM.0.3.1.1.1, dated January 18, 2005, of the Ministry of Treasury and Finance of Turkey, which was earned when it was entitled to the corresponding period in its financial statements prepared as of December 31, 2022.

In addition, according to the principles stated in the Treasury and Finance Ministry's circulars dated September 20, 2010 and January 14, 2011 and numbered 2010/16 and 2011/1, the company is required to set aside an allowance for recourse receivables that have passed 6 months (receivables from insurance companies) and 4 months (receivables from real and other legal entities) since the payment date of the damage that forms the basis for the recourse receivable.

As of December 31, 2022, the Company has provision for salvage and subrogation TL 41,478,224 (December 31, 2021: TL 14,122,899).

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2 Summary of significant accounting policies (continued)

2.22 Revenue recognition (continued)

Dividend income

Profit share income is recognized on an accrual basis in the income statement of the relevant period.

2.23 Profit Distribution

No profit distribution has been made.

2.24 Related parties

In the presence of one of the following criteria, the party is considered to be related to the Company. The person or entity associated with the entity that prepares its financial statements (referred to in this Standard as a 'reporting entity').

- (a) A person or a close member of that person's family is considered related to the reporting entity if: the person in question,
 - (i) has control or joint control over the reporting entity,
 - (ii) has significant influence over the reporting entity,
 - (iii) is a member of the key management personnel of the reporting entity or a parent of the reporting entity,
- (b) An entity is associated with a reporting entity if any of the following conditions exist:
 - (i) The entity and the reporting entity are members of the same group (that is, each parent, subsidiary and other subsidiary is related to the others),
 - (ii) The entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member),
 - (iii) If both entities are joint ventures of the same third party,
 - (iv) (iv) if one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity;
 - (v) if the entity has post-employment benefit plans for employees of the reporting entity or an entity associated with the reporting entity, the sponsoring employers are also associated with the reporting entity if the reporting entity itself has such a plan;
 - (vi) If the entity is controlled or jointly controlled by a person identified in (a),
 - (vii) a person identified in point (i) of (a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

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

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2 Summary of significant accounting policies (continued)

2.25 Other monetary balance sheet items

It is reflected in the balance sheet with its recorded values.

2.26 Earnings per share

According to TAS 33 "Earnings Per Share" standard, businesses whose stocks are not traded on the stock exchange are not required to disclose earnings per share. Since the Company's shares are not traded in the stock exchange, earnings/losses per share are not calculated in the accompanying financial statements.

2.27 Events after the balance sheet date

Events after the reporting period that provide additional information about the Company's financial position as of the reporting period (events that occur after the reporting period and require adjustments) are reflected in the financial statements. Significant events that occur after the reporting period and do not require adjustments are indicated in the notes.

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2 Summary of significant accounting policies (continued)

2.28 Regulation on “Outstanding Claims in the Litigation Process” within the scope of “Circular on Disclosures Regarding Calculation of Incurred But Not Reported (IBNR)” numbered 2011/23:

According to the 1st paragraph of 4th item of the Regulation for Reporting of Insurance, Pension and Reinsurance Firms “with this regulation, Company’s activities are accounted in the frame of legislation provisions of Public Oversight Accounting and Auditing Standards Authority for the preparation and presentation of financial statements, except the notifications made by Republic of Turkey Ministry of Treasury and Finance for the topics stated in the second paragraph”. In the 1st paragraph of 6th item of the same regulation balance sheet is defined as “a table which reflects the fiscal and financial position of the Companies at a given period, which shows assets, liabilities and equities of the Company truly and fairly dividing them into active and passive accounts”.

In this framework, for a true presentation of financial statements with the circular numbered 2011/23, for the files in the lawsuit process, provisions should be made evaluating the winning and losing possibilities and for the files in the lawsuit process, deductions to make for which principles are identified.

In accordance with the principles stated in the relevant circular, the winning rate is calculated over the amounts of the lawsuits filed against the sub-branches, taking into account the conclusion date of the case, and according to the realizations of the last five years from the end of the calculation period. And according to this winning rate, gross and net discounts are made from accrued outstanding files for files that are in the litigation process.

As of December 31, 2022, the Company did not any discount against provisions for litigious file claims (December 31, 2021: No discount has been made.).

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2 Summary of significant accounting policies (continued)

2.29 The new standards, amendments and interpretations

The new standards, amendments and interpretations

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

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

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The change is applied prospectively. Respective alteration did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after January 1, 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 37- Classification of Liabilities as Current and Non-Current Liabilities

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 are effective to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. 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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2 Summary of significant accounting policies (continued)

2.29 The new standards, amendments and interpretations(continued)

Annual Improvements – 2018–2020 Cycle

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

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

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

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

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

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

(POA) has indefinitely postponed the effective date of the amendments made to TFRS 10 and TMS 28 in December 2017, to be changed depending on the output of the ongoing research project on the equity method of accounting. Early application of the amendments is still permitted. The company will evaluate the effects of these changes after the final versions of these standards are released.

TFRS 17 - The new Standard for insurance contracts

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

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2 Summary of significant accounting policies (continued)

2.29 The new standards, amendments and interpretations (continued)

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

In January 2021 and January 2023, the POA made changes to TAS 1 to determine the principles for the classification of short-term and long-term liabilities. According to the changes made in January 2023, if a company's liability to defer payment is subject to compliance with the terms of a credit agreement at a date after the reporting period, the company has the right to defer such liability at the end of the reporting period (even if it does not comply with the relevant terms at the end of the reporting period).

When a liability arising from a credit agreement is classified as long-term and the company's right to defer payment depends on compliance with the credit agreement terms within 12 months, the January 2023 changes require companies to make various disclosures. These disclosures should include information about the credit agreement terms and related obligations. In addition, these changes clarified that the right to defer payment for long-term classification must be present at the end of the reporting period, regardless of whether compliance with the contract terms will be tested on the reporting date or at a later date. The changes clearly state that the possibility of the company not using the right to defer payment for at least twelve months after the reporting period will not affect the classification of the liability. The changes are effective for annual reporting periods beginning on or after 1 January 2024. The changes made are applied retrospectively according to TAS 8. Early application is allowed. However, if a company applies any of the changes early, it is mandatory to apply the other changes early as well. In general, the Company does not expect a significant impact on its financial statements.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "accounting forecasts". The amendments published for TAS 8 are valid for annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, the amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate indicated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the UPS. The amendments will apply to changes in accounting estimates or accounting policies that occur on or after the effective date, and early application is permitted.

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

Amendments to TAS 1 - Disclosure of Accounting Policies

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

The effects of the said change on the financial position and performance of the Company are being evaluated.

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2 Summary of significant accounting policies (continued)

2.29 The new standards, amendments and interpretations (continued)

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

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

TFRS 16 Amendments – Lease liabilities on sale and leaseback transactions

In January 2023, POA published amendments to TFRS 16. These amendments determine the provisions to be applied in the measurement of the lease liabilities arising from the sale and leaseback transactions by the seller-lessee, so that no gain or loss is recognized regarding the remaining right of use. In this context, while the seller-lessee applies the provisions of TFRS 16 under the heading of "Further measurement of the lease liability" after the actual commencement of the sale and leaseback transaction, "lease payments" or "lease payments" are not accounted for any gain or loss related to the remaining right of use. will determine the revised lease payments. The amendments do not contain specific provisions for the measurement of lease liabilities arising from leaseback. The initial measurement of the lease liability may result in the determination of payments other than those included in the definition of lease payments in TFRS 16 as lease payments. According to TAS 8, the seller-lessee will need to develop and implement an accounting policy that will provide reliable and relevant information. The amendments are valid for annual accounting periods beginning on or after 1 January 2024. Early application is permitted. The seller-lessee changes apply retrospectively to the sales and leaseback transactions entered into after the first application date of TFRS 16 in accordance with TAS 8.

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

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3 Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the measurement of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. Actual results may be different from estimates. Estimates are continuously reviewed and necessary corrections are made and they are reflected to the income statement in the period they occur. The main estimates used are related to outstanding claims and compensation provisions and other technical provisions and impairment of assets and these assumptions and estimates are explained in detail in the related notes. Apart from these, the important estimates used in the preparation of the financial statements are as follows:

Provisions for doubtful and recourse receivables:

The Company has allocated a net doubtful receivable provision amounting to TL 140,037,248 (December 31, 2021: TL 83,023,764) in the financial statements for the period ending on December 31, 2022 for the related intermediaries and insurance holders who cannot repay, and for their recourse and trade receivables that are at the stage of execution or litigation.

Provision for employment termination benefits:

The Company has calculated the provision for severance pay in the accompanying financial statements using actuarial assumptions and reflected it in its records. Actual results may be different from estimates. As of December 31, 2022, the Company's severance pay liability is TL 16,871,557 (December 31, 2021: TL 7,229,617).

Deferred Tax:

Deferred tax assets are recognized when it is highly probable to benefit from temporary differences and accumulated losses by earning taxable profits in the future. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimations and evaluations regarding the taxable profits that may occur in the future. As of December 31, 2022, the Company has calculated and recorded a net deferred tax asset of TL 124,276,888 (December 31, 2021: TL 57,864,548 deferred tax asset).

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4 Management of Insurance and Financial Risk

Insurance risk

The main risk of the Company regarding insurance policies is that the incurred claims and claims payments are above expectations. Therefore, the main objective of the Company in managing insurance risk is to ensure that adequate insurance provisions are available to meet these liabilities.

The Company, operates in the non-life field and issues policies in the following main branches:

- Fire and natural disasters
- Marine
- Motor vehicles
- Accident
- General liability
- Motor vehicle third party liability
- General loses
- Breach of trust
- Financial losses
- Water vehicles
- Legal protection
- Long term personal accident
- Health
- Assistance
- Aircraft and aircraft liability
- Tarsim

The Company was established in Turkey on December 2, 2009, pursuant to the license obtained from Republic of Turkey Ministry of Treasury and Finance to engage in types of property and casualty insurance branches mentioned above.

The Company issues insurance policies generally 12 months excluding marine branch which has transportation period policies and engineering branch has construction-assembly policies during the project period.

The main risks that the Company has to manage are earthquakes, floods, storms, etc. natural disasters, fire, accident and theft risks. Since there is a tariff system in these branches, risk management is done through pricing and segmentation. In addition, the Company receives reinsurance support in order to meet the compensation claims that may arise both on the basis of risk and as a result of catastrophic damage, based on international general acceptances. .

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4 Management of Insurance and Financial Risk (continued)

Insurance risk (continued)

As of December 31, 2022 and 2021, the insurance coverages given for non-life insurance branches are as follows:

	December 31, 2022	December 31, 2021
Motor Vehicle Liability	17,450,647,790,081	8,979,782,694,889
Fire and Natural Disasters	1,873,701,309,153	895,269,601,204
Sickness-Health	371,852,432,053	122,499,998,774
Personal Accident	54,136,104,213	69,930,426,592
General Losses	237,529,873,801	80,863,761,331
General Liability	71,005,086,073	49,501,634,692
Land vehicles	98,589,770,647	35,071,268,947
Legal Protection	9,429,894,843	3,790,607,554
Marine	2,973,182,907	2,256,102,899
Aircraft Liability	5,682,279,593	1,005,739,421
Financial Losses	3,672,188,031	1,755,864,011
Breach of trust	4,209,979,135	582,480,841
Agricultural Insurance	849,740,932	419,719,212
Accident	33,750,000	27,300,000
Long-Term Personal Accident	4,405,000	2,095,010
Aircraft	114,664,398	20,499,734
Ships	91,336,816	115,570,310
Total	20,184,523,787,676	10,242,895,365,421

Financial risk management

The main financial instruments used by the Company are cash, participation account and receivables from main activities. The Company is faced with various financial risks due to the financial instruments it uses and insurance contract liabilities. Risks arising from the instruments used are market risk, foreign currency risk, liquidity risk and credit risk. Company management manages these risks as stated below.

(a) Market risk

i) Profit share rates risk

The Company evaluates its investments in participation banks. In addition, it receives dividends from its securities portfolio. The fluctuations in profit share rates related to these constitute a risk factor for the Company.

Provided that all other variables remain constant, the effect of a 1% increase/(decrease) in the profit share ratios in the portfolio of the Company as of December 31, 2022 and 2021 on the net profit/loss of the Company's shown in the table below:

	December 31, 2022	December 31, 2021
	Profit/ Loss effect	Profit/ Loss effect
Divident rate increase / (decrease)		
1%	7,506,655	4,114,528
-1%	(7,506,655)	(4,117,262)

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4 Management of Insurance and Financial Risk (continued)

Financial risk management (continued)

(a) Market risk (continued)

ii) Currency risk

Currency risk arises from the fact that the Company has foreign currency debts and assets and the exchange rate risk arises from the foreign exchange rate changes during their conversion to TL.

As of December 31, 2022, and 2021, the Company's foreign currency position is as follows:

	December 31, 2022									
	TL		TL		TL		TL		TL	
	USD	Equivalent	Euro	Equivalent	GBP	Equivalent	CHF	Equivalent	JPY	Equivalent
Cash and cash equivalents	54,399,370	1,017,175,728	333,286	6,644,005	-	-	-	-	-	-
Receivables from insurance activities	2,697,650	50,441,469	2,747,236	54,765,869	2,351	52,875	44,255	894,030	28	4
Derivative Transactions	2,700,000	50,485,410	-	-	-	-	-	-	-	-
Total assets	59,797,020	1,118,102,607	3,080,522	61,409,874	2,351	52,875	44,255	894,030	28	4
Liabilities from insurance activities	(362,248)	(6,785,636)	(429,608)	(8,579,611)	-	-	-	-	-	-
Financial liabilities	(61,219)	(1,146,748)	(11,422)	(228,106)	-	-	-	-	-	-
Derivative Transactions	-	-	-	-	-	-	-	-	-	-
Total liabilities	(423,467)	(7,932,384)	(441,030)	(8,807,717)	-	-	-	-	-	-
Net foreign currency position	59,373,553	1,110,170,223	2,639,492	52,602,157	2,351	52,875	44,255	894,030	28	4

	December 31, 2021			
	TL		TL	
	USD	Equivalent	Euro	Equivalent
Cash and cash equivalents	97,796,262	1,303,526,376	635,154	9,582,377
Receivables from insurance activities	1,763,044	23,499,613	2,817,770	42,510,851
Total assets	99,559,306	1,327,025,989	3,452,924	52,093,228
Liabilities from insurance activities	(457,513)	(6,109,171)	(361,900)	(5,469,720)
Financial liabilities	(106,369)	(1,420,340)	-	-
Derivative Transactions	(81,550,000)	(1,088,937,150)	-	-
Total liabilities	(82,113,882)	(1,096,466,661)	(361,900)	(5,469,720)
Net foreign currency position	17,445,424	230,559,328	3,091,024	46,623,507

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(a) Market risk (continued)

ii) Currency risk(continued)

The table below shows the effect of 10% increase/(decrease) in the value of foreign currencies in the Company's financial statements against TL, on the profit before tax, provided all other variables remain constant:

Currency	December 31, 2022		December 31, 2021	
	Exchange rate value increase / (decrease)	The impact on pre-tax profit	Exchange rate value increase / (decrease)	The impact on pre-tax profit
USD	10%	111,017,022	10%	23,055,933
	10%	(111,017,022)	(10)%	(23,055,933)
Euro	10%	5,260,216	10%	4,662,351
	10%	(5,260,216)	(10)%	(4,662,351)
GBP	10%	5,287	10%	-
	10%	(5,287)	(10)%	-
CHF	10%	89,403	10%	-
	10%	(89,403)	(10)%	-
JPY	10%	-	10%	-
	10%	-	(10)%	-

(b) Credit risk

Credit risk refers to the situation that the Company will face due to the fact that the third parties with which the Company has mutual relations do not comply with the contractual requirements and fail to fulfill their obligations fully or partially in a timely manner. The Company tries to manage its credit risk by constantly evaluating the reliability of the parties with which it has relations. The Company manages the credit risk, which will take into account its field of activity, by taking guarantees when it deems necessary. Limit and guarantee amounts are determined as a result of the evaluation of criteria such as financial strength and commercial capacity of the relevant parties.

The Company's credit risk is mainly in Turkey, where it operates. As of December 31, 2022, the Company's receivables from insurance activities and provisions for doubtful receivables are stated in Note 12.1. The guarantees received for these receivables are stated in Note 12.2.

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(c) Liquidity risk

Liquidity risk is the risk that a Company will not be able to meet its funding needs. The Company periodically measures and evaluates the liquidity risk within the framework of compliance with the liquidity risk policies of the group it is affiliated with. As of December 31, 2022 and 2021, the maturity distribution of the undiscounted trade payables and financial liabilities of the Company according to their maturity dates is as follows:

December 31, 2022	Less than 1 year	1 year - 5 years	More than 5 years	Total
Liabilities from insurance activities	(299,907,742)	-	-	(299,907,742)
Liabilities to SSI	(85,122,466)	-	-	(85,122,466)
Liabilities to Credit Institutions	(150,040,402)	-	-	(150,040,402)
Liabilities to Dask - Tarsim	(31,806,380)	-	-	(31,806,380)
Other liabilities	(64,227,273)	-	-	(64,227,273)
Lease liabilities	(6,526,260)	(611,462)	-	(7,137,722)
Other financial liabilities	(77,013,188)	-	-	(77,013,188)
Due to related parties	(831,218)	-	-	(831,218)
	(717,869,411)	(611,462)	-	(718,480,873)

December 31, 2021	Less than 1 year	1 year - 5 years	More than 5 years	Total
Liabilities from insurance activities	(123,562,823)	-	-	(123,562,823)
Liabilities to SSI	(48,658,016)	-	-	(48,658,016)
Liabilities to Dask - Tarsim	(11,279,713)	-	-	(11,279,713)
Other liabilities	(18,421,304)	-	-	(18,421,304)
Lease liabilities	(4,732,514)	(3,240,620)	-	(7,973,134)
Other financial liabilities	(244,562,243)	-	-	(244,562,243)
Payables from main operations	(1,454,456)	-	-	(1,454,456)
Due to related parties	-	-	-	-
	(452,671,069)	(3,240,620)	-	(455,911,689)

Capital management

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Undersecretariat of Treasury and Finance on January 19, 2008 dated and 26761 numbered; capital adequacy calculations are carried out twice a year. The main purpose of the Company's capital management is to create and maintain a strong capital structure in order to continue the Company's operations and to maximize the value it provides to the Company's shareholders.

According to Article 10 of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies, the Company calculates the minimum required capital twice a year, in June and December, and the capital deficiency is TL 226,632,339 as of December 31, 2022 (December 31, 2021: capital surplus TL 256,742,688). Within the framework of full and timely compliance with the legal regulations, the Company took a capital increase of 400,000,000 TL with the decision of the Board of Directors dated February 2, 2023, and the capital increase was realized on February 9, 2023 in cash.

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5 Segment Information

Information on segment information is given in note 2.3.

6 Property Plant and Equipment

6.1 Depreciation and amortisation expenses for the period: TL 18,425,021 (January 1, – December 31, 2021: TL 12,202,631).

6.1.1 Depreciation Expenses: TL 13,470,478 (January 1 – December 31, 2021: TL 9,599,964).

6.2 The increase (+) or decrease (-) in the depreciation expenses of the period caused by the depreciation calculation methods and the changes made in these methods: None.

6.3 Movements of property and equipment in the current period:

6.3.1 Cost of property, plant and equipment purchased. manufactured or constructed: TL 28,583,833 (January 1, - December 31, 2021: TL 22,292,200).

6.3.2 Cost of property, plant and equipment sold or used as scrap: TL 4,131,325 (January 1, - December 31, 2021: TL 2,180,819)

6.3.3 Revaluation increases in the current period: None (January 1, - December 31, 2021: None).

6.3.4 Nature, amount, beginning and ending dates of construction-in-progress: None (December 31, 2021: None).

The Company does not have any tangible fixed assets acquired as a lessee in financial leasing transactions.

Movement schedule of tangible assets

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Machinery and equipment	16,968,568	9,783,330	(154,731)	26,597,167
Motor vehicles	10,805,700	12,138,060	(3,966,300)	18,977,460
Fixtures and furnitures	1,325,627	748,915	(2,797)	2,071,745
Leasehold improvements	1,481,786	329,014	-	1,810,800
Right of use assets	17,734,831	5,230,514	(7,497)	22,957,848
IFRS 17 Project	2,654,152	354,000	-	3,008,152
Total cost	50,970,664	28,583,833	(4,131,325)	75,423,172
Accumulated depreciation:				
Machinery and equipment	(9,116,579)	(4,305,489)	61,250	(13,360,818)
Motor vehicles	(3,995,324)	(2,781,965)	1,242,025	(5,535,264)
Fixtures and furnitures	(719,873)	(196,756)	1,072	(915,557)
Leasehold improvements	(934,510)	(213,351)	-	(1,147,861)
Right of use assets	(10,105,049)	(5,972,917)	-	(16,077,966)
Total accumulated depreciation	(24,871,335)	(13,470,478)	1,304,347	(37,037,466)
Net book value	26,099,329			38,385,706

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6 Property Plant and Equipment (continued)

Movement Schedule of tangible assets (continued)

	January 1, 2021	Additions	Disposals	December 31, 2021
Cost:				
Machinery and equipment	11,150,595	6,305,952	(487,979)	16,968,568
Motor vehicles	6,927,560	5,531,040	(1,652,900)	10,805,700
Fixtures and furnitures	1,050,978	314,589	(39,940)	1,325,627
Leasehold improvements	1,305,658	176,128	-	1,481,786
Right of use assets	10,424,492	7,310,339	-	17,734,831
Advances on tangible assets	-	2,654,152	-	2,654,152
Total cost	30,859,283	22,292,200	(2,180,819)	50,970,664
Accumulated depreciation:				
Machinery and equipment	(6,638,850)	(2,898,170)	420,441	(9,116,579)
Motor vehicles	(3,040,550)	(1,642,423)	687,649	(3,995,324)
Fixtures and furnitures	(636,888)	(122,925)	39,940	(719,873)
Leasehold improvements	(766,352)	(168,158)	-	(934,510)
Right of use assets	(5,317,764)	(4,768,288)	(18,997)	(10,105,049)
Total accumulated depreciation	(16,400,404)	(9,599,964)	1,129,033	(24,871,335)
Net book value	14,458,879			26,099,329

7 Investment Properties

The Company has no investment properties as of December 31, 2022 and 2021.

8 Intangible Assets

Cost of purchased intangible assets: Cost of intangible assets purchased: TL 15,289,540 (January 1, –December 31, 2021: TL 3,483,468).

Amortization and depreciation expenses: TL 4,954,543 (January 1, – December 31, 2021: TL 2,602,666).

Movement schedule of tangible assets

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Rights	18,866,476	15,289,540	-	34,156,016
Total cost	18,866,476	15,289,540	-	34,156,016
Amortization:				
Rights	(13,985,200)	(4,954,543)	-	(18,939,743)
Total amortization	(13,985,200)	(4,954,543)	-	(18,939,743)
Net book value	4,881,276			15,216,273

	January 1, 2021	Additions	Disposals	December 31, 2021
Cost:				
Rights	15,383,008	3,483,468	-	18,866,476
Total cost	15,383,008	3,483,468	-	18,866,476
Amortization:				
Rights	(11,382,534)	(2,602,666)	-	(13,985,200)
Total amortization	(11,382,534)	(2,602,666)	-	(13,985,200)
Net book value	4,000,474			4,881,276

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9 Investments in Associates

The associates of the Company as of December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Registered value	Participation rate	Registered value	Participation rate
Tarım Sigortaları Havuz İşletmesi A.Ş.	1.221.495	4,17%	875.420	4,35%
Subsidiaries	1.221.495	4,17%	875.420	4,35%

10 Reinsurance assets and liabilities

Information about the Company's reinsurance contracts is given in note 2.14.

The amounts included in the balance sheet and income statement of the Company regarding reinsurance transactions arising from insurance contracts as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Reinsurance assets:		
Provision of subrogation and salvage receivable - reinsurer share	4,251,118	2,240,881
Unearned premiums reserve - reinsurer share	941,418,938	437,357,279
Outstanding claim reserves - reinsurer share	527,757,672	261,749,754
Equalization reserve - reinsurer share	68,290,815	34,675,273
Unexpired risk reserve - reinsurer share	96,948,640	17,156,906
Total	1,638,667,183	753,180,093
Reinsurance liabilities:		
Liabilities from insurance activities (payables to reinsurers)	(204,555,994)	(71,330,757)
Payables to Dask- Tarsim	(31,806,380)	(11,279,713)
Subrogation and salvage receivable - reinsurer share	(5,833,273)	(3,761,744)
Total	(242,195,647)	(86,372,214)
	January 1 – December 31, 2022	January 1 – December 31, 2021
Premiums transferred to reinsurers (Note 23)	(1,634,184,614)	(825,056,406)
Reinsurance commissions received	174,637,089	104,196,604
The reinsurer's share in the claims paid (Note 16)	665,829,023	264,458,408
Change in outstanding claim reserve reinsurer share (Note 16)	266,007,920	67,014,049
Change in unearned premium reserve reinsurer share (Note 16)	504,061,662	76,408,643
Change in equalization reserve reinsurer share (Note 16)	33,615,543	13,078,216
Change in unexpired risk reserve reinsurer share (Note 16)	79,791,734	(5,504,775)
Total reinsurance income/(expense)	89,758,357	(305,405,261)

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11 Financial assets

11.1 Subclassifications of items presented, appropriate to the activities of the organization:

As of December 31, 2022 and 2021, the Company's main financial assets consist of assets held for trading, financial assets held to maturity, receivables from policyholders, receivables from agencies, and cash and cash equivalents. The details of financial assets held for trading and to be held to maturity are as follows:

Held for trading financial assets:

December 31, 2022			
Type	Nominal amount	Fair value	Book Value
Funds			
KT PORTFÖY KTU FON	43,752,968	119,563,102	119,563,102
KOG	5,000,000	5,672,355	5,672,355
NKS	509,688,995	526,706,015	526,706,015
	558,441,963	651,941,472	651,941,472
December 31, 2021			
Type	Nominal amount	Fair value	Book Value
Funds			
KT PORTFÖY KTU FON	10,752,975	15,199,128	15,199,128
KOG	5,000,000	5,035,525	5,035,525
KT PORTFÖY KSV FON	1,149,621	1,150,477	1,150,477
	16,902,596	21,385,130	21,385,130
December 31, 2022			
Type	Nominal amount	Fair value	Book Value
Stocks			
Stocks	358,579,583	383,962,345	383,962,345
	358,579,583	383,962,345	383,962,345
December 31, 2021			
Type	Nominal amount	Fair value	Book Value
Stocks	-	-	-
Stocks	-	-	-
	-	-	-

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11 Financial assets (continued)

11.1 Subclassifications of items presented, appropriate to the activities of the organization (continued):

Held for trading financial assets(continued):

December 31, 2022				
Type	Due Date	Nominal amount	Fair value	Book Value
Certificate				
T.C. Hazine Müsteşarlığı V.K. A.Ş.	14/07/2023 - 07/04/2032	1,802,686,552	2,600,364,307	2,600,364,307
Garanti Filo Yönetim Hizmetleri A.Ş.	13/04/2023 - 22/02/2024	173,460,000	180,037,776	180,037,776
Garanti Finansal Kiralama A.Ş.	02/08/2023 - 04/01/2023	182,150,000	187,385,542	187,385,542
QNB Finans Finansal Kiralama A.Ş.	13/12/2023	50,000,000	50,148,236	50,148,236
Türkiye Emlak Katılım Bankası A.Ş.	15/02/2023	61,129	61,473	61,473
TVF İFM Gayrimenkul ve İnşaat Yönetim A.Ş	13/12/2023 - 22/12/2023	156,802,886	157,732,759	157,732,759
Kur Korumalı Mevduat Hesabı				
Kuveyt Türk	03/01/2023	12,077,130	12,523,818	12,523,818
Türkiye Finans	08/02/2023	57,462,987	59,306,611	59,306,611
Türkiye Finans	22/02/2023	9,613,800	9,752,476	9,752,476
		2,444,314,484	3,257,312,998	
December 31, 2021				
Type	Due Date	Nominal amount	Fair value	Book Value
Certificate				
T.C. Hazine Müsteşarlığı V.K. A.Ş.	14/01/2022 - 16/04/2026	1,290,436,911	1,306,920,040	1,306,920,040
Emlak Vahık Kiralama A.Ş	28/01/2022	55,770,507	60,038,032	60,038,032
Garanti Finansal Kiralama A.Ş.	18/01/2022 - 14/03/2022	134,000,000	137,093,940	137,093,940
Yatırım Varlık Kiralama A.Ş.	12/01/2022	20,000,000	20,938,099	20,938,099
TVF İFM Gayrimenkul ve İnşaat Yönetim A.Ş	25/03/2022	25,000,000	25,117,438	25,117,438
		1,525,207,418	1,550,107,549	

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11 Financial Assets (continued)

11.1 Subclassifications of items presented, appropriate to the activities of the organization (continued):

Held to maturity financial assets:

December 31, 2022				
Type	Due Date	Nominal amount	Average participation rate	Amount
Certificate				
T.C. HAZİNE MÜSTEŞARLIĞI V.K. A.Ş.	17/09/2025	87,000,000	1,91%	202,420,774
		87.000,000		202,420,774
December 31, 2021				
Type	Due Date	Nominal amount	Average participation rate	Amount
Certificate				
T.C. HAZİNE MÜSTEŞARLIĞI V.K. A.Ş.	10/08/2022	170,000,000	11.08%	177,094,598
T.C. HAZİNE MÜSTEŞARLIĞI V.K. A.Ş.	17/09/2025	87,000,000	1.91%	109,145,589
Participation account				
ALBARAKA TÜRK KATBANK A.Ş.	28/02/2022	20,000,000	17.30%	22,948,110
ZİRAAT KATILIM BANKASI A.Ş.	14/03/2022	25,000,000	22.40%	25,030,685
ZİRAAT KATILIM BANKASI A.Ş.	29/07/2022	25,000,000	18.80%	26,995,890
ZİRAAT KATILIM BANKASI A.Ş.	31/03/2022	33,322,500	1.60%	33,487,560
ZİRAAT KATILIM BANKASI A.Ş.	31/03/2022	33,322,500	1.60%	33,487,560
ZİRAAT KATILIM BANKASI A.Ş.	24/02/2022	109,964,250	2.50%	112,321,702
		503,609,250		540,511,694

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11 Financial Assets (continued)

11.1 Subclassifications of items presented, appropriate to the activities of the organization (continued):

Fair value measurements:

The classifications of the Company regarding fair value are 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.

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

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets held for trading	4,293,216,815	1,035,903,806	3,257,313,009	-

	December 31, 2021	Level 1	Level 2	Level 3
Financial assets held for trading	1,571,492,679	161,509,686	1,409,982,993	-

As of December 31, 2022, the Company has no transfers between levels.

11.1 Marketable securities issued during the year other than share certificates:

None (December 31, 2021: None).

11.2 Debt securities issued during the year:

None (December 31, 2021: None).

11.3 Fair value of marketable securities and financial fixed assets carried at cost and carrying value of marketable securities and financial assets shown at fair value

The information showing the values of the securities and financial fixed assets shown in the balance sheet over their cost values is given in note 10.1.

11.4 Marketable securities under Marketable Securities and Investment Securities account group and issued by the Company's shareholders, investments or subsidiaries and the issuers:

None (December 31, 2021: None).

11.5 Revaluation of property and equipment in the last three years:

There is no increase in the value of financial assets in the last three years, which is accounted for under the income statement (December 31, 2021: None).

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11.6 The total amount of mortgages or guarantees on the assets:

	December 31, 2022	December 31, 2021
Blocked participation accounts	-	-
Commitments given letters	251,216,408	191,901,100
Blocked financial asset	235,901,000	209,023,000
Total	487,117,408	400,924,100

The amount of blocked financial assets given to Tarsim is TL 4,061,000 . (December 31, 2021: 4,053,000). The amount of blocked financial assets given to the Ministry of Treasury and Finance is TL 231,840,000 (December 31, 2021: TL 170,000,000). The valuation income accrued is 463,931,983.37 TL (31 December 2021: 29,579,531 TL).

The Company calculated the blocked participation accounts and financial assets in accordance with the valuation conditions specified in Article 6 of the " The Financial Structure of Insurance, and Reinsurance and Pension Companies" published in the Official Gazette dated August 7, 2007 and numbered 26606, based on the Insurance Law.

As of December 31, 2022, the Company has letters of guarantee given to official institutions amounting to TL 251.216.408 (December 31, 2021: TL 191,901,100)

12 Payables and receivables

12.1 Classification of the receivables as receivables from main customers, receivables from interested parties, receivables for the advance payment (short-term and long-term prepayment) and the others:

	December 31, 2022	December 31, 2021
Receivables from insurance activities		
Credit card receivables	245,179,509	383,606,233
Receivables from insurance companies	392,619,741	146,939,449
Receivables from subrogation and salvage	85,970,927	36,436,936
Provision of subrogation receivables from main operations	(41,478,224)	(14,122,899)
Receivables from insured	701,172	1,704,188
Receivables from reinsurance firms	40,423,994	29,870,097
Other receivables	-	188,999
Re-discount of notes receivable from intermediaries (-)	(8,950,654)	(3,868,348)
Total	714,466,465	580,754,655
Doubtful receivable from main operations	98,559,024	68,900,865
Provision doubtful receivable from main operations	(98,559,024)	(68,900,865)
Total	714,466,465	580,754,655

Details of other receivables and expenses for future months are given in note 46.

As of December 31, 2022, the provision for receivables under legal follow up arising from main activities is TL 98,559,024 (December 31, 2021: TL 68,900,865).

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12 Payables and receivables (continued)

12.1 Classification of the receivables as receivables from main customers, receivables from interested parties, receivables for the advance payment (short-term and long-term prepayment) and the others (continued):

As of December 31, 2022, and 2021, the aging of receivables from undue insurance activities are as follows:

	December 31, 2022	December 31, 2021
0 - 90 days	181,058,769	66,980,331
91 - 180 days	123,016,766	38,611,080
181 - 270 days	32,297,701	15,736,571
271 - 360 days	12,500,993	6,212,161
Total	348,874,229	127,540,143

As of December 31, 2022, and 2021, the aging of the receivables from the overdue insurance activities of the Company are as follows;

	December 31, 2022	December 31, 2021
Overdue 0-90 days (*)	43,034,978	19,812,690
Overdue 91-180 days	548,609	862,263
Overdue 181-270 days	618,684	323,425
Overdue 271-360 days	244,413	105,117
Total	44,446,684	21,103,494

(*) Subrogation and salvage receivables and other receivables are not included in the aging. Overdue receivables consist of agency receivables with high collection ability from Kuveyt Türk Katılım Bankası A.Ş. which is the shareholder of the Company.

The Company's receivables from and payables to shareholders, associates and subsidiaries:

December 31, 2022				
	Receivables		Payables	
	Trade	Other	Trade	Other
Shareholders (*)	472,242,392	219,604	4,243,552	39,637
Total	472,242,392	219,604	4,243,552	39,637

(*) Kuveyt Türk Katılım Bankası A.Ş is a shareholder of the Company. The above receivable balance represents the Company's balance in the relevant bank together with its receivables as of December 31, 2022.

December 31, 2021				
	Receivables		Payables	
	Trade	Other	Trade	Other
Shareholders (*)	162,891,032	2,377,377	3,051,776	13,592
Total	162,891,032	2,377,377	3,051,776	13,592

(*) Kuveyt Türk Katılım Bankası A.Ş is a shareholder of the Company. The above receivable balance represents the Company's balance in the relevant bank together with its receivables as of December 31, 2021.

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12 Payables and receivables (continued)

12.2 Total mortgages and collateral obtained for receivables:

	December 31, 2022	December 31, 2021
Letters of guarantee received	41,803,518	25,206,200
Cash	16,377,127	15,934,788
Total	58,180,645	41,140,988

As of December 31, 2022, the Company has letters of guarantee received amounting to TL 58,180,645 for overdue but not impaired receivables (December 31, 2021: TL 41,140,988).

12.3 The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation

Note 4 (a) Shown with conversion rates in note (ii).

13 Derivative Financial Instruments

As of December 31, 2022, the Company has a total balance of TL 77,033,188 (December 31.2021: TL 244,562,243) under other financial liabilities(liabilities) due to the forward foreign currency contracts.

December 31, 2022	Sale Contract Amount (USD)	Sale Contract Amount (TL)	Buy Contract Amount (USD)	Buy Contract Amount(TL)	Assets	Liabilities
Held for trading		-	-	-	-	-
The right to buy and sell foreign currency	60,200,000	1,021,702,800	57,500,000	1,147,640,550	-	77,013,188
Total derivative instruments	60,200,000	1,021,702,800	57,500,000	1,147,640,550	-	77,013,188

December 31, 2021	Sale Contract Amount (TL)	Buy Contract Amount (USD)	Buy Contract Amount (TL)	Assets	Liabilities
Held for trading					
The right to buy and sell foreign currency	855,206,565	81,550,000		-	244,562,243
Total derivative instruments	855,206,565	81,550,000		-	244,562,243

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14 Cash and Cash Equivalents

Cash and cash equivalents, which form the basis of the cash flow statements for the accounting periods ending on December 31, 2022 and 2021, are shown in note 2.12. As of December 31, 2022, the blocked participation account of the Company in favor of the Ministry of Treasury and Finance is shown in note 10.7.

As of December 31, 2022 and 2021, the maturity of blocked credit cards are as follows:

Days to maturity	December 31, 2022	December 31, 2021
1-90 days	391,601,941	552,511,790
Total	391,601,941	552,511,790

As of the balance sheet dates, the maturity of the Company's participation accounts are between 31 days and 365 days (December 31, 2021: 31 days and 365 days). The annual profit share rates of the participation accounts in foreign currency and TL basis are as follows:

	December 31, 2022	December 31, 2021
Currency	Annual participation rate (%)	Annual participation rate (%)
TL	13,50% - 25,90%	15,50% - 22,50%
USD	-	1.50% - 2.50%

Foreign currency values of cash and cash equivalents are shown in Note 4 (a) ii.

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15 Capital

15.1 Distributions to shareholders; The amounts of the transactions of the organization with the shareholders, within the will of the shareholders: None (December 31, 2021: None).

15.2 Legal reserve

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

As of December 31, 2022, the Company has legal reserves amounting to TL 42,933,205 (December 31, 2021: TL 30,620,275).

Special Funds

In line with the amendments made to the "TAS 19 - Employee Benefits" standard effective as of January 1, 2013, the amount resulting in the calculation of the provision for severance pay is accounted for in the special funds account under actuarial income (adjusted for deferred tax effects) equity. No actuarial gain or loss has been calculated as of December 31, 2022 (December 31, 2021: None).

15.3 Capital movements

	January 1, 2022		December 31, 2022	
	Amount	Nominal TL	Amount	Nominal TL
Paid	500,000,000	500,000,000	500,000,000	500,000,000
Unpaid	-	-	-	-
Total	500,000,000	500,000,000	500,000,000	500,000,000

Other detailed information about the capital of the Company is given in Note 2.13.

	January 1, 2021		December 31, 2021	
	Amount	Nominal TL	Amount	Nominal TL
Paid	84,800,000	84,800,000	500,000,000	500,000,000
Unpaid	-	-	-	-
Total	84,800,000	84,800,000	500,000,000	500,000,000

The Company increased its capital from TL 84,800,000 to TL 500,000,000 from 2020 profit amounting to TL 166,390,637 and retained earnings amounting to TL 248,809,363 in accordance with the General Assembly Meeting dated June 17, 2021.

16 Other Reserves and Equity Component of Discretionary Participation Feature

None (December 31, 2021: None).

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17 Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided and guarantees provided for life and non-life branches:

	31 Aralık 2022	31 Aralık 2021
The amount of collateral that must be established for non-life branches	465,095,922	193,869,212
The amount of collateral established for non-life branches (except Tarsim)*	580,351,209	170,000,000

(*) In accordance with the article 4 of Communiqué regarding "The Financial Structure of Insurance, and Reinsurance and Pension Companies", published in the Official Gazette (No: 26606) dated August 7, 2007 in accordance with the adaptation to the Insurance Law, companies operating in life and personal accident "Minimum Guarantee Fund" cannot be less than one third of the total minimum founding capital amounts. For non-life insurance branches, the "Minimum Guarantee Fund" is established as collateral during the capital adequacy calculation period. As of December 31, 2022 and 2021, the Company calculated the participation accounts and financial assets blocked on behalf of the TR Ministry of Treasury and Finance, in accordance with the valuation conditions specified in Article 6 of the same regulation.

17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status: None (December 31, 2021: None).

17.3 Guarantee amount to be provided for life branch: Disclosed in Note 4.

17.4 Unit prices of pension funds and savings founded by the: None (December 31, 2021: None).

17.5 Units and amounts of share certificates in portfolio and in circulation: None (December 31, 2021: None).

17.6 Numbers and portfolio amount of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants): None (December 31, 2021: None).

17.7 Valuation methods of profit share calculation for life insurance: None (December 31, 2021: None).

17.8 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants at the Company during the period: None (December 31, 2021: None).

17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another company during the period: None (December 31, 2021: None).

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period: None (December 31, 2021: None).

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another company or that left the Company but did not transfer to another company: None (December 31, 2021: None).

17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period: None (December 31, 2021: None).

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17 Insurance Liabilities and Reinsurance Assets (continued)

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period: None (December 31, 2021: None).

17.14 Profit share allocation rate to the life policyholders: None (December 31, 2021: None).

17.15 Amounts arising from insurance agreements:

	December 31, 2022	December 31, 2021
Insurance payables gross:		
Unearned premiums reserve*	3,449,475,581	1,549,883,912
Outstanding claim reserves	3,389,690,089	1,859,674,600
Unexpired risks reserve	425,193,007	64,157,371
Equalization reserve	102,013,325	57,968,559
Bonus and discount reserve	19,979,967	29,077,321
Total	7,386,351,969	3,560,761,763
Reinsurance assets:		
Unearned premiums reserve*	941,418,939	437,357,277
Outstanding claim reserves	527,757,672	261,749,752
Unexpired risks reserve	96,948,640	17,156,906
Equalization reserve	68,290,816	34,675,273
Total	1,634,416,067	750,939,208
Insurance payables net:		
Unearned premiums reserve*	2,508,056,642	1,112,526,635
Outstanding claim reserves	2,861,932,417	1,597,924,848
Unexpired risks reserve	328,244,367	47,000,465
Equalization reserve	33,722,509	23,293,286
Bonus and discount reserve	19,979,967	29,077,321
Total	5,751,935,902	2,809,822,555

(*) Mathematical provisions for long-term personal accident policies are included.

As of December 31, 2022 and 2021, there is no technical provisions expressed in foreign currency.

Movement table of unearned premiums reserve in the accounting period:

	December 31, 2022			December 31, 2021		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
January 1,	1,549,883,912	(437,357,277)	1,112,526,635	1,086,610,260	(360,948,634)	725,661,626
Net change	1,899,591,669	(504,061,662)	1,395,530,007	463,273,652	(76,408,643)	386,865,009
Total	3,449,475,581	(941,418,939)	2,508,056,642	1,549,883,912	(437,357,277)	1,112,526,635

Actuarial mathematical provision for long-term personal accident amounting to TL 9 as of December 31, 2022 (December 31, 2021: TL 217) is presented under the unearned premium reserve account.

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17 Insurance Liabilities and Reinsurance Assets (continued)

17.15 Amounts arising from insurance agreements (continued):

Movement table of outstanding claims and claims provision in the accounting period:

	December 31, 2022			December 31, 2021		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
January 1,	1,859,674,601	(261,749,753)	1,597,924,848	1,505,314,550	(194,735,704)	1,310,578,846
Paid claims	(2,888,427,633)	665,829,023	(2,222,598,610)	(1,359,951,571)	264,458,408	(1,095,493,163)
Net change	4,418,443,121	(931,836,942)	3,486,606,179	1,714,311,622	(331,472,457)	1,382,839,165
Total	3,389,690,089	(527,757,672)	2,861,932,417	1,859,674,601	(261,749,753)	1,597,924,848
Incurring and reported claims	451,387,222	(459,616,975)	(8,229,753)	528,651,724	(223,211,378)	305,440,346
Incurring but not reported claims	2,938,302,867	(68,140,697)	2,870,162,170	1,331,022,877	(38,538,375)	1,292,484,502
Total	3,389,690,089	(527,757,672)	2,861,932,417	1,859,674,601	(261,749,753)	1,597,924,848

Movement table of the reserve for unexpired risks in the accounting period:

	December 31,2022			December 31,2021		
	Gross:	Reinsurer share	Net	Gross	Reinsurer share	Net
January 1,	64,157,371	(17,156,906)	47,000,465	85,054,296	(22,661,681)	62,392,615
Net change	361,035,636	(79,791,734)	281,243,902	(20,896,925)	5,504,775	(15,392,150)
Total	425,193,007	(96,948,640)	328,244,367	64,157,371	(17,156,906)	47,000,465

Movement table of the equalization reserve in the accounting period:

As of December 31, 2022, the Company has calculated equalization reserve of TL 33,722,509 (December 31, 2021: 23,293,286).

	December 31, 2022			December 31, 2021		
	Gross	Reinsurer share	Net	Gross	Reinsurer share	Net
January 1,	57,968,559	(34,675,273)	23,293,286	38,162,643	(21,597,057)	16,565,586
Net change	44,044,766	(33,615,543)	10,429,223	19,805,916	(13,078,216)	6,727,700
Total	102,013,325	(68,290,816)	33,722,509	57,968,559	(34,675,273)	23,293,286

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17 Insurance Liabilities and Reinsurance Assets (continued)

17.15 Amounts arising from insurance agreements (continued):

As of December 31, 2022, the development table of the incurred and reported claims and the incurred but not reported claims according to the accident and notification date is as follows:

Claim year	January 1, 2012	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019	January 1, 2020	January 1, 2021	January 1, 2022	Claim year
	December 31,2012	December 31,2013	December 31,2014	December 31,2015	December 31,2016	December 31,2017	December 31,2018	December 31,2019	December 31,2020	December 31,2021	December 31,2022	Total
Claim year	1,359,308	2,381,026	2,984,952	11,341,079	28,534,499	37,024,181	35,172,351	40,882,348	37,194,251	108,511,940	365,430,276	670,816,211
1 year after	1,628,388	1,915,502	7,986,210	20,011,553	23,966,781	27,398,450	26,416,703	34,780,801	47,670,919	142,985,615	-	334,760,922
2 year after	207,058	837,791	6,277,752	8,777,566	8,366,040	11,575,315	11,040,509	15,625,442	25,608,650	-	-	88,316,123
3 year after	715,150	1,003,493	1,726,390	4,032,664	5,389,800	6,442,141	4,499,989	10,874,505	-	-	-	34,684,132
4 year after	288,482	944,779	1,207,682	4,659,843	3,661,374	5,208,662	6,582,268	-	-	-	-	22,553,090
5 year after	747,534	638,739	2,087,797	3,197,532	3,600,918	9,546,440	-	-	-	-	-	19,818,960
6 year after	277,136	624,117	872,786	3,405,096	3,760,256	-	-	-	-	-	-	8,939,391
7 year after	834,686	542,997	1,791,801	5,692,575	-	-	-	-	-	-	-	8,862,059
8 year after	863,023	1,287,283	3,149,921	-	-	-	-	-	-	-	-	5,300,227
9 year after	259,614	422,099	-	-	-	-	-	-	-	-	-	681,713
10 year after	648,936	-	-	-	-	-	-	-	-	-	-	648,936
11 year after	696,030	-	-	-	-	-	-	-	-	-	-	696,030
Total outstanding claim according to the damagedevelopment chart	8,525,345	10,597,826	28,085,291	61,117,908	77,279,668	97,195,189	83,711,820	102,163,096	110,473,820	251,497,555	365,430,276	1,196,077,794
Outstanding claims reserve	-	-	-	-	-	-	-	-	-	-	162,022,473	162,022,473
Proceeds from winning the case file	-	-	-	-	-	-	-	-	-	-	-	-
Discount	-	-	-	-	-	-	-	-	-	-	(1,366,330,014)	(1,366,330,014)
The difference from the actuarial chain method	-	-	-	-	-	-	-	-	-	-	2,870,162,164	2,870,162,164
Provision for total outstanding claim and compensation as of December 31, 2022	8,525,345	10,597,826	28,085,291	61,117,908	77,279,668	97,195,189	83,711,820	102,163,096	110,473,820	251,497,555	2,031,284,899	2,861,932,417

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17 Insurance Liabilities and Reinsurance Assets (continued)

17.15 Amounts arising from insurance agreements (continued):

As of December 31, 2021, the development table of the incurred and reported claims and the incurred but not reported claims according to the accident and notification date is as follows:

Claim year	January 1, 2012 December 31, 2012	January 1, 2013 December 31, 2013	January 1, 2014 December 31, 2014	January 1, 2015 December 31, 2015	January 1, 2016 December 31, 2016	January 1, 2017 December 31, 2017	January 1, 2018 December 31, 2018	January 1, 2019 December 31, 2019	January 1, 2020 December 31, 2020	January 1, 2021 December 31, 2021	Claim year Total
Claim year	1,727,353	2,519,959	3,929,246	12,170,047	30,570,597	36,607,295	33,086,017	36,580,305	35,357,948	219,740,406	412,289,173
1 year after	2,242,615	2,359,102	7,515,307	20,744,601	27,420,943	23,853,998	23,414,292	28,663,474	43,664,262	-	179,878,593
2 year after	280,150	1,080,010	6,284,184	8,532,914	8,304,582	10,352,689	8,060,939	14,016,155	-	-	56,911,623
3 year after	514,941	929,114	2,008,995	3,221,556	4,450,264	5,387,002	5,021,209	-	-	-	21,533,082
4 year after	433,564	1,107,678	1,688,527	3,253,751	2,308,467	5,599,939	-	-	-	-	14,391,926
5 year after	669,705	643,698	1,876,345	1,949,719	3,412,166	-	-	-	-	-	8,551,633
6 year after	247,415	440,225	787,701	3,778,070	-	-	-	-	-	-	5,253,411
7 year after	789,220	407,317	2,341,785	-	-	-	-	-	-	-	3,538,322
8 year after	1,080,110	1,383,994	-	-	-	-	-	-	-	-	2,464,104
9 year after	319,486	-	-	-	-	-	-	-	-	-	319,486
10 year after	396,410	-	-	-	-	-	-	-	-	-	396,410
Total outstanding claim according to the damagedevelopment chart											
	8,700,971	10,871,097	26,432,090	53,650,657	76,467,018	81,800,924	69,582,457	79,259,933	79,022,210	219,740,406	705,527,764
Outstanding claims reserve	-	-	-	-	-	-	-	-	-	108,219,895	108,219,895
Proceeds from winning the case file	-	-	-	-	-	-	-	-	-	-	-
Discount	-	-	-	-	-	-	-	-	-	(508,307,320)	(508,307,313)
The difference from the actuarial chain method	-	-	-	-	-	-	-	-	-	1,292,484,501	1,292,484,502
Provision for total outstanding claim and compensation as of December 31, 2021											
	8,700,971	10,871,097	26,432,090	53,650,657	76,467,018	81,800,924	69,582,457	79,259,933	79,022,210	1,112,137,482	1,597,924,848

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17 Insurance Liabilities and Reinsurance Assets (continued)

17.16 Provision for bonus and discounts

The Company carries out its activities within the framework of the "Regulation on Participation Insurance and Working Procedures and Principles" published by the Ministry of Treasury and Finance. Within the scope of Article 6 of the same regulation, the Company manages the risk fund formed by the contributions of the participants and the fund of the shareholders separately and accounts the risk fund amounts consisting of the contributions of the participants in the provision for bonuses and discounts account. As of December 31, 2022, the Company has provisions for bonuses and discounts of TL 19,979,967 (December 31, 2021: TL 29,077,321) to be distributed to its policyholders.

As of December 31, 2022, bonuses and discounts amounting to TL 19,979,967, which was accounted for as a short-term liability, represents the amount of funds that have been decided to be distributed, and the remaining total risk fund is accounted for as a long-term liability.

18 Investment Contract Liabilities:

None (December 31, 2021: None).

19 Trade and Other Payables, Deferred Income

The payables of the Company from its main activities as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Payables to reinsurer (Note 9)	204,555,994	71,330,757
Payables to agency	95,351,748	52,232,066
Other payables from main operations	2,394,482	1,454,456
Total	302,302,224	125,017,279

Trade and other payables expressed in foreign currency as of December 31, 2022 and December 31, 2021 are stated in note 4 (a) ii.

The details of the Company's other income for the next months as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Deferred commission income (Note 46.1)	170,320,992	71,010,929
Total	170,320,992	71,010,929

Short term liabilities	December 31, 2022	December 31, 2021
Payables to SSI related to treatment expenses	85,122,466	48,658,016
Payables to Dask- Tarsim (Note 9)	31,806,380	11,279,713
Other payables(*)	64,227,273	18,421,304
Other Short-term Liabilities	26,842,969	4,042,641
Taxes and Funds Payable	104,006,413	57,280,783
Social Security Deductions Payable	5,428,789	1,190,631
Total	317,434,290	140,873,088

(*) Rediscount is included.

20 Financial liabilities

As of December 31, 2022, the Company has accounted for a lease liability amounting to TL 7,137,722 (December 31, 2021: TL 7,973,134) within the scope of TFRS 16. As of December 31, 2022 150,040,404 TL (December 31, 2021: none.) has been accounted in the payables to credit institutions account within the scope of reverse commitment transaction.

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21 Deferred Tax

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

	December 31, 2022		December 31, 2021	
	Temporary differences	Deferred tax assets/ (liabilities)	Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets/ (liabilities)				
Provision for severance pay	16,871,557	4,217,889	7,229,616	1,445,923
Unexpired risk reserves	328,244,367	82,061,092	47,000,465	9,400,093
Equilization reserve (Except for Motor and Personal Accident)	20,958,021	5,239,505	14,563,304	2,912,661
Equilization reserve (Motor and Personal Accident)	3,684,050	921,012	2,335,265	467,053
TAS adjustment differences in depreciation	(3,884,034)	(971,009)	694,878	159,822
Provision for vacation	3,848,447	962,112	2,378,764	547,116
Lawsuits	713,650	178,413	682,162	156,897
Provision for receivables	320,332	80,083	320,332	64,066
Provision for bonus	20,197,008	5,049,252	12,385,956	3,096,489
Provision for impairment of sabrogation receivables	41,478,224	10,369,556	14,122,899	2,824,580
Bonuses and discounts reserve (Takaful)	19,979,967	4,994,992	(50,818,460)	(11,288,646)
Financial assets valuation differences	(106,930,885)	(26,732,721)	(2,513,039)	(577,999)
Provision for expense accrual	326,000	81,500	1,509,470	377,368
Provision for labor lawsuits	423,693	105,923	23,693	5,446
Right of use assets	257,840	64,460	343,352	78,971
Bank and insurance transactions tax	7,203,504	1,800,877	1,264,200	290,766
Derivative instruments valuation differences	77,013,188	19,253,297	244,562,243	56,249,316
Exchange rate valuation difference	-	-	(36,284,248)	(8,345,377)
Total deferred tax asset/ (liability), net	497,107,550	124,276,888	259,800,853	57,864,545

The movement table of deferred tax assets and liabilities for the interim periods ending between January 1, – December 31, 2022 and January 1, – December 31, 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
January 1, deferred tax asset/(liability)	57,864,545	15,892,694
Deferred tax income/(expense) in the income statement (Note 35)	66,412,343	41,971,851
At the end of the period- deferred tax asset/(liability)	124,276,888	57,864,545

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

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22 Retirement Benefit Obligations

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement. The compensation to be paid is equal to one month's salary for each year of service and this amount is limited to TL 19,982 as of December 31, 2022 (December 31, 2021: TL 10,596). As of December 31, 2022 and 2021, the Company has calculated its related liability in accordance with TAS 19 and recorded severance pay liability of TL 16,871,557 and TL 7,229,617 respectively.

Severance pay provision is set aside by calculating the present value of the probable obligation to be paid in case of retirement of the employees. Accordingly, the actuarial assumptions used to calculate the liability as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	2,57%	4,09%
The estimated rate of salary increase	30,00%	28,00%
Interest rate	12,72%	18,45%

The provision for severance indemnity movements are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Beginning of the period	7,229,617	5,554,683
Payments during the period	(2,705,838)	(783,046)
Period expenses	12,347,778	2,457,980
Provision as of December 31, 2022	16,871,557	7,229,617

The movement of provision for leave are as follows

	January 1 - December 31, 2022	January 1 - December 31, 2021
Beginning of the period	2,378,764	1,950,221
Period expenses	1,469,683	428,544
At the end of the year	3,848,447	2,378,765

The movement of provision for cost expenses are as follows:

	January 1, - December 31, 2022	January 1, - December 31, 2021
Bonus, Premium and Right of Peace	20,197,008	12,385,956
Bank and Insurance Transactions Tax	7,203,504	1,264,200
Litigation Expenses	423,693	23,693
Invoice Provision	326,000	1,509,470
Distribution Channels Premium Provision	-	-
At the end of the year	28,150,205	15,183,319

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23 Other liabilities and provisions for charges

23.1 Provisions related to personnel social security and others:

None (December 31, 2021: None).

23.2 Other provisions

None (December 31, 2021: None).

23.3 Total amount of commitments not included in the liabilities:

Commitments not recognized as liabilities are disclosed in Note 42.

24 Net Insurance Premium Revenue

The details of the Company's net insurance premiums for the accounting periods ending on December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022		
	Gross	Reinsurer share	Net
Land Vehicles	1,430,984,725	(108,900)	1,430,875,825
Motor Vehicle Liability	2,796,916,842	(661,999,011)	2,134,917,831
Accident	251,479,550	(3,619,879)	247,859,671
General Liability	60,337,283	(29,639,685)	30,697,598
Fire And Natural Disasters	653,862,799	(516,773,827)	137,088,972
General Losses	360,522,938	(323,411,280)	37,111,658
Marine	12,720,525	(7,281,626)	5,438,899
Legal Protection	31,010,786	(152,217)	30,858,569
Breach of Trust	18,899,713	(14,875,014)	4,024,699
Financial Losses	5,636,299	(5,366,053)	270,246
Sickness/ Health	61,470,486	(61,027,898)	442,588
Aircraft	9,678,120	(9,678,120)	-
Ships	273,256	(273,256)	-
Aircraft Liability	(22,152)	22,152	-
Total premium income	5,693,771,170	(1,634,184,614)	4,059,586,556

	January 1 - December 31, 2021		
	Gross	Reinsurer share	Net
Land Vehicles	350,975,010	(346,138)	350,628,872
Motor Vehicle Liability	1,609,347,272	(428,609,953)	1,180,737,320
Accident	135,802,286	(1,205,009)	134,597,277
General Liability	17,389,840	(7,358,159)	10,031,681
Fire And Natural Disasters	291,084,562	(205,026,433)	86,058,129
General Losses	150,577,566	(117,767,770)	32,809,796
Marine	32,527,527	(28,487,722)	4,039,806
Legal Protection	23,980,337	-	23,980,337
Breach of Trust	1,405,138	(1,348,378)	56,761
Financial Losses	2,909,810	(2,764,605)	145,205
Sickness/ Health	29,518,120	(29,287,067)	231,052
Aircraft	1,150,260	(1,150,260)	-
Ships	180,833	(180,833)	-
Aircraft Liability	1,524,080	(1,524,080)	-
Total premium income	2,648,372,642	(825,056,406)	1,823,316,236

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25 Fee income

None (December 31, 2021: None).

26 Investment Income and Expenses

The details of the Company's investment income for December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Income from financial investments	423,522,418	183,584,383
Term participation accounts and financial assets dividend income	423,522,418	183,584,383
Income from disposal of financial assets	132,032,908	10,877,039
Proceeds from the cashing out of financial investments	132,032,908	10,877,039
Foreign exchange profits	369,581,482	1,048,843,028
Participation accounts exchange rate difference profit/loss	369,581,482	1,048,843,028
Term participation accounts and participation income from shareholders	999,675,308	66,831,113
Net unrealized term participation accounts and financial assets participation income accruals	999,675,308	66,831,113
Income from Derivative Transactions	19,598,335	49,376,368
Total	1,944,410,451	1,359,511,931

The details of the Company's investment expenses for December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Depreciation and Amortization Expenses (Note 31)	(18,425,021)	(12,202,631)
Investment Management Expenses (inc. interest)	(20,511,572)	(1,163,509)
Foreign Exchange Losses	(28,384,613)	(148,309,993)
Investment Income Transferred to Non-Life Technical Section (*)	(1,290,817,576)	(199,856,454)
Loss from Derivative Transactions	(178,275,575)	(706,471,450)
Total	(1,536,414,357)	(1,068,004,037)

(*) Investment incomes transferred to the non-life technical section have been calculated within the framework of the "Circular on the Procedures and Principles of the Keys Used in the Financial Statements Prepared in the Framework of the Insurance Uniform Chart of Accounts" published by the Ministry of Treasury and Finance on January 4, 2008.

27 Net Realized Gains on Financial Assets

In the interim period ending on December 31, 2022, the Company has accrued profit share income amounting to TL 999,675,308 (January 1, – December 31, 2021: 66,831,113) on the forward cash values and financial assets from the financial assets of the Company.

28 Net Fair Value Gains on Assets at Fair Value through Income

None (December 31, 2021: None).

29 Insurance Benefits and Claims

Insurance liabilities and reinsurance assets are explained in note 16.

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30 Investment Contract Benefits

None (December 31, 2021: None).

31 Other Indispensable Expenses

	January 1 - December 31, 2022	January 1 - December 31, 2021
Operating expenses classified under the technical section	(603,243,138)	(268,657,527)
Operating expenses classified under the non-technical section	(18,425,021)	(12,202,631)
Total	(621,668,159)	(280,860,158)

32 Expense by Nature

Operating expenses	January 1 - December 31, 2022	January 1 - December 31, 2021
Net commission expenses	336,358,091	151,966,142
Employee expenses	147,975,119	73,148,725
Taxes, duties and fees	24,089,451	11,682,726
Expenses for services provided from outside	13,717,631	6,435,320
IT Expenses	16,036,462	9,486,403
Marketing and sales expenses	21,103,886	10,539,792
Communication and travel expenses	6,362,375	2,524,041
Rent expenses	753,643	441,113
Office supplies expenses	2,582,747	1,180,583
Finance expenses	34,263,733	1,252,682
Other technical expenses	-	-
Operating expenses classified under the technical section	603,243,138	268,657,527
Operating expenses classified under the non-technical section (Note 26)	18,425,021	12,202,631
Total	621,668,159	280,860,158

33 Employee Benefit Expenses

	January 1 - December 31, 2022	January 1 - December 31, 2021
Salary and wages	103,676,466	49,145,730
Personnel bonus	20,197,008	12,385,956
Employer's share of social security premium	14,927,846	7,654,635
Food expenses	5,464,893	2,286,256
Notice compensation	3,065,825	1,365,949
Training expenses	643,081	310,199
Total	147,975,119	73,148,725

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34 Finance costs

34.1 All financial expenses of the period: None (December 31, 2021: None).

34.2 The portion of the financial expenses of the period related to the partners, subsidiaries and affiliates (the ones whose share in the total amount exceeds 20% will be shown separately):

None (December 31, 2021: None).

34.3 Sales and purchases made with partners, subsidiaries and affiliates (Those whose share in the total amount exceeds 20% will be shown separately):

Purchases and sales with partners and subsidiaries are disclosed in note 44.

34.4 Dividends, rents and the like received from and paid to shareholders, subsidiaries and affiliates (Those whose share in the total amount exceeds 20% will be shown separately):

Disclosed in note 44.

35 Income Taxes

Company activities are subject to tax legislation and practices in force in Turkey.

With the amendment made in the first paragraph of the 25th article of the Law No. 7394 dated April 15, 2020 and the 32nd article of the Law No. 5520 titled "Corporate Tax and Provisional Tax Rate"; It has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. . In addition, Article 26 of the same Law has been applied in the 2022 calendar year, starting from the declarations where the said 25% rate must be submitted as of July 1, 2022 and being valid for the corporate earnings for the taxation period starting from February 1, 2022.

Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month. In accordance with the tax legislation, provisional tax is calculated and paid on quarterly earnings, and the amounts paid in this way are deducted from the tax calculated on annual earnings.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Distributed by resident corporations to non-resident corporations or non-residents who are exempt from corporate tax, excluding those who receive dividends through a workplace or permanent representative in Turkey (Adding profit to capital is not counted as dividend distribution) and the second article of Article 75 of the Income Tax Law. A corporate tax deduction of 15% is made on the profit shares listed in subparagraphs (1), (2) and (3) of the paragraph.

A tax deduction of 15% is made over the dividends distributed to tax-exempt corporations (Adding profit to capital is not counted as dividend distribution.)

15% tax deduction from the dividends (adding profit to capital does not count as dividend) distributed to real persons who are fully taxpayers, non-corporate taxpayers and exempt from income tax, written in subparagraphs (1), (2) and (3) of the second paragraph of Article 75 is applied.

According to the provisions of the international agreement for the prevention of double taxation, reduced rate withholding is possible and can be applied with the submission of a residence document.

Within the scope of paragraph 1-e of the 5th article of the corporate tax law, 75% of the corporate tax is exempted for the stock and real estate gains held in a business asset for more than 2 years.

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35 Income taxes (continued)

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2021, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

As of December 31, 2022 and 2021, the amount of prepaid taxes and tax provisions are presented below:

	December 31, 2022	December 31, 2021
Tax payable	-	164,545,202
Prepaid tax	(25,254,491)	(110,291,631)
	(25,254,491)	54,253,571
	January 1 - December 31, 2022	January 1 - December 31, 2021
Profit/(loss) before tax	(76,132,627)	311,700,580
Tax rate	25%	25%
Calculated tax	19,033,157	(77,925,145)
Additions / Non-deductible provision, net	54,031,057	232,159
Other	10,224,689	(3,489,412)
Cancellation of previous period provision	-	-
Tax (expenses) / income	83,288,903	(81,182,398)

Income tax expense items in the financial statements are as follows:

	December 31, 2022	December 31, 2021
Corporate tax provision by legal tax rate	-	(123,154,249)
Cancellation of prior period provision	16,876,560	-
Deferred tax income/(loss)	66,412,343	41,971,851
Total tax expenses	83,288,903	(81,182,398)

36 Net foreign exchange gains

	January 1 - December 31, 2022	January 1 - December 31, 2021
Profit/loss from foreing currency participation deposit	147,561,767	244,245,804
Profit/loss from foreing exchange income of current transactions	21,569,053	57,153,110
Profit/loss from valuation of marketable securities	172,066,049	599,134,121
Net exchange rate change	341,196,869	900,533,035

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37 Earnings per share

37.1 Earnings per share and dividend ratios, provided that they are shown separately for common and preferred stocks:

Earnings per share are not disclosed as the Company is not publicly traded.

38 Dividends per Share

None (December 31, 2021: None).

39 Cash Generated from Operations

Cash generated from operations is stated in the Statement of Cash Flows.

40 Convertible Bonds:

None (December 31, 2021: None).

41 Redeemable Preference Shares:

None (December 31, 2021: None).

42 Risks

As of December 31, 2022, there are 24,152 lawsuits filed against the Company. The Company has taken into account the provision amount of TL 1,022,242,666 (December 31, 2021: TL 572,932,034) for the lawsuits filed against the said cases in the provision for outstanding claims in the accompanying financial statements.

43 Commitments

The details of the guarantees given by the Company in non-life insurance branches due to its activities are given in the note "17 – Insurance liabilities and reinsurance assets". There are no minimum rental payments to be paid for rental vehicles (December 31, 2021: None).

44 Business Combinations

None (December 31, 2021: None).

45 Related Party Transactions

Related party balances as of December 31, 2022 and 2021 are given in note 2.24.

The definition of related parties is given as organizations that can directly or indirectly control or significantly affect the other party through shareholding, contractual rights, family relations or similar means. Related parties also include shareholders and Company management. Related party transactions involve the transfer of resources and liabilities between related parties, whether or not a price is charged. In the financial statements dated December 31, 2022 and related explanatory notes, the related parties of the partners and the Company management are defined as related parties.

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45 Related Party Transactions (continued)

Transactions with the Company's related parties for the accounting periods ending as of December 31, 2022 and 2021 are as follows:

	January 1 - December 31, 2022	January 1 - December 31, 2021
1-Premiums received from related parties		
İskan Gayrimenkul A.Ş.	24,600	77,734
Kuveyt Türk Katılım Bankası A.Ş.	54,098,764	37,236,158
Katılım Emeklilik ve Hayat A.Ş.	411,154	137,648
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği A.Ş.	309,833	260,530
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	123,557	48,103
Architect Bilişim Sistemleri ve Pazarlama Tic A.Ş.	948,683	584,303
KT Portföy Yönetimi A.Ş.	203,733	106,676
Vakıf Finansal Kiralama A.Ş.	565,987	-
Vakıflar Genel Müdürlüğü	10,909	-
2-Ceded premiums to related parties		
Katılım Emeklilik ve Hayat A.Ş.	(61,026,697)	(29,287,067)
KFH TKFL INS	(11,706,352)	-
3-Commissions received from related parties		
Katılım Emeklilik ve Hayat A.Ş.	1,941,432	799,509
KFH TKFL INS	557,445	-
4-Paid commissions to related parties		
Kuveyt Türk Katılım Bankası A.Ş.	(162,332,305)	(62,763,734)
5-Claims received from related parties		
Katılım Emeklilik ve Hayat A.Ş.	41,435,011	886,630
6- Claims paid to related parties		
İskan Gayrimenkul A.Ş.	(14,498)	(11,495)
Kuveyt Türk Katılım Bankası A.Ş.	(46,537,963)	(2,602,239)
Katılım Emeklilik ve Hayat A.Ş.	(129,604)	(74,774)
Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği A.Ş.	(91,134)	(324,161)
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	(155,062)	-
Architect Bilişim Sistemleri ve Pazarlama Tic A.Ş.	(577,742)	(1,860)
KT Portföy Yönetimi A.Ş.	(257,491)	
7-Other expenses paid to related parties		
Kuveyt Türk Katılım Bankası A.Ş.	(204,000)	(204,000)
Katılım Emeklilik ve Hayat A.Ş.	(44,949,682)	(4,310,685)
Architect Bilişim Sistemleri ve Pazarlama Tic A.Ş.	(2,881,959)	(408,771)
KT Portföy Yönetimi A.Ş.	-	(158,316)
KT Portföy Yönetimi A.Ş.	(18,386,264)	(312,039)
Total	(248,619,645)	(60,321,850)

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

45 Related Party Transactions (continued)

45.1 Doubtful receivables and their payables due to receivables from partners, affiliates and subsidiaries: None (December 31, 2021: None).

45.2 Breakdown of investments and subsidiaries having an indirect shareholding and management relationship with the Company, participation rates and amounts of these investments and subsidiaries; profit/loss, net profit/loss in the latest financials, the period of these financials and the opinion type of the independent audit report if the Company is independently audited: None (December 31, 2021: None).

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (December 31, 2021: None).

45.4 Rights on immovable and their value: None (December 31, 2021: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (December 31, 2021: None).

46 Events after the balance sheet date:

The company has decided to increase the capital of 400,000,000 TL with the decision of the Board of Directors dated February 2, 2023, and the capital increase was realized in cash on February 9, 2023.

An earthquake occurred in the southeastern part of Turkey, affecting many of our provinces, causing thousands of deaths and injuries. The Company Management has made a preliminary assessment and it is calculated that the estimated net damage amount will be 117 million TL. As of the end of 2022, 35 million TL of the accumulated funds related to the balancing provision will be used for the said loss. The impact on the Company's equity after the balancing provision is estimated to be TL 82 million. Considering that the company's total equity is TL 819.814.457, there is no issue regarding the continuity of the business.

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47 Other

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

	December 31, 2022	December 31, 2021
a) Expenses related to future months		
Deferred commission expenses	429,163,272	178,136,074
Prepaid XL expenses	6	-
Roadside assistance expenses	51,713,059	15,584,370
IT expenses	5,914,178	3,519,181
Personnel medical expenses	1,018,456	498,581
Expenses related to future months	445,610	301,048
Prepaid expenses	2,474,829	1,613,980
Total	490,729,410	199,653,234
	December 31, 2022	December 31, 2021
b) Other receivables		
Other agency receivables	12,115,848	6,907,390
Deposits and guarantees provided	719,081	78,898
Total	12,834,929	6,986,288

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

47 Other (continued)

47.1 Items and amounts classified under the “other” account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet (continued):

	December 31, 2022	December 31, 2021
c) Provision for other risks		
Bonus provision	20,197,008	12,385,956
Litigation provision	423,693	23,693
Expense invoice provision	326,000	1,509,470
Distribution channel premium	-	-
BITT	7,203,504	1,264,200
Total	28,150,205	15,183,319
	December 31, 2022	December 31, 2021
d) Income related to future months and expenses accruals		
Deferred commission income (Note 19)	170,320,992	71,010,929
Total	170,320,992	71,010,929

47.2 Payables to employees and receivables from employees presented under accounts, “other receivables and “other short- or long-term payables”, and which have balance more than 1% of the total assets: None (December 31, 2021: None).

47.3 Subrogation recorded in “Off-Balance Sheet Accounts”: None (December 31, 2021: None).

47.4 Explanatory note for the amounts and nature of previous years’ income and losses: None (December 31, 2021: None).

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Convenience Translation of Notes to the Financial Statements as of December 31, 2022

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

47 Other (continued)

47.5 Information that the Treasury requires to be presented:

Other expenses and losses:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Paid fines	297,050	131,990
Donations and support	3,000	-
Special communication tax	94,855	67,681
Other	792,291	308,556
Total	1,187,196	508,227

Gross other technical income:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Other technical income	4,028,170	2,127,193
Total	4,028,170	2,127,193

Accrued subrogation and salvage incomes:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Subrogation and salvage receivables	53,949,091	26,712,604
Total	53,949,091	26,712,604

NEOVA KATILIM SİGORTA ANONİM ŞİRKETİ

Convenience Translation of Notes to the Financial Statements as of December 31, 2022

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

47 Other (continued)

47.5 Information that the Treasury requires to be presented (continued)

Provision expenses of period

	January 1 - December 31, 2022	January 1 - December 31, 2021
Provision for doubtful receivables (Note 12)	32,170,426	14,917,073
Provision for lawsuit filed against	31,488	(37,651)
Expense invoice provision	326,000	-
Provision for severance pay, net (Note 22)	9,641,940	1,674,934
Provision for permission (Note 22)	1,469,683	428,544
Provision for agency premium receivables	(92,449)	202,682
Other	5,939,304	(23,766)
Non-current provisions	(4,584,293)	(4,612,795)
Total non-technical provisions	44,902,099	12,549,021
Provision for outstanding claims, net (Note 17)	1,264,007,569	287,346,002
Provision for unearned premiums, net (Note 17)	1,395,530,007	386,865,009
Change in other technical provisions, net (Note 17)	10,429,223	6,727,700
Provision for unexpired risk reserves, net (Note 17)	281,243,902	(15,392,150)
Exchange for bonus and discounts	(9,097,354)	(40,617,798)
Total technical provisions	2,942,113,347	624,928,763
Corporate tax provision	(16,876,560)	123,154,249

Other Income and Profits:

	January 1 - December 31, 2022	January 1 - December 31, 2021
Consultancy income	10,678,250	3,303,421
Total	10,678,250	3,303,421

(*) Consultancy income consists of salvage transactions.

Fees for services received from Independent Auditor/Independent audit

	December 31, 2022	December 31, 2021
Independent audit fee for reporting period	575,000	390,000
Fees for tax consulting services	-	-
The cost of other assured services	-	-
The cost of other services outside the independent audit	-	-
Total	575,000	390,000

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