

***CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH***

TÜRK P VE İ SİGORTA A.Ş.

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türk P ve I Sigorta A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Türk P ve I Sigorta A.Ş. ("the Company"), which comprise the statement of balance sheet as at 31 December 2023, and the statement of income, statement of changes in equity and statement of cash flows 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 31 December 2023, and its financial performance and its cash flows for the year then ended, in accordance with the regulations on accounting and financial reporting effective as per the insurance legislation and the "Insurance Accounting and Financial Reporting Regulation" including the provisions of the Turkish Financial Reporting Standards (TFRS) for the matters not regulated by these regulations.

2) Basis for Opinion

We conducted our audit in accordance with the regulations regarding the independent audit principles effective as per the insurance legislation and the Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (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") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p>As of 31 December 2023, the total amount of insurance technical provisions is TL 1,176,303,896.</p> <p>Insurance Companies are required to recognize provisions for outstanding claims reserve for the claims occurred and determined but not paid in the previous periods or current period or amounts that have not determined but estimated and incurred but not reported. The modelling of the estimation of ultimate losses is sensitive to legal, economic and various factors/uncertainties, as well as past claims experience, claim development, market conditions. As of 31 December 2023, the Company has a net provision of TL 528,909,117 for outstanding claims provision and TL 125,292,877 for incurred but not reported claims in its financial statements.</p> <p>Outstanding claims reserve, which includes incurred but not reported claims, which are included in technical provisions, has been chosen as a key audit matter due to its nature involving significant actuarial judgments and estimates.</p> <p>For details of accounting policies regarding the recognition of technical provisions and significant accounting judgments, estimates and assumptions, see Note 2.24 and Note 17.</p>	<p>In the audit of the technical provisions, the design and implementation of key controls were evaluated.</p> <p>Detailed tests and analytical tests were carried out with the sampling method. The assumptions used, assessing the consistency of valuation methods, recalculation and regulatory compliance have been evaluated and checked using actuarial techniques by certified actuaries, whom we employ as external experts, who are part of our audit team.</p> <p>In addition to these, we have evaluated the adequacy of related disclosures technical in Note 17 and Note 2.24 in accordance with the Insurance Accounting and Financial Reporting Legislation.</p>

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

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

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

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

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

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

Our 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 the regulations regarding the independent audit principles in force as per the insurance legislation and SIAs 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 the regulations regarding the independent audit principles in force as per the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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.



5) Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2023 does not comply with the TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of the TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Ferda Akkılınç Ilıca.

Additional paragraph for convenience translation to English

In the accompanying financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ferda Akkılınç Ilıca
Partner

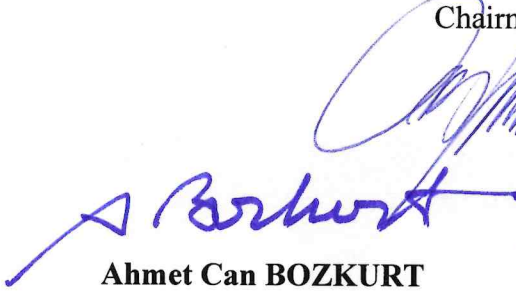
İstanbul, 19 February 2024

**CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON
THE FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2023**

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2023 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

19 February 2024

Servet YARDIMCI
Chairman



Ahmet Can BOZKURT
A Member of Board of
Directors and
President of Audit Committee



Çağrı AKPINAR
A Member of Board of
Directors and
Member of Audit Committee



R. Ufuk TEKER
A Member of Board of
Directors and
General Manager



Enis GÜNGÖR
Chief Financial
Officer



K. Ege YAVAŞ
Financial Affairs
Manager



Korhan AKÇÖL
Actuary

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TÜRK P VE I SİGORTA A.Ş.

DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2023 AND 2022

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

ASSETS	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
I- Current Assets			
A- Cash and Cash Equivalents	14	220,709,664	74,778,433
1- Cash		-	-
2- Cheques Received	2.12 and 14	1,253,655	1,500,000
3- Banks	2.12 and 14	216,849,057	71,779,448
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables		-	-
with Maturities Less Than Three Months	2.12 and 14	2,606,952	1,498,985
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		545,345,010	249,744,783
1- Available for Sale Investments		-	-
2- Held to Maturity Investments	4 and 11.4	545,345,010	249,744,783
3- Financial Assets Held for Trading		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- The Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments (-)		-	-
C- Receivables from Main Operations	12.1	606,719,183	318,123,872
1- Receivable from Insurance Operations	12.1	606,719,183	318,123,872
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operation		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12.1	40,770,522	-
10- Provision for Doubtful Receivables from Main Operations (-)	12.1	(40,770,522)	-
D- Due from Related Parties			1,510
1- Due from Shareholders		-	1,510
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables		455,938	294,839
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		455,938	294,839
4- Other Miscellaneous Receivables		-	-
5- Discount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		116,877,561	64,905,444
1- Deferred Production Costs	17	114,522,218	62,143,336
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	1,339,616
4- Other Prepaid Expenses	47.1	2,355,343	1,422,492
G- Other Current Assets	47.1	196,985	10,683
1- Prepaid Office Supplies		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances	47.1	109,127	-
5- Advances Given to Personnel	47.1	87,858	10,683
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		1,490,304,341	707,859,564

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

TÜRK P VE İ SİGORTA A.Ş.

DETAILED BALANCE SHEETS

AS OF 31 DECEMBER 2023 AND 2022

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

ASSETS		Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
	Notes		
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties		-	-
1- Due from Shareholder		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint-Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		28,024	28,024
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		28,024	28,024
4- Other Miscellaneous Receivables		-	-
5- Discount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets		-	-
1- Investment in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint-Ventures		-	-
7- Capital Commitments to Joint-Ventures (-)		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets (-)		-	-
E- Tangible Assets	6	19,925,006	9,891,513
1- Investment Properties		-	-
2- Impairment for Investment Properties (-)		-	-
3- Property for Operational Use		-	-
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	2,866,324	2,151,505
6- Motor Vehicles	6	13,846,848	-
7- Other Tangible Assets (including Leasehold Improvements)	6	1,926,743	1,926,743
8- Tangible Assets Acquired by Lease	6	8,011,599	9,658,085
9- Accumulated Depreciation (-)	6	(6,726,508)	(3,844,820)
10- Advances Given for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets	8	5,814,003	2,320,670
1- Rights	8	1,868,529	963,843
2- Goodwill		-	-
3- Start-up Costs		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization (-)	8	(650,430)	(188,199)
7- Advances Given for Intangible Assets	8	4,595,904	1,545,026
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Production Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-Current Assets	21 and 35	43,679,361	668,135
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Prepaid Supplies		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21 and 35	43,679,361	668,135
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		69,446,394	12,908,342
Total Assets (I+II)		1,559,750,735	720,767,906

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

TÜRK P VE I SİGORTA A.Ş.

DETAILED BALANCE SHEETS

AS OF 31 DECEMBER 2023 AND 2022

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

LIABILITIES	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
III- Current Liabilities			
A- Financial Liabilities		1,732,941	1,975,447
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Liabilities	20	1,730,391	1,955,224
3- Deferred Leasing Borrowing Costs (-)		-	-
4- Principal Installments and Interests of Long-Term Loans		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued (-)		-	-
8- Other Financial Payables (Liabilities)		2,550	20,223
B- Payables from Main Operations	19	86,085,077	21,947,926
1- Payables from Insurance Operations	4 and 19	86,081,985	21,933,926
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Individual Pension Operations		-	-
5- Payables from Other Main Operations	4 and 19	3,092	14,000
6- Discount on Payables from Other Main Operations (-)		-	-
C- Due to Related Parties	19	62,168	-
1- Due to Shareholders	4, 19 and 45	62,168	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint-Ventures		-	-
5- Due to Personnel		-	-
6- Discount on Payables from Other Main Operations		-	-
D- Other Payables		3,221,589	1,407,637
1- Deposits and Guarantees Received	4	2,298,815	1,013,680
2- Medical Treatment Payables to SSI		-	-
3- Other Miscellaneous Payables	4, 19 and 47.1	922,774	393,957
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions		1,176,303,896	498,458,688
1- Unearned Premium Reserve - Net	4 and 17	522,101,902	277,267,620
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net		-	-
4- Outstanding Claims Provision - Net	4 and 17	654,201,994	221,191,068
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Provision - Net		-	-
F- Provisions for Taxes and Other Similar Obligations		5,352,716	(1,082,637)
1- Taxes and Funds Payable		6,154,616	3,617,400
2- Social Security Premiums Payable		881,429	383,179
3- Overdue, Deferred or Restructured Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Liabilities		-	-
5- Provision for Period Profit Tax and Other Legal Liability	35	-	2,596,647
6- Prepaid Taxes and Other Liabilities on Current Period Income (-)	35	(1,683,329)	(7,679,863)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	77,312,654	50,204,033
1- Provision for Employment Termination Benefits	23	1,120,042	944,929
2- Provision for Pension Fund Deficits		-	-
3- Provision for Expense Accruals		76,192,612	49,259,104
H- Deferred Income and Expense Accruals		788,924	641,147
1- Deferred Commission Income	10, 17 and 19	441,810	491,024
2- Expense Accruals	19	347,114	150,123
3- Other Deferred Income		-	-
I- Other Current Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Miscellaneous Current Liabilities		-	-
III- Total Current Liabilities		1,350,859,965	573,552,241

The accompanying notes form an integral part of these financial statements

TÜRK P VE I SİGORTA A.Ş.

DETAILED BALANCE SHEETS AS OF 31 DECEMBER 2023 AND 2022

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

LIABILITIES	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
IV- Non-Current Liabilities			
A- Financial Liabilities		5,417,212	6,288,508
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Liabilities	20	5,417,212	6,288,508
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Issued Debt Securities		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Payables (Liabilities)		-	-
B- Payables from Main Operations		-	-
1- Payables from Insurance Operations		-	-
2- Payables from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables from Individual Pension Operations		-	-
5- Payables from Other Main Operations		-	-
6- Discount on Payables from Other Main 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- Medical Treatment Payables to SSI		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
E- Insurance Technical Provisions		-	-
1- Unearned Premium Reserve - Net		-	-
2- Unexpired Risks Reserve - Net		-	-
3- Mathematical Reserve - Net		-	-
4- Outstanding Claims Provision - Net		-	-
5- Bonus and Rebate Provision - Net		-	-
6- Other Technical Provision - Net		-	-
F- Other Liabilities and Related Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or Restructured Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	22	2,224,064	1,105,019
1- Provision for Employment Termination Benefits	22	2,224,064	1,105,019
2- Provision for Pension Fund Deficits		-	-
H- Long term Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Non-Current Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Non-Current Liabilities		-	-
IV- Total Non-Current Liabilities		7,641,276	7,393,527

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

TÜRK P VE I SİGORTA A.Ş.

DETAILED BALANCE SHEETS

AS OF 31 DECEMBER 2023 AND 2022

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

EQUITY	Notes	Current Period	Prior Period
		Audited 31 December 2023	Audited 31 December 2022
V- Equity			
A- Paid-in Capital	2.13 and 15	120,000,000	80,000,000
1- (Nominal) Capital	2.13 and 15	120,000,000	80,000,000
2- Unpaid Capital (-)		-	-
3- Adjustments to Share Capital		-	-
4- Adjustments to Share Capital (-)		-	-
5- Register in Progress		-	-
B- Capital Reserves			
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Foreign Currency Translation Differences		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		5,118,540	3,978,150
1- Legal Reserves	15	6,604,654	4,499,100
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)		-	-
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves	15	(1,486,114)	(520,950)
D- Retained Earnings		13,738,434	13,732,905
1- Retained Earnings		13,738,434	13,732,905
E- Accumulated Losses (-)			
1- Accumulated Losses		-	-
F- Net Profit for the Period		62,392,520	42,111,083
1- Net Profit for the Period		62,392,520	42,111,083
2- Net Loss for the Period (-)		-	-
3- Profit not subject to Distribution		-	-
V- Total Equity		201,249,494	139,822,138
Total Liabilities and Equity (III+IV+V)		1,559,750,735	720,767,906

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

TÜRK P VE I SİGORTA A.Ş.

DETAILED INCOME STATEMENTS FOR THE PERIODS

1 JANUARY – 31 DECEMBER 2023 AND 2022

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

TECHNICAL PART

	Notes	Current Period Audited 1 January - 31 December 2023	Prior Period Audited 1 January - 31 December 2022
A- Non-Life Technical Income		1,313,679,107	551,011,584
1- Earned Premiums (Net of Reinsurers' Share)		873,882,485	385,997,078
1.1- Written Premiums (Net of Reinsurers' Share)	24	1,118,716,767	553,839,990
1.1.1- Gross Written Premium (+)	24	1,372,313,352	724,557,526
1.1.2- Reinsurers' Share of Gross Written Premium (-)	10 and 24	(253,596,585)	(170,717,536)
1.1.3- Premiums Ceded to SSI		-	-
1.2- Change in Unearned Premiums Reserve			
(Net of Reinsurers' Share and Reserves Carried Forward) (+/-)	17	(244,834,282)	(167,842,912)
1.2.1- Unearned Premiums Reserve (-)	17	(271,990,569)	(201,031,250)
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)	10 and 17	27,156,287	33,188,338
1.3- Change in Unexpired Risks Reserve			
(Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Investment Income Transferred from Non-Technical Part		465,748,840	139,801,438
3- Other Technical Income - (Net of Reinsurers' Share)		-	-
3.1- Other Technical Income - Gross (+)		-	-
3.2- Reinsurers' Share of Other Technical Income - Gross (-)		-	-
4- Claim Recovery and Salvage Income Accruals		(25,952,218)	25,213,068
B- Non-Life Technical Expense (-)		(1,273,894,312)	(502,776,860)
1- Incurred Claims - (Net of Reinsurer's Share)		(1,027,544,219)	(387,743,114)
1.1- Paid Claims - (Net of Reinsurer's Share)		(594,533,293)	(267,480,388)
1.1.1- Gross Paid Claims (-)		(721,282,670)	(328,111,642)
1.1.2- Reinsurers' Share of Gross Paid Claims (+)	10	126,749,377	60,631,234
1.2- Change in Outstanding Claims			
(Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		(433,010,926)	(120,262,726)
1.2.1- Outstanding Claims Provision (-)		(623,135,627)	(150,285,240)
1.2.2- Reinsurers' Share of Outstanding Claims Provision (+)	10	190,124,701	30,022,514
2- Change in Bonus and Rebate Provision			
(Net of Reinsurers' Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3- Change in Other Technical Reserves -		-	-
(Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
4- Operating Expenses (-)	31 and 32	(246,350,093)	(115,033,746)
5- Change in Mathematical Reserves			
(Net of Reinsurer's Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Net of Reinsurer's Share and Reserves Carried Forward (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Other Technical Expenses - Gross (-)		-	-
6.2- Reinsurers' Share of Other Technical Expenses - Gross (+)		-	-
C- Net Technical Income- Non-Life (A - B)		39,784,795	48,234,724
D- Life Technical Income			
1- Earned Premiums (Net of Reinsurers' Share)		-	-
1.1- Written Premiums (Net of Reinsurers' Share)		-	-
1.1.1- Gross Written Premiums (+)		-	-
1.1.2- Reinsurers' Share of Written Premiums (-)		-	-
1.2- Change in Unearned Premiums Reserve -		-	-
(Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.2.1- Unearned Premiums Reserve (-)		-	-
1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+)		-	-
1.3- Change in Unexpired Risks Reserve -		-	-
(Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
1.3.1- Unexpired Risks Reserve (-)		-	-
1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+)		-	-
2- Life Investment Income		-	-
3- Unrealized Investment Income		-	-
4- Other Technical Income - (Net of Reinsurers' Share)		-	-
E- Life Technical Expense		-	-
1- Incurred Claims - (Net of Reinsurer's Share)		-	-
1.1- Paid Claims (Net of Reinsurer's Share)		-	-
1.1.1- Gross Paid Claims (-)		-	-
1.1.2- Reinsurer's Share of Gross Paid Claims (+)		-	-
1.2- Change in Outstanding Claims -		-	-
(Net of Reinsurer's Share and Returned Reserve) (+/-)		-	-
1.2.1- Outstanding Claims Provision (-)		-	-
1.2.2- Reinsurer's Share of Outstanding Claim Provisions (+)		-	-
2- Change in Bonus and Rebate Provision		-	-
(Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
2.1- Bonus and Rebate Provision (-)		-	-
2.2- Reinsurers' Share of Bonus and Rebate Provision (+)		-	-
3- Change in Mathematical Reserves		-	-
(Net of Reinsurers' Share and Returned Reserve) (+/-)		-	-
3.1- Mathematical Reserves (-)		-	-
3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies.)		-	-
3.2- Reinsurers' Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies.) (+)		-	-
4- Change in Other Technical Reserves -		-	-
(Net of Reinsurer's Share and Returned Reserve) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Investment Expense (-)		-	-
8- Investment Income Transferred to Non-Life Technical Part (-)		-	-
F- Net Technical Income - Life (D - E)		-	-
G- Private Pension Technical Income			
1- Fund Management Fee		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Fee in Case of Temporary Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
H- Private Pension Technical Expense			
1- Fund Management Expense (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expenses (-)		-	-
I- Net Technical Income - Private Pension (G - H)		-	-

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

TÜRK P VE I SİGORTA A.Ş.

DETAILED INCOME STATEMENTS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2023 AND 2022

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

NON-TECHNICAL PART

	Notes	Current Period Audited 1 January - 31 December 2023	Prior Period Audited 1 January - 31 December 2022
C- Net Technical Income-Non-Life (A-B)		39,784,795	48,234,724
F- Net Technical Income-Life (D-E)		-	-
I- Net Technical Income-Private Pension (G-H)		-	-
J- Total Net Technical Income (C+F+I)		39,784,795	48,234,724
K- Investment Income		465,748,840	140,484,620
1- Income from Financial Investments	26	158,277,738	37,194,886
2- Income from Sale of Financial Investments		-	-
3- Valuation of Financial Investments	26	17,490,343	11,649,117
4- Foreign Exchange Gains	36	289,980,759	91,640,617
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint-Ventures		-	-
7- Income from Land and Buildings		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Part		-	-
L- Investment Expense (-)		(483,472,526)	(144,541,944)
1- Investment Management Expenses - Interest Included (-)	34	(1,438,350)	(1,001,808)
2- Valuation Allowance of Investments (-)		-	(683,181)
3- Losses on Sale of Financial Investments (-)		(2,511,008)	(247,788)
4- Investment Income Transferred to Non-Life Technical Part (-)		(465,748,840)	(139,801,437)
5- Loss from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)		-	-
7- Depreciation Expenses (-)	6 and 8	(4,808,761)	(2,336,822)
8- Other Investment Expenses (-)		(8,965,567)	(470,908)
M- Income and Expenses from Other Operations and Extraordinary Operations (+/-)		40,331,411	413,032
1- Provisions (+/-)	47.5	84,648	(931,821)
2- Discounts (+/-)		-	-
3- Specialty Insurance Account (+/-)		-	-
4- Inflation Adjustment (+/-)		-	-
5- Deferred Tax Assets (+/-)	21 and 35	42,597,584	1,703,201
6- Deferred Tax Liabilities (-)		-	-
7- Other Income and Profit		77,098	32,809
8- Other Expense and Losses (-)		(2,427,919)	(391,157)
9- Income from Prior Year		-	-
10- Losses from Prior Year (-)		-	-
N- Net Profit or Loss for the Period	37	62,392,520	42,111,083
1- Profit or Loss for the Period		62,392,520	44,590,432
2- Provision for Period Profit Tax and Other Legal Liability (-)	35	-	(2,479,349)
3- Net Profit or Loss for the Period		62,392,520	42,111,083
4- Inflation Adjustment		-	-

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

TÜRK P VE I SİGORTA A.Ş.

STATEMENTS OF CASH FLOWS FOR THE PERIODS

1 JANUARY – 31 DECEMBER 2023 AND 2022

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

	Notes	Current Period Audited 31 December 2023	Prior Period Audited 31 December 2022
A- CASH GENERATED FROM OPERATING ACTIVITIES			
1- Cash provided from insurance operations		1,566,364,356	802,058,197
2- Cash provided from reinsurance operations		-	-
3- Cash provided from individual pension operations		-	-
4- Cash used in insurance operations (-)		(1,373,047,573)	(707,176,654)
5- Cash used in reinsurance operations (-)		-	-
6- Cash used in individual pension operations (-)		-	-
7- Cash from operating activities (A1+A2+A3-A4-A5-A6)		193,316,783	94,881,543
8- Interest paid (-)		-	-
9- Income taxes paid (-)		-	(13,866,344)
10- Other cash inflows		6,895,448	14,330,429
11- Other cash outflows (-)		-	-
12- Net cash from operating activities		200,212,231	95,345,628
B- CASH FLOWS FROM INVESTING ACTIVITIES			
1- Proceeds from sale of tangible assets		-	-
2- Acquisition of tangible assets (-)	6 and 8	(18,525,791)	(2,371,587)
3- Acquisition of financial assets (-)	11	(729,527,666)	(198,789,941)
4- Proceeds from sale of financial assets	11	544,640,319	-
5- Interest received	26	158,277,738	37,194,886
6- Dividends received		-	-
7- Other cash inflows		-	-
8- Other cash outflows (-)		(12,914,925)	(1,720,504)
9- Net cash from investing activities		(58,050,325)	(165,687,146)
C- CASH FLOWS FROM FINANCING ACTIVITIES			
1- Equity shares issued		-	-
2- Cash provided from loans and borrowings		-	-
3- Finance lease payments (-)	20	(2,311,471)	(1,601,162)
4- Dividends paid (-)		-	-
5- Other cash inflows		-	-
6- Other cash outflows (-)		-	-
7- Net cash from financing activities		(2,311,471)	(1,601,162)
D- EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	36	5,852,033	15,595,554
E- Net (decrease)/increase in cash and cash equivalents		145,702,468	(56,347,126)
F- Cash and cash equivalents at the beginning of the period	2.12	72,604,294	128,951,420
G- Cash and cash equivalents at the end of the period (E+F)	2.12	218,306,762	72,604,294

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

TÜRK P VE İ SİGORTA A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS

1 JANUARY – 31 DECEMBER 2023 AND 2022

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

Statements of Changes in Equity – Audited ^(*)											
	Capital	Unpaid Capital (-)	Revaluation of Financial Assets	Profit Reserves	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit for Period	Prior Years' Profit	Total
I- Balances as the previous period End (31 December 2021)	40,000,000	-	-	-	-	1,683,326	-	(404,754)	56,315,479	233,200	97,827,251
A- Capital increase (A1 + A2)	40,000,000	-	-	-	-	-	-	-	-	(40,000,000)	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources (Note 2.13)	40,000,000	-	-	-	-	-	-	-	-	(40,000,000)	-
B- Treasury shares of the entity	-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses not recognized in the income statement (Note 15)	-	-	-	-	-	-	-	(116,196)	-	-	(116,196)
D- Increase in the value of financial asset	-	-	-	-	-	-	-	-	-	-	-
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (Note 37)	-	-	-	-	-	-	-	-	42,111,083	-	42,111,083
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfers	-	-	-	-	-	2,815,774	-	-	(56,315,479)	53,499,705	-
II- Balances at the period end (31 December 2022) (I+A+B+C+D+E+F+G+H+I+J)	80,000,000	-	-	-	-	4,499,100	-	(520,950)	42,111,083	13,732,905	139,822,138
Statements of Changes in Equity – Audited ^(*)											
	Capital	Unpaid Capital (-)	Revaluation of Financial Assets	Profit Reserves	Foreign Currency Translation Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit for Period	Prior Years' Profit	Total
I- Balances as the Previous Period End (31 December 2022)	80,000,000	-	-	-	-	4,499,100	-	(520,950)	42,111,083	13,732,905	139,822,138
A- Capital Increase (A1 + A2)	40,000,000	-	-	-	-	-	-	-	-	(40,000,000)	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- From internal resources (Note 2.13)	40,000,000	-	-	-	-	-	-	-	-	(40,000,000)	-
B- Treasury shares of the entity	-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses not recognized in the income statement (Note 15)	-	-	-	-	-	-	-	-	-	-	-
D- Increase in the value of financial asset	-	-	-	-	-	-	-	(965,164)	-	-	(965,164)
E- Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-
F- Other income and losses	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustments	-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period (Note 37)	-	-	-	-	-	-	-	-	62,392,520	-	62,392,520
I- Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J- Transfers	-	-	-	-	-	2,105,554	-	-	(42,111,083)	40,005,529	-
II- Balances at the period end (31 December 2023) (I+A+B+C+D+E+F+G+H+I+J)	120,000,000	-	-	-	-	6,604,654	-	(1,486,114)	62,392,520	13,738,434	201,249,494

(*) Detailed explanations for the Changes in Equity balances are disclosed in Note 15.

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

TÜRK P VE I SİGORTA A.Ş.**STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIODS****1 JANUARY – 31 DECEMBER 2023 AND 2022**

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

	Notes	Current Period (*)	Prior Period (**)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		19,794,936	42,887,231
1.2. TAX PAYABLE AND LEGAL LIABILITIES		42,597,584	(776,148)
1.2.1. Corporate Tax (Income Tax)		-	(2,479,349)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		42,597,584	1,703,201
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		62,392,520	42,111,083
1.3. PRIOR PERIODS' LOSS (-)	-	-	-
1.4. FIRST LEGAL RESERVE		-	(2,105,554)
1.5. OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)		-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		-	40,005,529
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To 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. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.10.1. To shareholders		-	-
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
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 shareholders		-	-
2.3.2 To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4 To owners of profit-sharing securities		-	-
2.3.5 To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III PROFIT PER SHARE		-	-
3.1. TO COMMON SHAREHOLDERS		-	-
3.2. TO COMMON SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE		-	-
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3 TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

(*) The Company's authorized body regarding the distribution of the period profit is the General Assembly. As of the date of preparation of the financial statements, the Company's annual General Assembly meeting has not been held yet.

(**) No profit distribution has been made for the 1 January - 31 December 2022 accounting period.

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

TÜRK P VE I SİGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

1. General Information

1.1 Name of the parent Company: As of 31 December 2023, Türk P & I Sigorta A.Ş. (“the Company”) is jointly controlled by Türkiye Sigorta A.Ş. which is Group A shareholder and Omur Denizcilik A.Ş., Metropole Denizcilik ve Ticaret Ltd. Şti. and Vitsan Denizcilik A.Ş.’s which are Group B shareholders.

1.2 Legal residence of the Company, its legal structure, the country of incorporation and the address of its registered office: The Company was registered on 31 December 2013 in İstanbul, and started its operations after the declaration of its articles of incorporation on the Trade Registry Gazette on 8 January 2014. The Company has obtained a certificate, in accordance with the requirements of the Insurance Legislation, in order to operate in the protection and indemnity branch on 18 February 2014. The registered address of the Company is Mehmet Akfan Sokak No:7/9 Koşuyolu Kadıköy 34718 İstanbul/Türkiye.

1.3 Nature of operations: The Company is operating in accordance with the Insurance Law No: 5684 and has operations in protection and indemnity branch and hull and machinery branch.

1.4 Explanation of the activities and characteristics of main operations of the corporation: Disclosed in Notes 1.2 and 1.3.

1.5 Average number of employees during the period by category:

	31 December 2023	31 December 2022
Senior management	2	2
Other	39	35
Total	41	37

1.6 Total salaries and benefits paid to the chairman and members of the board of directors, general manager, general coordinator, assistant general managers and other executive management during the current period: Total amount of wages and other benefits provided for the general managers and assistant general managers recognized as the key management of the Company is TL 12,243,980 (1 January - 31 December 2022: TL 6,104,268).

1.7 Criteria set for the allocation of investment incomes and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) at financial statements: The Company allocates the investment income and personnel, management, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the Republic of Turkey Ministry of Treasury and Finance’s Circular on the “Fundamentals of the Procedures and Principals of the Criteria’s” dated 4 January 2008 and used in Prepared Financial Statements pursuant to Insurance Uniformed Chart of Accounts and Circular Clauses No 2010/9 and dated 9 August 2010.

All income from the investment of assets that meet non-life technical provisions were transferred from the non-technical part to the technical part.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

1. General Information (Continued)

1.8 Whether financial statements include only one firm or group of firms: The financial statements include only one company (Türk P & I Sigorta A.Ş.).

1.9 Name and other identification information of the reporting firm and changes in this information since the previous balance sheet date: Name and other identification information of the Branch are disclosed in Notes 1.1, 1.2 and 1.3.

1.10 Events occurred after the balance sheet date: Events after the balance sheet date are explained in Note 46.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Company prepares its financial statements in accordance with the principles stipulated for insurance and reinsurance companies by the Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") established by the Insurance Law No.5684 and the Presidential Decree dated 18 October 2019. The insurance legislation regarding financial reporting before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance.

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

According to the “Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” issued on 14 July 2007 and effective from 1 January 2008, except for the communiqués which may be issued by the Ministry of Treasury with SEDDK and Finance, operations of insurance companies shall be accounted for in accordance with the Turkish Financial Reporting Standards (“TFRS”) as issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) and other regulations, communiqués and explanations issued by the Ministry of Treasury and Finance regarding “Insurance Accounting and Financial Reporting Regulations” issues. With reference to the notice of the Ministry of Treasury and Finance No. 9 dated 18 February 2008, “TAS 1-Financial Statements and Presentation”, “TAS 27-Consolidated and Unconsolidated Financial Statements”, “TFRS 1-Transition to TFRS” and “TFRS 4-Insurance Contracts” have been scoped out of this application. In addition, the companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 30 June 2008 and published in official gazette numbered 27097 effective from 31 March 2009. The Company does not have any affiliates for consolidation in this respect.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

POA, on 23 November 2023, published an announcement regarding that companies that apply Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LME) should present their financial statements for the annual reporting period ending on or after 31 December 2023 in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Economies with High Inflation" and "FRS for LME Chapter 25 Financial Reporting in Economies with High Inflation", adjusted for the effect of inflation. However, institutions or organizations authorized to regulate and supervise their own fields may determine transition dates different from those foreseen above for the implementation of the provisions in TAS 29 or FRS for LME. Based on this announcement, Insurance and Private Pension Regulation and Supervision Agency ("SEDDEK") decided not to subject the financial statements of insurance, reinsurance and pension companies as of 31 December 2023 to the inflation adjustment required under TAS 29 in accordance with the circular dated 6 December 2023 and numbered 2023/30. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 31 December 2023.

As of 31 December 2023, the Company calculates and recognizes its insurance technical provisions in its financial statements in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves"), which is published in Official Gazette dated 28 July 2010 and numbered 27655 issued within the framework of the Insurance Law No. 5684 and changes on this regulation were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Ministry of Treasury and Finance (Note 2.24).

The financial statements were prepared in TL denomination by taking the cost principle into consideration.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year financial statements.

Accounting policies and measurement principles that are used in the preparation of the financial statements are explained in the Notes from 2.2 to 2.24 below.

Changes in Turkish Financial Reporting Standards:

Accounting policies and measurement principles that are used in the preparation of the financial statements for the interim accounting period ending on 31 December 2023 are applied in-line with the previous years' except for TFRS Interpretations Committee comments and new standards and amendments summarized below that are applicable as of 31 December 2023.

a) Changes and interpretations brought to the existing previous standards by the new standards in effect as of 31 December 2023

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023**

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 International Tax Reform — Pillar Two Model Rules

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

b) *Standards, changes, and interpretations that have been published as of 31 December 2023, but have not yet come into effect*

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023**

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

2.2 Consolidation

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

2.3 Segment Reporting

The Company operates only in Turkey and only in non-life insurance business, treated as a single reportable segment as of 31 December 2023 and 31 December 2022. The Company does not perform segment reporting in the scope of TFRS 8 – “Segment Reporting”, since it is not a listed company.

2.4 Foreign Currency Translation

The functional currency of the Company is TL. Transactions denominated in foreign currency are translated to the functional currency at the prevailing rate at the transaction date. In accordance with the current insurance legislation and the relevant announcements of the POA, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortized cost of the asset and other changes in the fair value of the asset. Translation differences related to changes in amortized cost are recognized in income statement, and other changes in fair value are recognized in equity.

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

2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the property, plant and equipment. The depreciation periods which are based on estimated useful lives of property, plant and equipment are as follows:

Furniture and fixture	3-15 years
Motor vehicles	5 years
Leasehold improvements	5 years
Financial lease assets	1-5 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.5 Property, Plant and Equipment (Continued)

If there are indicators of impairment on property, plant and equipment, a review is made in order to determine possible impairment and as a result of this review, if an asset’s carrying amount is greater than its estimated recoverable amount, the asset’s carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property, plant and equipment are included in other operating income and expenses accounts (Note 6).

Right-of-Use Assets

Right-of-use asset is accounted for initially using the cost method and is measured at its cost adjusted for the re-measurement of the lease liability and less any accumulated depreciation and accumulated impairment losses. The Company applies the depreciation provisions in the TAS 16 “Property, Plant and Equipment” standard while depreciating the right-of-use asset.

2.6 Investment Properties

The Company does not have any investment properties as of 31 December 2023 (31 December 2022: None).

2.7 Intangible Assets

Intangible assets consist of the information systems and software acquired by the Company. Intangible assets are recognized at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amounts of the intangible assets are written down immediately to their recoverable amounts. The amortization periods of intangible assets are 2-5 years (Note 8).

2.8 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified as “Financial assets held to maturity” and “Loans and receivables”.

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial Assets (Continued)

Financial assets held for trading

The Company classifies financial assets measured at fair value through profit or loss as financial assets held for trading in the financial statements.

Financial assets measured at fair value through profit or loss are financial assets acquired for generating a profit from short-term fluctuations in price or other similar elements in the market or financial assets that are part of a portfolio that is intended to generate a profit in the short term, regardless of the reason for the acquisition, and financial assets whose performance is evaluated by the Company based on their fair value and for this purpose are classified in this category at the time of acquisition.

Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently remeasured at fair value. Gains and losses arising from the valuation are recognised in the income statement (Note 11).

Held-to-maturity financial assets

Held-to-maturity financial assets are fair value at initial recognition, with fixed or determinable payments and fixed maturity, excluding loans and receivables, held with the intention of keeping to maturity and for which the necessary conditions are met to be held to maturity, including funding ability are financial assets that are not classified as financial assets, the difference of which is reflected in the income statement and is not shown as available for sale in the records. The related assets are initially recorded at the acquisition cost and this value is accepted as the fair value. The fair value of the assets held to maturity is determined on the basis of the transaction price or market prices of similar financial instruments. Financial assets that will be held to maturity are valued with their "discounted price". Interest income related to assets held to maturity is reflected in the income statement.

The Company does not reserve any impairment for short-term market fluctuations, provided that collection risk does not arise for securities that represent debt classified under financial assets to be held to maturity. In case of a collection risk, the amount of the impairment is the difference between the book value of the financial asset and the value of the cash flows, if any, that are still expected to be collected from the financial asset, discounted on the basis of the original effective rate of return.

Loans and receivables (Receivables from main operations)

Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above-mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions. As at 31 December 2023, there is a provision for claim recovery receivables amounting to TL 40,770,522 (31 December 2022: None) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.9 Impairment of Assets

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as impaired.

An impairment loss occurs when one or more events occur after the initial recognition of the financial asset and there is an objective indication that the financial asset is impaired as a result of the adverse effect of the event on the future cash flows of the financial asset or group of assets that can be reliably estimated.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced using an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of income.

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value after an impairment loss is recognized directly in equity.

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained. Total mortgages or guarantees on assets are explained in Note 43, provisions expenses for the period are explained in Note 47.5.

2.10 Derivative Financial Instruments

None (31 December 2022: None).

2.11 Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or when the realization of the asset and the settlement of the liability take place simultaneously.

TÜRK P VE İ SİGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.12 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

	31 December 2023	31 December 2022
Cash	1,253,655	1,500,000
Cheques received	216,849,057	71,779,448
Bank guaranteed credit card receivables with maturities less than three months	2,606,952	1,498,985
Total cash and cash equivalents	220,709,664	74,778,433
Less - interest accrual (-)	(609,297)	(134,189)
Less - blocked deposits (*) (Note 43)	(539,950)	(539,950)
Less - Cheques received	(1,253,655)	(1,500,000)
Total cash and cash equivalents in the statement of cash flows	218,306,762	72,604,294

(*) The change in blocked bank deposits is transferred from main operations in the cash flow statement into the other cash outflows.

2.13 Share capital

As of 31 December 2023 and 2022, the distribution of the capital of the Company is as follow:

Name of Shareholders	Group	31 December 2023		31 December 2022	
		Share Rate (%)	Share Amount	Share Rate (%)	Share Rate
Türkiye Sigorta A.Ş.	A	50.00	60,000,000	50.00	40,000,000
Omur Denizcilik A.Ş.	B	36.75	44,100,000	36.75	29,400,000
Metropole Denizcilik ve Ticaret Ltd. Şti.	B	7.50	9,000,000	7.50	6,000,000
Vitsan Denizcilik A.Ş.	B	5.75	6,900,000	5.75	4,600,000
Total		100.00	120,000,000	100.00	80,000,000

At the Ordinary General Assembly meeting dated 4 August 2023, it was decided to increase the Company's capital from the internal resources from TL 80,000,000 to TL 120,000,000. The capital increase was registered and announced in the Trade Registry Gazette dated 31 August 2023 and numbered 10904 (2022: At the Ordinary General Assembly meeting dated 26 April 2022, the Company's capital was increased from the internal resources from TL 40,000,000 to TL 80,000,000. The capital increase was registered and announced in the Trade Registry Gazette dated 17 May 2022 numbered 10579).

As of 31 December 2023, there are no privileges granted for the shares that represent the capital (31 December 2022: None). Other information about the Company's share capital is explained in Note 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance and Investment Contracts - Classification

Contracts in which the Company accepts a significant insurance risk by agreeing to indemnify the policyholder are classified as insurance contracts in the event of a predefined uncertain future event (insured event) that causes the policyholder to be adversely affected. Insurance risk does not cover risks other than financial risks. All premiums received within the scope of insurance contracts are recognized as income under the written premiums account. The main insurance contracts generated by the Company are protection and indemnity and hull and machinery policies.

By protection and indemnity insurance all type of water vehicles are secured in case of damage, which caused by owner of the vessel to third parties. Watercrafts liability insurance protects ship owners and ship operators against legal liabilities to third parties.

Watercraft insurance is a type of insurance that insures the hull, machinery and equipment of the boat against various risks during the voyage, in the port, at anchor or during repair and maintenance. Sinking, burning, explosion, stranding, sitting, grounding, storm, capsizing, collision with another ship or vessel, liability arising from collision, salvage costs arising from the risks covered, litigation and labour charges, common avariage damages and costs, hidden defects in the hull and machinery, damages to the boat during loading or unloading can be evaluated within the scope of the coverage. Losses and damages that may arise from events such as war, strikes, lockouts, riots, riots, popular movements and terrorism can also be added to the coverage. Losses and damages that may arise from events such as war, strike, lockout, riot, riot, civil unrest and terrorism can also be added to the coverage

Pay only based on changes in one or more of a particular interest rate, financial instrument price, commodity price, exchange rate, interest or price indices, credit rating or credit index, or other variables, taking into account the status of a non-financial variable whose variable is not specific to one of the parties to the contract. Contracts that are foreseen to be made are classified as investment contracts.

As of the end of the reporting period, the Company does not have a contract classified as an investment contract that guarantees a predetermined risk.

Reinsurance Agreements

Reinsurance agreements are the agreements agreed by the Company and reinsurance company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

In the hull and machinery branch, there is an over-loss reinsurance agreement, which is a reinsurance type that exceeds the retention share and up to a certain amount is the responsibility of the reinsurer. The Company also has several voluntary reinsurance agreements based on insurance contracts for certain risks.

Premiums paid in excess of the loss reinsurance agreements are accounted for on an accrual basis during the related period. Premiums and claims transferred under other contracts are reflected in the records on the same basis as the income and liabilities arising from the related insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.15 Insurance Contracts and Investment Contracts with Discretionary Participation Features

Optional voluntary participation in insurance and investment contracts is a contract-based right to have the following additional benefits in addition to guaranteed benefits.

- (i) Candidate to constitute a substantial part of the total benefits based on the contract;
- (ii) The amount and timing of the contract is in the discretion of the issuer; and
- (iii) The contract is based on the following:
 - (1) Performance of a specific pool of contracts or a specific type of contract;
 - (2) Investment income of realized and / or unrealized amount of a pool of assets held by the issuer; or
 - (3) The profit or loss of the contract issuer, the fund or any other companies.

As of the end of the reporting period, the Company does not have insurance or investment contracts that have discretionary participation feature (31 December 2022: None).

2.16 Investment Contracts without Discretionary Participation Feature

As of the end of the reporting period, the Company does not have investment contract that have discretionary participation feature (31 December 2022: None).

2.17 Borrowings

None (31 December 2022: None).

2.18 Taxes

Corporate Tax

Corporate tax as of 31 December 2023 is payable at a rate of 30% for insurance and reinsurance companies and pension companies in Turkey (31 December 2022: 25%). Corporate tax rate is applied on tax base which is the income of the Company adjusted for certain disallowable expenses, exempt income (such as dividend income) and other deductions in accordance with tax legislation. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 30% (2022: 25%) on their corporate income. Advance Tax is declared by 14th and is payable by the 17th of the second month following each calendar quarter end. The advance tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.

If any temporary tax amount remains despite the offsetting, the amount can be refunded in cash or deducted from other financial liabilities against the state.

According to Turkish tax legislation, tax losses on the returns can be offset against period income for up to 5 years. However, tax losses cannot be offset against retained earnings. There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.18 Taxes (Continued)

Deferred Tax

The deferred tax liability or asset is determined by calculating the tax effects on the "temporary differences" between the values of assets and liabilities shown in the financial statements and the amounts considered in accordance with “TAS 12 - Income Taxes” Standard. According to tax legislation, the differences that do not affect the financial or commercial profit that occurred at the acquisition date of the assets and liabilities are excluded from this calculation.

If the valuation differences arising from the valuation of the assets are recognized in the income statement, the current period corporate tax and deferred tax income or expense are also recognized in the income statement. If the valuation differences arising from the valuation of the related assets are accounted directly in the equity accounts, the related tax effects are accounted directly in the equity accounts.

In accordance with the Law No. 7456 published in the Official Gazette dated 15 July 2023, the corporate tax rate for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies was increased to 30%. In this context, as of 31 December 2023, the corporate tax rate has been determined as 30%. (31 December 2022: In accordance with the Law No. 7394 published in the Official Gazette dated 15 April 2020, the corporate tax rate for insurance, reinsurance and pension companies has been determined as 25% for the taxation period starting from 1 July 2022 and effective for the taxation period starting from 1 January 2022) (Notes 21 and 35). In accordance with the aforementioned law, deferred tax assets and liabilities in the financial statements as of 31 December 2023 are calculated with a rate of 30% (31 December 2022: 25%).

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

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits accordance with “Turkish Accounting Standards Regarding Employee Benefits” (“TAS 19”). Employment termination is classified in balance sheet under the account “Provision for Employment Termination Benefits” and “Expense Accruals”.

According to the Turkish labour legislation, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in the Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in accordance with the Labour Law by considering determined actuarial estimates.

As a result of the amendment to TAS 19, effective from annual periods beginning on or after 1 January 2013, actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. Within this context, the services and interest costs regarding the calculations of provision for employment termination benefits are accounted for under income statements and the actuarial gain and loss are accounted for under equity as “Other Profit Reserves” (Note 22).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.20 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provision amounts are estimated over expenditures expected to be required to settle the obligation at the balance sheet date by considering the risks and uncertainties related to the obligation. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to the present value of the related cash outflows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements.

2.21 Accounting for Revenue

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Reinsurance Commissions

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement. As disclosed in Note 2.24, reinsurance commission income is recognized in the financial statements on an accrual basis by allocating the deferred commission income over commissions received.

Interest Income

Interest income is recognized by using the effective interest rate method on an accrual basis.

Subrogation and Salvage Income

In accordance with the Circular about recourse and salvage incomes numbered 2010/13 and dated 20 September 2010; the Company can accrue income for subrogation and salvage receivables up to the guarantee limit of insurance companies, if acquittance or payment receipt is received from policyholders or third parties are noticed by insurance companies. In the event that the said amount cannot be collected from the counter insurance company within six months following the payment of the indemnity or from third parties within four months, a provision for receivables is set aside for these receivables and shown in the balance sheet in the account of receivables from insurance operations. As of 31 December 2023, the Company has a provision for receivables from subrogation activities amounting to TL 40,770,522 (31 December 2022: None) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.22 Leases

At the start date of the lease, the Company measures the lease liability and the related right-of-use asset at the present value of the remaining lease payments. Lease payments are discounted by using this rate if the implied interest rate in the lease can be easily determined, and by using the lessee's incremental borrowing interest rate if the implied interest rate in the lease cannot be easily determined. The weighted average lessee's incremental borrowing rate applied to the lease liabilities as of 31 December 2023 was 21% for TL liabilities (31 December 2022: 21%).

2.23 Dividend Distribution

Dividend liabilities are recognized as a liability in the financial statements in the period in which the dividends are declared as a component of dividend distribution.

2.24 Technical Provisions

Provision for Unearned Premiums

Unearned premium provision is calculated daily for all policies in force as of balance sheet date for unearned portions of premium written. During the calculation of unearned portion of premiums written daily, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. According to “Regulation on Technical Provisions”, unearned premium reserves and the reinsurers' share of the unearned premium provisions of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17).

In accordance with the Technical Provisions Regulation, the foreign exchange sales rates declared by CBT in the Official Gazette of the Turkey on the date of accrual of the relevant premium are taken into consideration in the calculation of the unearned premiums for insurance contracts.

Deferred Commission Expenses and Deferred Commission Income

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by Ministry of Treasury and Finance, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in “Deferred production expenses” and “Deferred commission income”, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17).

Outstanding Claims Provision

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

According to the circular No. 2014/16 and dated 5 December 2014, related to “Outstanding Claims Reserve” that went into effect on 1 January 2015, which was published by the Ministry of Treasury and Finance, the Circular on “Actuarial Chain Ladder Method” numbered 2010/12 and valid until 31 December 2014 is repealed with the exception of Articles 9 and 10, and since 1 January 2015 for incurred but not reported claims reserve according to the best estimates determined within the framework of the Company's actuarial opinions, the provision is calculated. According to the said circular, the selection of the data used in the calculations related to the incurred but not reported claims, the correction procedures, the selection of the most appropriate method and development factors and the intervention to the development factors are made by the Company actuary using actuarial methods. In the calculation of incurred but not reported claims, Standard Chain, Damage / Premium, Cape Cod, Frequency Intensity, Munich Chain or Bornhuetter-Ferguson actuarial chain ladder methods (“ACLM”) will be used and companies have the right to choose one of these methods for each branch.

Accordingly, as of 31 December 2023, the watercraft liability branch has been realized but the standard chain method has been used in the calculation of the unreported compensation amount. Accordingly, the gross additional incurred but not reported compensation amount allocated as of 31 December 2023 is TL 57,372,782 (31 December 2022: TL 21,299,265).

As of 31 December 2023, the water vehicles branch has been realized but the standard chain method has been used in the calculation of the unreported compensation amount. Accordingly, the gross additional incurred but not reported compensation amount allocated as of 31 December 2023 is TL 82,830,481 (31 December 2022: TL 34,914,121).

The Company monitors claim files in its systems in foreign currency in accordance with the relevant policy coverage. Accordingly, the triangles used in the standard chain method are prepared in USD and the IBNR amount is calculated in USD. The related IBNR amount is recognised in the financials by converting to TL with the current period balance sheet exchange rate.

In addition, as of 31 December 2023, some files that caused deterioration in the damage development in watercraft and watercraft liability branches were manually eliminated as major damage by the company actuary, and the data set used in the compensation accounts that were realized but not reported was taken into account without these files. In addition, the Company's actuary examined the damage developments in the water vehicles liability branch and made coefficient interventions for the periods deemed necessary. It has been assumed that the damages qualified as major damage will not show any damage development, and no additional provision has been calculated for these damage files.

In accordance with the circular of the Ministry of Treasury and Finance dated 5 December 2014 and numbered 2014/16, the compensation calculations that have been realized but not reported are made on a gross basis and the net amounts after reinsurance are determined depending on the reinsurance agreements that are in effect or related to the Company. Within the framework of the reinsurance agreements in force, a total of TL 14,910,386 (31 December 2022: TL 21,329,275) has been realized as of 31 December 2023, but the undeclared compensation amount reinsurance share has been calculated (Note 17).

The method of calculating realized but undeclared compensation that the Company has chosen to use for each branch, the results of these calculations as of 31 December 2023 and 31 December 2022, and the methods for determining the net amounts after reinsurance of the gross results are explained in Note 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

The "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated 10 June 2016 and numbered 2016/22 and the Ministry of Treasury and Finance dated 15 September 2017 and numbered 2017/7 "Net Cash Arising from Outstanding Claims Reserve Pursuant to the Circular Amending the Circular No. 2016/22 on the Discounting of Flows, companies have been given the opportunity to discount net cash flows to be generated by the provision for outstanding claims calculated and allocated in accordance with the insurance legislation. In addition, in accordance with the "Circular Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Provision for Outstanding Claims" numbered (2024/3) published on 15 January 2024, it is stated that companies that do not prepare their financial statements dated 31 December 2023 can make calculations based on the current discount rate. Since the Company recorded the discount amount in its financial statements before the circular numbered 2024/3, the Company did not use the 35% discount rate mentioned in this circular and made discount calculations over the 28% discount rate determined in the previous circular. As of 31 December 2023, the Company has calculated a discount amount of TL 33,509,726 (31 December 2022: TL 9,046,694) for water vehicles liability branch and TL 86,954,717 (31 December 2022: TL 17,346,648) for water vehicles branch and deducted it from the net provision for outstanding claims. If the Company had used the 35% discount rate mentioned in the circular numbered 2024/3, as of 31 December 2023, the Company would have been able to deduct additional outstanding claims reserve discount amount amounting to net TL 4,963,289 for water vehicles liability branch and net TL 15,721,615 for water vehicles branch from net outstanding claims reserve.

In accordance with the Circular No. 2011/23, it is possible to calculate a winning rate over the amounts of the lawsuits filed against the Company in terms of sub-branches based on the last five years' realizations, taking into account the finalization dates of the lawsuits, and to make a discount from the outstanding claims provision amounts accrued for the files in the litigation process according to the calculated winning rate. As of 31 December 2023, the Company has not applied any discounts to the claims files by using the win-loss ratio (31 December 2022: None).

Unexpired Risk Provision

Within the framework of Regulation on Technical Provisions, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums in accordance with the "Regulation regarding the Changes in the Calculation of Unexpired Risk Reserve" dated 24 October 2022 and numbered 2022/27 published by the Ministry of Treasury and Finance as of 31 December 2023.

As of 31 December 2023, the Company did not have a reserve for continuing risks (31 December 2022: None).

3. Critical Accounting Estimates and Judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

3. Critical Accounting Estimates and Judgements (Continued)

Income taxes

Use of significant judgment is necessary in several situations, for transactions and calculations during the normal course of business which may impact the ultimate taxation amount. The Company recognizes deferred tax assets for carry forward tax losses or to be realized through future taxable income and liabilities for anticipated tax expenses based on estimates of whether additional taxes will be due. In case where the ultimate tax consequences are different from the amounts recorded currently, such differences may have an impact on the income taxes and deferred tax assets and liabilities.

4. Management of Insurance and Financial Risk

Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

The Company's pricing mainly depends on statistical analysis and outputs from historical data and/or on some mortality tables assumed to be best fit for the related product. The Company manages the risks by its overall underwriting strategy and via reinsurance agreements, which the Company is a party to.

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	31 December 2023	31 December 2022
Protection and indemnity	18,041,338,855,440	11,947,334,336,028
Hull and machinery	447,265,300,179	249,963,355,149
Total	18,488,604,155,619	12,197,297,691,177

Sensitivity analysis

Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets are not enough to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by management under policies approved by the Board of Directors.

(a) Market risk

i. Cash flow and market interest rate risk

The Company is not exposed to the interest rate risk due to the changes in interest rates since it has no interest-bearing assets and liabilities with floating (variable) interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

Sensitivity analysis (Continued)

Financial risk (Continued)

(a) Market risk (Continued)

Classification for fair value measurement

“IFRS 7 – Financial Instruments: Disclosures” standard necessitates the demonstration of a classified data sorted according to its importance and relevancy while determining the fair value of financial instruments. This classification depends on quality of related data observability. Observable data means the usage of market data received from independent sources and non-observable data means the usage of the Company’s estimates and assumptions about the market. This distinction reveals the following classifications.

Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions;

Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

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

In this context, the fair value classification of financial assets and liabilities measured at fair value is as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
<i>Held-to-maturity financial assets:</i>				
Currency protected deposit	-	480,158,192	-	480,158,192
Eurobond	-	65,186,818	-	65,186,818
Total	-	545,345,010	-	545,345,010
31 December 2022	Level 1	Level 2	Level 3	Total
<i>Held-to-maturity financial assets:</i>				
<i>Held-to-maturity financial assets</i>	-	211,050,993	-	211,050,993
Eurobond	-	38,693,790	-	38,693,790
Total	-	249,744,783	-	249,744,783

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

ii. Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated assets and liabilities to Turkish Lira.

Foreign exchange gains and losses arising from foreign currency transactions are recognized in the period in which the transaction is made. At the end of the period, foreign currency asset and liability accounts were converted to TL at the end of the period by taking into account the exchange rates of the Central Bank of the Republic of Turkey and the resulting exchange differences were reflected in the records of foreign exchange gains or losses.

Details of the currency risk the Company has been exposed are given in the table below:

31 December 2023	USD	EUR	GBP	Other	Total
Assets:					
Banks	165,409,329	24,975,285	-	-	190,384,614
Cheques Received	1,253,655	-	-	-	1,253,655
Financial assets	65,186,818	-	-	-	65,186,818
Receivables from main operations	486,293,698	109,454,813	110,826	31,802	595,891,139
Guarantees given	441,573	-	-	-	441,573
Deferred production expenses	22,825,200	-	-	-	22,825,200
Total foreign currency assets	741,410,273	134,430,098	110,826	31,802	875,982,999
Liabilities:					
Payables from main operations	(78,594,687)	(2,380,733)	3,801	-	(80,971,619)
Provisions for outstanding claims	(537,758,990)	(104,713,961)	(621,683)	-	(643,094,634)
Provisions for cost expense	(69,764,469)	-	-	-	(69,764,469)
Deposits and guarantees received	(1,817,174)	(481,641)	-	-	(2,298,815)
Other Miscellaneous Payables	(516,098)	-	-	-	(516,098)
Total foreign currency liabilities	(688,451,418)	(107,576,335)	(617,882)	-	(796,645,635)
Balance sheet position	52,958,855	26,853,763	(507,056)	31,802	79,337,364
31 December 2022	USD	EUR	GBP	Other	Total
Assets:					
Cash	50,175,001	14,630,855	15,061	-	64,820,917
Financial assets	38,693,790	-	-	-	38,693,790
Receivables from main operations	261,658,729	55,608,206	193	19,642	317,286,770
Guarantees given	280,475	-	-	-	280,475
Deferred production expenses	9,359,272	-	-	-	9,359,272
Total foreign currency assets	360,167,267	70,239,061	15,254	19,642	430,441,224
Liabilities:					
Payables from main operations	(20,337,912)	(1,551,150)	2,351	-	(21,886,711)
Provisions for outstanding claims	(176,338,852)	(43,697,005)	(308,920)	-	(220,344,777)
Provisions for cost expense	(45,697,104)	-	-	-	(45,697,104)
Deposits and guarantees received	(718,921)	(294,759)	-	-	(1,013,680)
Total foreign currency liabilities	(243,092,789)	(45,542,914)	(306,569)	-	(288,942,272)
Balance sheet position	117,074,478	24,696,147	(291,315)	19,642	141,498,952

In order to evaluate above table, TL equivalents of the related foreign currency amounts are shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

ii. Foreign currency risk (Continued)

Exchange rates used in the translation of foreign currency balances as of 31 December 2023 and 31 December 2022 are as follows:

Foreign Currency Buying	USD	EUR	GBP
31 December 2023	29.4382	32.5739	37.4417
31 December 2022	18.6983	19.9349	22.4892
Foreign Currency Selling	USD	EUR	GBP
31 December 2023	29.4913	32.6326	37.6369
31 December 2022	18.7320	19.9708	22.6065

Imposed exchange risk rate

The following table summarizes the increase in equity and income statement (excluding tax effect) for the periods ended 31 December 2023 and 31 December 2022 due to the 20% gain of the TL over following currencies. This analysis assumes that all other variables remain constant:

	Profit/(Loss)		Shareholders Equity	
	Foreign Currency Appreciation	Foreign Currency Depreciation	Foreign Currency Appreciation	Foreign Currency Depreciation
31 December 2023				
USD Exchange rate changes by 20%	10,591,771	(10,591,771)	10,591,771	(10,591,771)
EUR Exchange rate changes by 20%	5,370,753	(5,370,753)	5,370,753	(5,370,753)
GBP Exchange rate changes by 20%	(101,411)	101,411	(101,411)	101,411
Other Exchange rate changes by 20%	6,360	(6,360)	6,360	(6,360)
Net effect of exchange rate change	15,867,473	(15,867,473)	15,867,473	(15,867,473)

	Profit/(Loss)		Shareholders Equity	
	Foreign Currency Appreciation	Foreign Currency Depreciation	Foreign Currency Appreciation	Foreign Currency Depreciation
31 December 2022				
USD Exchange rate changes by 20%	23,414,896	(23,414,896)	23,414,896	(23,414,896)
EUR Exchange rate changes by 20%	4,939,229	(4,939,229)	4,939,229	(4,939,229)
GBP Exchange rate changes by 20%	(58,263)	58,263	(58,263)	58,263
Other Exchange rate changes by 20%	3,928	(3,928)	3,928	(3,928)
Net effect of exchange rate change	28,299,790	(28,299,790)	28,299,790	(28,299,790)

iii. Price risk

The Company does not expose to price risk since it does not have any financial assets.

(b) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents and bank deposits, financial assets, reinsurers' share of insurance liabilities, due from reinsurers and premium receivables from policyholders and intermediaries. The Company management deems these risks as total credit risk to the counterparty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

(b) Credit risk (Continued)

The Company follows and monitors the credit risk of financial assets classified as loans and receivables and receivables from insurance operations (including reinsurance receivables) by guarantees received and procedures applied for the selection of the counterparties. Other explanations in relation to these receivables are disclosed in Note 12.

The Company's financial assets which are subject to credit risk, except for loans and receivables, generally consist of government bonds and time and demand deposits held in banks and other financial institutions in Turkey; and such receivables are not deemed to have a high credit risk.

(c) Liquidity risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities.

The table below shows the distribution of the Company's financial and insurance liabilities according to the remaining terms to their contractual or expected maturities as of the balance sheet dates.

Contractual cash flows

31 December 2023	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Payables to reinsurance companies	34,432,794	51,649,191	-	-	86,081,985
Lease liabilities	432,598	1,297,793	5,417,212	-	7,147,603
Payables to shareholders	62,168	-	-	-	62,168
Other operating payables	3,092	-	-	-	3,092
Other payables	922,774	-	-	-	922,774
Total	35,853,426	52,946,984	5,417,212	-	94,217,622
31 December 2022	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Payables to reinsurance companies	8,773,570	13,160,356	-	-	21,933,926
Lease liabilities	651,741	1,303,483	6,288,508	-	8,243,732
Other operating payables	14,000	-	-	-	14,000
Other payables	393,957	-	-	-	393,957
Total	9,833,268	14,463,839	6,288,508	-	30,585,615

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

c) Liquidity risk (Continued)

Expected cash flows

31 December 2023	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Unearned premium provisions - net (*)	41,143,157	440,709,850	40,248,895	-	522,101,902
Provision for outstanding claims – net	158,154,637	496,047,357	-	-	654,201,994
	199,297,794	936,757,207	40,248,895	-	1,176,303,896
31 December 2022	Up to 3 months	3 months - 1 year	1 year - 5 years	Over 5 years	Total
Unearned premium provisions - net (*)	22,579,800	243,283,504	11,404,316	-	277,267,620
Provision for outstanding claims – net	114,142,025	107,049,043	-	-	221,191,068
	136,721,825	350,332,547	11,404,316	-	498,458,688

(*) The Company classifies all these amounts under short-term liabilities in the balance sheet.

Fair value of the financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. The carrying value of receivables from main operations is considered to represent their fair value less provision for the related doubtful receivables. The cost of the financial assets available for sale that are not quoted in an active market, less impairment if any, are considered as their carrying value.

Categories of Financial Assets

Current Financial Assets	31 December 2023		31 December 2022	
	Book value	Fair value	Book value	Fair value
Currency protected deposit	480,158,192	480,158,192	211,050,993	211,050,993
Eurobond	65,186,818	58,706,827	38,693,790	39,872,409
Total Financial Assets	545,345,010	538,865,019	249,744,783	250,923,402

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2023

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

4. Management of Insurance and Financial Risk (Continued)

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

Financial liabilities

The carrying values of payables from main operations and other monetary liabilities are estimated to approximate their fair values.

Capital management

The Company's objectives when managing the capital are:

- To comply with the capital requirements of the Ministry of Treasury and Finance,
- To safeguard the Company's ability to continue as a going concern so that it can continue the operations.

As of 31 December 2023, the required shareholders' equity of the Company is TL 310,823,346 (31 December 2022: TL 156,282,617) in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Individual Pension Companies; the Company's shareholders' equity as of 31 December 2023 is TL 109,573,852 lower than the minimum required shareholders' equity (31 December 2022: TL 16,460,479 lower). The Company will notify the legal authorities in writing that the necessary actions will be taken within the framework of full and timely compliance with the legal regulations, taking into account the notification periods in the relevant legislation.

5. Segment Information

Disclosed in Note 2.3.

6. Property, Plant and Equipment*Movement of property, plant and equipment:*

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Furniture and fixture	2,151,505	723,379	(8,560)	2,866,324
Vehicles	-	13,846,848	-	13,846,848
Leasehold improvements	1,926,743	-	-	1,926,743
Tangible assets acquired through lease	9,658,085	-	(1,646,486)	8,011,599
Total cost	13,736,333	14,570,227	(1,655,046)	26,651,514
Accumulated depreciation:				
Furniture and fixture	(1,016,521)	(502,597)	8,560	(1,510,558)
Vehicles	-	(1,446,979)	-	(1,446,979)
Leasehold improvements	(416,668)	(392,178)	-	(808,846)
Tangible assets acquired through lease	(2,411,631)	(2,004,776)	1,456,282	(2,960,125)
Total accumulated depreciation	(3,844,820)	(4,346,530)	1,464,842	(6,726,508)
Net book value	9,891,513			19,925,006

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

1 JANUARY – 31 DECEMBER 2023

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

6. Property, Plant and Equipment (Continued)

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Furniture and fixture	1,498,064	653,441	-	2,151,505
Leasehold improvements	1,790,158	136,585	-	1,926,743
Tangible assets acquired through lease	5,921,614	3,736,471	-	9,658,085
Total cost	9,209,836	4,526,497	-	13,736,333
Accumulated depreciation:				
Furniture and fixture	(632,017)	(384,504)	-	(1,016,521)
Leasehold improvements	(37,251)	(379,417)	-	(416,668)
Tangible assets acquired through lease	(1,005,882)	(1,405,749)	-	(2,411,631)
Total accumulated depreciation	(1,675,150)	(2,169,670)	-	(3,844,820)
Net book value	7,534,686			9,891,513

There are no mortgages on the property, plant and equipment of the Company as of 31 December 2023 and 2022.

7. Investment Properties

The Company does not have any investment properties as of 31 December 2023 (31 December 2022: None).

8. Intangible Assets

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Rights and software	963,843	904,686	-	1,868,529
Advances on intangible assets	1,545,026	3,050,878	-	4,595,904
Total	2,508,869	3,955,564	-	6,464,433
Accumulated depreciation:				
Rights and software	(188,199)	(462,231)	-	(650,430)
Total	(188,199)	(462,231)	-	(650,430)
Net book value	2,320,670			5,814,003

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Rights and software	101,733	862,110	-	963,843
Advances on intangible assets	825,575	719,451	-	1,545,026
Total	927,308	1,581,561	-	2,508,869
Accumulated depreciation:				
Rights and software	(21,047)	(167,152)	-	(188,199)
Total	(21,047)	(167,152)	-	(188,199)
Net book value	906,261			2,320,670

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9. Investments in Associates

The Company does not have any investments in associates accounted for using the equity accounting method (31 December 2022: None).

10. Reinsurance Assets

Reinsurance Assets/(Liabilities)

	31 December 2023	31 December 2022
Reinsurers' share of outstanding claims provision (Note 17)	281,363,531	91,238,830
Reinsurers' share of unearned premiums reserve (Note 17)	83,237,111	56,080,824
Deferral of commission income (Note 19)	(441,810)	(491,024)
Payables to reinsurance companies, net (Note 19)	(72,521,557)	(17,040,284)

Reinsurance Income/(Expenses)

	1 January - 31 December 2023	1 January - 31 December 2022
Reinsurers' share of outstanding claims provision	190,124,701	30,022,514
Reinsurers' share of paid compensation	126,749,377	60,631,254
Reinsurers' share of change in unearned premiums reserve (Note 17)	27,156,287	33,188,338
Commissions received from reinsurers, gross	461,733	884,813
Change in deferred commissions from reinsurers	49,214	(431,748)
Ceded premiums to reinsurers (Note 24)	(253,596,585)	(170,717,536)

11. Financial Assets

11.1 The Company's financial assets are summarized by measurement category in the table below:

	31 December 2023	31 December 2022
Loans and receivables (Note 12.1)	606,719,183	318,123,872
Held-to-maturity financial assets (Note 11.4)	545,345,010	249,744,783
Total	1,152,064,193	567,868,655

11.2 Marketable securities issued during the year other than share certificates: None (31 December 2022: None).

11.3 Debt securities redeemed during the year: None (31 December 2022: None).

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

11. Financial Assets (Continued)

11.4 Market value of marketable securities and financial assets carried at cost and carrying value of marketable securities and financial assets carried at market value:

Held-to Maturity Financial Assets

	31 December 2023			31 December 2022		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Currency protected deposit	453,034,549	480,158,192	480,158,192	198,789,941	211,050,992	211,050,992
Eurobond	38,799,326	58,706,827	65,186,818	17,707,825	39,872,409	38,693,791
Total	491,833,875	538,865,019	545,345,010	216,497,766	250,923,401	249,744,783

As of 31 December 2023, the Company's financial assets to be held until maturity, which are nominally USD 2,150,000 Eurobonds and TL 79,385,075 (31 December 2022: nominally USD 2,020,000 Eurobonds and TL 15,000,000 currency protected deposits), currency protected deposits, are blocked in favour of SEDDK, time deposits amounting to TL 539,950 (31 December 2022: exchange rate protected deposit amounting to TL 32,473,000), are blocked in favour of various companies and courts regarding tenders and claims (Notes 17 and 43).

The movement table of the Company's financial assets for the periods ending on 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	249,744,783	30,693,953
Additions	729,527,666	198,789,941
Sales	(508,725,715)	-
Redeemed Securities	(35,914,604)	-
Coupon interest income	(4,148,705)	(2,585,498)
Unrealized exchange rate differences	97,846,350	11,217,287
Valuation increase	17,015,235	11,629,100
31 December	545,345,010	249,744,783

11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers: None (31 December 2022: None).

11.6 Value increase on financial assets in the last three years: None (31 December 2022: None).

11.7 - 11.9 Other information about financial assets: None (31 December 2022: None).

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12. Loans and Receivables**12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:**

	31 December 2023	31 December 2022
Receivables from insurance activities	564,384,732	292,227,606
Receivables from reinsurance companies	42,334,451	-
Recourse and salvage claims, net	40,770,522	25,896,266
Provision for recourse and salvage claims, net	(40,770,522)	-
Receivables from main operations	606,719,183	318,123,872

12.2 Due from/due to shareholders, associates and subsidiaries:

The transactions and balances with the related parties are explained in detail in Note 45.

12.3 Total mortgages and collaterals obtained for receivables: None (31 December 2022: None).**12.4 Receivables and payables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates:****31 December 2023**

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	16,519,138	29.4382	486,293,698
EUR	3,360,200	32.5739	109,454,813
GBP	2,960	37.4417	110,826
Other			31,802
Total			595,891,139

31 December 2022

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	13,993,718	18.6983	261,658,729
EUR	2,789,490	19.9349	55,608,206
GBP	9	22.4892	193
Other			19,642
Total			317,286,770

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	31 December 2023	31 December 2022
Overdue	139,003,852	67,547,271
Up to 3 months	207,880,747	129,963,051
3 - 6 months	174,577,474	74,613,210
6 months to 1 year	78,094,122	44,264,286
Over 1 year	7,162,988	1,736,054
Total	606,719,183	318,123,872

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12. Loans and Receivables (Continued)

12.5 - 12.7 Other information about loans and receivables: (Continued)

The details of the receivables from insures overdue but not yet become doubtful are given below:

	31 December 2023	31 December 2022
Up to 3 months	89,649,697	48,132,296
3 - 6 months	25,961,210	8,084,450
6 months to 1 year	18,054,470	8,405,344
Over 1 year	5,338,475	2,925,181
Total	139,003,852	67,547,271

The Company doubtful receivables from main operations amounting to TL 40,770,522 as of 31 December 2023 (31 December 2022: None).

13. Derivative Financial Instruments

None (31 December 2022: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included in the statements of cash flows as of 31 December 2023 and 2022 are shown in Note 2.12 and the details of bank deposits of the Company are as follows:

	31 December 2023	31 December 2022
Cash (Note 2.12)	1,253,655	1,500,000
Banks (Note 2.12)	216,849,057	71,779,448
Bank guaranteed credit card receivables with maturities less than three months (Note 2.12)	2,606,952	1,498,985
Total	220,709,664	74,778,433

The details of the bank deposits of the Company are given below:

	31 December 2023	31 December 2022
Deposits in TL		
- time deposits	25,980,868	6,669,712
- demand deposits	483,575	288,819
	26,464,443	6,958,531
Foreign deposits		
- time deposits	182,514,062	63,302,450
- demand deposits	7,870,552	1,518,467
	190,384,614	64,820,917
Total	216,849,057	71,779,448

As of 31 December 2023, the Company's time deposits amounting to TL 539,950 (31 December 2022: TL 539,950) are blocked in favour of various companies and courts regarding tenders and claims (Notes 17 and 43).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

14. Cash and Cash Equivalents (Continued)

The details of the bank deposits of the Company are given below:

	31 December 2023			
	Foreign currency		TL	
	Time	Demand	Time	Demand
USD	5,388,910	229,957	158,639,819	6,769,510
EUR	732,926	33,801	23,874,243	1,101,042
Total			182,514,062	7,870,552

	31 December 2022			
	Foreign currency		TL	
	Time	Demand	Time	Demand
USD	2,649,581	33,818	49,542,655	632,346
EUR	690,236	43,695	13,759,795	871,060
GBP	-	670	-	15,061
Total			63,302,450	1,518,467

15. Share Capital

The Company has 120,000,000 number of shares which are fully paid (31 December 2022: 80,000,000 number of shares). Each of the Company’s shares has a nominal value of TL 1 and the total nominal value is TL 120,000,000 (31 December 2022: TL 80,000,000).

The movement of the shares at the beginning and at the end of the period is shown below:

	1 January 2023		Issued		Redeemed		31 December 2023	
	Number of shares	Nominal TL	Number of Shares	Nominal TL	Number of Shares	Nominal TL	Number of shares	Nominal TL
Paid in capital	80,000,000	80,000,000	40,000,000	40,000,000	-	-	120,000,000	120,000,000
Total	80,000,000	80,000,000	40,000,000	40,000,000	-	-	120,000,000	120,000,000

	1 January 2022		Issued		Redeemed		31 December 2022	
	Number of shares	Nominal TL	Number of shares	Nominal TL	Number of shares	Nominal TL	Number of shares	Nominal TL
Paid in capital	40,000,000	40,000,000	40,000,000	40,000,000	-	-	80,000,000	80,000,000
Total	40,000,000	40,000,000	40,000,000	40,000,000	-	-	80,000,000	80,000,000

Information about movement of capital during the period is explained in Note 2.13.

Profit Reserves:

As of 31 December 2023 and 2022, the “other profit reserves” accounted in equity consists of actuarial losses.

The movement schedule for other profit reserves is as follows:

	2023	2022
Beginning of the period - 1 January	(520,950)	(404,754)
Actuarial gain, net	(965,164)	(116,196)
End of the period - 31 December	(1,486,114)	(520,950)

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15. Share Capital (Continued)

Legal Reserves

According to the provisions of the Turkish Commercial Code, legal reserves consist of first and second order legal reserves. The first order legal reserves are allocated at the rate of 5% of the legal period profit until they reach 20% of the historical or registered company capital. Second order legal reserves are allocated at the rate of 10% of all dividend distributions exceeding 5% of the Company's capital. According to the Turkish Commercial Code, the first and second legal reserves cannot be distributed unless they exceed 50% of the total capital, but they can be used to cover losses in case the discretionary reserves are exhausted.

The movement table for legal reserves is as follows:

	2023	2022
Beginning of the period - 1 January	4,499,100	1,683,326
Transfer from profit	2,105,554	2,815,774
End of the period - 31 December	6,604,654	4,499,100

16. Other Reserves and Equity Component of Discretionary Participation Feature

Information about other reserves classified under the equity is explained in Note 15.

17. Insurance Liabilities and Reinsurance Assets

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

	31 December 2023	31 December 2022
Required guarantee amount to be provided for non-life branches (*)	125,769,162	52,549,874
Guarantee amount provided for non-life branches (Note 43)	144,571,893	53,693,791

(*) Pursuant to the related regulation, the insurance companies along with the pension companies that operate in the life and personal accident branches are held liable to install the Minimum Guarantee Fund amount, equal to one third of the required equity amount as a guarantee, which is determined by the capital adequacy calculation, during the capital adequacy calculation period. However, the Minimum Guarantee Fund, cannot be less than the total of the one third of the least founding capital.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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 (31 December 2022: None).

17.3 Insurance coverage amount on a branch basis provided for non-life branches: Disclosed in Note 4.

17.4 Unit prices of pension funds and savings founded by the Company: None (31 December 2022: None).

17.5 Units and amounts of share certificates in portfolio and in circulation: None (31 December 2022: None)

17.6 Numbers and portfolio amounts of the individual and group pension participants entered, left, cancelled during the period and the current participants: None (31 December 2022: None).

17.7 Valuation methods of profit share calculation for life insurance: None (31 December 2022: None).

17.8 Number of units and individual and group allocation of gross and net contribution amounts of the private pension participants entered during the period: None (31 December 2022: None).

17.9 Number of units and individual and group allocation of gross and net contribution amounts of the private pension participants transferred from another company during the period: None (31 December 2022: None).

17.10 Number of units and individual and group allocation of gross and net contribution amounts of the private pension participants transferred from the life insurance portfolio to the private pension portfolio during the period: None (31 December 2022: None).

17.11 Number of units and individual and group allocation of gross and net contribution amounts of the private pension participants that left the company and transferred to another company or that left the company but did not transfer to another company: None (31 December 2022: None).

17.12 Number of units, gross and net premiums and individual and group allocation for life policyholders that joined the portfolio during the period: None (31 December 2022: None).

17.13 Number of units, gross/net premiums and individual and group allocation of mathematical reserves for life policyholders that left the portfolio during the period: None (31 December 2022: None).

17.14 Profit share allocation rate to the life policyholders: None (31 December 2022: None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 - 17.19 Other required information about liabilities from insurance agreements:

Outstanding claims provision:

	2023		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	300,679,265	(87,978,966)	212,700,299
Paid claims	(721,282,670)	126,749,377	(594,533,293)
Change			
- Current period claims	1,086,833,605	(204,348,454)	882,485,151
- Prior year claims	311,628,550	(162,907,147)	148,721,403
End of the period - 31 December	977,858,750	(328,485,190)	649,373,560
Claims incurred but not reported	140,203,263	(14,910,386)	125,292,877
Discount adjustment for outstanding claims provisions	(182,496,488)	62,032,045	(120,464,443)
Total	935,565,525	(281,363,531)	654,201,994
	2022		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	146,556,478	(48,559,546)	97,996,932
Paid claims	(328,111,642)	60,631,254	(267,480,388)
Change			
- Current period claims	206,981,649	(39,415,061)	167,566,588
- Prior year claims	275,252,780	(60,635,613)	214,617,167
End of the period - 31 December	300,679,265	(87,978,966)	212,700,299
Claims incurred but not reported	56,213,386	(21,329,275)	34,884,111
Discount adjustment for outstanding claims provisions	(44,462,753)	18,069,411	(26,393,342)
Total	312,429,898	(91,238,830)	221,191,068

As of 31 December 2023 and 2022, the gross and net additional provision amounts to be set aside as a result of these calculations and the claims incurred but not reported method used in the branches are as follows:

Branch	Method Used	31 December 2023		31 December 2022	
		Additional Reserve Gross	Additional Reserve Net	Additional Reserve Gross	Additional Reserve Net
Protection and indemnity	Standard chain	57,372,782	45,541,186	21,299,265	11,921,482
Hull and machinery	Standard chain	82,830,481	79,751,691	34,914,121	22,962,629
Total		140,203,263	125,292,877	56,213,386	34,884,111

As of 31 December 2023 and 2022, reinsurance share with incurred but not reported outstanding claims amount was calculated considering the outstanding and paid compensation amount transferred to the reinsurer for the protection and indemnity branch.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

Provisions for net outstanding claims expressed in foreign currency are as follows:

31 December 2023

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	18,234,496	29.4913	537,758,990
EUR	3,208,876	32.6326	104,713,961
GBP	16,518	37.6369	621,683
Total			643,094,634

31 December 2022

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	9,413,776	18.7320	176,338,852
EUR	2,188,045	19.9708	43,697,005
GBP	13,665	22.6065	308,920
Total			220,344,777

Unearned premium reserve:

	2023		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	333,348,444	(56,080,824)	277,267,620
Net change	271,990,569	(27,156,287)	244,834,282
Closing balance - 31 December	605,339,013	(83,237,111)	522,101,902

	2022		
	Gross	Reinsurers' Share	Net
Opening balance - 1 January	132,317,194	(22,892,486)	109,424,708
Net change	201,031,250	(33,188,338)	167,842,912
Closing balance - 31 December	333,348,444	(56,080,824)	277,267,620

As of 31 December 2023, the deferred commission expense and income are TL 91,697,018 (31 December 2022: TL 52,784,064) and TL 441,810 (31 December 2022: TL 491,024) respectively (Note 19) and placed on the balance sheet under the “Deferred Production Costs” and “Deferred Commission Income” accounts. In addition, the "Deferred Production Expenses" account item includes prepaid minimum warehouse premiums of TL 22,825,200 (31 December 2022: TL 9,359,272).

18. Investment Contract Liabilities

None (31 December 2022: None).

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19. Trade and Other Payables, Deferred Income

	31 December 2023	31 December 2022
Payables to reinsurance companies	72,521,557	17,040,284
Payables from insurance activities	13,560,428	4,893,642
Payables from other main operations	3,092	14,000
Payables from main operations - short-term	86,085,077	21,947,926
Deposits and guarantees received	2,298,815	1,013,680
Payables to suppliers and other payables	922,774	393,957
Other payables	3,221,589	1,407,637
Payables to shareholders	62,168	-
Payables to related parties - short-term	62,168	-
Deferred commission income (Note 17)	441,810	491,024
Accrued expenses	347,114	150,123
Deferred Income and expense accruals	788,924	641,147

Foreign currency denominated payables are as follows:

31 December 2023

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	2,665,013	29.4913	78,594,687
EUR	72,956	32.6326	2,380,733
GBP	(101)	37.6369	(3,801)
Total			80,971,619

31 December 2022

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	1,085,731	18.7320	20,337,912
EUR	77,671	19.9708	1,551,150
GBP	(104)	22.6065	(2,351)
Total			21,886,711

20. Financial Liabilities

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

	31 December 2023	31 December 2022
Short-term lease liabilities	2,651,053	2,504,662
Long-term lease liabilities	6,840,080	9,491,133
Alternative borrowing rate and discount amount - Short	(920,662)	(549,438)
Alternative borrowing rate and discount amount - Long	(1,422,868)	(3,202,625)
Total lease liabilities	7,147,603	8,243,732

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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20. Financial Liabilities (Continued)

	2023	2022
Total lease liabilities, 1 January	8,243,732	5,106,616
New contracts	-	3,736,470
Lease payments	(2,311,471)	(1,601,162)
Terminated contracts	(223,008)	-
Interest cost	1,438,350	1,001,808
Total lease liabilities, 31 December	7,147,603	8,243,732

21. Deferred Income Tax

The Company calculates deferred tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law.

The tax rate used in the calculation of deferred tax assets and liabilities is 30% over the temporary timing differences expected to reverse in 2023 and over the temporary timing differences that are expected to reverse after (2022: 25%).

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

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Accumulated financial losses (*)	140,117,829	-	42,035,349	-
Provision for employment termination				
Benefits (Note 22)	2,224,064	1,105,019	667,219	276,255
Provision for vacation	1,120,042	944,929	336,013	236,232
Other, net	2,135,933	622,591	640,780	155,648
Net deferred tax assets (Note 35)			43,679,361	668,135

(*) The relevant accumulated financial losses belong to the period of 31 December 2023 and can be deducted from the tax base until 31 December 2028.

The movement of the deferred tax assets in the period is as follows:

	2023	2022
Opening balance - 1 January	668,135	(1,064,115)
Deferred tax income (Note 35)	42,597,584	1,703,201
Deferred tax effect recognized in equity	413,642	29,049
Closing balance - 31 December	43,679,361	668,135

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are determined using tax rates and tax legislation that have been enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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22. Retirement Benefit Obligations

	31 December 2023	31 December 2022
Provision for employment termination benefits	2,224,064	1,105,019
	2,224,064	1,105,019

Under Turkish Labour 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 age (58 for women and 60 for men). After the legislative change on 23 May 2002 some transition process articles have been released related to service period before the retirement.

The applicable ceiling amount as of 31 December 2023 is TL 23,489.83 (31 December 2022: TL 15,371.40).

Provision for employment termination benefits is not funded as there is no legal funding requirement.

Provision for pension payments calculation in a case of employee’s retirement, is calculated upon estimation of the Company’s payable to employees in current year. According to TAS 19 in order to estimate provision for pension payment, the Company should improve actuary calculation methods. For this calculation, actuary estimations indicated below:

	31 December 2023	31 December 2022
Annual discount rate (%)	1.59	2.86
Turnover rate to estimate the probability of retirement (%)	90	94

Fundamental assumption, for each year, determined maximum provisions should increase depending upon inflation rate. Since therefore, applied discount rate is clarified from expected inflation effects and consequently it shows real rate. Since the Company’s provision for pension payment and maximum amount for pension payment provision is calculated once every six months, as of 1 January 2024, provision for severance payment is calculated TL 35,058.57 (1 January 2023: TL 19,982.83).

Provision for employment termination benefits movement is given below:

	2023	2022
Opening balance - 1 January	1,105,019	667,111
Provision during the period	563,052	292,663
Claims paid (-)	(822,813)	-
Actuarial loss (*)	1,378,806	145,245
Closing balance - 31 December	2,224,064	1,105,019

(*) Actuarial losses are indicated in “Other Profit Reserves” account in balance sheet with clarified from tax effect.

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23. Other Liabilities and Expense Accruals:

	31 December 2023	31 December 2022
Additional premium provision allocated within the scope of excess of loss reinsurance contract	69,764,469	45,697,104
Personnel performance bonus provision	6,428,143	3,562,000
Unused vacation provision	1,120,042	944,929
Total”	77,312,654	50,204,033

The foreign currency breakdown of the expense accruals expressed in foreign currency is as follows:

31 December 2023

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	2,365,595	29.4913	69,764,469
Total			69,764,469

31 December 2022

Foreign Currency Type	Amount	Exchange Rate	TL Amount
USD	2,439,521	18.7320	45,697,104
Total			45,697,104

24. Net Insurance Premium Income

	1 January - 31 December 2023		
	Gross	Reinsurers’ Share	Net
Hull and machinery	905,421,880	(127,465,540)	777,956,340
Protection and indemnity	466,891,472	(126,131,045)	340,760,427
Total premium income	1,372,313,352	(253,596,585)	1,118,716,767

	1 January - 31 December 2022		
	Gross	Reinsurers’ Share	Net
Hull and machinery	490,236,069	(93,123,761)	397,112,308
Protection and indemnity	234,321,457	(77,593,775)	156,727,682
Total premium income	724,557,526	(170,717,536)	553,839,990

25. Fee Income

None (31 December 2022: None).

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26. Investment Income/(Expenses)

The detail of the investment income is given below:

	1 January - 31 December 2023	1 January - 31 December 2022
Cash and cash equivalents		
- Interest income	5,876,250	9,418,200
- Income/(expenses) from valuation of time deposits	475,108	(663,164)
Financial assets held to maturity		
- Interest income	149,596,693	27,776,686
- Income from valuation of held to maturity financial assets	17,015,235	11,629,100
Assets held for trading		
- Interest income	2,804,795	-
Total	175,768,081	48,160,822

27. Net Accrual Income of Financial Assets

None (31 December 2022: None).

28. Assets with Fair Value Difference Reflected in the Income Statement

None (31 December 2022: None).

29. Insurance Benefits and Claims

None (31 December 2022: None).

30. Investment Contract Benefits

None (31 December 2022: None).

31. Other Expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Operating expenses classified under technical part	246,350,093	115,033,746
Total (Note 32)	246,350,093	115,033,746

32. Expenses by Nature

	1 January - 31 December 2023	1 January - 31 December 2022
Production commission expenses	167,861,757	80,473,969
Personnel expenses (Note 33)	56,694,519	25,223,057
Advertising and promotion expenses	8,449,837	1,710,283
Outsources benefits and services	3,372,962	1,067,762
Information technology expenses	2,735,420	1,328,667
Insurance expenses	1,055,637	947,430
Other	6,690,908	4,735,643
Reinsurance commission income	(510,947)	(453,065)
Total (Note 31)	246,350,093	115,033,746

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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33. Employee Benefit Expense

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel salaries	49,866,435	22,333,985
Employer's share of SSI Premium	5,037,713	2,108,371
Other	1,790,371	780,701
Total (Note 32)	56,694,519	25,223,057

Total amount of the salaries and the benefits provided to top management such as the chairman and the members of the board of directors, general manager, assistant general managers in the current period are disclosed in Note 1.6.

34. Financial Costs

34.1 Total financial expenses for the period:

- 34.1.1 Expenses related to production cost: None (31 December 2022: None).
- 34.1.2 Expenses related to fixed assets: None (31 December 2022: None).
- 34.1.3 Direct expenses: TL 1,438,350 (31 December 2022: TL 1,001,808).

34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately): None (2022: None).

34.3 Sales to/purchases from shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately): None (31 December 2022: None).

34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately.): Related party transactions and balances are disclosed in Note 45 in details.

35. Income Taxes

Tax income and expenses recognized in the statements of income as of 31 December 2023 and 2022 are summarized below:

	1 January - 31 December 2023	1 January - 31 December 2022
Corporate tax expense (-)	-	(2,596,647)
Effect of prior year corporate tax adjustment	-	117,298
Deferred tax income (Note 21)	42,597,584	1,703,201
Total tax expense (-)	42,597,584	(776,148)
	31 December 2023	31 December 2022
Tax provision (-)	-	(2,596,647)
Prepaid taxes	1,683,329	7,679,863
Net tax receivable	1,683,329	5,083,216
Deferred tax assets, net (Note 21)	43,679,361	668,135

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1 JANUARY – 31 DECEMBER 2023**

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35. Income Taxes (Continued)

The income tax reconciliation is as follows :

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax	19,794,936	42,887,231
Tax rate	30%	25%
Calculated tax	(5,938,481)	(10,721,808)
Effect of prior year tax adjustment	-	117,298
Effect of tax rate change	133,627	(99,544)
Effect of non-deductible expenses and exceptions, net	48,402,438	9,927,906
Total tax income/(expense)	42,597,584	(776,148)

36. Net Foreign Exchange Gains

	1 January - 31 December 2023	1 January - 31 December 2022
Current account income, net	284,128,726	76,045,063
Financial income, net	5,852,033	15,595,554
Total	289,980,759	91,640,617

37. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average number of shares of the Company .

	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period	62,392,520	42,111,083
Weighted average number of shares with nominal value of TL 1 per share	120,000,000	120,000,000
Earnings per Share (TL)	0.52	0.35

38. Dividends per Share

The Company has no dividend distribution for the years 1 January – 31 December 2023 and 2022.

39. Cash Generated from Operations: Disclosed in the statement of cash flows .**40. Convertible Bonds:** None (31 December 2022: None).**41. Redeemable Preference Shares:** None (31 December 2022: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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42. Contingencies:

Due to the nature of normal operations, the Company is faced with legal disputes, lawsuits and claim for damages arising from its insurance operation. These lawsuits are reflected in the financial statements by reserving the necessary provisions within the reserve for outstanding claims.

	31 December 2023	31 December 2022
Outstanding claims cases filed against the Company, net provisions (*)	8,353,794	3,180,195
Total	8,353,794	3,180,195

(*) Outstanding claims are followed up and the movement table of outstanding claims is presented in Note 17.

43. Commitments

Total amount of mortgages or restrictions on assets:

	31 December 2023	31 December 2022
Bank deposits (Notes 2.12, 14 and 17)	539,950	539,950
Financial assets (Notes 14 and 17)	144,571,893	86,166,791
Total	145,111,843	86,706,741

As of 31 December 2023, time deposits amounting to TL 79,385,075 (31 December TL 2022: 15,000,000 time deposits) and financial asset amounting to TL 65,186,818 (31 December 2022: TL 38,693,791) are blocked in favour of the SEDDK, and time deposits amounting to TL 539,950 (31 December 2022: TL 539,950 and TL 32,473,000 exchange rate protected deposit) are blocked in favour of various companies regarding tenders and claims.

44. Business Combinations

None (31 December 2022: None).

45. Transactions with Related Parties

The total amount of salaries and benefits provided for the key management of the Company such as Chairman and board members, general manager, general coordinator and assistant general managers during the current period is disclosed in Note 1.6.

a) Bank deposits

	31 December 2023	31 December 2022
Türkiye Halk Bankası A.Ş.	250,877,926	112,566,006
Türkiye Vakıflar Bankası T.A.O.	160,393	150,141
T.C. Ziraat Bankası A.Ş.	392,059	392,485
Total	251,430,378	113,108,632

b) Financial Assets Held to Maturity

Türkiye Halk Bankası A.Ş.	107,199,827	48,557,129
Total	107,199,827	48,557,129

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45. Transactions with Related Parties (Continued)

	31 December 2023	31 December 2022
c) Receivables from insurance operations		
Türkiye Sigorta A.Ş.	1,212,589	3,159,929
Total	1,212,589	3,159,929
d) Payables to shareholders		
Türkiye Sigorta A.Ş.	62,168	-
Total	62,168	-
e) Payables from insurance operations		
Türkiye Sigorta A.Ş.	6,947,107	1,606,728
Total	6,947,107	1,606,728
f) Written premiums		
	1 January - 31 December 2023	1 January - 31 December 2022
Türkiye Sigorta A.Ş.	11,544,040	5,441,679
BOTAŞ	6,716,907	4,171,144
Total	18,260,947	9,612,823
g) Ceded premiums		
Türkiye Sigorta A.Ş.	7,977,921	3,490,313
Total	7,977,921	3,490,313
h) Interest income		
Türkiye Halk Bankası A.Ş.	3,743,502	4,059,452
Türkiye Vakıflar Bankası T.A.O.	215,474	24,159
T.C. Ziraat Bankası A.Ş.	15,477	259,214
Total	3,974,453	4,342,825
i) Operating expenses		
Türkiye Sigorta A.Ş.	414,841	208,012
Türkiye Halk Bankası A.Ş.	304,763	234,571
T.C. Ziraat Bankası A.Ş.	21,342	2,076
Türkiye Vakıflar Bankası T.A.O.	16,205	8,814
Total	757,151	453,473

45.1 Doubtful receivables from shareholders, associates and subsidiaries: None (31 December 2022: None).

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45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report: None (31 December 2022: None).

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries: None (31 December 2022: None).

45.4 Rights on immovables and their value: None (31 December 2022: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2022: None).

46. Events After the Balance Sheet Date:

None.

47. Other

47.1 Details of "Other" items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

a) Other current assets

	31 December 2023	31 December 2022
Business advances given to suppliers	109,127	-
Advances given to personnel	87,858	10,683
Total	196,985	10,683

b) Other miscellaneous payables

Payables to suppliers	922,774	393,957
Total	922,774	393,957

c) Other prepaid expenses

	31 December 2023	31 December 2022
Rental expenses	1,100,000	650,000
Insurance expenses	484,144	337,754
Membership contributions and fees	472,688	251,235
Information technology expenses	292,368	173,343
Advertising expenses	-	4,680
Other	6,143	5,480
Total	2,355,343	1,422,492

47.2 Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets: None (31 December 2022: None).

47.3 Subrogation receivables followed under off-balance sheet items: None (31 December 2022: None).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD

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

47. Other (Continued)

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses: None (31 December 2022: None).

47.5 Other information required by Insurance and Private Pension Regulation and Supervision Agency to be presented

Provision income/(expenses) for the period:

	1 January - 31 December 2023	1 January - 31 December 2022
<i>Provision income/(expenses):</i>		
Provision for employment termination benefits	259,761	(292,663)
Unused vacation provision	(175,113)	(639,158)
	84,648	(931,821)

47.6 Fees for services received from Independent Auditor/Independent audit firm

	31 December 2023	31 December 2022
Independent audit fee for the reporting period (*)	681,300	186,440
Total	681,300	186,440

(*) Amounts including VAT are shown.

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