ANNUAL REPORT 2022

MİLLİ RE

Local Leader, Global Partner

We remain deeply sorrowed by the hugely disastrous earthquake that we suffered on 6 February 2023 and by the great losses that it caused. May God have mercy on the souls of those who perished. To their families and loved ones we extend our condolences and to all the survivors our wishes for a speedy recovery.

We as Milli Re will continue to work in cooperation and solidarity and provide every possible support to help heal the wounds of this disaster.

Contents

GENERAL INFORMATION

Vision-Mission 6
Shareholder Structure 7
Corporate Profile 8
Milestones 10
Chairperson's Message 12
General Manager's Message 14
Board of Directors 20
Participation of the Members of the Board of Directors in Relevant Meetings during the Fiscal Period 23
Internal Systems Managers 23
Senior Management 24
Organization Chart 26
Human Resources Applications 27
2022 Annual Report Compliance Statement 29
Independent Auditor's Report on the Annual Report of the Board of Directors 30

FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

Financial Rights Provided to the Members of the Governing Body and Senior Executives 34

RESEARCH & DEVELOPMENT ACTIVITIES

Research & Development Activities 35

ACTIVITIES AND MAJOR DEVELOPMENTS RELATED TO ACTIVITIES

Information on Investments Made by the Company during the Accounting Period 38
Repurchased Own Shares by the Company 38
Disclosures Concerning Special Audit and Public Audit during the Reporting Period 38
Lawsuits Filed Against the Company and Potential Results 38
Disclosures on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body 38
Assessments on Prior Period Targets and General Assembly Resolutions 38
Expenses Incurred in the Reporting Period in Relation to Donations, Grants and Social Responsibility Projects
Relations with the Controlling Company or an Affiliate Thereof 38
Internal Audit 39
Internal Control 40
Affiliates 41
Corporate Social Responsibility 42

FINANCIAL STATUS 47

Economic Outlook 48
Turkish Insurance Market 52
Turkish Reinsurance Market and Milli Re in 2022 56
Global Reinsurance Market and Milli Re 60
Assessment of Financial Strength, Profitability and Solvency 70
Key Financial Indicators 72
Company Capital 74
2022 Technical Results 75
2022 Financial Results 77
Agenda for the General Assembly 79
Board of Directors Report 80
Dividend Distribution Policy 82
Dividend Distribution Proposal 83

RISKS AND ASSESSMENT OF THE GOVERNING BODY 85

Risk Management 86
Assessment of Capital Adequacy 90
Transactions Carried Out with Milli Re's Risk Group 91
External Service Procurement 91
The Annual Reports of the Parent Company in the Group of Companies 92

UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON

Independent Auditor's Report 94
Unconsolidated Financial Statements as at and for the Year Ended December 31, 2022 98
Unconsolidated Balance Sheet as of December 31, 2022 100
Unconsolidated Statement of Income for the Year Ended December 31, 2022 105
Unconsolidated Statement of Changes in Equity for the Year Ended December 31, 2022 108
Unconsolidated Statement of Cash Flows for the Year Ended December 31, 2022 110
Unconsolidated Statement of Profit Distribution for the Year Ended December 31, 2022 111
Notes to the Unconsolidated Financial Statements as of December 31, 2022 112

CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON

Information on Consolidated Subsidiaries 174
Independent Auditor's Report 175
Consolidated Financial Statements as at and for the Year Ended December 31, 2022 178
Consolidated Balance Sheet as of December 31, 2022 180
Consolidated Statement of Income for the Year Ended December 31, 2022 185
Consolidated Statement of Changes in Equity for the Year Ended December 31, 2022 188
Consolidated Statement of Cash Flows for the Year Ended December 31, 2022 190
Consolidated Statement of Profit Distribution for the Year Ended December 31, 2022 191
Notes to the Consolidated Financial Statements as of December 31, 2022 192

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General Information

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GENERAL INFORMATION

Vision-Mission	6
Shareholder Structure	7
Corporate Profile	8
Milestones	10
Chairperson's Message	12
General Manager's Message	14
Board of Directors	20
Participation of the Members of the Board of Directors in Relevant Meetings during the Fiscal Period	23
Internal Systems Managers	23
Senior Management	24
Organization Chart	26
Human Resources Applications	27
2022 Annual Report Compliance Statement	29
Independent Auditor's Report on the Annual Report of the Board of Directors	30

Vision

Reinforce our key role as lead reinsurer in the local market and become a preferred business partner in the international markets.

Mission

- Delivering effective solutions in compliance with best practice standards,
- Further strengthening our robust capital base,
- Developing ethical and transparent business relations while focusing on value creation,
- Contributing to employee development while observing the principle of equal opportunity; helping them improve their performances through shared goals and targets set

Shareholder Structure

Shareholder	Value of Stake (TL)	Stake (%)
İşbank	578,177,925.55	87.60
Groupama Hayat A.Ş.	38,809,894.19	5.88
Ankara Natural Electricity Generation and Trade Co. Inc.	22,240,455.60	3.37
Ziraat Bank	16,430,944.19	2.49
Other	4,340,780.47	0.66
Total	660,000,000.00	100.00

Note: Shareholders controlling 1% or greater stakes in the Company are shown here above.

Capital Increases

There were no capital increases during 2022.

Changes in the Shareholder Structure during 2022

There were no changes in the Shareholder Structure during 2022.

Changes in the Articles of Association during 2022.

There were no changes in the Articles of Association during 2022.

Disclosures on Preferred Shares

There are no preferred shares.

Corporate Profile

Milli Re is the world's first and only privately owned company that managed a compulsory reinsurance system for all lines of business.

HIGH QUALITY SERVICE

MİLLİ RE HAS BEEN MAKING EVERY EFFORT TO SUPPORT THE DEVELOPMENT OF THE INSURANCE INDUSTRY IN TURKEY AND PROVIDE HIGH QUALITY SERVICE.

CORPORATE PROFILE

Milli Re was established by Türkiye İş Bankası (İşbank) on 26 February 1929 to manage the compulsory reinsurance system and commenced operations on 19 July 1929.

As the world's first and only privately owned company that managed a compulsory reinsurance system for all lines of business, Milli Re has played an important role in the formation and development of the insurance industry in Turkey. Following the termination of the compulsory reinsurance system, the Company redefined its goals and strategies in alignment with the current conditions and via its strategy of opening to international markets, today continues to serve as a global, prestigious, and trusted reinsurer.

Milli Re has been making every effort to support the development of the insurance industry in Turkey and provide high quality service. The Company meets reinsurance needs of the market with best possible terms and conditions, contributing significantly to the satisfaction of insurance companies by providing prompt claim settlements.

While operating the compulsory reinsurance system, the Company also made various contributions to the country such as;

- Nationalization of the Turkish insurance industry,
- Generation of continuous revenue for the Undersecretariat of Turkish Treasury,
- Significant reduction in the outflow of foreign currency,
- Providing insurance training and education programs for the insurance industry,
- Conducting top notch international relations.

Milli Re managed Turkish Reinsurance Pool from 1963 to 1985, and the Economic Cooperation Organization (ECO) Pool from 1967 to 1995, which was originally established under the name of RCD Pool.

While managing the Federation of Afro-Asian Insurers and Reinsurers (FAIR) Pool since 1974, Milli Re also undertook the management of the Turkish Catastrophe Insurance Pool (TCIP) between 2000 and 2005 where it was a co-founder.

WITH ITS WELL QUALIFIED AND HIGHLY EXPERIENCED WORKFORCE OF 12 PEOPLE, SINGAPORE BRANCH PLAYS AN IMPORTANT ROLE IN INTERNATIONAL OPERATIONS OF MİLLİ RE.

As part of Milli Re's strategy to expand to international markets, the Company began writing business from these markets in 2006. In alignment with this strategy, Singapore Branch was opened in 2007.

By bringing its merited reputation and technical knowledge gained in the Turkish market to international arena and with the support of its financial strength, Milli Re continues to maintain its credibility in international markets through its strong performance.

On 22 September 2022, A.M. Best assigned Milli Re a global rating of "C" with a negative look.

Milli Re's national scale rating was affirmed as "tr BBB- "by Standard&Poor's (S&P) on 30 September 2022.

Possessing all the structural competence and a solid capital base, Milli Re's main objective is to achieve sustainable growth by translating its strong position in the local insurance market and its profit-oriented business model, which incorporates closely monitoring of risk/ return balance to international markets.

Milli Re Singapore Branch

As part of its strategy to expand to international markets, Milli Re, like many other international reinsurers, examined the benefits of establishing regional branches. Consequently, Singapore Branch was opened in view of the significance of Far East in the global insurance market, as well as its potential business volume and geographical location.

Having received the license for operation from the Monetary Authority of Singapore (MAS) in November 2007, Singapore Branch began writing business from 01 April 2008. With its well qualified and highly experienced workforce of 12 people, Singapore Branch plays an important role in international operations of Milli Re.

Anadolu Sigorta

Holding 57.31% share in its capital, Milli Re is the principal shareholder of Anadolu Anonim Türk Sigorta Şirketi, one of the largest and well-established insurance companies in the Turkish insurance industry.

Milestones

Maintaining its position as the leader of the sector with its years of business experience, solid financial structure, and successful operational performance, **Milli Re continues to offer strong reinsurance capacity to domestic and international markets.**

1929

Milli Re was founded by İşbank with a capital of TL 1,000,000 to operate the compulsory reinsurance system.

1963

The management of "Turkish Reinsurance Pool", established to write international business, was handed over to Milli Re in accordance with the agreement signed with Turkish insurance companies.

1967

The management of "RCD Reinsurance Pool", established under the agreement of "Cooperation for Regional Development" between Turkey, Iran and Pakistan, was handed over to Milli Re.

1970

The management of the system known as "Decree Pool", established according to Decree no. 17 set out by the Ministry of Finance on the Protection of the Value of Turkish Currency was handed over to Milli Re.

"Türk Sigorta Enstitüsü Vakfı" (Turkish Insurance Institute Foundation) was established by Milli Re and the Association of the Insurance and Reinsurance Companies of Turkey.

1974

The management of "FAIR Reinsurance Pool" established by the Federation of Afro-Asian Insurers & Reinsurers (FAIR) was handed over to Milli Re.

1982

Compulsory reinsurance cessions to Milli Re on Quota Share basis were changed to Surplus basis.

1986

MİLTAŞ Sports Complex, which hosts the traditional "International Insurers Tennis Tournament" organization was built by Milli Re and was brought into the service of the market.

1991

Milli Re began to offer conventional reinsurance capacity through reinsurance treaties apart from "Compulsory Cessions" and "Decree Pool".

First issue of "Reasürör" magazine was published. The magazine is a reference source with full academic content on re/insurance, including compilations, translations, interviews, and statistical data on various lines.

1993

Milli Re moved from its head office in Istanbul Sirkeci to its new office building constructed in Teşvikiye.

1994

Milli Re Art Gallery, a corporate gallery where art works by prominent local and foreign artists are exhibited, was opened.

1996

Milli Re Chamber Orchestra was established. The orchestra is made up of artists, most of whom also continue their solo music careers, and the orchestra performs with the

LEADER

MİLLİ RE HAS AN IMPORTANT ROLE IN FORMATION AND DEVELOPMENT OF TURKISH INSURANCE

participation of renowned local and international artists and conductors.

2000

Turkish Catastrophe Insurance Pool (TCIP), which was set up relevant the "Compulsory Earthquake Insurance" system established by the Undersecretariat of Turkish Treasury became operational under the management of Milli Re.

2001

Risk-based Compulsory Reinsurance System came to an end.

2005

Milli Re became the only active local reinsurance company in the Turkish market after the acquisition of Destek Reasürans T.A.Ş.

2006

Milli Re began to write business from international markets.

Decree Pool was terminated.

2007

Singapore Branch, which plays an important role for Milli Re in international markets, was opened.

2010

Milli Re acquired an additional 35.53% stake in Anadolu Sigorta, another group company. Accordingly, Milli Re, Turkey's one and only active local reinsurer increased its share in the capital of Anadolu Sigorta to 57.31%, one of the largest and well-established insurance companies in the industry.

2022

In its 94th year of operation, by bringing its technical knowledge gained in the Turkish market to international arena with the support of its strong capitalization, Milli Re's paid-up capital was TL 660 million while assets reached TL 12,400 million, shareholders' equity amounted to TL 5,056 million and premium volume was TL 4,808 million.

Chairperson's Message

With the benefit of its vast market experience, robust financial structure, and risk management competencies, **Milli Re continued to perform successfully in 2022.**

GROWTH IN ECONOMY

5.6%

CONTINUING TO BENEFIT FROM STRONG DOMESTIC DEMAND, THE TURKISH ECONOMY GREW BY 5.6% IN 2022.

On 6 February 2023 we experienced one of the worst disasters in our country's history. The Kahramanmaraş earthquakes that struck that day caused great losses of life and property in many provinces in our country and everywhere left tremendous feelings of sorrow in their wake. The companies of İşbank Group have been making a concerted effort and are marshalling all of their resources to stand by the survivors, address their needs, and alleviate their losses. May God have mercy on those who lost their lives. To their families I offer my condolences, to the injured my wishes for their recovery.

The world economy at a new turning point

For the world as a whole, 2022 was a year in which soaring commodity prices and inflation were exacerbated by Russia's war on Ukraine while the global economy felt the pressure exerted by the tight-money policies of developed countries' monetary authorities. Increased worries over energy supply security created uncertainties that beset the whole world. For a time, the global economy also suffered from China's insistence on its strict zero-Covid policy.

HIGH LEVELS OF INFLATION WAS OBSERVED GLOBALLY IN 2022.

Rises in energy and commodity prices were constrained somewhat by central banks' interest rate hikes and by increased concerns over a looming recession, with the result that inflation began to subside in the last quarter of the year. Nonetheless twelve-month CPI inflation in the USA was 6.5% in 2022; in the Euro area it was around 9.2%.

The US economy registered a 2.1% rate of growth in 2022, attributable mostly to the continued strength of consumer spending. Although the euro area had been expected to suffer a contraction owing to high energy prices, in fact its economy grew by 3.5% last year. In China, the economy likewise grew by 3%, not as much as the government's official projection and most likely because quarantine measures began to relax towards the end of the year.

In the January 2023 update of its World Economic Outlook report, the IMF said global growth, which it put at 3.4% overall in 2022, would most likely drop to 2.9% in 2023.

Turkey's economic growth remains on course.

Continuing to benefit from strong domestic demand, the Turkish economy grew by 5.6% in 2022.

Reflecting rising energy and food prices as well as exchange rate movements, twelve-month CPI inflation continued to rise throughout 2022, peaked, and eventually ended up at 64.27%. Twelve-month rises in domestic producer price inflation (D-PPI) reached triple-digit levels before closing the year at 97.72%.

Despite a widening foreign trade deficit brought on by escalating energy and commodity prices as well as by a strong surge in gold imports, growth in tourism and services receipts continued to support the country's current account balance.

Chairperson's Message

94%

MİLLİ RE'S TOTAL PREMIUM PRODUCTION IN 2022 AMOUNTED TO TL 4,808 MILLION, WHICH CORRESPONDS TO A YEAR-ON RISE OF 94%.

That said, uncertainties about the global economic outlook, commodity price movements, and geopolitical developments continue to pose significant current account deficit risks.

An extraordinary year for the reinsurance industry

The world's reinsurance markets were seriously affected last year not only by insured losses resulting from climate-change induced weather events and disasters but also by spiraling uncertainties associated with unremitting inflationary pressures worldwide, with the serious impact of a contraction in retrocession on reinsurance capacity, and by global economic problems and their social impact.

Although natural disasters resulted in worldwide economic losses of USD 270 billion in 2022–down by 16% year-on–insured catastrophic losses amounted to USD 120 billion–about what they were in 2021–and were mostly caused by Hurricane Ian. Consistent with what has been an ongoing trend for several years now, these losses were largely associated with the secondary effects of natural disasters; however, there was a significant worldwide uptick in severe weather events such as hail, floods, drought, and extreme weather attributable to prevailing La Niña conditions. The conclusion to be drawn from the fact that insured losses resulting from natural disasters corresponded to only 45% of all the global economic loss they caused is that very much of our world is still either underinsured or not insured at all.

According to end-2022 figures published by the Insurance Association of Turkey, the Turkish insurance industry booked a total of TL 235 billion in premiums last year. This production corresponds to year-on increases of 123% and 36% on a nominal and real basis respectively. Of these premiums, TL 204.2 billion were earned in non-life branches; only TL 30.9 billion were from the life branch. Inflation and exchange rate movements contributed significantly to the growth in premiums, particularly in the motor vehicle liability, motor vehicle, and health branches.

Milli Re: Advancing confidently into the future.

Quickly adapting to the conditions of a business climate extraordinarily fraught with precarious uncertainties with the benefit of its vast market experience, robust financial structure, and risk management competencies, our company continued to perform successfully and to provide its cedants with the reinsurance capacity they needed.

Milli Re's total premium production in 2022 amounted to TL 4,808 million, which corresponds to a year-on rise of 94%. The company's total assets and shareholders' equity reached TL 12,400 million and TL 5,056 million respectively. Milli Re booked a net profit of TL 889 million last year.

Founded in 1929, Milli Re today advances surefootedly towards the threshold of its second century in business as a deep-rooted, trusted, and respected reinsurer. Our company champions both the ethical principles that are the vertebrae of the backbone of business and social life and the idea that in a civilized society, every individual has the right to participate equally in every aspect of public life unconstrained by stereotypical limitations of whatever kind. For this reason, Milli Re also believes that all of its employees should be treated fairly and equally, are entitled to the same rights, and should be given the same opportunities free of any discrimination based on gender or any other individual trait. Milli Re believes that the personal, professional, and social development of all of its employees–both men and women–beneficially contributes to its performance as a company. As a result of Milli Re's commitment to gender and opportunity equality, our Company has earned FEM Certificate which is issued by the Women Entrepreneurs Association of Turkey (KAGİDER). The Company also plans to take part in other projects of a similar nature.

Supported by its robust capital structure, its deep technical knowledge and experience of the Turkish market, and longstanding tradition of delivering international-standard service quality, Milli Re will continue to stand by its business partners with effective reinsurance solutions.

Speaking both personally and on behalf of the Milli Re Board of Directors, I thank all our employees, shareholders, business partners, and other stakeholders for their valuable support and contributions towards our company's continued successful performance.

Ebru Özşuca
Chairperson of the Board of Directors

EFFECTIVE SOLUTIONS

SUPPORTED BY ITS LONG-STANDING TRADITION OF DELIVERING INTERNATIONAL-STANDARD SERVICE QUALITY, MİLLİ RE WILL CONTINUE TO STAND BY ITS BUSINESS PARTNERS WITH EFFECTIVE REINSURANCE SOLUTIONS.

General Manager's Message

Corporate competencies and experience, a healthy balance sheet, and robust liquidity and equity resources made it possible for us **to perform successfully in 2022 despite the year's quite extraordinary conditions.**

STRONG CAPITAL

123%

IN 2022 THE TURKISH INSURANCE INDUSTRY'S TOTAL NOMINAL PREMIUM PRODUCTION INCREASED BY 123% YEAR-ON AND AMOUNTED TO TL 235 BILLION.

Though expected to embark upon a much hoped-for post-pandemic recovery, the global economy entered a new phase with the outbreak of Russia's war on Ukraine in the first quarter of 2022. Demand was indeed seen to increase strongly in most economies as Covid-19 risks receded but as that increase also led to shortages owing to supply-side sluggishness, supply-chain disruptions, and logistical issues, there was a huge surge in inflation worldwide. Energy and commodity prices soared in response to military conflict in eastern Europe and this was the most salient feature of 2022.

2022 was a year fraught with much uncertainty for the Turkish economy as well. Strong upward movements in the country's exchange rates combined with costlier energy and commodities across the globe translated into higher costs that exerted inflationary pressures throughout the year.

Turkey's insurance industry grew in real terms.

Although premium production increased in 2022, much of this was due to inflation with the result that the growth in premium income fell behind rises in both claims and technical reserves. Financial income declined as a result of negative real interest rates prevailing last year with the result that it was unable to cover technical losses and adversely impacted on profitability.

In 2022 the Turkish insurance industry's total nominal premium production increased by 123% year-on and amounted to TL 235 billion; in real (ie above-inflation) terms, the growth was

MİLLİ RE WILL CONTINUE TO MAKE AN INCREASINGLY GREATER EFFORT TO PROVIDE INSURERS WITH SUFFICIENT REINSURANCE CAPACITY NO MATTER WHAT MARKET CONDITIONS MAY BE.

on the order of 36%. Nominal growth in all non-life branches was 133%. The TL 204.2 billion in premiums generated by non-life policies rose to 87% of the industry's total premium production last year. While nominal growth in life-policy premiums was 74% year-on, their share of total premium production was 13% in 2022 as compared with 17% in 2021. This decrease is attributable to a contraction in the volume of individual credit insurance.

Non-life premiums grew faster than those of the industry as a whole. This was largely due to the impact of inflation and exchange rate movements on motor vehicle liability and motor vehicle premium production, which together accounts for the biggest share of such premiums.

Motor vehicle liability premiums, which account for the biggest single component of total premium production, increased 147% nominally and 50% in real terms. This similarly was attributable to the impact of inflation and exchange rate movements on personal-injury and property-loss claims. As a result of this increase, this branch's share of non-life premiums grew from 26.6% in 2021 to 28.2% in 2022 and continued to exert increasingly more pressure on the industry's technical results.

Adjustments were made in motor vehicle policy prices to keep them in alignment with rises in motor-vehicle and spare-part costs. As a result of these changes, motor vehicle premiums increased by 212% nominally (90% in real terms) year-on and their share of non-life premiums rose from 16% to 22%.

Private health and complementary health policy premiums continued to grow up 130% in 2022 owing not only to the impact of inflation on medical care costs but also to increased demand for health coverage during the pandemic. Premium production in the complementary health branch was up 82% in real terms, as a result of which health premiums maintained their 15% share of non-life premiums.

The share of fire and natural disaster premiums in total non-life premium production shrank from 16% to 13% because their nominal 95% year-on rise lagged behind that of such branches as a whole. In real terms,

General Manager's Message

premium production growth in these two branches was 18.5%. The biggest reason for this relatively slower growth was a contraction (again in real terms) in compulsory DASK (Turkish Catastrophe Insurance Pool) premium production. In the fire branch, premium production was up 100% ; the share of these policies' premiums in the non-life total increased from 68% to 70%. This growth reflects increases in house prices covered by homeowners' insurance, of which fire coverage is one of the components.

There was a supply-side contraction in reinsurance capacity.

On a worldwide basis, natural disaster claims in 2022 remained close to their 2021 USD 120 billion level. 53% of all economic losses and 74% of all insured losses stemmed from claims originating in the United States. The 2022 Atlantic hurricane season caused economic losses amounting to USD 110 billion, USD 65 billion worth of which is thought to have been insured.

Hurricane Ian, which caused extensive destruction in Cuba and the southeastern United States, was by far the year's costliest natural disaster. Ian resulted in economic losses estimated to be over USD 100 billion. Insured losses are put at USD 60 billion, which is to say about half of all insured catastrophe claims incurred by the insurance industry globally in 2022.

As of end-September 2022, total reinsurance capitalization decreased by 17% and went down to USD 560 billion in value. This serious contraction in the supply of retrocession capacity was caused by natural disasters–Hurricane Ian being the chief culprit–and the result was that retrocession catastrophe excess-of-loss rates rose by as much as 50% upon renewal.

The worldwide contraction in capacity available for 2022 renewals was attributable to a steadily increasing reluctance among insurers to provide coverage for natural disaster risks. For the Turkish insurance industry, this contraction manifested itself much more in insurers' 2023 renewals owing to the increasing occurrence and frequency of secondary natural disaster losses and to increases in costs and catastrophe liabilities fueled by exchange rate movements and inflation. In the eventual–and much-belated–2023 renewals, insurers who had filed claims were confronted by serious renewal surcharges while minimum limits were increased across the board, even for those who had not. Collateral requirements were also made much more stringent.

Milli Re performed successfully in 2022.

Corporate competencies and experience, a healthy balance sheet, and robust liquidity and equity resources made it possible for us to perform successfully in 2022 despite the year's quite extraordinary conditions. Liquid assets make up 44% of Milli Re's total assets and its shareholders' equity now tops TL 5 billion. Our premium production was up by 94% year-on and reached about TL 4.8 billion in value. 76.7% of it was secured on home-market business and the remaining 23.3% from cross-border policies.

The adverse impact of claims made costlier by inflation and the erosion of the Turkish lira against other currencies was very much in evidence last year. Our company paid out a total of about TL 2.4 billion in claims in 2022.

Successfully productive and balanced investment of our assets boosted our revenues in 2022 and we closed the year with both a financial and a technical profit. Owing to the growth in premium receipts and to transfers from non-technical part we booked a technical profit of TL 323.6 million and a net profit of TL 889 million.

Most Turkish insurance companies last year continued protecting their 2023 risk portfolios by means of surplus proportional "bouquet" treaties. Providing capacity to 25 companies making use of proportional reinsurance after their 2023 renewals and as the leading provider in the reinsurance treaties of 21 companies, Milli Re secured a 30% market share of overall premium production. Our company also participated in the programs of nine of the twelve insurers that make use of excess-of-loss contracts to cover their risk protections.

Despite some loss of business due to newly adopted minimum rating requirements and to restrictions and sanctions imposed on Russia after the outbreak of hostilities, Milli Re's success in maintaining long-term, solidly grounded business relationships and to its ability to respond quickly to changing market conditions continued to make it a preferred business partner. In 2022 the company provided reinsurance capacity to companies based in 27 emerging/developing market countries. Tapping the huge potential that exists in Far Eastern markets, Milli Re's branch in Singapore plays an important role in the company's international operations by actively supporting the company's portfolio diversity and profitability by taking on new business.

Digitalization is one of the most important mainstays of economic sustainability.

The remote-work procedures to which we quickly became accustomed during the pandemic, and which evolved into a hybrid-remote scenario adopted in 2022 have become a permanent feature of worklife nowadays. All of the hardware and software resources needed to make remote working practical, effective, and secure were provided to all of Milli Re's personnel.

The automation of the company's business processes continued apace in 2022. All the information contained in systems involved in the conduct of Milli Re's reinsurance business has been consolidated; data visualization using business intelligence software has also been completed.

Systematic efforts to make the company's operations even more effective through the deployment of robotic process automation (RPA) likewise continued last year. The business-conduct and reporting functions of a number of units are now automated and work will continue in 2023 to expand the scope of RPA so as to encompass an increasingly broader range of activities.

A regulatory-compliance data-management project involving the outsourcing of software and consultancy services was completed in 2022. The company's own units are now updating this compliance system and expanding it with the addition of new functions as required. As part of this project, investments were undertaken to install Milli Re's information security management system and ensure that the company's operations comply with the requirements of the Personal Data Protection Act, with particular attention being given to ensuring network security and to identifying and eliminating vulnerabilities.

We contribute to social development by supporting the arts and artists.

Acknowledging and fulfilling its responsibilities towards the society to which it owes its existence as a key element of Milli Re's corporate culture, our company has long been an active supporter of the arts and of artists. Milli Re Art Gallery (MRSG), whose mission is to contribute to cultivating artistic vision and appreciation in Turkey, is one of the country's leading and most venerable artistic institutions. Actively soliciting and hosting the broadest possible range of art and design projects in our country, Milli Re Art Gallery has gained widespread international as well as national recognition as a trusted, articulate, and credible authority on matters related to the arts. MRSG hosts a website that offers a 3D virtual tour of the gallery and is a longtime publisher of exhibition catalogues and guides which enrich the viewer experience. The gallery, which will be celebrating its 30th anniversary in 2024, is currently in the midst of a project to digitize its unique store of Turkey's artistic and cultural heritage and make it accessible online. Another important socially beneficial undertaking that complements our company's visual arts perspective is the Milli Re Chamber Orchestra, which continues to give Classical music concerts and recitals that enrich their listeners' cultural lives.

In 2023...

While this report was still in preparation, two powerful earthquakes struck Kahramanmaraş in southeastern Turkey on 6 February 2023 and their ensuing aftershocks affected a broad region of our country. This disaster caused tremendous losses of life and property and has deeply affected us all. As a member of the İş Bankası Group of companies, Milli Re has been doing absolutely everything possible to stand by the victims and survivors and help them bind their wounds. This tragic event painfully and bitterly reminds us once again that our country is constantly exposed to severe earthquake risk. Thankfully this reminder has at least injected new vigor into efforts to deal with such risks.

Aware of the burdens that steadily increasing catastrophe and earthquake risks impose on insurance and reinsurance companies' capital resources, Milli Re will continue its efforts to contribute to both its sector and the national economy as one of Turkey's leading reinsurers. Looking forward having conducted a review of our expectations and prospects in light of this latest disaster, we believe that the economic outlook is unlikely to change very much in the medium term and that, given present conditions, a recovery is going to take some time.

How the Turkish insurance industry fares in 2023 will be determined by developments in inflation, by exchange rate movements, and by the growth dynamics of the national economy. We believe however that it is going to be a challenging year for everyone and that reinsurance markets will be shaped by economic developments as well as by natural disasters associated with climate change. We can expect to see reinsurance treaty terms and conditions becoming even more stringent and that as the year progresses towards its conclusion, our company will be increasingly less able to contract the retrocession coverage it would like to have.

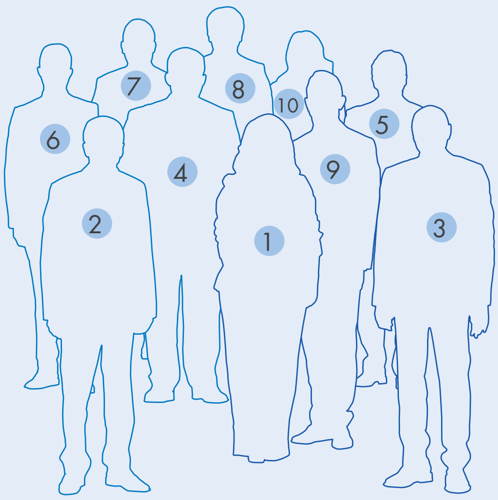
Fulfilling its mission as it has always done and conducting its operations backed by nine decades of experience, Milli Re will continue to make an increasingly greater effort to provide insurers with sufficient reinsurance capacity no matter what market conditions may be.

Our primary concern will be to ensure our company's sustainable growth by putting its solid position in the country's domestic insurance market and its profit-focused, prudent risk-vs-return business approach to work in international markets as well. Milli Re has all of the corporate competencies and financial resources it needs to do that.

In closing I take this opportunity to thank all of our shareholders, business partners, and employees for their confidence and contributions towards our past and future success.

Fikret Utku Özdemir
Executive Director & General Manager

Board of Directors



1 Ebru ÖZŞUCA
Chairperson

Ebru Özşuca graduated from the Economics Department of the Middle East Technical University, Faculty of Economics and Administrative Sciences. She holds a master's degree in Economics from Middle East Technical University and in International Banking and Finance from the University of Southampton. She attended Advanced Management Program in Harvard Business School. Ebru Özşuca began her career at İşbank as an Assistant Specialist in the Treasury Department in 1993, she was promoted to Assistant Manager and Unit Manager of the same department. Between 2007 and 2011, she served as a Division Manager in the Corporate Banking Products Department. She was appointed as a Division Manager in Treasury Department at İşbank between 2011 and 2017. She is currently the Assistant General Manager at İşbank. Ebru Özşuca has been the Chairperson of the Board of Directors at Milli Re since 25 March 2019.

2 Onur Veliattin İZCİ
Vice Chairperson

Onur Veliattin İzci graduated from Faculty of Economics and Administrative Sciences at Middle East Technical University. He began his career at İşbank as a Intern Assistant Inspector, and held managerial positions in various units and branch of the Bank. He was appointed as Deputy General Manager in 2012 at in April 2011 where he served until 2017. Onur V. İzci, whom has a good level of English, served as Deputy General Manager at İş Faktoring in 2012, also as General Manager between 2013 and 2016. He is currently Istanbul Branch Manager at İşbank, and has a Financial Analysis and Foreign Exchange title. Onur V. İzci, has been a Deputy Chairperson of the Board of Directors at Milli Re since 28 March 2022.

3 Murat VULKAN
Director

Murat Vulkan is a graduate of Faculty of Social and Administrative Sciences, Department of English Language and Literature at the Hacettepe University. He began his career at İşbank in 1982 and served in a number of the Bank's unit and branches. He served on Board of Directors of İşbank between 2011 and 2017, and İş Leasing between 2017 and 2020. Murat Vulkan has been a Member of the Board of Directors at Milli Re since 26 March 2020.

4 Levent KORBA
Director

Levent Korba graduated from the English Language Department of Buca Faculty of Education at Dokuz Eylül University and joined İşbank in 1986. After serving in a number of the Bank's units and branches, he was appointed as Deputy General Manager in April 2011 where he served until 2017. Functioned as the Chairperson of İşmer İş Merkezleri Yönetim İşletim A.Ş. and İş Gayrimenkul Yatırım Ortaklığı A.Ş., Levent Korba has been a Member of the Board of Directors at Milli Re since 28 April 2017.

Board of Directors

5 Serdar GENÇER
Director

Serdar Gençer is a graduate of the Faculty of Industrial Engineering at the Middle East Technical University. He holds a master's degree in Finance at the University of Nottingham in the UK. Serdar Gençer began his career at İşbank as an Assistant Inspector at the Board of Inspectors in 1990, and served in various positions, including Assistant General Manager between 2008 and 2013. During this period he has been board member in Milli Reasürans T.A.Ş., Anadolu Hayat Emeklilik A.Ş., İşbank GmbH and Chair in İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. He has joined the Şişecam Group in 2013 as Sustainability Coordinator, and continued as Corporate Development & Sustainability Officer and Chairperson of the Board of Directors at Şişecam Enerji A.Ş. He served as General Manager's consultant in 2018 and retired in the beginning of 2019. Serdar Gençer has been a Member of the Board of Directors at Milli Re since 25 March 2019.

6 Tolga ANGAY
Director

Tolga Angay graduated from the Business Administration Department of Political Sciences Faculty at Ankara University. He holds a master's degree in International Banking and Finance at the University of Southampton (England). He began his career at Assistant Inspector on the Board of Inspectors at İşbank. In 2007, he was appointed as Deputy Manager in Financial Management Department, and in 2011, he became the Manager in the same department. Tolga Angay, who holds the title of Independent Accountant and Financial Advisor, served as a Member of the Board of Directors at Bayek Perakende Sağlık Hizmetleri ve İşletmeciliği A.Ş. Since 30 July 2021, he has been serving as the Manager of Management Reporting and Internal Accounting Department at İşbank. Tolga Angay has been a Member of the Board of Directors at Milli Reasürans T.A.Ş. since 28 March 2022.

7 Sedat İLBEYOĞLU
Director

Sedat İlbeyoğlu graduated from the Public Administration Department of Faculty of Economics and Administrative Sciences. He began his career at İşbank as an Organization and Method Intern Specialist in the Department of Corporate Architecture in 1991. Sedat İlbeyoğlu became an Assistant Inspector Intern at the Board of Inspectors in 1993, and in between 2002-2006 he served as Assistant Manager and Unit Manager in the Financial Management Department also in the Strategy and Corporate Performance Management Department. In 2008, he worked as the Regional Manager of Individual Sales at Avcılar Regional Directorate, and then as the Vice President of the Board of Inspectors. Sedat İlbeyoğlu has a Foreign Exchange Owner title. In 2016, he also served as Commercial Branch Manager in Balmumcu, then in 2020 in Hadımköy. In 2022, he started to work as Commercial Branch Manager in Şişli. Sedat İlbeyoğlu has been a Member of the Board of Directors at Milli Reasürans T.A.Ş. since 28 March 2022.

8 Kemal Emre SAYAR
Director

Kemal Emre Sayar is a graduate of the Faculty of Industrial Engineering at the Middle East Technical University. He holds a master's degree in Information Technologies in Management from Sabancı University and in Economics and Finance from Boğaziçi University. Kemal Emre Sayar began his career in 1999 as an Assistant Inspector on the Board of Inspectors at İşbank and held managerial positions in various units of the Bank. He is currently the Subsidiaries Department Unit Manager at İşbank and a member of the Board of Directors of various group companies as well. Kemal Emre Sayar has been a member of the Board of Directors at Milli Re since 30 November 2015.

9 Fikret Utku ÖZDEMİR
Director and General Manager

Fikret Utku Özdemir holds an Associate Degree in Nuclear Engineering from Hacettepe University and graduated with a bachelor's degree in Management from the Faculty of Economics and Administrative Sciences at Middle East Technical University. He holds a master's degree from EDHEC Business School (France). He joined İşbank as a member of the Board of Inspectors in 1996 and held managerial positions in various units of the Bank's departments between 2005-2017. He joined Milli Reasürans T.A.Ş. as Assistant General Manager in 2017 and on 27 August 2019, he appointed as a Member of the Board of Directors and General Manager, Fikret Utku Özdemir is also a Member of the Turkish Insurance Association Non-Life Management Committee and Deputy Chairperson of the Board of Anadolu Anonim Türk Sigorta Şirketi.

10 Fahriye ÖZGEN
Reporter of the Board of Directors

PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS IN RELEVANT MEETINGS DURING THE FISCAL PERIOD

The Company's Board of Directors convenes as and when necessitated by the Company's business affairs and upon the Chairperson's or Vice Chairperson's invitation, with the participation of the majority of the total number of directors on the Board. Meeting agendas are drawn up in line with the proposals of the General Management. During the meetings, various topics that are not covered on the agenda but raised by the members are also discussed. Meeting agenda letters and files relating to the agenda items are sent to all Board members 7 days in advance of the meeting date.

During 2022, eight Board meetings were held in total. While full participation was achieved in seven of these meetings, one member was absent in one meeting due to his excuses.

INTERNAL SYSTEMS MANAGERS

Internal Audit Assistant Manager: Ekin ZARAKOL SAFİ
Term of Office: 9 years
Professional Experience: 20 years
Departments Previously Served: Turkish Reinsurance Pool, Internal Audit and Risk Management Bachelor's Degree
Academic Background: Bachelor's Degree

Internal Control and Risk Management Manager: Duygu GÖLGE
Term of Office: 9 years
Professional Experience: 27 years
Departments Previously Served: Decree Pool
Academic Background: Master's Degree

Senior Management


1


2


3


4


5

1 Fikret Utku ÖZDEMİR

Director and General Manager

Please see Board of Directors page for Mr. Özdemir's CV.

2 Fatma Özlem CİVAN

Assistant General Manager

Having completed her school education at Robert College, Özlem Civan graduated with a B.A. degree in Business Administration in English from the Faculty of Business Administration at İstanbul University. Between 1990 and 1993, she worked in the Treasury and Fund Management Departments of several banks, embarking on her career in the insurance market in 1994 at the Reinsurance Department of Güneş Sigorta. Leaving her position as Group Manager in charge of Reinsurance, Casualty and Credit Insurance in September 2006, Özlem Civan joined Milli Re the same year. Özlem Civan has been appointed as Assistant General Manager on 1 September 2011.

3 Vehbi Kaan ACUN

Assistant General Manager

Vehbi Kaan Acun graduated from İstanbul University, Department of Economics in English. He started his career as an assistant inspector on İşbank's Board of Inspectors. After serving at İşbank for 8 years, he joined Milli Re in 2006. During his career at Milli Re, he also has been appointed as a Coordinator in the Company's Singapore Branch. He participated in various seminars and conferences abroad and serves as the Vice President of the Turkish Insurance Institute Foundation Board. Vehbi Kaan Acun has been appointed as Assistant General Manager on 1 February 2016.

4 Şule SOYLU

Assistant General Manager

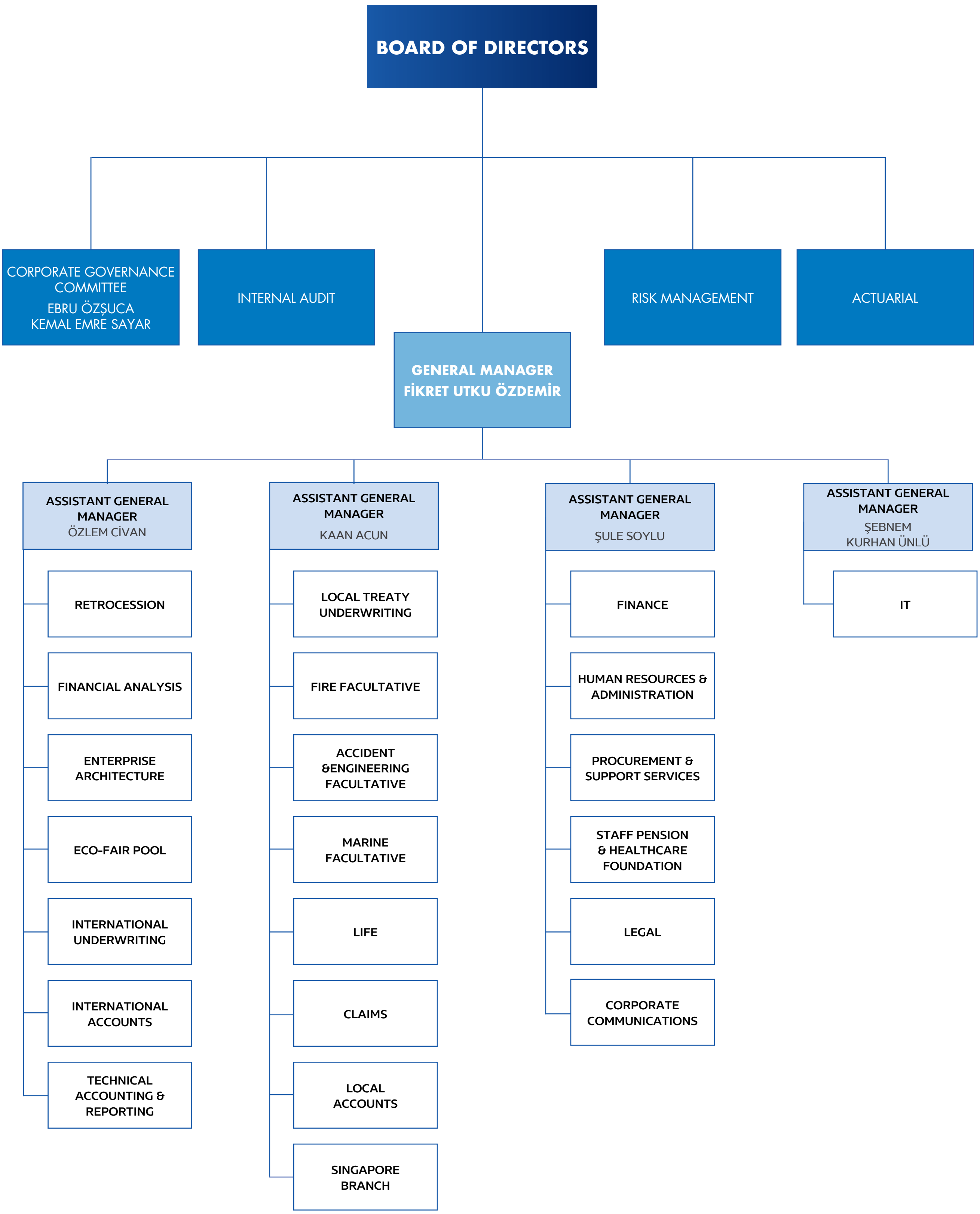
Şule Soylu graduated with a B.A. degree in Business Administration from the Faculty of Economic and Administrative Sciences at Anadolu University and received her master's degree in Financial Institutions from İstanbul University Institute of Business Economy. She began her professional career in Milli Re in 1990 and finished cum laude the Accounting Branch of the Turkish Insurance Institute. Currently serving as a Board Member of Turkish Insurance Institute Foundation and a member of the Financial and Accounting Committee of the Insurance Association of Turkey, Şule Soylu has been appointed as Assistant General Manager on 1 February 2017.

5 Şebnem Kurhan ÜNLÜ

Assistant General Manager

Şebnem Kurhan Ünlü graduated from Marmara University, Faculty of Economic and Administrative Sciences Department of Business Administration and holds a master's degree in Business Administration-International Finance at the Social Sciences Institute at Marmara University in 1996. She began her career in 1994 at İşbank in Treasury Department Currency Group. She served TL Terms and Foreign Currency Markets, Fund Transfer Pricing and International Markets Borrowings in Treasury Department as well as number of the Bank's departments and positions until September 2019. Şebnem Kurhan Ünlü has been appointed as Assistant General Manager on 11 September 2019.

Organization Chart



Human Resources Applications

199

AT YEAR-END 2022, MİLLİ RE HAS 199 EMPLOYEES INCLUDING SINGAPORE BRANCH.

In recognition of the fact that its staff is one of the main contributors in its achievements, Milli Re has highly qualified employees, devoted to their work and the Company, open to continuous learning and development.

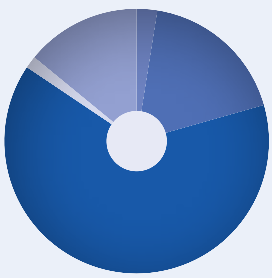
Fundamental principles of the Human Resources policies of the Company are recruiting suitable candidates with qualifications suitable for vacant positions, providing a business environment that enables the staff to work efficiently, productively and happily; protecting and observing financial and moral rights of employees, providing equal opportunities of development and training that are fair and non-discriminatory based on gender and take personal skills into consideration; facilitating the staff to foster social relationships for motivation and efficient execution of all processes.

At year-end 2022, Milli Re has 199 employees including Singapore Branch.

Application

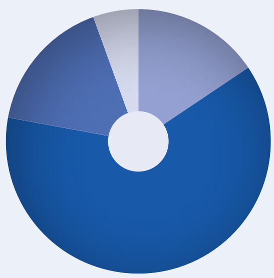
Job applications, which are made via our corporate website and by other communication means, are stored in the candidate pool of our Company. Applications are examined when required, and candidates who are considered suitable for the positions are contacted.

EMPLOYEE PROFILE (%)



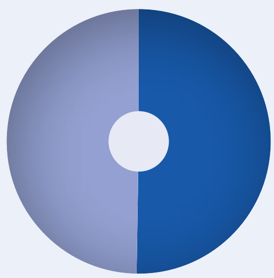
Senior Manager	5
Manager	36
Officers	127
Contract Employees	3
Other	28

EDUCATIONAL PROFILE



Post Graduates	31
Undergraduates	124
High School	33
Other	11

HUMAN RESOURCES PROFILE



Female	100
Male	99

Human Resources Applications

Milli Re Academy

FOR THE PURPOSE OF SUPPORTING OUR EMPLOYEES PROFESSIONALLY AND SOCIALLY AND CONTRIBUTING PERSONAL GROWTH, AN ONLINE EDUCATION PLATFORM “MİLLİ RE ACADEMY” HAS BEEN ESTABLISHED

Recruitment

Milli Re recruits’ candidates in view of qualifications required for the relevant position and applicant’s ability to adapt to the corporate culture.

Performance Management

Performance appraisals of our employees are conducted on an annual basis in accordance with the Performance Appraisal System Guidelines and career planning and training needs are determined based on the results of the appraisals.

Training

Training requirements identified according to the Performance Appraisal results are used to design a training program, and employees are given the opportunity to receive technical and personal development trainings in Turkey or abroad as required by their positions.

For the purpose of supporting our employees professionally and socially, making sure uninterrupted continuation of the learning experiences of them and contributing personal growth, an online training platform “Milli Re Academy” was established in 2021. In 2022, various training program was assigned to all our employees, and they had a chance to attend the training programs which include different subjects such as professional information. Besides these, special training programs were carried out for executives to develop their competence.

In 2022, the “Wellbeing at Work” project was launched as part of the Milli Re Employee Support Program. In line with the project, psychological and medical consultancy, financial and legal information, veterinary, home/garden consultancy, newborn care and social life, healthy nutrition, office ergonomics and techno-support services are provided to our employees in cooperation with Avita & Meditopia in order to support their work and social lives as well as improve the quality of life of themselves and their loved ones.

Career

Since its establishment, Milli Re has the policy of investing in its work force and recruiting internally for managerial positions. Promotions are made in line with the Personnel Regulation and the principles set forth in the Collective Bargaining Agreement, signed with the Workers’ Trade Union, in view of Performance Appraisals.

Compensation Policy

Salaries of our employees are determined in accordance with the terms of the Collective Bargaining Agreement within the context of related regulations.

Occupational Health and Safety

Occupational Health and Safety Obligations under Law No. 6331 on Occupational Health and Safety are fulfilled by the Human Resources and Administrative Affairs Department.

2022 Annual Report Compliance Statement

We hereby represent that Millî Reasürans T.A.Ş. 2022 Annual Report issued for its 94th year of operation has been drawn up in line with the principles and procedures enforced by the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 26606 dated 7 August 2007 by the Republic of Turkey Ministry of Treasury and Finance.

22 March 2023

Şule Soylu Assistant General Manager	Fatma Özlem Civan Assistant General Manager	Fikret Utku Özdemir General Manager	Ebru Özşuca Chairperson of the Board of Directors

Independent Auditor's Report on the Annual Report of the Board of Directors

(Convenience translation of a report originally issued in Turkish)

To the General Assembly of Milli Reasürans Türk Anonim Şirketi

1) Opinion

We have audited the annual report of Milli Reasürans Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of January 1 – December 31, 2022.

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

2) Basis for Opinion

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

3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 28, 2023 on the full set consolidated and unconsolidated financial statements of the Group for the period of January 1 – December 31, 2022.

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

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

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

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

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

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

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

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

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

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

Fatih Polat, SMMM
Partner

March 22, 2023
Istanbul, Turkey

02

FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE GOVERNING BODY AND SENIOR EXECUTIVES

Financial Rights Provided to the Members of the Governing Body and Senior Executives 34

03

RESEARCH & DEVELOPMENT ACTIVITIES

Research & Development Activities 35

Financial Rights Provided to the Members of the Governing Body and Senior Executives

The Company's Board of Directors is composed of Chairperson, Vice Chairperson and seven Board members. Senior Management comprises of the General Manager and four Assistant General Managers. The benefits provided to the Senior Executives and Internal Systems Managers in 2021 and 2022 are given in the below table:

(TL)	2022	2021
Benefits such as salary, premium, bonus, dividend etc.	14,357,769	8,338,855
Travel, accommodation, entertainment expenses, means in cash and in kind	546,892	123,724

Research & Development Activities

ARTIFICIAL INTELLIGENCE

EFFORTS TO ACHIEVE HIGHER EFFICIENCY THROUGH AUTOMATION WITH ARTIFICIAL INTELLIGENCE-RPA (ROBOTIC PROCESS AUTOMATION) CONTINUED ON A REGULAR BASIS.

As of 2019, work on the automation of the business processes of the Head Office and Singapore Branch was initiated and the relevant project continued in 2022. In addition to improvements in operational processes, activities were carried out to transfer the business processes of internal systems to the application.

On the other hand, in order to ensure the efficiency of our Company's reinsurance business processes, a detailed analysis of the business processes and due diligence according to the best practices was carried out in 2022 and preliminary preparations for the restructuring of reinsurance processes were completed.

The consolidation of data from the systems related to reinsurance activities on the data warehouse and visualization on the business intelligence application were completed.

In 2022, our Company switched to the hybrid working format and largely adopted the remote working format. A safe and comfortable working environment are provided to employees in accordance with the processes by offering the hardware and security applications required for remote working to cover all company employees.

Launched in 2021, efforts to achieve higher efficiency by automating our Company's operations with Artificial Intelligence - RPA (Robotic Process Automation) continued regularly. Operational activities and regular reports of different business units were automated with RPA. RPA activities whose areas of use are expanding will continue in 2023.

04

ACTIVITIES AND MAJOR DEVELOPMENTS RELATED TO ACTIVITIES

Information on Investments Made by the Company during the Accounting Period	38
Repurchased Own Shares by the Company	38
Disclosures Concerning Special Audit and Public Audit during the Reporting Period	38
Lawsuits Filed Against the Company and Potential Results	38
Disclosures on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body	38
Assessments on Prior Period Targets and General Assembly Resolutions	38
Expenses Incurred in the Reporting Period in Relation to Donations, Grants and Social Responsibility Projects	
Relations with the Controlling Company or an Affiliate Thereof	38
Internal Audit	39
Internal Control	40
Affiliates	41
Corporate Social Responsibility	42

Activities and Major Developments Related to Activities

Information on Investments Made by the Company During the Accounting Period

Initiated in 2018 with the consultancy service and application purchases for regulatory compliance, the data management project was completed at Milli Re in 2022. Updates and new requirements within the scope of compliance are implemented by the Company's business units. Within the scope of the project, investments were made for the installation of the Information Security Management System and for necessary alignment with the Personal Data Protection Law. Moreover, consultancy services have started to be received within the scope of vulnerability and network security. Within the frame of activities for alignment with the TFRS 17 regulation that will enter into force in 2023, procurement of applications and peripheral systems that will be used for TFRS 17 calculations has been completed in 2021. Work on application development and provision of data from source systems continues to be carried out with the consultant company. The information about the projects on reinsurance applications and digitalization which continue during the related accounting period are provided under the section "Research & Development Activities".

Repurchased Own Shares by the Company

None

Disclosures Concerning Special Audit and Public Audit During the Reporting Period

The Company is audited by independent auditing company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Ernst&Young). A limited independent audit is carried out on half yearly basis while full independent auditing is done on yearly basis. İşbank consolidation audit is conducted for the first and third quarters. Being a bank subsidiary, information systems auditing made in subsidiaries subject to consolidation, is carried out annually.

The Company is audited in accordance with the insurance legislation by Insurance and Private Pension Regulation and Supervision Authority.

Lawsuits Filed Against the Company and Potential Results

There are no lawsuits brought against the Company in 2022, which are of a nature that might affect the Company's financial standing and its activities.

Disclosures on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body

There are no administrative or judicial sanctions imposed against the Company or the members of the governing body on account of any practice violating the provisions of legislation in 2022.

Assessments on Prior Period Targets and General Assembly Resolutions

The announcement on the meeting including the venue, date, time, agenda, and a specimen of a proxy statement is published within the legal terms in the Turkish Trade Registry Gazette and on Company's official website for notifying the public. Every year the Annual Report is prepared in alignment with the relevant legislation and presented for the information and analysis of shareholders preceding the General Assembly meeting.

Annual General Assembly meeting was held on 28 March 2022. All of the resolutions by the General Assembly of Shareholders have been fulfilled during 2022 and the targets set in the prior period have been achieved.

Expenses Incurred in the Reporting Period in Relation to Donations, Grants and Social Responsibility Projects

In this context, our Company did not make any donations in 2022.

Relations with the Controlling Company or an Affiliate Thereof

Between our Company and our controlling shareholder İşbank and other Group Companies affiliated to İşbank, there is no:

- Transfer of receivables, payables or assets,
- Legal transaction creating liability such as providing suretyship, guarantee or endorsement,
- Legal transaction that might result in transfer of profit.

All commercial transactions the Company realized with its controlling shareholder and with the Group Companies affiliated thereto during 2022 were carried out on an arm's length basis, according to the terms and conditions known to us, related counter performances have been carried out, and the Company did not register any loss on account of any such transaction.

Internal Audit

Internal audit is an independent, objective assurance and consulting activity, which seeks to improve an organization's operations and add value to them. Internal audit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In this context, the primary functions of internal audit include constant auditing of all business and transactions of the Company in terms of their compliance with the related regulations, as well as the Company's internal guidelines, its management strategy and policies; detection and prevention of any irregularities, mistakes or fraud, and assurance of the efficiency and adequacy of internal control and risk management systems.

In conjunction with the above, another important aspect of the Department's functions is to provide opinions and suggestions for efficient and productive use of resources to improve and add value to the Company's operations.

The Internal Audit Department of Milli Re was established as of 1 January 2005 and started operating on 1 April 2005. Internal audit operations are carried out in compliance with the "Regulation on Internal Systems in Insurance and Private Pension Sector" published in the Official Gazette No. 31670 dated 25 November 2021.

The authority and responsibility of the Internal Audit Department is defined in Milli Re's Internal Audit Charter which is approved by the Board of Directors. The internal audit charter is reviewed annually and revised if necessary. In order to allow an independent and objective assessment, the Internal Audit Department reports directly to the Board of Directors. The conclusions reached as a result of the audit activities, are submitted to the Board through the Board Member responsible for Internal Systems.

All employees of the Internal Audit Department comply with the code of ethics (integrity, objectivity, confidentiality, competence) stated in both the International Internal Audit Standards and Milli Re Internal Audit Charter. They demonstrate the necessary professional care when performing the audit activities.

Internal Audit Department carries out its activities with a risk-focused audit approach. This approach aims to increase the efficiency and effectiveness of internal audit by giving priority to the more risk bearing process and units. Every year in December, an Internal Audit Plan regarding the audit activities to be done the following year is prepared taking into account the date of the last inspection and risk assessments of the units and presented to the Board of Directors for approval.

In accordance with the 2022 Internal Audit Plan approved by the Board, Internal Audit Department completed on-site inspection of all (23) units, and the Company's Singapore Branch in 2022. During audit activities, it was determined whether the units' operations are carried out in compliance with their operational guidelines. Effectiveness of the implemented internal controls regarding the units' risks was tested and their adequacy was evaluated. Moreover, compliance with regulations, Company policies, limits, jurisdictions, and security measures was verified. Audit activities were performed using techniques such as enquiry, verification, examination, reperformance, recalculation and analytical reviews. During audits, no findings that might have an adverse impact on the Company's financial structure were detected.

Internal Control

The internal control system has an important role in protecting the assets of the Company and maintaining its activities within the framework of effective, efficient, compliant and reliable principles in accordance with the Law, the relevant legislation and the internal policies of the Company.

Within the scope of internal control activities, it is aimed to establish the Company's control environment and control points and to provide reasonable level of assurance in order to ensure the reliability and integrity of the Company's accounting and financial reporting system and the timely availability of information. Thus, internal control activities are designed to cover the Company's operational activities, communication channels, information systems, financial reporting system and compliance controls, and are carried out in accordance with internal and external legislation.

"Control Center" has been structured through "Internal Control Department" which was established in order to perform internal control activities, and "Control Environment" has been structured through assignment of Company employees within the scope of these activities. The Control Group consists of 24 people, of whom 4 are located in the control center and 26 are located in the control environment.

Activities Conducted from Control Center

Workflows, duties and responsibilities, authorities and limits related to Company activities are documented and communicated to all employees; they are reviewed and updated in line with the changing conditions and risks. The personnel have complete, accurate and up to date information associated with their duties and responsibilities.

Control activities cover the entire business processes and operations of the Company. Business processes and the processes related to information technologies, risks related to these processes are identified in a written form, and controls for the identified risks are established. Control activities are carried out according to the frequency of business processes and in accordance with the principles set out in the annual Internal Control Plan. Findings ascertained as a result of controls, assessments in respect of these findings and recommendations regarding the actions to be taken for the elimination of findings are monthly reported to The Board of Directors by Internal Control Department via Internal Control Reports.

Authority identifications of system users are conducted in accordance with "segregation of duties" principle. Besides, actions that are performed by users within these authorizations, log records of actions in respect of critical transactions are controlled through reports received from log management system instantly and on a daily basis, and conformity to segregation of duties principle is reviewed systematically. Moreover, following the approval of the relevant business unit, transactional authorities that users requested in line with the activities, are assessed and approved by Internal Control Department in terms of the mentioned principle.

Development and change requests of users on systems based on their business requirements or solution requests in respect of malfunctions arising in systems are monitored through Help Desk Service and critical issues that may affect the financial statements or that could lead to legal risks are given the priority.

In case of detection of any adverse situation within control activities, urgent action is taken in order to perform necessary adjustments and take preventive measures.

Activities Conducted from Control Environment

Control points stated in the relevant department's flowchart and those risks and control points determined by Control Center are taken into consideration during the control activities conducted in departments, while those performed in IT Center are based on COBIT (Control Objectives for Information Related Technologies) standards. In this context, transactions in respect of reinsurance processes, accounting transactions, payments, processes in respect of fulfillment of legal obligations, transactions in respect of debt collection, accounting periods, and preparation of financial statements; marketing, processes related to reporting and information systems are controlled by considering practice frequencies of related processes. Detected issues are reported to Control Center via Risk Warning Reports. In this respect, it is ensured that preventive and supplementary measures are taken and implemented immediately, appropriate and applicable solutions that will improve processes and operations are put into practice.

Affiliates

Anadolu Anonim Türk Sigorta Şirketi

Anadolu Anonim Türk Sigorta Şirketi (Anadolu Sigorta) is Turkey's first national insurance company, which was established on 01 April 1925. As one of the market leaders, while its premium production reached TL 23.8 billion, it has total assets of TL 29.4 billion and shareholders' equity of TL 4.8 billion on consolidated basis in 2022. Anadolu Sigorta operates in all lines of business except Life. Fitch Ratings confirmed Anadolu Sigorta's ratings for International Financial Strength as B+ with negative look, for National Financial Strength as AA+ (tur) with stable outlook.

Anadolu Sigorta's shares are publicly traded on Borsa İstanbul (BİST) National Market under the symbol "ANSGR". 48% of the Company's shares are public, whilst 57.31% are held by Millî Reasürans T.A.Ş.

Pursuant to the Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies published in the Official Gazette issue 27097 dated 31 December 2008 and to the Turkish Accounting Standards 27, Milli Re consolidates the financial results of Anadolu Sigorta on a line-by-line basis since 30 September 2010.

www.anadolusigorta.com.tr

Miltaş Turizm İnşaat Ticaret A.Ş.

Miltaş Sports Complex has been serving the insurance market since 1986 with its facilities for various sports, particularly tennis and basketball.

Milli Re has 100% share in Miltaş Turizm İnşaat Ticaret A.Ş. Within the context of the exception stipulated in the Communiqué on the Preparation of Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies published in the Official Gazette issue 27097 dated 31 December 2008, Miltaş Turizm İnşaat Ticaret A.Ş., which is a subsidiary of the Company, is excluded from the scope of consolidation, due to the fact that the subsidiary's total assets correspond to less than 1% of the Company's total assets.

www.miltasturizm.com.tr

Corporate Social Responsibility

Milli Re, seeing social responsibility projects as an effort for adding value to the sector and the society that it is a part of, **effectively demonstrates its understanding of social responsibility through the sponsorships, project developments and the tasks it undertakes especially in the fields of education, culture, art and sports.**

Considering social responsibility projects as an effort to have a positive impact on its sector and society, Milli Re demonstrates its social responsibility approach in the most effective manner by undertaking tasks, realizing concrete projects and sponsorships, particularly in the fields of education, culture, arts and sports.

Milli Re Art Gallery

In 1994, Milli Re reserved a section of its business building in Teşvikiye for artistic and cultural activities, and designed a library, an auditorium and a gallery in this section.

During the twenty-eight years since its debut, Milli Re Art Gallery organized various exhibitions, which were widely acclaimed in art circles and followed with interest. The gallery published numerous books and publications, with texts by eminent authors and art critics, most of which are referenced in the art literature. These publications which function as a memory to build art in Turkey, also introduced various important artists to mark their arts for the first time in the recorded art history.

Some of the exhibitions held at the Milli Re Art Gallery have also been displayed in other countries, including, among others, Germany, France, Sweden, Denmark, Estonia, Slovenia, Bosnia-Herzegovina, Georgia and Finland. Besides the "Rural Architecture in the Eastern Black Sea Region" exhibition displayed at many universities and international museums both in Turkey and abroad since 2005, "Mylasa Labraunda/Milas Çomakdağ" exhibition received invitations from major museums and universities abroad and exhibited in several countries and cities.

The gallery, hosting projects varying from art to design, has attained a special place within its field. Not only in the area of basic arts such as painting and sculpture, the Gallery also hosts plenty of projects including exhibitions on photography, architecture, graphical design, as well as historical and documentary conceptual exhibitions.

Milli Re Art Gallery has gained the distinction of being a space for artists and art lovers, with the original works created over the years, and are known for its uncompromising artistic identity. Hosting many exhibitions in the contemporary arts field, Milli Re Art Gallery outstands as one of the art institutions undertaking the mission of providing contributions to the art vision in Turkey and supported the conscious collectors within the sector as well as the limited number of museums by bringing in many art works to be acquired to their permanent collections. With this awareness and responsibility, Milli Re Art Gallery, which will reach its 30th anniversary in 2024, continues its efforts to digitize its archive, which is the art memory of Turkey, and has begun preparations for a special event to present these thirty years to art lovers.

Our gallery which is approved by most of the international art institutions in terms of business principles and standards, also hosts the Turkey sessions of various international projects.

All details on exhibitions and publications are available on www.millireasuranssanatgalerisi.com. 3D virtual tour feature and comprehensive documents and visuals about the exhibitions were added to our website in order to offer a richer experience to our viewers and our social network accounts were put into life.

RESPECTED AND RELIABLE

MİLLİ RE ART GALLERY OUTSTANDS AS ONE OF THE ART INSTITUTIONS UNDERTAKING THE MISSION OF PROVIDING CONTRIBUTIONS TO THE ART VISION IN TURKEY

Milli Re Chamber Orchestra

Milli Re Chamber Orchestra, established in 1996, has performed numerous successful concerts with local and international well-known conductors and many soloists.

Milli Re Chamber Orchestra having performed its first concert on 10 April 1996 presents universal polyphonic music, which enriches our cultural life, to music-lovers through concerts and recitals. The Orchestra performs at the concert hall in the Milli Re building from September through May every year. In addition to the regular concerts' series, the Orchestra takes part in various national and international music festivals.

The Milli Re Chamber Orchestra also released two CDs, titled "Romantic Era Strings Music" and "Şensoy Plays Tura".

Milli Re Library

The Milli Re Library is the most extensive specialized library in the insurance sector in terms of its collection of books, periodicals and other materials concerning the insurance industry.

By donation of books and periodicals, the Library also supports the libraries of universities.

The Library is open from 09:00 until 12:00 and from 13:00 until 17:00 on weekdays, and the catalogues of available publications can be accessed at http://kutuphane.millire.com

Corporate Social Responsibility

Reasürör Magazine

Quarterly published since 1991, the Reasürör Magazine is a scientific resource with full academic content on re/insurance, including compilations, translations, interviews, and statistical data on various lines. The Reasürör Magazine serves as a valuable scientific resource for use by the industry technicians and students pursuing their studies at various levels in insurance education.

All issues of the Reasürör Magazine can be accessed at the addresses **www.millire.com**

Miltaş Sports Complex

Miltaş Sports Complex has been serving the insurance market since 1986 with its facilities in various sports, particularly tennis and basketball. In addition to tennis and basketball courses organized every year for various age groups; private tennis lessons are available in the Complex.

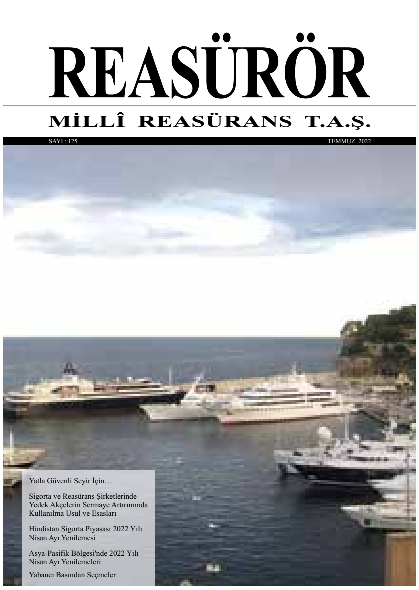
The Complex has been hosting the International Insurance Tennis Tournament, which is organized every year in June since 1986, and provides a unique environment that brings together professionals of the local market with international reinsurers and brokers.

Türk Sigorta Enstitüsü Vakfı (TSEV)

The Turkish Insurance Institute Foundation (TSEV) was established jointly by Milli Re and the Insurance Association of Turkey in 1970 and continues its training and consulting services for the insurance industry for the last 52 year. TSEV organizes training programs on insurance techniques and law as well as administrative issues for the insurance sector and for various companies, institutions and organizations. In addition to its training activities, the Foundation also visits universities, the chambers of industry and commerce in order to increase the insurance awareness. For the purpose of making insurance part of lives of society, TSEV also undertakes some projects on social media and informs people about the insurance sector.

Due to the pandemic, all business lines renewed their processes globally in 2020 and the changes in TSEV's activities continued partially in 2022 with some updates. In this context, mixed groups with a mix of online and face-to-face courses were opened in long-term training programs, and individuals were given the right to take face-to-face exams. Short-term training programs, most of which were conducted online, were also planned face-to-face, albeit in small numbers. The "Insurance in My Frame Award-winning Photography Contest" was organized for the fifth time, but the exhibition could not be opened due to pandemic measures.

The "Basic Insurance Training Program", organized since the establishment of the Foundation has the distinction of being one of the most comprehensive training programs in the field of insurance. A total of 3,000 participants have graduated from the program to date.



COMPREHENSIVE TRAINING PROGRAMS

THE TURKISH INSURANCE INSTITUTE FOUNDATION (TSEV) WAS ESTABLISHED JOINTLY BY MİLLİ RE AND THE INSURANCE ASSOCIATION OF TURKEY CONTINUES ITS TRAINING AND CONSULTING SERVICES FOR THE INSURANCE INDUSTRY FOR THE LAST 52 YEAR.

As a follow-up course to this, TSEV also offers "Advanced Insurance Training Programs" which are the only project and practice-oriented training programs in the market. In addition to these trainings, TSEV also offers "Short-Term Training Programs" determined according to the needs of the day. "Introduction to Insurance for Beginners Program" and "Training Programs for Actuary Exams are regularly scheduled trainings for new recruits in the insurance departments of the insurance industry and insured corporate structures. For the first time this year, practical "Workshops" were organized; accordingly, one-day branch-based trainings, in which participants took an active role and progressed through case studies, were held face-to-face in TSEV classrooms. "Agency Trainings" were organized for agencies under the sponsorship of the Union of Chambers and Commodity Exchanges of Turkey and TSB. In addition, insurance trainings were provided to TESK members in eight different groups. In cooperation with the Insurance and Private Pension Regulation and Supervision Agency, up-to-date trainings were organized to meet the needs of the sector. The Human Resources Training Program, with new content and trainers specific to the insurance sector, was prepared for launch in early 2023. Apart from insurance training, Personal Development Training Programs are also given by TSEV and the diversity in this segment increases each year. As the training programs were moved to the online platform, many people living outside of İstanbul had the opportunity to attend TSEV training programs. In 2022, 5,356 people received a total of 4,300 hours of training from TSEV through these programs. Furthermore, "Consultancy", "Closed Group Classroom Training", "Placement Tests" were realized based on demands from companies. In 2022, the English education programs, which were prepared for the institution for the first time last year, were organized in two different ways: open class and institution-specific class.

Actuary exams, which started in 2020 as part of the agreements signed with the Central Bank of Azerbaijan and the Azerbaijan Insurance Association, were also conducted by TSEV in 2022. In addition, the Advanced Training Programs for Underwriter and Reinsurance department employees, which started at the end of 2021, were completed in 2022.

05

FINANCIAL STATUS

Economic Outlook	48
Turkish Insurance Market	52
Turkish Reinsurance Market and Milli Re in 2022	56
Global Reinsurance Market and Milli Re	60
Assessment of Financial Strength, Profitability and Solvency	70
Key Financial Indicators	72
Company Capital	74
2022 Technical Results	75
2022 Financial Results	77
Agenda for the General Assembly	79
Board of Directors Report	80
Dividend Distribution Policy	82
Dividend Distribution Proposal	83

Economic Review

Having grown by 11.4% in 2021, the Turkish economy **achieved a better-than-anticipated performance and grew by 5.6% in 2022.**

Raw material shortages and supply-side weaknesses brought on by the release of pandemic-depressed 2021 demand and the surge in inflation that they led to together with the outbreak of war between Russia and Ukraine exerted new and more vigorous upward pressure on energy and commodity prices. War-related sanctions imposed on Russia, one of the biggest players in global commodity and energy markets, sparked an energy crisis that affected the whole world–but especially Europe–with the result that energy and commodity prices took off and reached record-breaking levels.

In order to deal with that inflation, the US Federal Reserve Bank, the European Central Bank, and the world's other leading monetary authorities adopted tight-money stances and boosted lending rates. Initially these measures depressed growth in developing countries but as the impact of war spread throughout the global economy, they began to prompt recession worries in developed countries as well.

In the course of 2022, the Fed raised its policy rate by a total of 425 basis points, putting it into the 4.25-4.50% range, the highest witnessed since 2007. From midyear onward, the ECB also began raising its policy rate, bringing it eventually to 2.50%. The Bank of England for its part raised its policy rate by a total of 325 basis points, increasing it to 3.50%, its highest level in fourteen years.

In December 2022, US consumer prices fell for the first time since 2020 while the one-month rise in food prices was the lowest seen in the previous 21 months. Both developments strengthened expectations that inflation was now receding. With the cost of energy and food exerting less pressure on producer prices in 2022, twelve-month CPI inflation in the US weighed in at 6.5% in December, below what had been anticipated and less than anything reported since March 2021.

The US economy grew by 2.1% in 2022. The main contributors to that growth were continued strong spending among consumers and companies replenishing their stocks.

Although the euro area had been expected to suffer a Q4 2022 contraction, in fact its economy grew by 3.5% last year, a performance that was achieved despite the adverse impact of energy made costlier by Russia's invasion of Ukraine.

Twelve-month inflation in the euro area peaked at 10.6% in October, which is the highest rate in the history, fell for the first time in 18 months in November, and ended up at 10% on 31 December 2021. The

3.4%

THE GLOBAL ECONOMY IS ESTIMATED TO HAVE GROWN 3.4% IN 2022.

biggest contributor to euro-area inflation was the surge in energy prices.

In China, measures associated with the government's adherence to a strict zero-Covid policy dampened economic performance for the better part of the year. Resuming in the fourth quarter as these measures began to be relaxed, year-on growth ended up at 3% overall. Excepting only the period when the pandemic was at its worst, that is the lowest rate of twelve-month growth recorded in China since 1976.

Reflecting geopolitical developments as much as a sluggish global economy, commodity markets remained quite volatile in 2022. With tensions between Russia and Ukraine turning into outright hostilities in late February, food, energy, and commodity prices in general took off and rose precipitously, particularly in the first half-year. However as leading monetary authorities' tight-money policies gained traction in the second half, it provoked worries over global-recession risks that began to depress commodity prices once again.

The price of a barrel of Brent crude, which averaged USD 70 in 2021, soared to USD 101 in 2022, about a 45% rise. The price subsequently receded, in part reflecting perceptions of global recession risks but also due to the EU's introduction of a price cap on Russian oil in December. A barrel of Brent crude eventually ended up at USD 75, quite close to its lowest level in over a year, and very much looking like it might go even lower. However geopolitical worries sparked by Russia's intimation that the use of tactical nuclear weapons in Ukraine was not out of the question and expectations that China's relaxation of its Covid-19 measures could help support and even increase the demand for oil, oil prices held and began to rise again.

In its January 2023 World Economic Outlook update, the IMF revised its previous 2022 global-economy and advanced-economy growth projections up and those for emerging-market and developing economies down. According to the IMF, in 2022 the global economy grew by 3.4%, advanced economies grew by 2.7%, and emerging/developing economies grew by 3.9%.

With demand indicators in the United States and the euro area performing better than expectations and in parallel with China's relaxation of its zero-Covid policy restrictions, the IMF revised its 2023 growth forecasts upward saying that the global economy would grow by 2.9% in the new year rather than at its previously announced 2.7% rate.

Economic Review

64.27%

CPI INFLATION ENDED THE YEAR AT 64.27%.

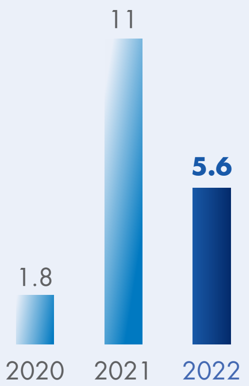
In 2022 the Turkish economy grew by annualized rates of 7.5% and 7.7% respectively in the first and second quarters of the year. The main contributors to first-quarter growth were services and manufacturing, but private consumption also made a strong contribution, particularly in relation to services. Two other components of first half-year growth were an uptick in domestic demand prompted by inflationary expectations and by improvements in net external demand. Growth continued in the third quarter albeit at a much reduced (3.9%) rate but this was in line with markets' expectations. Although private consumption continued to support growth, the contribution made by net exports was lessened by weakening demand in the country's export markets. In the fourth quarter, the slowdown in growth became even more pronounced although the rate still managed to remain at 3.5%. The upshot is that, having grown by 11.4% in 2021, the Turkish economy achieved a better-than-anticipated performance and grew by 5.6% in 2022.

CPI inflation continued to rise all year long as higher exchange rates at home and higher energy and food prices worldwide were reflected in consumer prices. CPI inflation peaked at 85.51% in October and ended the year at 64.27%, its lowest level in any quarter other than the first. Twelve-month D-PPI inflation closed the year at 97.72%–the lowest level since January 2022.

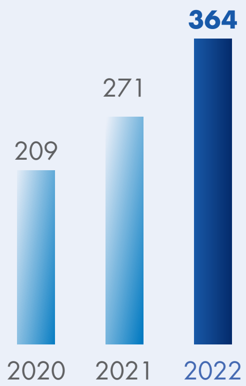
In the first two quarters of 2022, CBRT left its policy rate unchanged at 14%. In August however the bank began lowering lending rates in a bid to support economic growth and especially the country's export trade. In a series of steps that took place in the course of four consecutive Monetary Policy Committee meetings, the central bank policy rate was reduced by 500 basis points to 9%.

In 2022 Turkey's current account deficit grew by about sevenfold to USD 48.8 billion while its net energy imports approximately doubled. CAD expansion was constrained somewhat by a rise in net services, which performed well in response to

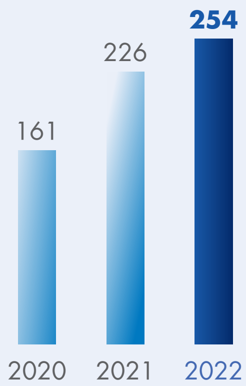
GDP GROWTH RATE – BASED ON CURRENT PRICES (%)



IMPORTS (USD BILLION)



EXPORTS (USD BILLION)



Source: TurkStat, CBRT, Ministry of Treasury and Finance

5.6%

THE TURKISH ECONOMY ACHIEVED A BETTER-THAN-ANTICIPATED PERFORMANCE AND GREW BY 5.6% IN 2022.

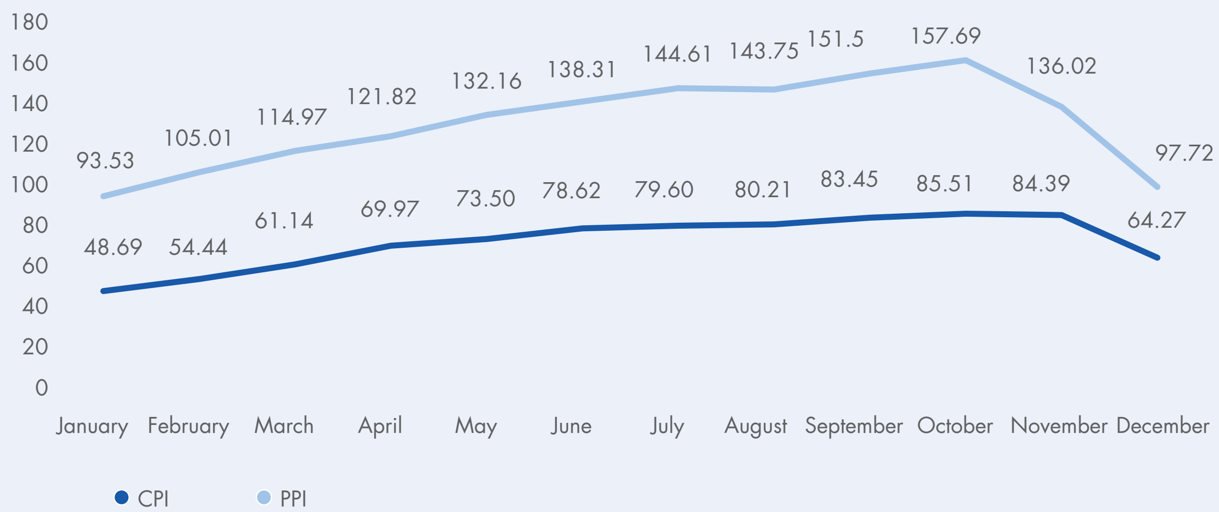
recoveries in the transport and travel items. Turkey's CAD/GDP ratio in 2022 was 5.4%.

The possibility that raw material and energy prices will remain high to geopolitical concerns is seen as posing additional current account deficit risks.

Continued adherence to tight-money policies on the part of the monetary authorities of the world's developed countries suggests that financing Turkey's balance of payments will remain a problematic issue for yet a while.

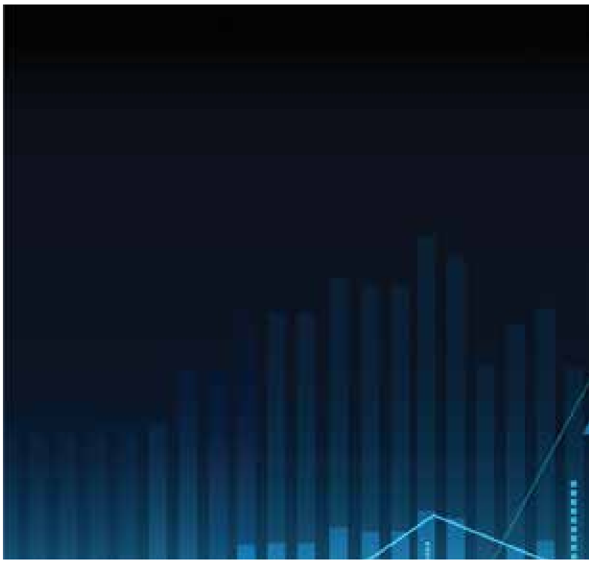
Sources: TurkStat, CBRT, Ministry of Treasury and Finance

INFLATION IN 2022 - ANNUAL CHANGE (YOY) (%)



Turkish Insurance Market

The Turkish insurance industry produced a total of **TL 235 billion in premiums,** nominally 123% more than in 2021.



Steadily increasing inflation and decreasing purchasing power throughout the year, the adverse impact of competition on prices and terms, and uncertainties caused by record-breaking inflation and especially by late-month exchange rate volatilities all exerted tremendous pressure on the Turkish insurance industry's growth and technical profitability in 2022.

According to end-2022 figures published by the Insurance Association of Turkey, the country's insurance industry produced a total of TL 235 billion in premiums, nominally 123% more than in 2021. When the effects of inflation are taken into account, this corresponds to a 36% rate of real year-on growth. In the non-life branches, premium production was up 133% nominally and amounted to TL 204.15 billion. Nominal growth in life insurance premiums was only around 74%. Attributable mainly to a contraction in consumer lending, this weak growth reduced the share of the life branch in the industry's total premium production from 17% in 2021 to 13% in 2022. Owing to the impact of inflation and exchange rate movements on premiums in the Motor vehicle liability and Motor vehicle branches, which together account for the biggest share of non-life premium production, their share of industry's total premium production rose from 83% in 2021 to 87% in 2022.

Motor vehicle liability premiums, which account for the biggest single component of total premium production, increased 147% nominally and 50% in real terms. This likewise was due mainly to the impact of inflation and exchange rate movements on personal-injury and property-loss claims. As a result of such growth, this branch's share of non-life premiums increased from 26.6% in 2021 to 28.2% in 2022 and continued to exert increasingly more pressure on the industry's technical results.

Adjustments had to be made in motor vehicle policy prices in order to keep them in alignment with rises in motor-vehicle and spare-part costs. As a result of these changes, motor vehicle premiums increased by 212% nominally (90% in real terms) year-on and their share of non-life premiums rose from 16% to 22%.

Owing not only to the impact of inflation on medical care costs but also to increased demand for health coverage during the pandemic, private health and complementary health policy premiums continued to grow and were up 130% nominally in 2022. Premium production in the complementary health branch was up 82% in real terms, thus making it possible for health premiums to maintain their 15% share of non-life premiums.

Because their nominal 95% year-on rise lagged behind that of non-life branches as a whole, the share of fire and catastrophe insurance premiums in total non-life premium production shrank from 16% to 13%. In real terms, premium production growth in these two branches was 18.5%. The biggest causes of this relatively slower growth were contractions in commercial risk and compulsory earthquake policy premiums, whose shares of non-life premium production last year were 39% and 13% respectively. In the Fire branch, premium production was up 100% nominally while the share of these policies' premiums in the non-life total increased from 68% to

133%

IN THE NON-LIFE BRANCHES, PREMIUM PRODUCTION WAS UP 133% NOMINALLY AND AMOUNTED TO TL 204.2 BILLION.

70%. The growth in the Fire branch reflects dramatic increases in house prices covered by homeowners insurance, of which fire coverage is one of the components. While the effects of economic and competitive conditions kept the overall increase in commercial risk premiums somewhat ahead of inflation, premiums received on industrial risk policies actually grew by 27% in real terms largely because when these policies are renewed, both their insured values and their premiums are FX-denominated or inflation-indexed in a significant number of instances. The nominal rise in catastrophe insurance premiums was 84% and this branch's share of total premium receipts fell from 32% in 2021 to 30% in 2022. The chief reason for this two percentage-point decline is that when inflation is taken into account, the 43% year-on rise in compulsory earthquake premiums actually corresponds to a 13% contraction in real terms.

96% of all premium production in the General losses branch (Engineering, Agriculture, Theft, and Glass breakage coverage) is generated by engineering and state-subsidized agricultural insurance policies.

Premiums received on engineering policies was up 119% nominally and 42% in real terms while their share of all General losses premiums increased from 42% in 2021 to 46% in 2022. This growth was nourished especially by a more than 150% rise in electronic equipment and construction policy premiums. Machinery breakdown premiums were up by 81% year-on largely because such policies tend to be FX-indexed or denominated; however there was also some improvement in their overall pricing. Despite steadily increasing awareness of Agriculture insurance and the provision of such coverage, this branch's premium production growth lagged behind that of the industry as a whole and was only 86% year-on, with its share of General losses dropping three points from 53% in 2021 to 50% in 2022. The decline is attributable to the host of challenges with which farmers in Turkey are confronted.

Shipping insurance is divided into three subbranches: Hull, Cargo, and Hull liability insurance. Although premium production in the Shipping branch more than doubled (up 109%) in 2022, its contribution to overall non-life premium production was only around 3%. Looking at the individual subbranches, Cargo premiums increased by 108%, consistent with both exchange rate movements and an expansion in trade, while Hull liability premiums grew by a much heftier 169%. Hull premiums were up 107% year-on, chiefly because such policies tend to be FX- denominated but also because of renewed vigor in shipbuilding.

Below-average (85%) year-on growth in General liability premiums reduced their share of non-life premium production from 4% in 2021 to 3% in 2022. Although the General liability branch consists of fourteen subbranches, 95% of the premiums earned in this branch come from just four of them: Third-party financial liability, Employer financial liability, Professional liability, and Product liability.

More than 90% of premium receipts in the Accident branch were earned on Personal accident policies last year. Premium production in the Accident branch increased by 93% nominally, reflecting movements in consumer loans and exchange rates; however as this growth was below the industry average, the branch's

Turkish Insurance Market

SUSTAINABLE PROFITABILITY

OFFERING PROPERLY-PRICED INNOVATIVE PRODUCTS AND FORMS OF COVERAGE THAT ADDRESS POLICYHOLDERS' GENUINE NEEDS THROUGH THE RIGHT CHANNELS WHILE ALSO ADHERING TO ITS FOCUS ON SUSTAINABLE PROFITABILITY WILL BECOME INCREASINGLY MORE IMPORTANT FOR THE INDUSTRY.

share of total non-life premium production slipped to 2%.

Although premiums earned on policies that provide coverage against financial losses such as surety and credit insurance contribute only a very small share of total premium production, they grew by over 40% in 2021. Owing to economic conditions in 2022 however, they were unable to sustain that growth and contracted in real terms.

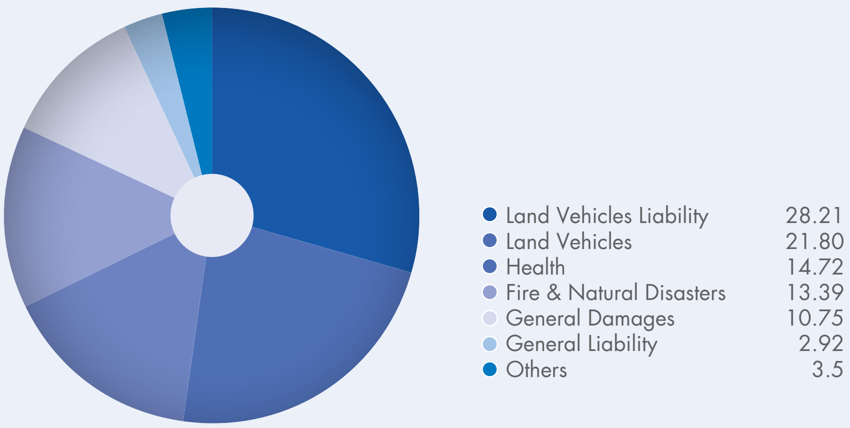
The efforts of private individuals as well as of businesses to protect themselves against losses arising from online threats and data breaches has been nourishing demand for insurance products that provide cybersecurity coverage. Similarly, advances in and increased use of information technology as well as the spread of remote work during the pandemic can likewise be expected to result in increases both in the variety of such products and in the number of insurers offering cybersecurity coverage.

Owing in part to new legal regulations and to the government's increasing focus on alternative financial markets, there has been a shift to participation insurance products in recent years. Premiums earned on participation insurance policies corresponded to 5% of the Turkish insurance industry's total premium production in 2022.

The development of the Turkish insurance industry in the period ahead will most likely be determined primarily by changes in exchange rates, by demand for imports, and by the course of national economic growth. However the need to insure major public-private infrastructure projects, the expansion of the country's Tarsim agriculture insurance pool, and efforts to promote insurance product consumption among businesses of all sizes can be expected to increase the contribution that the Turkish insurance industry makes to the national economy.

Coming up with and offering properly-priced innovative products and forms of coverage that address policyholders' genuine needs through the right channels while also adhering to strategies that focus on sustainable growth and profitability will become increasingly more important for the industry.

NON-LIFE SECTOR PREMIUM PRODUCTION BRANCH DISTRIBUTION (%)

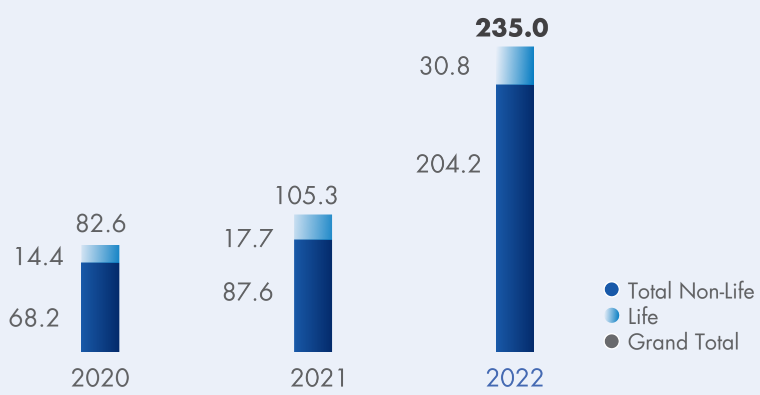


Market Premium (TL)

Branches	2022	Share (%)	2021	Share (%)	Change (%)
Accident	4,711,981,091	2.31	2,443,378,083	2.79	92.85
Health	30,061,294,054	14.72	13,078,386,991	14.93	129.85
Land Vehicles	44,514,428,282	21.80	14,291,889,908	16.32	211.47
Railway Vehicles	-	-	30,962	-	-100
Air Vehicles	635,247,668	0.31	469,039,408	0.54	35.44
Sea Vehicles	2,188,365,682	1.07	1,058,942,244	1.21	106.66
Marine	3,827,153,009	1.87	1,844,392,319	2.11	107.50
Fire & Natural Disasters	27,342,082,776	13.39	14,046,572,235	16.04	94.65
General Damages	21,954,729,978	10.75	11,038,240,939	12.60	98.90
Land Vehicles Liability	57,584,634,954	28.21	23,308,761,216	26.61	147.05
Air Vehicles Liability	904,666,282	0.44	488,973,998	0.56	85.01
Sea Vehicles Liability	237,847,913	0.12	88,526,945	0.10	168.67
General Liability	5,957,537,232	2.92	3,213,054,072	3.67	85.42
Credit	962,384,048	0.47	528,327,801	0.60	82.16
Fidelity Guarantee	349,187,372	0.17	221,493,082	0.25	57.65
Financial Losses	1,761,229,781	0.86	1,154,007,399	1.32	52.62
Legal Protection	720,780,185	0.35	300,224,816	0.34	140.08
Support	439,935,396	0.22	6,028,376	0.01	7197.74
Total Non-life	**204,153,485,703**	**86.87**	**87,580,270,796**	**83.17**	**133.10**
Life	**30,858,314,007**	**13.13**	**17,726,737,287**	**16.83**	**74.08**
Total	**235,011,799,710**	**100.00**	**105,307,008,083**	**100.00**	**123.17**

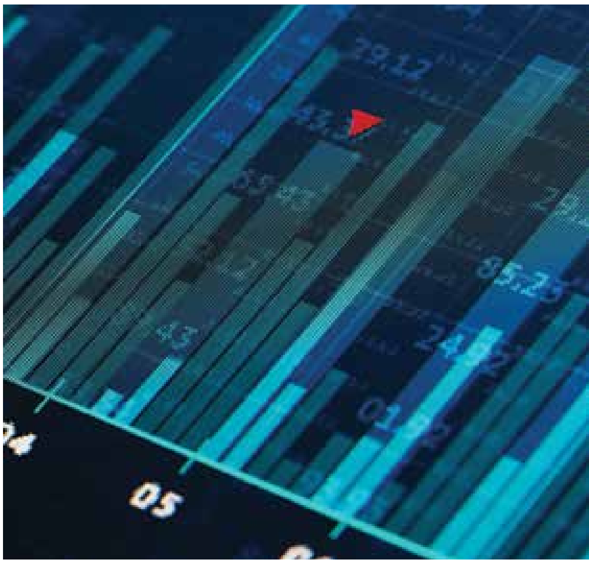
Source: Insurance Association of Turkey

PREMIUM PRODUCTION (TL BILLION)



Turkish Reinsurance Market and Milli Re in 2022

Providing capacity to 25 companies and as the leading provider in the reinsurance treaties of 21 companies, **Milli Re secured a 30% market share of overall premium production.**



Record-breaking insured catastrophic losses in 2022 are put at around USD 100 billion worldwide. USD 50-60 billion of these losses were associated with Hurricane Ian in September and the remainder are mostly attributable to climate-change induced extreme weather events and disasters that occurred throughout the year. Owing to these losses as well as to such factors as unremitting inflationary pressures throughout the world, the serious impact of a contraction in retrocession on reinsurance capacity, steadily worsening political tensions, energy bottlenecks, and spiraling uncertainties about economic problems in many regions including developed countries and their social impact, the process of renewing reinsurance contracts for 2023 has, in many respects gone on record as unlike anything ever witnessed in the history of the world’s reinsurance industry. Reinsurance capacity shortfalls were encountered in nearly every region and branch. Many reinsurers drastically reduced the capacity they were willing to allocate for regions and programs whose scope, capital costs, prices, and terms they deemed to be unsatisfactory; indeed even some pulled out of programs entirely. The trend among reinsurers in recent years to discriminate among customers, programs, and branches in capacity-availability and pricing approaches continued and became even more pronounced in 2023. As a result of protracted quotation processes and the reluctance of many reinsurers to give any quotes at all, reinsurance renewals were delayed, and many programs suffered placement shortfalls. For these reasons, January 2023 renewals were completed much later than usual. Insurers who had filed claims were confronted by serious reinsurance renewal surcharges while minimum (rate-on-line) limits were increased across the board, even for those who had not.

Turkey’s reinsurance market last year suffered especially from a steady erosion in technical margins in programs whose premiums are denominated in Turkish liras in line with practices in our country but whose limits are set in euros and further exacerbated by stiff insurance industry competition and by the increasing occurrence and frequency of claims and by exchange rate movements and inflation as well as from reinsurers’ reluctance to take on risk in the face of the increasingly greater pressure of catastrophe liabilities. With some reinsurers which hitherto had played important roles in placements reducing capacity significantly and others even exiting programs entirely, renewals were delayed. There were also serious problems with placements even though both proportional and non-proportional programs were revised substantially in favor of reinsurers. With great difficulty, insurers eventually covered their placement shortfalls through agreements with their existing reinsurers as well as by having recourse to new ones.

In the conduct of 2023 renewals, changes were made in the coinsurance clauses of proportional Fire and Comprehensive machinery insurance coverage contracts reducing both limits and follower coinsurance capacity ratios in all treaties across the industry in which Milli Re was either the leader or a participant. This was done to ensure the continuity of reinsurance capacity in the face of an ever-more onerous burden of claims, of the increasing share of local capacity and treaty assignments going to major risks, and of deteriorating market conditions in recent years. A stipulation was made

20-50%

REINSURANCE BOUQUET TREATIES WERE VARIOUSLY INCREASED BETWEEN 20% AND 50% DEPENDING ON BRANCH ACROSS THE MARKET

that at least 10% of the maximum retention of Fire treaties (irrespective of insured value) be retained for policyholder groups which are deemed to be risky or which frequently file claims. In addition to these conditions, which applied uniformly to everyone, retention ratios in proportional reinsurance bouquet treaties were variously increased between 20% and 50% depending on branch across the market while plan numbers and capacities were reduced in quite a few treaties taking into account such considerations as portfolio structure, risk profile, and growth trends. Event limits throughout the industry were determined based on such considerations as portfolio structure and the course of and potential growth in catastrophe liabilities. The industry-wide aggregate of all event limits covered by proportional reinsurance contracts, which was somewhat less than in 2022, was constrained by placement worries over the effect of exchange rates on accumulations despite the fact that some companies' risk clusters are euro-based. In the determination of commission charges and other terms, the utmost attention was given to bouquet and associated branch performance. Commissions were reduced by 2-10% in nearly all branches but particularly in the case of Fire, Machinery breakdown, Electronics, and Liability policies. In 2022 stricter exemption terms were introduced in all treaties providing coverage for power plant, power line, and mobile equipment risks, which have significantly proliferated in recent years and have been leading to increasingly bigger and more frequent claims. The performance of these exemptions was tracked throughout the year and they were observed to result in price and term improvements in certain risk groups. In addition to the contagious disease and cyber risk exception clauses whose inclusion in treaties has been the norm since 2021, so-called "LMA 3100 embargo clauses" which exclude coverage for losses that are caused by or arise out of any embargo etc are becoming increasingly more common in treaties. Finally, coverage for political risk and war-related claims has become a significant issue in reinsurance renewals.

Providing capacity to 25 companies making use of proportional reinsurance after their 2023 renewals and as the leading provider in the reinsurance treaties of 21 companies, Milli Re secured a 30% market share of overall premium production that once again made the company the market leader last year.

Most Turkish insurers buying reinsurance coverage last year continued protecting their 2023 risk portfolios by means of surplus proportional "bouquet" treaties. Milli Re participated in the programs of nine of the twelve insurers that make use of excess-of-loss contracts to cover their risk portfolios.

In non-proportional agreements, 2023 catastrophe coverage to be provided for each company was determined by modelling the company's risk cluster and using the results to adjust the amount of coverage so as to reflect the anticipated course of claims and portfolio growth as well as exchange rate movements. In some cases, program structures were optimized taking into account not only the potential impact of exchange rate movements on minimum limits and total coverage but also the program's anticipated costs. In the face of shrinking capacity, reduced reinsurer appetite, and expectations of higher costs, the Turkish insurance industry's catastrophe program minimums for 2023 were generally higher than they had been for 2022. Total accepted coverage was down by as much as

Turkish Reinsurance Market and Milli Re in 2022

56%

FIRE BRANCH HAS THE LARGEST SHARE IN THE BRANCH DISTRIBUTION OF DOMESTIC PREMIUM WITH 56%.

10%, despite retention accumulations which were already high and which were expected to become even higher as the year progressed. While there were some differences from the standpoints of segment and cedant, costs generally increased by 20-50% across the market as a result of their having been risk-adjusted according to what reinsurers considered their minimum price expectations. Although premiums paid to reinsurers were up by about 20% on a nominal basis, the increase in minimum deposit premiums was higher due to a market-wide rise in minimum deposit premium rates. Owing to a number of major reinsurers' reducing capacity or pulling out of the market entirely, non-proportional treaty renewals also got underway later than usual and while there were some problems, the placement process was completed more quickly than was the case with proportional treaties. Milli Re underwrote about 9% of the liability in 2023 catastrophic excess-of-loss reinsurance renewals.

Owing mainly to the performance of Fire, Engineering, and Shipping branch policies, gross premiums earned on newly accepted business in 2022 were up by 100% year-on. Technical losses were incurred in the Fire, Engineering, and Shipping branches owing to the effects of exchange rate movements and high inflation, to excess-of-loss retrocession program costs made higher by higher exchange rates, and to 2021 program adjustment premium accruals as well as to increasingly bigger and more frequent miscellaneous risk loss claims on such policies. Helped however by net transfers from non-technical items, the company showed a technical profit of TL 487.6 million in the conduct of all of its home market business last year.

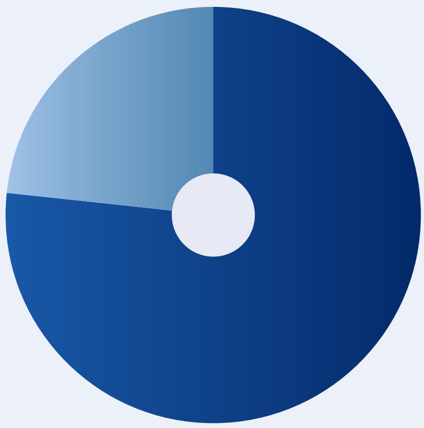
Looking forward to the years ahead, it is thought that reinsurance capacity will increase–but so too will reinsurance prices. These rises will be driven principally by global factors, political developments, changes in Turkey's macroeconomic indicators, and exchange rate movements but also by expectations as to the Turkish insurance industry's overall growth and profitability, to changes in reinsurance coverage prices and terms, and to the course and growth of catastrophe liabilities.

Local Premium by Lines of Business	Share (%)
Fire	56
Engineering	20
Marine	11
General Liability	4
Agriculture	4
Land Vehicles Liability	2
Other*	2
Personal Accident	1
Total	**100**

* Credit, Legal Protection, Air Vehicles, Plate Glass, Theft, Air Vehicles Liability, Fidelity Guarantee

Local Portfolio	2022	2021	2020	2019	2018
Premium (TL)	3,685,784,114	1,843,120,056	1,335,217,811	1,060,777,933	911,044,062
Share in Total Premium (%)	76.7	74.2	73.4	63.9	69.0

PREMIUM (LOCAL PORTFOLIO)
(TL MILLION)



76.7%
SHARE
IN TOTAL
PREMIUM

Global Reinsurance Market and Milli Re

By the end of September 2022, reinsurance capital declined by **17% to USD 560 billion from at the end of the previous year of USD 675 billion.**

Decreasing by around 16% on annual basis, total economic losses from natural catastrophes declined to USD 270 billion in 2022. On the other hand, surpassing USD 100 billion threshold second year in a row, global insured losses remained on a par with previous year and reached USD 120 billion. As was the case in last couple of years, secondary perils continued to drive great portion of the overall losses. With the impact of La Niña conditions, effects of which are exacerbated by climate change, many parts of the world have witnessed extreme weather events such as hailstorms, floods, heatwaves, and droughts. While insurance sector covered approximately 45% of the global economic losses, this underlined once again that the global protection gap remains to be high.

Accounting for approximately 53% of the total economic losses and 74% of the global industry losses; US losses dominated the statistics in 2022. Although 2022 Atlantic hurricane season was near-normal with 14 named storms, of which 8 developed into hurricanes and only 2 made landfall in the US, it still ranked as the third most expensive Atlantic hurricane season on record after 2017 and 2005. While overall losses from 2022 Atlantic hurricane season amounted to USD 110 billion, insured losses are estimated to be around USD 65 billion.

Hurricane Ian, which struck Cuba and Southeastern US in late September, was by far the costliest natural disaster of 2022. Making its landfall in Florida on September 28th as a Category 4 storm with maximum sustained windspeeds of 240 km/h, Ian was also the 5th strongest hurricane ever to hit US mainland. Destroying many houses, businesses with strong winds, floods and storm surges; Hurricane Ian also gave rise to widespread infrastructure damage as it ravaged roads, bridges, and power lines. According to current estimates, the total economic cost of Ian is anticipated to exceed USD 100 billion. Driving nearly half of the global insured losses in 2022, the disaster is expected to lead to a bill of around USD 60 billion for the insurance industry. Based on total insured losses adjusted by inflation, Ian is ranked as the second-costliest natural disaster on record for the industry after Hurricane Katrina in 2005.

Being battered by severe and deadly floods induced by heavy rainfalls in 2021, Europe suffered from record levels of high temperature and extreme drought conditions in 2022. Affecting mainly the western, southern and central parts, two separate heatwaves hit the continent during the months of June and July. While water scarcity faced by many countries like Spain and Italy had adverse effects on crop yield and led to substantial agricultural loss, in some regions, drought induced soil subsidence gave rise to significant property damage as well. Being described as the worst drought Europe experienced in at least 500 years, the disaster caused more than USD 22 billion total economic and USD 3 billion insured loss.

120

GLOBAL INSURED LOSSES REMAINED ON A PAR WITH PREVIOUS YEAR AND REACHED USD 120 BILLION.

Apart from extreme heat and drought, severe hailstorms which struck France from mid-May to July stood out as another major event driving high amount of industry losses in Europe. Giving rise to widespread property damage, according to the French Insurance Federation's estimates, with more than one million claims, the total cost of the numerous hail events was around USD 4.1 billion, making 2022 the costliest year for France insurance industry in terms of hail losses.

Severely impacted by a series of devastating catastrophe events in 2021, Asia witnessed unprecedented natural disasters in 2022 as well. The magnitude 7.3 earthquake which struck the coast of Japan's Fukushima Prefecture on March 16th stood among the most significant and costliest natural disasters impacting the region in 2022. The catastrophe damaged more than 20,000 buildings, triggered power outages in many cities including Tokyo and caused heavy damage to infrastructure, affecting mainly water pipelines and railroads. While the total economic cost of the disaster is estimated to be USD 8.8 billion, around USD 2.8 billion of this amount is expected to be recovered by the insurance industry.

The deadly Pakistan floods, which were triggered by the record-breaking monsoon rains and devastated the country through the summer months had undoubtedly been the most destructive climate-induced disaster of 2022. While over 33 million people were affected from the severe floods, more than 5 million acres of agricultural land had been inundated and around 2.3 million homes were damaged or destroyed across the country. In addition to the agricultural production which is considered as the main driver of Pakistan's economy, other sectors such as livestock, transportation and telecommunication also heavily suffered from the disaster. The flood is anticipated to lead over USD 15 billion total economic loss, however as a consequence of the very low insurance density in the region, the insured losses are expected to be negligible.

Australia was another country which was devastated by severe flooding in 2022. As a result of the unprecedented rainfalls driven by the prevailing La Niña conditions, the states of Queensland and New South Wales battled with record-breaking floods between the dates February 22nd and March 8th. While 2022 marked the wettest year on record for Sydney, the catastrophic flooding, which is considered to be a 1 in 500-year event, was also one of the worst natural disasters ever in country's history. Affecting more than 500,000 people and causing extensive damage to property, agriculture and infrastructure, the total economic cost of the disaster is estimated to be around USD 6.8 billion. With insured losses reaching up to USD 4 billion, 2022

Global Reinsurance Market and Milli Re

50%

RISK-ADJUSTED RETROCESSION CATASTROPHE EXCESS OF LOSS RATES ESCALATED BY AROUND 50% ON AVERAGE AT JANUARY RENEWALS.

Queensland and New South Wales floods were also the costliest natural disaster on record for the Australia insurance industry.

Decreasing by 17%, total of traditional and alternative capital declined to USD 560 billion from 2021 year-end figure of USD 675 billion by the end of September 2022. Although reinsurers reported positive underwriting results in general with the support of favorable rate environment despite the high level of natural catastrophe losses like Hurricane Ian; prevailing financial market conditions such as increasing bond yields and the downward trend in equity markets exerted pressure on investment portfolios. As a result, traditional capital shrunk by USD 112 billion to USD 467 billion during the first nine months of the year. On the other hand, declining by only USD 3 billion, alternative capital was USD 93 billion by the close of the third quarter 2022.

Characterized as the most challenging renewal session witnessed in a decade, especially for the property catastrophe business, January 2023 renewals marked a turning point for the industry in many aspects. With many macroeconomic challenges such as the record levels of high inflation, rising interest rates, striking exchange rate movements introducing great uncertainty to global markets on top of the rising concerns about climate change and heightened frequency and severity of secondary peril losses, reinsurers were persistent on the necessity of significant price corrections. As this led to lengthy negotiations, January 2023 renewals were completed with substantial delays, firm order terms being issued only in late December or even in early January in some cases. For property catastrophe business, risk-adjusted rate increases exceeded 35% on average, which marked the biggest year-on-year increase recorded at January 1st renewals since 1992. With inflationary pressures on sums insured and claim costs, program attachments came under great scrutiny and many buyers had to raise retention levels in order to secure desired levels of limit. Apart from terms, negotiations were mainly shaped around program conditions and many reinsurers insisted on scope of cover clarifications. Moving away from all risk covers, some provided capacity only on named-peril basis; while others opted for introducing exclusions for certain risks, in parallel to their retrocession covers becoming more restricted as well. Moreover, reinsurance capacity continued to be scarce for aggregate and per risk covers, with many programs facing shortfalls on placements or not being renewed at all.

Looking at January 2023 renewals, the changing market dynamics had deeper repercussions for the retrocession market. Although buyers who were early and conveyed their position clearly managed to complete the process in a relatively orderly manner, many players described January 1 renewals as the toughest and the most challenging of the last couple of decades. With the substantial erosion in reinsurer returns and profit margins, coupled with the reduction in alternative capital allocated to retrocession given the trapped collateral amount from Hurricane Ian, retrocession supply was constrained. As it has been the case previously, increases in the cost of retrocession outpaced the upward movements in reinsurance pricing and risk-adjusted

IAN HURRICANE

IAN IS RANKED AS THE COSTLIEST NATURAL DISASTER ON RECORD IN 2022 FOR THE INDUSTRY. ACCORDING TO CURRENT ESTIMATES, THE TOTAL ECONOMIC COST OF IAN IS ANTICIPATED TO EXCEED USD 100 BILLION.

retrocession catastrophe excess of loss rates escalated by around 50% on average at January 1st renewals.

EUROPE

2022 was another active year in Europe in terms of natural catastrophe activity, with large losses mainly driven by record levels of high temperatures and drought conditions prevailing during the summer as well as a series of severe convective storms and historic hail events in France. Although an increase in demand for reinsurance capacity was expected heading into January 2023 renewals primarily driven by double-digit inflation, given the restrained capacity, many buyers had to adapt to changing market conditions and increased retention levels in order to secure total protection required. On the other hand, inflation adjustment of portfolios was a critical point in renewal discussions. While risk-adjusted price increases fluctuated between 20% to 40% even for loss-free cat programs, price adjustments for loss hit programs reached up to 100% in some cases. As far as the property risk programs are concerned, loss-free programs renewed with price uplifts changing between 20% to 30%. On the other hand, similar to cat programs, risk-adjusted price increases for loss impacted programs showed great variation based on loss history and treaty performance.

NORTH AMERICA

With the impact of high inflation, rising interest rates as well as the historically high losses driven by Hurricane Ian, the US market came under great pressure at January 2023 renewals and faced the most challenging renewal season of the last couple of decades.

Given the supply and demand mismatch, many buyers failed to complete program placements, especially for the first layers of both risk and catastrophe excess of loss programs as reinsurers tend to allocate their capacity to higher attaching layers. As a result, many buyers were compelled to retain more by increasing program attachment levels or annual aggregate deductibles. Moreover, in consideration of the high inflation environment and its impact on exposures, many cedants sought to buy extra capacity, which resulted in sharper rises on top layer pricing due to substantially increased baseline rate-on-line requirements as capital protection became a top priority in consideration of the macroeconomic conditions as well as the above average loss activity over the past couple of years. In consequence of market conditions, placing programs with differential terms became more prevalent as buyers preferred securing capacity needed at higher costs over having shortfall in placements.

While risk-adjusted prices for loss affected cat programs hiked between 45% to 100%, for loss free cat programs, upward adjustments remained in the range of 25% to

Global Reinsurance Market and Milli Re

50%. Surpassing increases in cat programme prices, loss-impacted risk program saw upward price movements fluctuating between 35% to 150%. On the other hand, price uplifts for the loss-free risk program remained in the range of 15% to 25%. With respect to pro-rata program, decreases in commissions were common in almost all treaties, although higher for poor performing ones.

ASIA

2022 saw a healthy building up of business momentum across the region. Vaccination rates were high and economies continued to open up enabling face-to-face meetings and more meaningful dialogues for overdue "catch-ups" between insurers, reinsurers and intermediaries.

While continued market hardening was largely expected, few were prepared for the near-perfect storm for a very hard market created by the macroeconomic shocks, geo-political instability and natural catastrophes. Financial markets were roiled by rocketing US interest rate hikes and inflation, international trades were disrupted by the Russian-Ukraine war and the reinsurance industry suffered from significant losses from Hurricane Ian.

The region had a relatively quiet year in terms of natural catastrophes, but the global hard market was clearly felt. There were significant reductions in capacity, particularly in the property class. The loss of capacity stems from reducing appetite and the withdrawal of reinsurers from Lloyd's and company markets. Fortunately, challenging discussions and negotiations were facilitated by the resumption of in-person meetings and the strengths of many long-standing relationships.

In recent years, larger insurers in the region have been gradually increasing retentions. This year, the process has been accelerated by the hard market brought about by increasing reinsurance cost, reducing and more selective reinsurance capacities. Thus, providing for an even more challenging hard market during renewals.

While the Asia Pacific has been spared from large loss events experienced in recent years, notable losses included the Queensland and New South Wales floods that amounted to an insured loss of USD 4 billion. Other less severe insured events included an earthquake in Fukushima, seasonal flooding and droughts in China. Large risk losses in South Korea also added to the already challenging market.

Protection gap is once again highlighted by the disparity between economic and insured losses in major loss events. The seasonal floods in China gave rise to USD 15 billion of losses with an insured loss of only USD 0.4 billion. The economic loss of droughts in China cost USD 7.6 billion but insured losses only amounted to USD 0.2 billion. With the recovering economies in the region, it is hoped that the narrowing of the insurance gap will gain momentum.

MIDDLE EAST AND NORTH AFRICA (MENA)

Economic activity in the Middle East and North Africa (MENA) region is expected to decelerate sharply in 2023 after strong growth in 2022. While the real GDP growth is anticipated to outperform the overall performance of the world economy over the same period, it is expected to fall to about 3.5% in 2023 from an 18-year high of 6.1% in 2022. The 2023 outlook for the region, particularly for the GCC, appears more upbeat in comparison to the rest of the world. This is due to rising non-oil economic activity and oil prices that are predicted to remain between USD 75 and 96 per barrel in 2023. While global inflationary risks remain, inflation in the region is expected to decline because of rising interest rates and slower global growth. In the GCC, inflation is projected to be 2.7% on average in 2023. It is anticipated that the region's different economic situations for oil-exporting and oil-importing nations will persist.

The insurance markets in the MENA region have grown significantly over the last decade. Due to the global economic downturn brought on by lockdown measures as a result of Covid-19 pandemic and decrease in the demand for oil, the growth rate of MENA region's insurance market reduced in 2020. However, the region, but particularly GCC, benefited from the relatively improved economic climate and rising demand for insurance due to both an increase in resident population and new mandatory covers in 2022. During the first nine months of 2022, the listed insurers in the GCC had more than 20% growth in their overall turnover, reaching 23.9 billion USD. The eight firms in the region produced 73% of the top line growth, which mainly resulted from cross-border acquisitions,

50%

IN MENA REGION, THE PRICES OF LOSS FREE NON-PROPORTIONAL PROGRAMS INCREASED BY 5% TO 30% WHILE RATE INCREASES UP TO 50% WERE WITNESSED IN RESPECT OF LOSS HIT PROGRAMS.

strategic alliances, inward business and inorganic growth. However, underwriting performance deteriorated compared to the previous year. Spending on claims and administration increased as a result of increased mobility and greater domestic inflation. Despite interest rate increases, insurers experienced a 4.5% reduction in investment income due to capital market volatility, particularly those in the UAE, Bahrain, Kuwait, and Qatar that have significant holdings in high-risk assets like equities and real estate. In the first nine months of 2022, the net profit decreased by 28.6% to USD 723 million from USD 1.01 billion in third quarter 2021 due to an increase in net combined expenses and lower investment income. The Region's efforts to attract capital continue and concurrently, merger pipeline is still quite active, with several mergers nearing completion and several successful M&A agreements coming to fruition.

The Region's reinsurance market is facing fresh and varying challenges including supply chain disruptions, inflationary pressures and political volatility in some markets. However, the region is not uniform and different economic situations for oil-exporting and oil-importing countries are anticipated to persist throughout the region. Reinsurers operating in the region benefited from hardening market conditions over the past few years and experienced continued price rises due to rising claims inflation, increase in large loss frequency, and improved market discipline. A reviving economy, resource extraction, and plans to boost insurance penetration are all considered as factors supporting the region's potential for growth in reinsurance.

In 2022, a series of natural catastrophes caused millions of dollars worth economic loss in the region but the insured loss has been relatively limited. The heavy rains that caused

Global Reinsurance Market and Milli Re

severe floods across Oman and Iran at the beginning of January 2022 was the most significant natural disaster affecting the region. During January 2023 renewals, due to the increased risk loss activity more treaties and programs were restructured in order to better align interests. Proportional programs saw drastic structural changes, including the reduction and removal of surplus lines and increases in gross retentions. Terms were as expiring for good performing accounts while there were some changes in favor of the reinsurers for poor performing treaties. As far as the non-proportional programs are concerned, there were increases in retention levels coupled with higher prices for even loss-free accounts. There was a contraction in cat capacity as well as a reduction in coverage and scope. The prices of loss free non-proportional programs increased by 5% to 30% while rate increases up to 50% were witnessed in respect of loss hit programs.

INDIA

India's economy demonstrated resilience despite a challenging external environment and compared to most other emerging markets, it is relatively well-positioned to weather global spillovers. However, inevitably there will be some short-term unfavorable effects on India's economy and following a strong recovery from the pandemic-induced slump to 8.7% growth in 2021, it is estimated that real gross domestic product (GDP) growth will slow to 7.0% in 2022 and to 5.4% in 2023.

India is the fourth largest insurance market in Asia and the tenth largest globally in respect of premium production. However, India is a significantly under-penetrated market with only 1% penetration rate, with per capita non-life premium corresponding to meagre USD 22.

India's insurance market, one of the largest and fastest growing in the world, is expected to rank sixth by 2032. It is predicted that the overall insurance premiums will grow on average by 14% annually in nominal local currency terms and 9% per annum in real terms over the next decade. The demand for life insurance in India has surged as a result of Covid-19 pandemic which increased the risk awareness among the population. Regulatory developments and digitalization are also expected to support market growth and by 2032, life insurance premiums is projected to grow by 9% annually, making India the fifth-largest life market worldwide.

India is exposed to a wide range of natural catastrophes such as earthquake, tropical cyclone, flood and wildfire. Many regions of the country are at risk from multiple perils. In 2021, India's natural disaster protection gap was 95%, or USD 2.61 billion, one of the highest in the world and significantly higher than the average for emerging markets. In terms of the effects of climate change, higher temperatures are causing more intense rainfall and a greater risk of drought. By making insurance products more accessible and affordable, innovative re/insurance solutions like parametric or index-based insurance can significantly contribute to closing this protection gap.

In India, a number of regulatory developments are being implemented to boost the insurance penetration, increase capital inflow and facilitate the entry of small, specialized and niche players. The regulator is pushing for reforms to develop India as a reinsurance hub. The government has increased the limit on foreign direct investment in the insurance market to 74% from 49% and the risk-based capital (RBC) requirement is planned to be implemented. The regulator is also periodically suggesting amendments to the current regulatory sandbox that could foster further innovation in the market.

As far as April 2022 renewals are concerned, prices of loss hit non-proportional cat programs increased by 5% to 20% while rate decreases up to 5% were witnessed in respect of loss free programs. The non-proportional cat program limits of companies remained largely the same as in the previous year. On the risk side, the programs saw rate increases up to 20%. GIC Re remained to be the biggest cat capacity provider. Their focus on improving underwriting results was evident in all classes, especially in property treaties, for which higher rate adjustments were applicable. The obligatory cessions to GIC Re have reduced to 4% and buyers dealt differently with the consequent increase in their retention. Improvement in terms for proportional treaties continued but loss participation corridors remained. Buyers managed to obtain modest increases in treaty and event limits.

CENTRAL AND EASTERN EUROPE

The CEE economy is expected to slow down in 2023 as domestic demand will be hampered by still-high inflation, restrictive financing conditions, and decreased savings. Additionally, a less favorable global economic environment is expected to restrain industrial production and exports. Possible energy price swings and geopolitical uncertainty stemming from

6

INDIA'S INSURANCE MARKET, ONE OF THE LARGEST AND FASTEST GROWING IN THE WORLD, IS EXPECTED TO RANK SIXTH BY 2032.

the war in Ukraine cloud the outlook. The CEE region is predicted to have full-year growth that averages 3.8% in 2022 before falling to 3.3% in 2023, supporting stable rating outlooks for the majority of the Region's countries. Regional inflation which was 17.5% in November 2022 is expected to rise as a result of increase in the cost of housing.

Gross written premiums for the CEE region totaled EUR 22.17 billion in the first half of 2022, an increase of nearly 7% year over year. The amount of paid claims also grew, rising 11.5% year on year to EUR 12.64 billion. Except for Poland, all CEE markets had strong growth in many cases at double-digit rates. Romania, which achieved a record growth of 36% year over year, was the leader of the impressive performance in this respect. High growth rates were also observed for the Baltic States and Czechia. Poland, Czechia, Hungary, Romania, Slovenia ranked the top 5 in total GWP terms, as was the case in 2021.

As far as January 2023 renewals are concerned, there were increases in retention levels, additional capacity purchase as well as review of the reinstatement provisions in many of the cat excess of loss programs. On the risk side, most of the programs experienced rate hikes along with the retention increases. Commissions of proportional treaties mostly remained the same, while there was some reduction for those treaties with poor performance. The prices of loss free non-proportional cat programs increased by 10% to 30% while rate increases up to 50% were witnessed in respect of loss hit programs. The prices of loss free non-proportional risk programs increased by 5% to 20% while there were rate uplifts of up to 35% in the loss hit programs.

Global Reinsurance Market and Milli Re

71%

FIRE BRANCH HAS THE LARGEST SHARE OF 71% IN THE DISTRIBUTION OF INTERNATIONAL PREMIUMS BY BRANCH.

International Portfolio 2022 Results

In order to diversify the portfolio in line with its profit-oriented and sustainable growth approach, Milli Re started to play a more active role in international reinsurance markets in 2006. International portfolio of the Company consists of business written from emerging markets, Singapore Branch Office business, Pools (FAIR/ECO/TRP), Turkish Republic of Northern Cyprus business, as well as business accepted from developed markets.

A significant portion of the international portfolio is made up of emerging markets business from countries that fall under the scope of FAIR Reinsurance Pool, which has been managed by Milli Re since its establishment in 1974. Additionally, having started accepting business in 2008, Milli Re Singapore Branch continues to work efficiently in the Far East, a region which represents significant potential.

In 2022, Milli Re maintained its position as a preferred business partner by providing reinsurance capacity to established companies in 27 countries in the emerging markets. Milli Re continue to support its existing business partners within the scope of its overseas activities by prioritizing long term business relationships based on solid foundations and rapidly responding to the changing market conditions, as well as taking the necessary steps to increase profitability with portfolio diversity by acquiring new businesses in line with its risk appetite. Within the framework of the strategy to develop international activities, Milli Re have been underwriting business from developed markets by participating in conventional reinsurance contracts of leading global reinsurers as well as providing capacity to several leading global reinsurers and Lloyd's syndicates since 2007.

Despite the loss of business as a consequence of recent regulations in respect of minimum financial strength requirements coupled with the termination of Russia portfolio in the aftermath of the restrictions and sanctions emerged following the Russia-Ukraine War, premium income of the Emerging Markets Portfolio in 2022 reached TL 679 million owing to long-standing solid relationship with clients, the high-quality service provided coupled with the currency movements.

On the other hand, the premium production of the Developed Markets portfolio exceeded TL 443 million level in 2022 owing to the ongoing depreciation of the Turkish Lira coupled with boosted treaty premiums in consequence of upward trend in prices in line with the disciplined pricing environment in international markets.

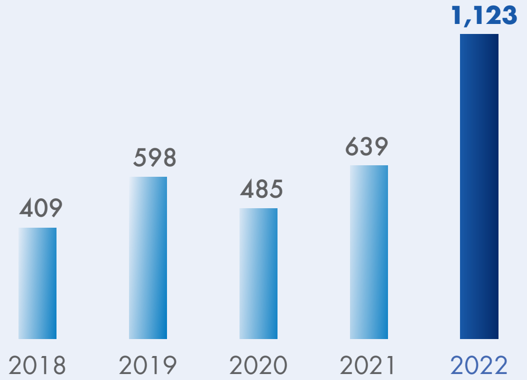
Notwithstanding the growth in premium, an upsurge was observed in respect of the incurred losses as a result of increased frequency and severity of catastrophe losses and the faster development of related claims. However, the international portfolio generated a technical loss of TL 164 million TL in 2022, mainly due to increased outstanding losses and boosted retrocession costs as a consequence of the negative impact of the depreciation of the Turkish Lira.

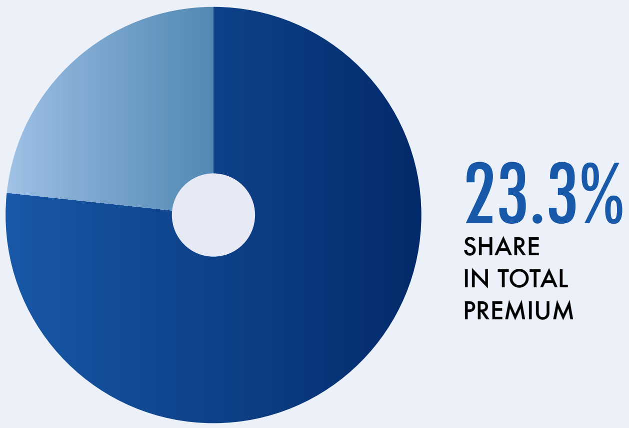
International Premium by Lines of Business	Share (%)
Fire	71
Engineering	8
Marine	7
Agriculture	5
Land Vehicles	3
General Liability	3
Personal Accident	1
Other *	1
Land Vehicles Liability	1
Total	**100**

* Credit, Legal Protection, Air Vehicles, Plate Glass, Theft, Air Vehicles Liability, Fidelity Guarantee

International Portfolio	2022	2021	2020	2019	2018
Premium (TL)	1,122,645,923	639,485,009	485,057,495	598,041,992	409,133,471
Share in Total Premium (%)	23.3	25.8	26.6	36.1	31.0

PREMIUM (INTERNATIONAL PORTFOLIO)
(TL MILLION)





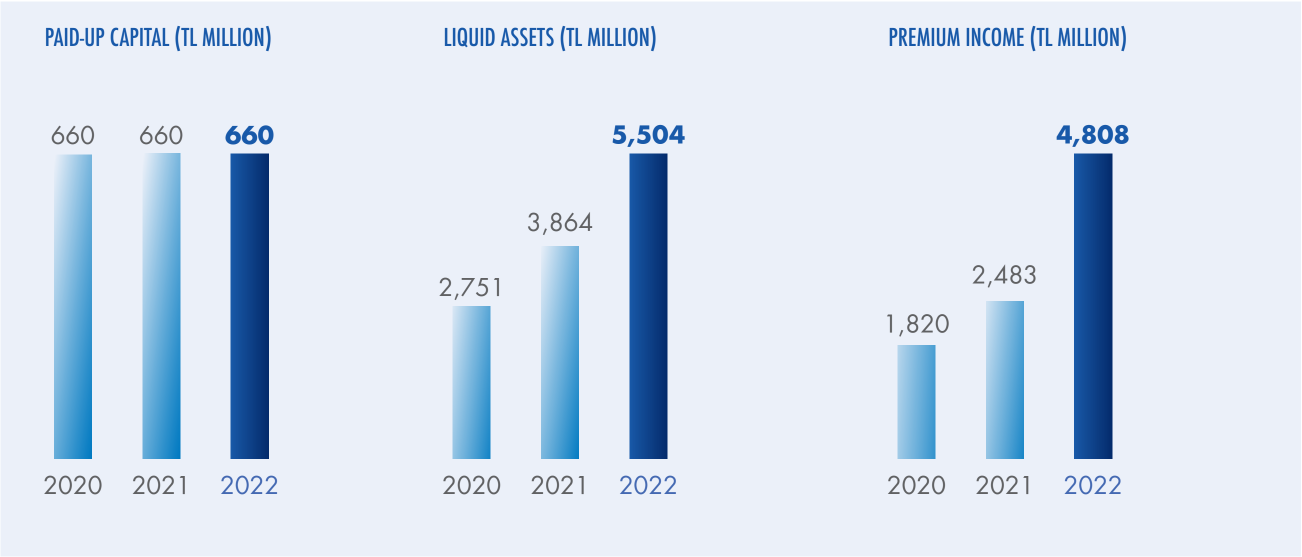
Financial Strength, Profitability and Solvency

Milli Re's premium production increased by 94% compared to last year and the Company booked **a net profit of TL 889 million in 2022**.

Milli Re's premium production reached TL 4,808 million increasing by 94%, while paid losses amounted to approximately TL 2,424 million. The Company booked a net profit of TL 889 million in 2022.

Company's Liquid Assets correspond to 44% of Total Assets. Owing to its strong and balanced maturity distribution of invested assets, Milli Re fulfilled all of its legal and commercial obligations in 2022.

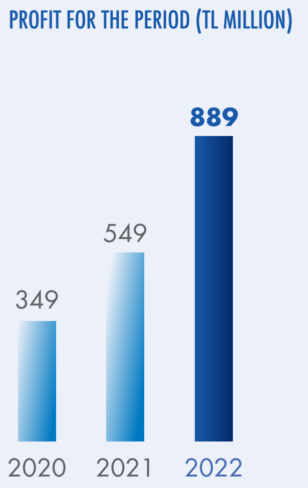
Details on technical results are presented in the "2022 Technical Results" section.

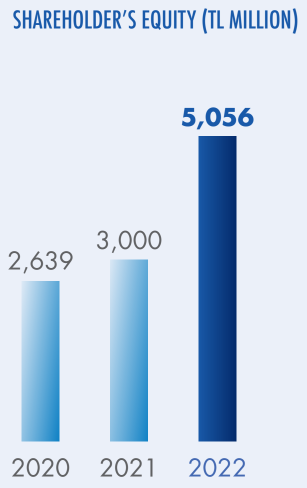


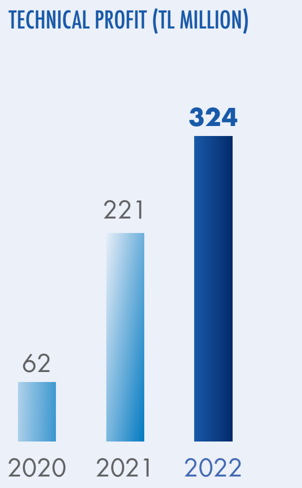
TL 5,056 million

IN 2022, THE COMPANY'S SHAREHOLDERS' EQUITY AMOUNTED TO TL 5,056 MILLION.

Financial Results (TL million)	2022	2021	Change (%)
Total Assets	12,400	7,183	72.63
Shareholders' Equity	5,056	3,000	68.53
Technical Income	5,879	3,011	95.25
Technical Profit/Loss	324	221	46.61
Financial Income	3,067	1,354	126.51
Financial Profit/Loss	565	328	72.26
Profit/Loss for the Period	889	549	61.93







Key Financial Indicators

ASSETS (TL)	2022	2021	2020
Cash and Cash Equivalents	1,690,343,554	1,940,023,286	1,592,117,064
Securities	3,813,962,169	1,924,014,791	1,158,954,397
Financial Assets	2,765,317,808	1,483,357,768	1,387,229,861
Fixed Assets	2,449,885,390	829,787,832	673,646,023
Total Assets	12,400,448,277	7,183,128,434	5,506,298,142
LIABILITIES			
Technical Provisions	6,707,251,046	3,834,193,983	2,684,224,103
Shareholders' Equity	5,055,935,662	3,000,422,620	2,638,633,525
Total Liabilities	12,400,448,277	7,183,128,434	5,506,298,142
INCOME AND EXPENSE ITEMS			
Technical Income	5,879,124,268	3,010,504,337	1,974,445,716
Technical Expenses	(5,555,504,882)	(2,789,350,223)	(1,911,969,994)
Technical Profit/Loss	323,619,386	221,154,114	62,475,722
Financial Income	3,067,317,755	1,353,558,990	685,087,147
Financial Expenses	(2,251,785,865)	(865,902,058)	(368,475,610)
General Expenses	(250,531,510)	(30,947,807)	(1,457,582)
Profit for the Period Tax and Other Legal Liability Provisions	0	(128,897,591)	(29,030,769)
Financial Profit/Loss	565,000,380	327,811,534	286,123,186
Profit/Loss for the Period	888,619,766	548,965,648	348,598,908

Key Ratios (%)	2022	2021	2020
1, Capital Adequacy Ratios			
Gross Premiums/Shareholders' Equity	119	88	76
Shareholders' Equity/Total Assets	32	39	43
Shareholders' Equity/Net Technical Provisions	60	74	89
2, Asset Quality and Liquidity Ratios			
Liquid Assets/Total Assets	44	54	50
Liquidity Ratio	131	157	161
Current Ratio	101	119	124
Premium and Reinsurance Receivables/Total Assets	8	9	8
3, Operational Ratios			
Retention Ratio	85	87	87
Paid Claims/Paid Claims+Outstanding Claims	37	37	38
4, Profitability Ratios			
Gross			
Loss Ratio	114	95	76
Expense Ratio	21	25	27
Combined Ratio	135	120	103
Net			
Loss Ratio	135	108	86
Expense Ratio	25	28	31
Combined Ratio	160	136	117
Profit Before Tax/Gross Written Premiums	18	27	21
Gross Financial Profit/ Gross Written Premiums	12	18	17
Technical Profit/Gross Written Premiums	6	9	4
Profit Before Tax/Average Total Assets	7	9	7
Profit Before Tax/Average Shareholders' Equity (Excluding Profit)	27	29	18

Key Figures	2022	2021	2020	2019	2018
Gross Premiums	4,808,430,037	2,482,605,065	1,820,275,306	1,658,819,927	1,320,177,533
Technical Division Balance	323,619,386	221,154,114	62,475,722	85,063,787	100,660,204
Investment Income	3,067,317,755	1,353,558,990	685,087,147	661,184,678	644,537,098
Investment Expenses	(2,251,785,865)	(865,902,058)	(368,475,610)	(403,360,732)	(425,812,893)
Other Income and Expenses	(250,531,510)	(30,947,807)	(1,457,582)	6,850,022	(13,488,014)
Gross Profit/Loss for the Period	888,619,766	677,863,239	377,629,677	349,737,755	305,896,395
Taxation	0	(128,897,591)	(29,030,769)	(37,227,141)	(27,682,983)
Profit/Loss for the Period	888,619,766	548,965,648	348,598,908	312,510,614	278,213,412
Shareholders' Equity	5,055,935,662	3,000,422,620	2,638,633,525	2,135,840,889	1,736,300,262
Total Assets	12,400,448,277	7,183,128,434	5,506,298,142	4,531,965,239	3,378,241,986

Company Capital

Company's capital adequacy is calculated in accordance with the principles set out in the "Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 29454 dated 23 August 2015. According to the calculation based on the principles specified by the Regulation,

The calculation for 2022 yields a positive result of TL 3,481 million.

The Company has sufficient shareholders' equity to cover liabilities that might result from its existing and potential risks.

Capital Adequacy (TL million)	2022	2021	2020*
Required Capital	1,689	980	719
Available Capital	5,170	2,955	2,532
Capital Adequacy Result	3,481	1,975	1,813

*2020 was restated according to the "Circular (2021/2) on Reinsurance Companies Satisfying Fiscal and Technical Criteria". Hence, it differs from Note 4.2 Financial Risk Management under Footnotes to the Consolidated and Unconsolidated Financial Statements as at year end 31 December 2020.

2022 Technical Results

Milli Re's premium income increased by 76.40% on a year-on-year basis and reached TL 4,808,430,037 in 2022, Paid claims increased by 76.40% and were recorded as TL 2,423,531,546 as at the end of 2022,

Premium Production (TL)

Line of Business	2022	2021	2020
Accident	47,687,465	46,776,240	30,010,309
Health	3,245,708	1,198,030	7,369,444
Land Vehicles	31,994,927	22,322,647	27,526,323
Railway Vehicles	-	-	-
Air Vehicles	2,176,982	3,307,551	1,108,216
Sea Vehicles	221,972,203	94,523,683	66,963,918
Marine	250,395,505	110,160,704	71,603,752
Fire & Natural Disasters	2,828,343,792	1,439,290,622	1,005,205,113
General Damages	1,087,398,142	590,314,680	461,653,743
Land Vehicles Liability	97,854,623	55,566,973	46,154,678
Air Vehicles Liability	-	-	-
Sea Vehicles Liability	-	-	-
General Liability	184,780,270	101,210,901	62,590,682
Credit	2,164,239	1,785,171	836,401
Fidelity Guarantee	4,914,541	2,424,829	1,546,349
Financial Losses	33,740,140	13,130,835	4,364,980
Legal Protection	719,895	433,977	426,945
Total Non-life	**4,797,388,432**	**2,482,446,843**	**1,787,360,853**
Life	**11,041,605**	**158,222**	**32,914,453**
Total	**4,808,430,037**	**2,482,605,065**	**1,820,275,306**

2022 Premium Production

Geographical Breakdown	TL	%
Turkey	**3,685,784,114**	**77**
Asia	**564,256,913**	**11**
Asia	407,719,484	8
Middle East	156,537,429	3
Others (incl, America)	**201,075,308**	**4**
Worldwide	**183,910,867**	**4**
Europe	**145,265,575**	**3**
Central&Eastern Europe	82,260,961	2
Western Europe	63,004,614	1
Africa	**28,137,260**	**1**
		100

2022 Technical Results

In 2022, Milli Re generated TL 323.6 million profit on its technical operations despite the negative impact of increased claim costs due to depreciation of the Turkish lira against foreign currencies, with the contribution of the augmented premium income, currency difference and evaluation income that grew because of currency movements, and transfers from the nontechnical division.

Technical Profitability (TL)

Line of Business	2022	2021	2020
Accident	38,912,914	26,184,601	16,685,999
Health	(71,841)	3,435,187	18,907,237
Land Vehicles	5,059,176	680,947	1,675,359
Railway Vehicles	-	-	-
Air Vehicles	(3,549,376)	5,719,487	937,843
Sea Vehicles	(59,494,441)	18,439,783	(9,088,680)
Marine	190,151,565	58,355,638	23,772,585
Fire & Natural Disasters	206,951,272	476,855,109	229,434,666
General Damages	(156,759,270)	(258,848,290)	(88,032,362)
Land Vehicles Liability	1,713,313	(59,808,604)	(31,938,298)
Air Vehicles Liability	-	-	-
Sea Vehicles Liability	(535,632)	(34,808)	(85,492)
General Liability	173,161,743	(25,506,958)	(59,302,976)
Credit	2,128,338	2,282,662	(426,313)
Fidelity Guarantee	(18,232,592)	(3,890,694)	(740,583)
Financial Losses	(62,919,981)	(19,838,432)	(42,944,706)
Legal Protection	1,011,608	530,878	479,235
Total Non-life	**317,526,796**	**224,556,506**	**59,333,514**
Life	**6,092,590**	**(3,402,392)**	**3,142,208**
Total	**323,619,386**	**221,154,114**	**62,475,722**

2022 Financial Results

The Company's financial investments are made in accordance with the Asset Investment Guidelines formulated under the provisions of the "Regulation Amending the Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" published in the Official Gazette issue 27877 dated 17 March 2011.

The Company prefers to invest in liquid instruments with high yield and minimum risk, while part of the portfolio is managed by İş Portföy Yönetimi A.Ş. (İş Asset Management). The Company's financial results are presented in detail below.

Investment Income

The investment portfolio is mainly comprised of FC securities and TL time deposits. In the current year, the highest amount of return was obtained from FC securities and TL time deposits due to the predominant effect of the increase in exchange rates. Compared to the previous year, the main factor affecting the increase in "income from financial investments" was the increase in redemption income from TL securities.

In the current period, there was an increase in "gains on liquidation of financial investments" due to the increase in mutual fund sales income as well as the sales of TL denominated government bonds.

The "valuation of financial investments" item increased due to the valuation of mutual funds and TL and FC securities despite the decline in the valuation of time deposits.

Due to the appreciation of USD and Euro against TL, income from FC-denominated Treasury and private sector Euro bonds, FC mutual funds and FC deposit accounts contributed to the total investment portfolio return. As a result of the fluctuations in foreign exchange rates in the current year, a foreign exchange gain of TL 407,982,385 was recorded.

In the current period, income from Anadolu Hayat Emeklilik A.Ş. increased by TL 86,193,768 and income from Anadolu Anonim Türk Sigorta Şirketi increased by TL 341,217,123 as a result of the equity method of accounting of the Company's associates and subsidiaries.

The increase in the value of the Company's investment properties amounting to TL 1,100 million as a result of the appraisal studies mainly contributed to the growth in "income from land, land improvements and buildings". In the prior period, lesser value increases were recorded.

In the current year, the conversion of USD denominated time deposits into "currency-protected deposits" and the recognition of this investment instrument as a derivative product had a significant impact on the balance in "income from derivative instruments".

(TL)	2022	2021	Change (%)
Investment Income	**3,067,317,755**	**1,353,558,990**	**126.61**
Income from Financial Assets	459,394,897	395,751,183	16.08
Income from Disposal of Financial Assets	115,496,788	38,571,294	199.44
Valuation of Financial Assets	147,115,807	34,046,169	332.11
Foreign Exchange Gains	407,982,385	423,659,936	(3.70)
Income from Subsidiaries	173,412,281	87,218,513	98.83
Income from Subsidiaries and Joint Ventures	598,440,531	257,964,520	131.99
Income from Property Plant and Equipment	1,137,381,257	116,346,333	877.58
Income from Derivative Transactions	25,351,060		+
Other Investments	2,742,749	1,042	263,119.67

2022 Financial Results

Investment Expenses

Due to the higher realization of technical provisions and investment income compared to the previous period, there has been an increase in investment income transferred from the non-technical segment to the technical segment.

As a result of the fluctuations in foreign exchange rates in the current period, foreign exchange loss amounting to TL 17,582,999 was recorded.

(TL)	2022	2021	Change (%)
Investment Expenses	**(2,251,785,865)**	**(865,902,058)**	**160.05**
Investment Management Expenses – (Incl. Interest)	(303,487)	(53,257)	469.85
Loss from Disposal of Financial Assets	(196,394)	(498,511)	(60.60)
Investment Income Transferred to Non-life Technical Account	(2,170,788,002)	(795,304,266)	172.95
Losses from Derivatives	(7,060,875)	-	-
Foreign Exchange Losses	(17,582,999)	(23,195,899)	(24.20)
Depreciation and Amortization Expenses	(24,330,753)	(19,469,027)	24.97
Other Investment Expenses	(31,523,355)	(27,381,098)	15.13

Income and Expenses From Other and Extraordinary Operations

The increase in the value of the Company's properties held for investment resulted in a "deferred tax liability expense" and the increase in the provision for pension fund deficits had a negative impact on the "reserve account". Accordingly, there was an increase in the amount of loss recognized in " income and expenses from other and extraordinary operations" item.

(TL)	2022	2021	Change (%)
Income and Expenses From Other and Extraordinary Operations	**(250,531,510)**	**(30,947,807)**	**709.53**
Provisions	(150,438,548)	(62,599,328)	140.32
Rediscounts	(9,520,269)	(1,091,600)	772.14
Deferred Taxation (Deferred Tax Assets)	-	23,899,257	-
Deferred Tax Liability Expense	(103,908,015)		-
Other Income	13,516,934	8,945,526	51.10
Other Expenses and Losses	(181,612)	(101,662)	78.64

Gross Profit/Loss for the Period

In the current period, there was no balance in the corporate tax liability provision and other legal liabilities items due to the Tax Procedure Law loss.

As a result, the Company's net profit for the year 2022 amounted to TL 888,619,766.

(TL)	2022	2021	Change (%)
Gross Profit/Loss for the Period	**888,619,766**	**548,965,648**	**61.87**
Profit/Loss for the Period	888,619,766	677,863,239	31.09
Profit for the Period Tax and Other Legal Liability Provisions	0	(128,897,591)	-

General Assembly Agenda

MİLLÎ REASÜRANS T.A.Ş.

AGENDA FOR THE GENERAL ASSEMBLY HELD on 28 MARCH 2023

1. Opening and formation of the Presiding Board,

2. Reading and discussion of the 2023 Activity Report drawn up by the Board of Directors,

3. Reading of the Statutory Auditors' report,

4. Reading, discussion and approval of the Company's Financial Statements for 2022,

5. Declaration of the Board of Directors,

6. Determination of the manner and date of distribution of profit of 2022,

7. Election for the seats on the Board of Directors,

8. Determination of Statutory Auditor,

9. Determination of the remuneration to be paid to the members of the Board of Directors,

10. Authorizing the Board of Directors to perform the transactions set out in Articles 395 and 396 of the Turkish Commercial Code.

Board of Directors Report

We respectfully submit for the consideration and approval of the Milli Re General Assembly of Shareholders our company's 94th fiscal-year balance sheet, income statement, distributable-profits statement, changes in equity statement, and cashflow statement for 2022, all of which have been prepared in accordance with principles and rules mandated by the Ministry of Treasury and Finance.

High inflation and tighter financial conditions in many countries, Russia's war on Ukraine, and a resurgence of Covid-19 infections in China, as well as other challenges continued to cloud the global economic outlook all year long in 2022. With inflation taking off and reaching levels not witnessed in decades, most countries' monetary authorities tightened monetary policy while households, already hit by the stream of pandemic-related financial support drying up, saw their buying power further reduced. The upshot is that the global economy lost a great deal more momentum than had been expected.

While the Russia-Ukraine war disrupted regional supply chains, higher energy prices also pushed up producers' input costs. Even though the economic fallout from the pandemic had begun to recede in most countries, renewed outbreaks in China continued to hamper its national economy.

Drawing attention particularly to both issues in its January 2023 World Economic Outlook update, the IMF revised its projections downward saying that global economic growth, which it estimated to be 3.4% overall in 2022, would most likely drop to 2.9% in 2023 and then recover slightly to 3.1% in 2024.

Many international actors predict that the current uncertain environment will continue to affect the entire world in the years ahead. Furthermore, they also express concern that the multidimensional nature of the challenges may reduce the chances of global cooperation on issues such as sustainability, the environment, climate change, and supply security.

Despite the global economic outlook however, which had looked likely to recover after the pandemic but then deteriorated due to geopolitical risks and high inflation, growth in the Turkish economy remained on course.

Disruptions in regional supply chains that began in late February 2022 with Russia's invasion of Ukraine had worldwide implications insofar as both countries are major global suppliers of raw materials and agricultural products. Although rising global raw material and energy prices posed risks for producers in Turkey, their impact on the Turkish economy's growth performance turned out to be limited: despite them, the country's GDP still managed to grow by 5.6% in 2022.

Credit Guarantee Fund financing resources provided to exporters and to the tourism industry as part of the new "Türkiye Economy Model" (TEM) which the government introduced mainly to shore up macroeconomic and financial stability were decisive in achieving this growth performance. While TEM's anti-inflationary measures did help moderate their steady rise somewhat, as of end-2022 consumer prices were still 64.27% higher than what they were at the beginning of the year.

Rampant high inflation, increasing political tensions, worsening energy bottlenecks, and proliferating economic problems as well as the worldwide social impact of all of these issues fueled ever greater concerns as to the uncertainty of future expectations.

Turning now to the global reinsurance market, total economic losses attributable to natural disasters amounted to USD 270 billion or 16% less than in 2021. Although insured catastrophic losses once again topped the USD 100 million mark, at USD 120 billion they were still pretty close to their previous-year level. Consistent with what has been an ongoing trend for several years now, these losses were largely associated with the secondary effects of natural disasters; however there was a significant worldwide uptick in severe weather events such as hail, floods, drought, and extreme weather attributable to prevailing La Niña conditions. That insured losses resulting from natural disasters corresponded to only 45% of all the associated global economic loss indicates that very much of our world is still either underinsured or not insured at all.

Despite some truly spectacular catastrophic losses caused by extreme weather events such as Hurricane Ian last year, reinsurers registered technically profitable results thanks in part to better pricing and to tighter terms and conditions. However, owing to such factors as largely reduced financial earnings and unrealized investment losses, the reinsurance industry's total capital (including its alternative capital) contracted from USD 675 billion to USD 560 billion in the nine months to end-September 2022.

According to figures published by the Insurance Association of Turkey, the Turkish insurance industry's premium production amounted to TL 235 billion in 2022. On a nominal basis, this corresponds to a year-on increase of 123.2%. This growth corresponds to a real increase of 36% when the inflation factor is taken into account.

Of these premiums, 86.9% (TL 204.2 billion) were earned in non-life branches, which were up by 133.1% on a nominal basis and amounted to TL 204.2 billion. Inflation and exchange rate movements contributed significantly to the growth in premiums, particularly in the motor vehicle liability and motor vehicle branches. While nominal growth in life-policy premiums was 74% year-on, their share of the industry's total premium production shrank from 17% in 2021 to 13% in 2022, paralleling a contraction in the volume of banks' retail lending.

While very strong nominal rises in premium production were registered in nearly every non-life branch in 2022, the greatest increases took place in the two branches that together also account for the biggest share of premium insurers' receipts: motor vehicle liability (up 147%) and motor vehicle (up 212%).

Looking ahead…

In recent years there has been a growing demand for new types of insurance products that address newly emerging needs as well as for more traditional ones. For example, the increased use of technology and recourse to remote work during the pandemic has led to an increasingly greater demand for cyber insurance products. The need of non-business as well as of business users to protect themselves against losses arising from online threats and data breaches can likewise be expected to result in increases both in the variety of such products and in the number of insurers offering cybersecurity coverage.

Owing in part to new legal regulations and to the government's increasing focus on alternative financial markets, there has also been a shift to takaful insurance products in recent years. Premiums earned on participation insurance policies corresponded to 5% of the Turkish insurance industry's total premium production in 2022.

In any event, developments in inflation, exchange rate movements, and changes in the growth dynamics of the country's economy will play an important role in determining the direction of the insurance industry in the period ahead. New legal and regulatory framework changes–particularly those that help the sector keep pace with and adapt to innovations in digital technology–will accelerate the industry's development and impart additional momentum to its growth.

Coming up with and offering properly priced innovative products and forms of coverage that address policyholders' needs through the right channels while also adhering to strategies that focus on sustainable growth and profitability will become increasingly more important for insurance companies.

The worldwide contraction in capacity available for 2022 renewals that was attributable to a steadily increasing reluctance among insurers to provide coverage for catastrophic risks manifested itself much more in Turkish insurers' 2023 renewals owing to increasing occurrence and frequency of secondary catastrophic losses and to increases in costs and catastrophe liabilities fueled by exchange rate movements and inflation. In the uncommonly belated January 2023 renewals, insurers who had filed claims were confronted by serious reinsurance renewal surcharges while minimum limits were increased across the board, even for those who had not. Collateral requirements were also made much more stringent.

Most Turkish insurance companies continued protecting their 2023 risk portfolios by means of surplus proportional bouquet treaties. Providing capacity to 25 companies making use of proportional reinsurance after their 2023 renewals and as the leading provider in the reinsurance treaties of 21 companies, Milli Re secured a 30% market share of overall premium production. Milli Re also participated in the programs of nine of the twelve companies that make use of excess-of-loss contracts to cover their risk portfolios.

Supported by its robust capital structure, its deep technical knowledge and experience of the Turkish market, and longstanding tradition of delivering international-standard service quality, Milli Re will continue to stand by its business partners as a supplier of effective reinsurance solutions. At end-2022, the company's paid-in capital amounted to TL 660 million; its total assets and total equity were worth TL 12,400 million and TL 5,056 million respectively. During the previous twelve-month period, it had booked TL 4,808 million in premiums of which 76.7% were earned on home-market business and the remaining 23.3% on cross-border policies.

In closing, we are deeply grateful to all our stakeholders for their contributions towards our company's continued and consistently successful performance in 2022.

The Board of Directors

Dividend Distribution Policy

Maintaining a balance between the Company's interests, shareholders' expectations and the Company's profitability are the main factors taken into consideration in relation to dividend distribution.

Dividend distribution principles that are determined within the framework of the applicable legislation and the Company's Articles of Association are presented below:

Profit distribution of the Company is decided by the General Assembly of Shareholders based on the proposal set forth by the Board of Directors in view of the provisions of the Turkish Commercial Code and other applicable legislation governing the Company.

The Company's net profit consists of the revenues generated up until the end of an accounting period less general expenses, depreciation, all reserves deemed necessary, taxes and similar legal and financial obligations, along with previous years' losses, if any.

Net profit, which is calculated as mentioned above, is allocated and distributed in the order written below:

a) An amount equal to 5% of the net annual profit is set aside as general legal reserves every year until such reserves reach 20% of the paid-up capital.

b) Once the legal limit is reached, the amounts stipulated by Article 519/2 (a) and (b) of the Turkish Commercial Code are added to the general legal reserves.

c) A first dividend equal to 10% of the remaining net profit is distributed to shareholders.

d) In the event that the Company has repurchased its own shares, reserves equal to the amount that would cover the acquisition costs will be set aside pursuant to Article 520 of the Turkish Commercial Code.

e) A natural disaster and catastrophe fund may be set aside from the remaining amount, if deemed necessary, of amounts to be determined upon the proposal set forth by the Board of Directors and based on the resolution passed by the General Assembly.

f) From the balance that remains after setting aside the legal reserves, first dividends, other reserves and funds mentioned above from the net profit, a proportion up to 3% is paid out to employees, provided that the amount does not exceed three times' the recipients' salaries.

g) From the amount remaining after the above-mentioned allocations and distributions, without prejudice to the provisions of the applicable legislation, a second dividend is paid to shareholders upon the proposal set forth by the Board of Directors and based on the resolution passed by the General Assembly.

h) In pursuance with the provision of Article 519/2 (c) of the Turkish Commercial Code, 10% of the total amount to be distributed to those who will receive a share of the profit will be added to legal reserves.

i) The balance will be utilized in a form and manner to be determined by the General Assembly.

Provisions of Article 519/3 of the Turkish Commercial Code are reserved.

Unless and until the reserves that are legally required to be set aside and the first dividends determined for shareholders in the Articles of Association are set aside, no decision may be taken to set aside further reserves, to carry forward profit to the following year or to distribute any share of the profit to the employees.

The distribution of the cash dividend must be realized no later than by the end of the second month following the date of the Annual General Assembly in which the profit distribution decision was passed. The distribution of a dividend in the form of dematerialized shares is carried out upon receipt of legal permissions.

Dividend Distribution Proposal

(TL)	Note	Audited Current Period December 31, 2022(*)	Audited Prior Period December 31, 2021
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT (*)		**879,498,268**	**682,320,051**
1.2. TAX AND FUNDS PAYABLE	35	**-**	**(128,897,591)**
1.2.1. Corporate Income Tax (Income Tax)	35	-	(128,897,591)
1.2.2. Income tax deduction		**-**	-
1.2.3. Other taxes and Duties		-	**-**
A NET PROFIT (1.1 – 1.2)		**879,498,268**	**553,422,460**
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		(43,974,913)	(27,671,123)
1.5. STATUTORY FUND (-) (***)		(835,523,355)	(58,196,850)
B NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		**-**	**467,554,487**
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	**(46,755,449)**
1.6.1. Holders of shares		-	(46,755,449)
1.6.2. Holders of Preferred shares		-	-
1.1.3. Holders of Redeemed shares		-	-
1.1.4. Holders of Participation Bond		-	-
1.1.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	**(4,456,812)**
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	**-**
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	**(1,244,551)**
1.9.1. Holders of shares		-	(1,244,551)
1.9.2. Holders of Preferred shares		-	-
1.9.3. Holders of Redeemed shares		-	-
1.9.4. Holders of Participation Bond		-	-
1.9.5. Holders of Profit and Loss sharing certificate		-	-
1.10. SECOND LEGAL RESERVE (-)		-	**(1,945,681)**
1.11. STATUTORY RESERVES (-)		-	**-**
1.12. EXTRAORDINARY RESERVES		-	**-**
1.13. OTHER RESERVES		-	**-**
1.14. SPECIAL FUNDS (**)		-	**(33,809,969)**
II. DISTRIBUTION OF RESERVES		-	-
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of shares		-	-
2.3.2 Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4 Holders of Participation Bond		-	-
2.3.5 Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. HOLDERS OF SHARES		-	553,422,460
3.2. HOLDERS OF SHARES (%)		-	83.8519
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. HOLDERS OF SHARES		-	48,000,000
4.2. HOLDERS OF SHARES (%)		-	7.2727
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) Since the profit distribution proposal for the year 2022 has not prepared by the Board of Directors, profit distribution table has not been filled yet,
(**) Within the framework of the provisions of Article 325 / A of the Tax Procedure Code and Article 10 of the Corporate Tax Code, TL 38,123,053 of the fund has been allocated for the purchase of participation shares in the venture capital investment fund,
(***) The positive difference that may arise due to the changes in the calculation method in accordance with circular No, 2022/27 regarding the provision of ongoing risks and the arrangements made by the company actuary to ensure the elimination of the misleading effect cannot be used for profit distribution without the approval of the institution,

06

RISKS AND ASSESSMENT OF THE GOVERNING BODY

Risk Management	86
Assessment of Capital Adequacy	90
Transactions Carried out with Milli Re's Risk Group	91
External Service Procurement	91
The Annual Reports of the Parent Company in the Group of Companies	92

Risk Management Practices

Given the risk-focused nature of insurance business, insurance and reinsurance companies establish risk management systems and processes and systematically monitor risk exposure as a part of their primary activities. Therefore, our Company has been implementing risk management techniques for many years; development of these techniques has gained even greater importance due to the adverse developments in the Turkish and global financial markets during the recent years, as well as the disasters that have occurred.

The aim of the risk management system is to define the risks arising from Company's activities, to determine related limits, to measure, monitor, control the risks effectively, to take necessary measures and to do the necessary reporting to the Board of Directors and related authorities, as well as to protect Milli Re's reputation and to ensure that liabilities to insurance companies are fulfilled completely and in a timely manner.

The "Risk Catalogue", which aims to form a common terminology within the Company and in which possible risks are classified and defined by examples, is updated in accordance with changing conditions and approved by the Board of Directors. Moreover, the measurement methods of the risks that the Company is/may be exposed to, risk tolerance, duties and responsibilities related to risk measurement, risk limits, determination methods of these limits, action plans in case of limit violations, authorizations and responsibilities related to limits, and situations that necessitate approval and confirmation are detailed in the "Application Principles in Respect of Risk Limits", which is approved by the Board of Directors and updated in accordance with changing conditions.

The duties and responsibilities of the Risk Management Department are as follows:

- To determine, define, measure, monitor and control risks,
- To determine the risk management policies predicated on risk management strategies and to submit them to the Board of Directors,
- To declare risk management principles, procedures and policies throughout the Company,
- To provide the implementation of risk management policies and compliance with them,
- To develop risk management techniques and methods, to ensure that risks are within determined limits and to monitor limit violations, if any,
- To carry out reporting and announcement activities to the Board of Directors and related authorities in respect of risk management,
- To control capital adequacy calculations performed according to the related legislation,
- To carry out the processes in respect of disaster management,
- To establish and operate early warning systems that monitor risk and take timely measures,
- To evaluate new products, operation and planned activities in terms of compliance with the legislation and the risks involved.

Basic Risks and Measurement Methods

Risks that the Company is and/or may be exposed to are classified under two headings: financial and non-financial risks. Definitions of basic risks and their assessment methods are stated below.

Financial Risks

Underwriting Risk

This risk arises from the inaccurate and inefficient application of reinsurance techniques in the process of making profit by underwriting and retrocession activities.

When measuring underwriting risk, assessment of compliance with predetermined underwriting limits and principles and compliance of Company's retention and reinsurance protection limits with the criteria set out in the "Application Principles in Respect of Risk Limits" is conducted.

Company's capital structure, market conditions, underwriting limits in respect of the lines of business which will be subject to retrocession contracts, risk profiles, loss experience, accumulation that may occur in the event of a catastrophe risk, regional event limits, and modelled loss amounts, if applicable, are taken into consideration during arrangement of retrocession contracts which are prepared in order to cover the liabilities arising from underwritten business..

Credit Risk

This risk expresses the probability of loss arising from the full or partial default of the counterparties (security issuers, insurance/reinsurance companies, other debtors) with which the Company has a business relationship.

Credit risk is measured by both quantitative and qualitative methods. The key criteria in the selection of reinsurers, participating in the retrocession contracts arranged for covering Company's liabilities arising from business acceptances in various lines of business, is the credit ratings of reinsurers. On the other hand, the payment performances and financial conditions of counterparties are also taken into account.

In order to assess the concentration risk arising from the transfer of the risk to one or several specific reinsurers, premiums ceded to reinsurers are taken as a base and reinsurers' conditions such as being licensed in Turkey, being in the group and meeting the criteria set by the relevant authority regarding credit risk rating are taken into consideration. Premium transfers that exceed the limits stated by the Ministry of Treasury and Finance are considered as concentration and are included in the capital adequacy calculation by being multiplied by risk factors defined by the said authority.

Moreover, doubtful receivables, distribution of the Company's investment portfolio in terms of counterparties, and the ratings of bond issuers of private bonds that are in the portfolio, are monitored quarterly in accordance with the principles defined in Company's Investment Policy.

Asset-Liability Management Risk

This risk expresses the potential loss that may arise from the inefficient and inaccurate management of Company assets without considering the characteristics of the Company's liabilities and optimizing the risk-return balance.

This risk, which is measured by quantitative methods, includes all other financial risks of the Company with the exception of underwriting and credit risk. The components of the risk are described below:

a) Market Risk

This risk expresses the probability of loss because of the interest rate risk, rate of exchange risk and equity position risk occurring in the financial position of the Company due to the interest, rate of exchange, equity, commodity and option price changes arising from the volatilities in financial markets.

When determining market risk exposure of the Company, Value at Risk (VaR) method, which measures the maximum loss that may occur at a definite confidence level in value of investment portfolio held for a definite time period, due to volatilities in risk factors is used. VaR is calculated by using the "Historical Simulation Method" where different scenarios are created by taking into consideration the historical data. Calculations are based on 250 working days, 99% confidence level and 1 day holding period.

In addition to the daily calculated VaR, following tests are applied:

- Backtesting
- Stress Tests
- Scenario Analysis

These tests are used to support the VaR method in calculating the loss in portfolio value due to unexpected and extraordinary circumstances and intend to test the accuracy of the measurement results and monitor the sensitivity of the portfolio to changes in the basic risk factors by creating different scenarios.

Market risk limits are set out in "Application Principles in Respect of Risk Limits", while limits and application principles in respect of investment portfolio are set out in "Derivatives Policy", "Macro Asset Investment Policy", "Investment Policy" and "Alternative Investment Plan" of the relevant year. Mentioned limits are checked regularly.

b) Structural Interest Rate Risk

This risk expresses the negative impact on balance sheet assets and liabilities which are not subject to trading, due to possible changes in interest rates.

Receivables from reinsurance operations and payables arising from reinsurance operations are discounted by using LIBOR or EURIBOR rates in respect of related currencies and maturities and these figures go into the financial statements, accordingly they are subject to structural interest rate risk. Upward and downward shocks are applied to LIBOR and EURIBOR rates that are used in discounting process every three months and possible changes in values of receivables and payables are calculated.

c) Liquidity Risk

This risk denotes the imbalance between the Company's cash outflows and inflows in terms of maturity and volume.

This risk is measured using quantitative methods, and any liquidity deficit is observed via maturity analysis of assets and liabilities in the balance sheet. Moreover, level of liquid assets covering liabilities is monitored by using the liquidity ratio and assessed within the defined limit.

Risk Management Practices

d) Capital Investment Risk

This risk expresses the loss that may arise in the value of capital investments or dividend income due to general market conditions, legislative amendments and/or to the problems in managerial or financial structure of the invested companies.

Market values of the equities followed-up under financial assets held for trading account are evaluated on the basis of Borsa İstanbul (BİST) data, whereas available-for-sale financial assets are evaluated according to their fair values. Subsidiaries and affiliates are evaluated according to equity method.

e) Real Estate Investment Risk

This risk expresses the negative impact on assets which are sensitive to real estate prices, due to adverse movements or excessive volatilities in real estate prices or the sale of the real estates under actual value.

Real Estate Investment Risk is monitored in accordance with valuation reports which are to be prepared in accordance with the related provisions of the legislation and taking into consideration the Company's requirements and investment policies. Besides, by applying a defined downward stress on the expertise values, loss amount that may arise in the value of real estates and shareholders' equity is monitored.

Non-Financial Risks

Operational Environment Risk

This risk is defined as the risk of negative impact of external factors (political, economic, pandemic-related, demographic etc.) of the Company's operating environment, on the operational ability of the Company.

Qualitative methods are used to measure this risk. The underwriting portfolio is monitored on country basis to see if there are any business acceptances from countries that are defined as "unapproved" due to political or economic conditions and also credit ratings of countries, generating the highest share of estimated premium income in respect of developing market acceptances are analyzed.

Strategy Risk

This risk arises due to the inefficient managerial and organizational structure of the Company, inability of the management to determine and/or develop effective strategies or non-disclosure and/or lack of implementation of these strategies, erroneous business decisions, and improper application of decisions or noncompliance with the changing market dynamics.

Qualitative methods are used to measure the level of this risk. On the basis of "Self-Assessment Methodology", "Questionnaire" and/or "Interview" methods are used to determine the impact and probability level of the risk as "High", "Acceptable" or "Low".

Model Risk

This risk expresses the probability of loss that may occur if the models that the Company uses within risk measurement processes are inappropriately designed or not properly implemented.

In measurement and assessment process of Model Risk, "Questionnaire" and/or "Interview" methods are used on the basis of "Self-Assessment Methodology", to determine the impact and probability level of the risk as "High", "Acceptable" or "Low".

Operational Risk

This risk expresses the probable losses arising from inappropriate or inoperative business processes, human errors, technological or infrastructural interruptions, changes in management or processes, inaccurate internal/external reporting or external factors occurring while Company conducts its vital functions necessary for the continuation of business, and inability to secure low cost and high efficiency as a result of business interruption due to disasters.

Qualitative and quantitative methods are used together in measuring the operational risk. Factor Based Standard Approach is applied as a quantitative method. In this method, the required capital for operational risks is calculated by multiplying gross technical provisions and gross earned premiums by the factors in respect of the relevant lines of business.

"Self-Assessment Methodology", which allows determination of the risks related to activities conducted with the involvement of staff performing such activities, is applied as a qualitative method for operational risk. The level of the operational risk that the Company is exposed to is subsequently classified as "High", "Acceptable" or "Low" depending on the result of the assessments.

Reputation Risk

This risk can be defined as the probable loss due to loss of confidence of the Company or damage to the "Company Reputation" resulting from failures in operations or noncompliance with current regulations.

Qualitative methods are used to measure the level of the risk. On the basis of "Self-Assessment Methodology", "Questionnaire" and/or "Interview" methods are used to determine the impact and probability levels of the risk as "High", "Acceptable" or "Low".

Information Technologies Risk

This risk expresses the probable losses arising in Information Technology (IT) processes, assets and resources that constitute the entire hardware, applications and communication channels used in operations, due to internal and external problems occurring in operations and processes such as strategy management, cost management, human resources management, risk management, incident and problem management, information security, back up process, procurement process, supplier selection and assessment, user identification and access management, critical resources management, data security, integrity and availability, acquisition and modification of software and hardware, test and version management, service quality and continuity, business continuity, disaster and configuration management, environmental and physical factors management.

Risks related to Company's information technologies are measured and assessed in accordance with the provisions stated in Information Technology Risk Management Application Principles, based on internationally accepted practices.

On the other hand, Disaster Management process, defined with the purpose of governing and monitoring sub-risks in relation to Business Continuity and IT Continuity, is carried out in accordance with the provisions of related legislation. An internal training is organized, and a test study is performed annually within the context of Disaster Management. In this regard, for Company's business processes and information systems, including the Singapore Branch of the Company, this year's exercise was carried out by providing remote access to applications and systems in Disaster Server Centre located outside of Istanbul via a secure network connection. In addition, Suadiye Miltaş Sports Facilities, which is the disaster recovery location of the Company, was visited and the equipment there was tested. According to the results of this study, all applications and systems specified in the Disaster Recovery Plan, data and documents required by business units for critical business processes were accessible in conformity with recovery point objectives, and data entries were completed successfully. In addition, the data restore test has also been carried out successfully.

All findings obtained as a result of measurement of the above-mentioned risks, analyses and assessments in respect of these findings are regularly reported by Risk Management Department to the Board of Directors, as well as to Subsidiaries Division of İşbank.

If the impact and probability levels of the risks are found "High", the Board of Directors determines an action plan regarding the necessary actions.

Assessment of Capital Adequacy

The Company's capital adequacy is measured according to the provisions of "Regulation in Respect of Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies", which was published by the Ministry of Treasury and Finance and assessments regarding the results are submitted to the Board of Directors and Subsidiaries Division of İşbank via the "Risk Assessment Report".

The factor-based method, used according to the aforementioned regulation, determines the amount of capital required for each type of risk, and thus allows the calculation of the total required capital.

Transactions Carried out with Milli Re's Risk Group

Being a member of İşbank Group, Milli Re carries out its relations with its risk group on an arm's length basis.

Relations with group companies are concentrated mostly in reinsurance, banking, portfolio management, information technologies services and risk management.

Risk management activities are carried out in compliance with Consolidated Risk Policies of the risk group. Possible risks and findings obtained as a result of measurement are regularly monitored through reporting systems set up within the group.

Detailed information on the Company's transactions with its risk group is presented in the notes to the Financial Statements.

External Service Procurement

Support service	Service provided by	Duration of service
Maintenance and support for the accounting module	SAP Türkiye	01.01.2023-31.12.2023
Maintenance and support for the reinsurance module (including the claims tracking module)	DXC Teknoloji	01.04.2020-31.03.2025
Support for payroll management and provision of identity data for staff	SAP Türkiye	01.01.2023-31.12.2023
Support for the personnel leave management and correspondence management	SOFTTECH	01.01.2023-31.12.2023
Support received for the calculation of technical provisions, pricing, establishment of an economic capital model and capital adequacy studies in the field of actuary.	PREFUS Danışmanlık A.Ş.	01.01.2023-31.12.2023
Legal consultancy received in long lasting disputes and international arbitration files in order to form additional opinion on high-amount claims files and controversial issues	Paksoy Ortak Avukat Bürosu	01.01.2023-31.12.2023
Database service	"Data Market Bilgi Hizmetleri A.Ş. Metod IT Academy"	01.01.2023-31.12.2023

The Annual Reports of the Parent Company in the Group of Companies

a- The Parent Company Milli Re holds shares representing 57.31% of the capital of Anadolu Anonim Türk Sigorta Şirketi directly, and 1% and 12.46% of the capital of Anadolu Hayat ve Emeklilik A.Ş. directly and indirectly, respectively.

b- Enterprises that belong to the Group do not have a share in the capital of the Parent Company Milli Re.

c- The Company's Consolidated and Unconsolidated Internal Audit and Risk Management Policies are formulated within the frame of the relevant consolidated policies of the group of companies to which the Company is affiliated and covers the Company's subsidiaries subject to consolidation on a line-by-line basis. These are based on the operating principles of Türkiye İş Bankası A.Ş.

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

Millî Reasürans Türk Anonim Şirketi

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

Independent Auditor's Report

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

To the General Assembly of Millî Reasürans Türk Anonim Şirketi

A) Report on the Audit of the Unconsolidated Financial Statements

1) Opinion

We have audited the unconsolidated financial statements of Millî Reasürans Türk Anonim Şirketi (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2022, and its unconsolidated financial performance, its unconsolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the 1 in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

We draw your attention to footnote 1.10, which explains that efforts to measure the impact of the earthquake, which affected many of our provinces in the southeastern part of Turkey, on the Company's operations and financial performance. Our opinion is not modified with respect to that matter.

Independent Auditor's Report

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

4) Key Audit Matters

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

Key audit matter	*How our audit addressed the key audit matter*
Incurred But Not Reported Outstanding Claims Reserve	
As of December 31, 2022, the Company has insurance liabilities of TL 6.707.251.046 representing 54% of the Company's total liabilities. The Company has reflected a net provision of TL 4.044.442.924 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net negative amount of TL 171.605.014) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17. The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's unconsolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.	We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.

Independent Auditor's Report

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

Valuation of investment properties and properties for own use and significant information disclosed	
As explained in note 2, 6 and 7, the Company recognizes investment properties and properties for own use at their fair values, after initial recognition. As of December 31, 2022, fair value amount of the investment properties and properties for own use disclosed in the unconsolidated financial statements amounts to TL 1.650.131.000 and TL 744.475.000 respectively, as determined by independent appraisal firms and details of the valuation have been disclosed in note 2, 6 and 7. Due to the fact that investment properties and properties for own use are a significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of properties as a key audit matter.	We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 6 and 7. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents. Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved internal valuation experts in our audit procedures. Due to the high level of judgment in the valuation of investment property and properties for own use and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated 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 unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

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

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

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

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

Fatih Polat, SMMM
Partner

February 28, 2023
Istanbul, Turkey

Millî Reasürans Türk Anonim Şirketi

Convenience Translation of The Company's Representation on The Unconsolidated Financial Statement Prepared as of December 31, 2022

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

Istanbul,

February 28, 2023

Şule SOYLU Assistant General Manager	Ozlem CIVAN Assistant General Manager	Fikret Utku Özdemir General Manager	Ertan TAN Actuary Registration No: 21

Contents

CONTENTS	PAGE:
UNCONSOLIDATED BALANCE SHEET	100-104
UNCONSOLIDATED STATEMENT OF INCOME	105-107
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	108
UNCONSOLIDATED STATEMENT OF CASH FLOWS	110
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION	111
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS	112-172
NOTE 1 General information	112
NOTE 2. Summary of significant accounting policies	114
NOTE 3 Significant Accounting Estimates and Requirements	133
NOTE 4 Management of insurance and financial risk	134
NOTE 5 Segment Information	145
NOTE 6 Tangible assets	145
NOTE 7 Investment properties	146
NOTE 8 Intangible assets	147
NOTE 9 Investments in associates	148
NOTE 10 Reinsurance assets and liabilities	149
NOTE 11 Financial assets	149
NOTE 12 Loans and receivables	152
NOTE 13 Derivative financial assets	153
NOTE 14 Cash and cash equivalents	153
NOTE 15 Equity	154
NOTE 16 Other reserves and equity component of discretionary participation	156
NOTE 17 Insurance contract liabilities and reinsurance assets	156
NOTE 18 Investment contract liabilities	159
NOTE 19 Trade and other payables and deferred income	160
NOTE 20 Financial liabilities	160
NOTE 21 Deferred tax	161
NOTE 22 Retirement benefit obligations	161
NOTE 23 Other liabilities and expense accruals	163
NOTE 24 Net insurance premium revenue	163
NOTE 25 Fee revenue	163
NOTE 26 Investment income	163
NOTE 27 Net income accrual on financial assets	163
NOTE 28 Asset held at fair value through profit or loss	163
NOTE 29 Insurance rights and claims	164
NOTE 30 Investment contract benefits	164
NOTE 31 Other expenses	164
NOTE 32 Operating expenses	164
NOTE 33 Employee benefit expenses	165
NOTE 34 Financial costs	165
NOTE 35 Income Taxes	165
NOTE 36 Net foreign exchange gains	165
NOTE 37 Earnings per share	166
NOTE 38 Dividends per share	166
NOTE 39 Cash generated from operations	166
NOTE 40 Convertible bonds	167
NOTE 41 Redeemable preference shares	167
NOTE 42 Risks	167
NOTE 43 Commitments	167
NOTE 44 Business combinations	167
NOTE 45 Related party transactions	168
NOTE 46 Subsequent events	171
NOTE 47 Other	171

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

ASSETS			
I- Current Assets	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Cash and Cash Equivalents	4.2,14	1.690.343.554	1.940.023.286
1- Cash	4.2,14	42.425	21.528
2- Cheques Received	4.2,14	-	-
3- Banks	4.2,14	1.690.301.129	1.940.001.758
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11	3.813.962.169	1.924.014.791
1- Financial Assets Available for Sale	11	2.821.184.794	1.686.966.206
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	999.731.915	244.003.125
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders		-	-
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11	(6.954.540)	(6.954.540)
C- Receivables From Main Operations	4.2,12	811.580.762	514.613.495
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	504.391.933	316.410.641
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	4.2,12	307.188.829	198.202.854
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations		-	-
10- Provisions for Doubtful Receivables From Main Operations (-)		-	-
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	4.2,12	12.828.915	1.908.875
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,12	11.762.043	885.596
4- Other Receivables	4.2,12	1.066.872	1.023.279
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables	4.2,12	705.142	1.061.329
7- Provisions for Other Doubtful Receivables (-)	4.2,12	(705.142)	(1.061.329)
F- Prepaid Expenses and Income Accruals		619.990.838	343.164.854
1- Deferred Commission Expenses	17	540.362.676	281.625.876
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2	43.874.686	20.728.018
4- Other Prepaid Expenses	4.2	35.753.476	40.810.960
G- Other Current Assets		23.843.169	5.324.804
1- Inventories		166.642	107.777
2- Prepaid Taxes and Funds	12, 19	13.673.790	-
3- Deferred Tax Assets		-	-
4- Job Advances	4.2,12	5.207.469	3.037.253
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		4.795.268	2.179.774
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		6.972.549.407	4.729.050.105

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Receivables From Main Operations		211.913.101	125.776.087
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	108.746.186	42.780.881
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	4.2,12	103.166.915	82.995.206
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	78.486.484	63.257.777
10-Provision for Doubtful Receivables from Main Operations	4.2,12	(78.486.484)	(63.257.777)
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	4.2,9	2.765.317.808	1.483.357.768
1- Investments In Associates		-	-
2- Affiliates	4.2,9	431.889.372	234.810.535
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries	4.2,9	2.333.428.436	1.248.547.233
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets	6	2.425.018.939	799.046.167
1- Investment Properties	6,7	1.650.131.000	549.896.000
2- Diminution in Value for Investment Properties (-)		-	-
3- Building for own use	6	744.475.000	234.955.000
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	29.953.528	12.573.415
6- Vehicles	6	3.360.121	3.234.751
7- Other Tangible Assets (Including Leasehold Improvements)		-	-
8- Leased Tangible Fixed Assets	6	9.441.382	6.637.769
9- Accumulated Depreciation (-)	6	(23.786.977)	(14.174.798)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		11.444.885	5.924.030
F- Intangible Fixed Assets	8	24.866.451	30.741.665
1- Rights	8	56.102.890	49.916.464
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(47.345.521)	(31.644.076)
8- Advances Regarding Intangible Assets	8	16.109.082	12.469.277
G- Prepaid Expenses and Income Accruals		782.571	20.493
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses		782.571	20.493
H- Other Non-current Assets		-	15.136.149
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets		-	15.136.149
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		5.427.898.870	2.454.078.329
TOTAL ASSETS		12.400.448.277	7.183.128.434

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

LIABILITIES

III- Short-Term Liabilities	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Borrowings	20	30.126	3.234.894
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long-Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	20	30.126	3.234.894
B- Payables From Main Operations	4.2,19	115.476.899	96.743.152
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	4.2,19	114.466.447	95.699.106
3- Cash Deposited by Insurance & Reinsurance Companies	4.2,19	1.010.452	1.044.046
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties	4.2,19	419.272	156.141
1- Due to Shareholders	45	156.859	140.984
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties	45	262.413	15.157
D- Other Payables	19	13.057.845	3.616.330
1- Deposits and Guarantees Received	19	-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables	19,4.2	13.057.845	3.616.330
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	6.301.850.313	3.588.338.932
1- Unearned Premiums Reserve - Net	17	2.244.243.203	1.163.683.910
2- Unexpired Risk Reserves - Net	17	13.164.186	155.845.717
3- Mathematical Reserves - Net	17	-	-
4- Outstanding Claims Reserve - Net	4.2,17	4.044.442.924	2.268.809.305
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions	4.2,19	6.317.060	81.489.082
1- Taxes and Dues Payable	19	5.951.043	3.838.323
2- Social Security Premiums Payable	19	366.017	221.967
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	-	128.897.591
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	-	(51.468.799)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23	-	-
H- Deferred Income and Expense Accruals	19	26.927.997	14.791.526
1- Deferred Commission Income	10,19	9.482.897	4.098.066
2- Expense Accruals	19	17.174.294	10.493.032
3- Other Deferred Income	19	270.806	200.428
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities		-	-
III - Total Short-Term Liabilities		6.464.079.512	3.788.370.057

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

LIABILITIES

IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Borrowings		96.133	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		96.133	-
B- Payables From Main Operations		41.806.032	30.490.157
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	4.2,19	41.784.665	30.490.157
3- Cash Deposited by Insurance & Reinsurance Companies		21.367	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
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- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	405.400.733	245.855.051
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17	405.400.733	245.855.051
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	4.2,23	265.815.978	117.990.549
1- Provision for Employment Termination Benefits	4.2,23	30.548.796	14.992.038
2- Provisions for Employee Pension Fund Deficits	4.2,22,23	235.267.182	102.998.511
H- Deferred Income and Expense Accruals	19	-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities	21	167.314.226	-
1- Deferred Tax Liability	21	167.314.226	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		880.433.102	394.335.757

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

EQUITY

V- Equity	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Paid in Capital		**660.000.000**	**660.000.000**
1- (Nominal) Capital	2.13,15	660.000.000	660.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves	15	**798.036.576**	**287.282.906**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	33.799.814	24.729.869
4- Translation Reserves	15	86.654.441	41.999.609
5- Other Capital Reserves	15	677.582.321	220.553.428
C- Profit Reserves		**2.341.617.117**	**1.234.068.677**
1- Legal Reserves	15	261.812.474	226.709.388
2- Statutory Reserves	15	122.747.456	83.112.202
3- Extraordinary Reserves	15	1.055.949.776	823.206.149
4- Special Funds (Reserves)	15	117.937.781	57.074.903
5- Revaluation of Financial Assets	11,15	775.959.399	28.018.182
6- Other Profit Reserves	15	7.210.231	15.947.853
D- Previous Years' Profits		**367.662.204**	**270.105.389**
1- Previous Years' Profits		367.662.204	270.105.389
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period	15	**888.619.766**	**548.965.648**
1- Net Profit of the Period		879.498.268	548.965.648
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution		9.121.498	-
Total Shareholders' Equity		**5.055.935.663**	**3.000.422.620**
Total Liabilities and Shareholders' Equity		**12.400.448.277**	**7.183.128.434**

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

I-TECHNICAL SECTION	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Non-Life Technical Income		5.867.841.386	2.995.336.407
1- Earned Premiums (Net of Reinsurer Share)		3.161.130.332	1.688.972.013
1.1 - Written Premiums (Net of Reinsurer Share)	17	4.098.323.549	2.150.468.672
1.1.1 - Gross Written Premiums (+)	17	4.797.388.432	2.482.446.843
1.1.2 - Ceded Premiums to Reinsurers (-)	10,17	(699.064.883)	(331.978.171)
1.1.3 - Ceded Premiums to SSI (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(1.078.926.225)	(354.747.859)
1.2.1 - Unearned Premiums Reserve (-)	17	(1.102.638.264)	(362.241.930)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	23.712.039	7.494.071
1.2.3 - SSI of Unearned Premiums Reserve (+)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	141.733.008	(106.748.800)
1.3.1 - Unexpired Risks Reserve (-)	29	143.435.696	(108.606.301)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	29	(1.702.688)	1.857.501
2- Investment Income Transferred from Non-Technical Part		2.170.788.001	795.304.266
3- Other Technical Income (Net of Reinsurer Share)		535.923.053	511.060.128
3.1 - Gross Other Technical Income (+)		535.923.053	511.060.094
3.2 - Reinsurance Share of Other Technical Income (-)		-	34
4- Accrued Subrogation and Salvage Income (+)		-	-
B- Non-Life Technical Expense (-)		(5.550.314.590)	(2.770.779.902)
1- Total Claims (Net of Reinsurer Share)		(4.097.375.967)	(1.938.012.839)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(2.311.827.218)	(1.305.915.455)
1.1.1 - Gross Claims Paid (-)	17	(2.413.858.082)	(1.361.902.748)
1.1.2 - Reinsurance Share of Claims Paid (+)	10,17	102.030.864	55.987.293
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(1.785.548.749)	(632.097.384)
1.2.1 - Outstanding Claims Reserve (-)	17	(1.807.124.190)	(661.685.464)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	21.575.441	29.588.080
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(159.444.329)	(61.176.976)
4- Operating Expenses (-)	32	(1.293.494.294)	(771.590.087)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.- Other Technical Expenses (-)		-	-
6.1.- Gross Other Technical Expenses (-)		-	-
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non-Life Technical Net Profit (A-B)		317.526.796	224.556.505
D- Life Technical Income		11.282.882	15.167.930
1- Earned Premiums (Net of Reinsurer Share)		8.078.559	11.229.108
1.1 - Written Premiums (Net of Reinsurer Share)	17	8.763.104	1.177.078
1.1.1 - Gross Written Premiums (+)	17	11.041.605	158.222
1.1.2 - Ceded Premiums to Reinsurers (-)	10,17	(2.278.501)	1.018.856
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(1.633.068)	11.000.553
1.2.1- Unearned Premium Reserves (-)	17	(3.586.478)	14.976.201
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	10,17	1.953.410	(3.975.648)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		948.523	(948.523)
1.3.1- Unexpired Risks Reserves (-)		948.523	(948.523)
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		2.924.863	3.475.599
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		279.460	463.223
4.1- Gross Other Technical Income (+/-)		279.460	463.223
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

I-TECHNICAL SECTION	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
E- Life Technical Expense		(5.190.292)	(18.570.321)
1- Total Claims (Net of Reinsurer Share)		622.997	(15.373.920)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(9.292.133)	(10.115.740)
1.1.1- Gross Claims Paid (-)	17	(9.673.464)	(11.946.157)
1.1.2- Claims Paid Reinsurer Share (+)	10,17	381.331	1.830.417
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	9.915.130	(5.258.180)
1.2.1 - Outstanding Claims Reserve (-)	17	8.330.720	(3.585.990)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	1.584.410	(1.672.190)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	-	13.014
3.1- Mathematical Reserves (-)	29	-	13.014
3.1.1- Actuarial Mathematical Reserve (-)	29	-	13.014
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(101.353)	(5.725)
5- Operating Expenses (-)	32	(5.711.936)	(3.203.690)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Life Technical Profit (D-E)		6.092.590	(3.402.391)
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

II-NON-TECHNICAL SECTION	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
C- Non-Life Technical Profit (A-B)		**317.526.796**	**224.556.505**
F- Life Technical Profit (D-E)		**6.092.590**	**(3.402.391)**
I - Individual Retirement Technical Profit (G-H)		**-**	**-**
J- Total Technical Profit (C+F+I)		**323.619.386**	**221.154.114**
K- Investment Income		**3.067.317.755**	**1.353.558.990**
1- Income From Financial Investment	4.2	459.394.897	395.751.183
2- Income from Sales of Financial Investments	4.2	115.496.788	38.571.294
3- Revaluation of Financial Investments	4.2	147.115.807	34.046.169
4- Foreign Exchange Gains	4.2	407.982.385	423.659.936
5- Income from Affiliates	4.2	173.412.281	87.218.513
6- Income from Subsidiaries and Joint Ventures	4.2	598.440.531	257.964.520
7- Income Received from Land and Building	7	1.137.381.257	116.346.333
8- Income from Derivatives	4.2	25.351.060	-
9- Other Investments		2.742.749	1.042
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		**(2.251.785.865)**	**(865.902.058)**
1- Investment Management Expenses (including interest) (-)	4.2	(303.487)	(53.257)
2- Valuation Allowance of Investments (-)		-	-
3- Losses On Sales of Investments (-)	4.2	(196.394)	(498.511)
4- Investment Income Transferred to Non-Life Technical Part (-)		(2.170.788.001)	(795.304.266)
5- Losses from Derivatives (-)		(7.060.875)	-
6- Foreign Exchange Losses (-)	4.2	(17.582.999)	(23.195.899)
7- Depreciation Expenses (-)	6,8	(24.330.752)	(19.469.027)
8- Other Investment Expenses (-)		(31.523.357)	(27.381.098)
M- Other Income and Expenses (+/-)		**(250.531.510)**	**(30.947.807)**
1- Provisions Account (+/-)	47	(150.438.548)	(62.599.328)
2- Discount account (+/-)	47	(9.520.269)	(1.091.600)
3- Mandatory Earthquake Insurance Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts (+/-)	21,35	-	23.899.257
6- Deferred Tax Expense Accounts (-)		(103.908.015)	-
7- Other Income and Revenues		13.516.934	8.945.526
8- Other Expense and Losses (-)		(181.612)	(101.662)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit/(Loss)		**888.619.766**	**548.965.648**
1- Profit/(Loss) Before Tax		888.619.766	677.863.239
2- Corporate Tax Liability Provision (-)		-	(128.897.591)
3- Net Profit (Loss)		888.619.766	548.965.648
4- Inflation Adjustment Account		-	-

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

Millî Reasürans Türk Anonim Şirketi

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

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Audited – Changes in Equity – December 31, 2021

	Note	Paid in Capital	Equity Share Owned by Company (-)	Revaluations of Financial Assets	Inflation Adjustment on Capital	Translation Reserves
I – Balance at the end of the previous year – December 31, 2020		660.000.000	-	284.072.561	-	(21.166.656)
II – Change in Accounting Standards		-	-	-	-	-
III – Restated balances (I+II) – January 1, 2021		660.000.000	-	284.072.561	-	(21.166.656)
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-
D- Change in the value of financial assets	15	-	-	(256.054.379)	-	-
E- Currency translation adjustments		-	-	-	-	63.166.265
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I – Other reserves and transfers from retained earnings	38	-	-	-	-	-
J- Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the period – December 31, 2021	15	660.000.000	-	28.018.182	-	41.999.609

Audited Changes in Equity – December 31, 2022

	Note	Paid in Capital	Equity Share Owned by Company (-)	Revaluations of Financial Assets	Inflation Adjustment on Capital	Translation Reserves
I – Balance at the end of the previous year – December 31, 2021		660.000.000	-	28.018.182	-	41.999.609
II – Change in Accounting Standards		-	-	-	-	-
III – Restated balances (I+II) – January 1, 2022		660.000.000	-	28.018.182	-	41.999.609
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-
D- Change in the value of financial assets	15	-	-	747.941.217	-	-
E- Currency translation adjustments		-	-	-	-	44.654.832
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I – Other reserves and transfers from retained earnings	38	-	-	-	-	-
J- Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the period – December 31, 2022	15	660.000.000	-	775.959.399	-	86.654.441

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

	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
	194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
	-	-	-	-	-	-
	194.945.022	58.171.807	921.257.578	348.598.908	192.754.305	2.638.633.525
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	12.737.001	24.940.395	203.254.624	-	(192.220.459)	48.711.561
	-	-	-	-	-	(256.054.379)
	-	-	-	-	-	63.166.265
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	548.965.648	-	548.965.648
	19.027.365	-	17.000.000	(305.598.908)	269.571.543	-
	-	-	-	(43.000.000)	-	(43.000.000)
	226.709.388	83.112.202	1.141.512.202	548.965.648	270.105.389	3.000.422.620

	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
	226.709.388	83.112.202	1.141.512.202	548.965.648	270.105.389	3.000.422.620
	-	-	-	-	-	-
	226.709.388	83.112.202	1.141.512.202	548.965.648	270.105.389	3.000.422.620
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	5.486.282	39.635.254	717.157.752		(339.982.060)	422.297.228
	-	-	-	-	-	747.941.217
	-	-	-	-	-	44.654.832
	-	-	-	-	-	-
	-	-	-	-	-	-
		-		888.619.766		888.619.766
	29.616.804	-	33.809.969	(500.965.648)	437.538.875	-
	-	-	-	(48.000.000)	-	(48.000.000)
	261.812.474	122.747.456	1.892.479.923	888.619.766	367.662.204	5.055.935.663

Millî Reasürans Türk Anonim Şirketi

Unconsolidated Statement of Cash Flows For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	Note	Audited Current Period 1 January- December 31, 2022	Audited Prior Period 1 January- December 31, 2021
A - Cash flows from operating activities			
1- Cash provided from insurance activities		-	-
2- Cash provided from reinsurance activities		5.476.848.498	3.143.349.688
3- Cash provided from individual pension business		-	-
4- Cash used in insurance activities		-	-
5- Cash used in reinsurance activities		(5.089.102.503)	(2.811.251.277)
6- Cash used in individual pension business		-	-
7- Cash provided by operating activities		387.745.995	332.098.411
8- Interest paid		-	-
9- Income taxes paid		(90.448.188)	(51.468.799)
10- Other cash inflows		770.069.425	125.557.276
11- Other cash outflows		(212.660.805)	(103.180.281)
12-Net cash provided by operating activities		854.706.427	303.006.607
B - Cash flows from investing activities		-	-
1- Proceeds from disposal of tangible assets		2.745.448	1.115
2- Acquisition of tangible assets	6, 8	(32.149.978)	(22.601.574)
3- Acquisition of financial assets	11	(4.229.235.350)	(1.654.642.870)
4- Proceeds from disposal of financial assets	11	3.212.711.655	1.400.667.377
5- Interests received		465.876.056	417.115.634
6- Dividends received		4.523.658	96.694.326
7- Other cash inflows		1.573.553.584	543.242.206
8- Other cash outflows		(2.819.119.379)	(1.038.865.468)
9- Net cash provided by investing activities		(1.821.094.306)	(258.389.254)
C- Cash flows from financing activities		-	-
1- Equity shares issued		-	-
2- Cash provided from loans and borrowings		-	-
3- Finance lease payments		-	-
4- Dividends paid	2.23	(47.984.125)	(42.986.569)
5- Other cash inflows		-	-
6- Other cash outflows		-	-
7- Net cash used in financing activities		(47.984.125)	(42.986.569)
D- Effect of exchange rate fluctuations on cash and cash equivalents		621.132.758	330.118.121
E- Net increase in cash and cash equivalents		(393.239.246)	331.748.905
F- Cash and cash equivalents at the beginning of the year	14	1.768.393.399	1.436.644.494
G- Cash and cash equivalents at the end of the year	14	1.375.154.153	1.768.393.399

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

Millî Reasürans Türk Anonim Şirketi

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

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	Note	Audited Current Period December 31, 2022(*)	Audited Prior Period December 31, 2021
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT (*)		879.498.268	682.320.051
1.2. TAX AND FUNDS PAYABLE	35	-	(128.897.591)
1.2.1. Corporate Income Tax (Income Tax)	35	-	(128.897.591)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and Duties		-	-
A NET PROFIT (1.1 – 1.2)		879.498.268	553.422.460
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		(43.974.913)	(27.671.123)
1.5. STATUTORY FUND (-) (***)		(835.523.355)	(58.196.850)
B NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		-	467.554.487
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(46.755.449)
1.6.1. Holders of shares		-	(46.755.449)
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	(4.456.812)
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	(1.244.551)
1.9.1. Holders of shares		-	(1.244.551)
1.9.2. Holders of Preferred shares		-	-
1.9.3. Holders of Redeemed shares		-	-
1.9.4. Holders of Participation Bond		-	-
1.9.5. Holders of Profit and Loss sharing certificate		-	-
1.10. SECOND LEGAL RESERVE (-)		-	(1.945.681)
1.11. STATUTORY RESERVES (-)		-	-
1.12. EXTRAORDINARY RESERVES		-	-
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS (**)		-	(33.809.969)
II. DISTRIBUTION OF RESERVES		-	-
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of shares		-	-
2.3.2 Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4 Holders of Participation Bond		-	-
2.3.5 Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. HOLDERS OF SHARES		-	553.422.460
3.2. HOLDERS OF SHARES (%)		-	83,8519
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. HOLDERS OF SHARES		-	48.000.000
4.2. HOLDERS OF SHARES (%)		-	7,2727
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) Since the profit distribution proposal for the year 2022 has not prepared by the Board of Directors, profit distribution table has not been filled yet. The detail of the undistributed profit is disclosed in the footnote 2.23.

(**) Within the framework of the provisions of Article 325/A of the Tax Procedure Code and Article 10 of the Corporate Tax Code, TL 38.123.053 of the fund has been allocated for the purchase of participation shares in the venture capital investment fund.

(***) The positive difference that may arise due to the changes in the calculation method in accordance with circular No. 2022/27 regarding the provision of ongoing risks and the arrangements made by the company actuary to ensure the elimination of the misleading effect cannot be used for profit distribution without the approval of the institution.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

1 General information

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

The shareholder having direct or indirect control over the shares of Millî Reasürans Türk Anonim Şirketi ("the Company") is Türkiye İş Bankası AŞ Group ("İş Bankası") having 87.60% of the outstanding shares.

The Company was established in February 26, 1929 and has been operating since in July 19, 1929.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company was registered in Turkey in July 16, 1929 and has the status of 'Incorporated Company'. The address of the Company's registered office is Maçka Cad. No: 35 34367 Şişli İstanbul.

1.3 Main operations of the Company

The Company is primarily engaged in reinsurance and retrocession businesses in domestic and international markets. In 2007, the Company opened a branch in Singapore upon the completion of the necessary local formalities according to the local legislation. Singapore branch has been operating since 2008.

1.4 Details of the Company's operations and nature of field of activities

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

The purpose and activities of the Company as stated at the Articles of Association of the Company are as follows:

- Providing life and non-life reinsurance and other related products and services in all insurance branches and sub-branches to Turkish and foreign insurance companies;
- Managing and participating in reinsurance operations of Pools,
- Purchasing, selling, constructing and renting real estates,
- Purchasing debt instruments and shares issued by all sorts of commercial, industrial and financial institutions and government agencies as well as providing capital or participating in the establishment of such institutions to provide a consistent, secure and adequate financial income,
- In addition to these, carrying out other operations upon recommendation by the Board of Directors and resolution of the General Meeting which are deemed to be beneficial and material for the Company and are not prohibited by the law.

1.5 Average number of the Company's personnel based on their categories

The average number of the personnel during the year in consideration of their categories is as follows:

	December 31, 2022	December 31, 2021
Top executive	5	5
Managers	36	34
Officers	127	126
Contracted personnel	3	4
Other personnel	28	32
Total	199	201

1.6 Remuneration and similar benefits provided to top management

For the year ended December 31, 2022, wages and similar benefits provided to the top management including chairperson, members of the board of the directors, general manager, general coordinator, and deputy general managers is amounting to TL 14.904.661 (December 31, 2021: TL 8.462.579).

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

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

In accordance with the above-mentioned Communiqué, insurance and reinsurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Republic of Turkey Ministry of Treasury and Finance or by the Company itself. In accordance with the approval of the Undersecretariat of Republic of Turkey Ministry of Treasury and Finance, dated March 6, 2008 and numbered 10222, known and exactly distinguishable operating expenses are distributed to related branches directly and services rendered from third parties and other operating expenses in accordance with the gross premiums written for the last three years.

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section; remaining income is transferred to the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow", net cash flow being net of reinsurer share and calculated by deducting net losses paid from net written premiums.

Income from the assets invested against mathematical provisions is recorded under technical section; remaining income is transferred to the non-technical section.

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

The accompanying financial statements comprise only the unconsolidated financial information of the Company. As further discussed in note 2.2 - Consolidation, the Company has prepared consolidated financial statements As of December 31, 2022 separately.

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

Trade name of the Company:	Millî Reasürans Türk Anonim Şirketi
Registered address of the head office:	Maçka Cad. No: 35 34367 Şişli/İstanbul
The web page of the Company:	www.millire.com

There has been no change in the aforementioned information subsequent to the previous reporting date.

1.10 Subsequent events

Following the earthquake disaster that occured in Turkey on February 6, 2023, we conducted a financial analysis study in order to calculate the estimated loss amount that could arise from our domestic fire and engineering treaty and facultative book and its impact on our shareholders' equity.

The modelling was based on stochastic loss scenarios and earthquake accumulations provided by cedants and involved substantial assumptions, while it did not capture losses that could stem from fire following earthquake, volatility in macroeconomic indicators that could lead to increased costs and additional costs and expenses due to demand surge. The estimated loss amount does not include any amounts relating to lines of business such as personal accident, motor own damage, marine that might be covered under nonproportional catastrohe treaties, but cannot be modelled. For this reason, it is possible for the ultimate loss amount to exceed the estimated figure.

On the other hand, Milli Re also provides capacity to nonproportional programme of TCIP, for which taking a conservative approach, full limit of liability was considered when estimating the total loss amount.

In consequence of the above explanations; the estimated net loss amount that could arise from our fire and engineering treaty and facultative portfolio and capacity provided to TCIP programme is calculated as TL 761 million. TL 401 million of equilization reserve as at the end of 2022 will be utilized for the losses to be incurred. Considering the estimated recoveries from the retrocession programme and the relavant reinstatement premiums payable, we project TL 1 billion of impact to the shareholders' equity, which is expected to be realized over a period of time depending on the loss pay outs. Considering that the total equity capital of Company is TL 5.055.935.663, therefore no issues identified related to the going concern.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The Company complies with the accounting principles and standards set out in the regulations in force in accordance with the Insurance Law numbered 5684 published in the Official Gazette dated 14 June 2007 and numbered 26522, and the Insurance and Private Pension Regulation and Supervision Agency (IPPRSA") established by the Presidential Decree of 18 October 2019. ") other regulations issued by the statements and guidance and Turkey Accounting Standards except arranged matters with them ("TAS") with Turkey Financial Reporting Standards ("IFRS") contains the terms" Insurance Accounting and Financial Reporting regulations "are prepared in accordance with n. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

According to numbered 4th related law Accounting for subsidiaries, associates, joint ventures, consolidated financial statements, financial statements which disclosed public regulated by Republic of Turkey Ministry of Treasury and Finance.

The Company prepares its financial statements are regulated in form and content in order to compare the financial statements of prior period and with other companies according to "Communiqué on Presentation of Financial Statements "which is published in the Official Gazette dated April 18, 2008 and numbered 26851.

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

Accounting in hyperinflationary countries

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

With respect to the declaration of Republic of Turkey Ministry of Treasury and Finance with the article dated April 4, 2005 and numbered 19387, financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the section with respect to inflation accounting of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated January 15, 2003 and numbered 25290. Inflation accounting is no longer applied starting from January 1, 2005, in accordance with the same declaration of Republic of Turkey Ministry of Treasury and Finance. Accordingly, as at December 31, 2021, non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded before January 1, 2005 are measured as restated to December 31, 2004 in order to reflect inflation adjustments. Non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded after January 1, 2005 are measured at their nominal values.

According to TAS 29 Financial Reporting Standard in High-Inflation Economies, businesses whose functional currency is the currency of a high-inflation economy report their financial statements according to the purchasing power of money at the end of the reporting period. TAS 29 defines the characteristics that may indicate that an economy is an economy with high inflation. At the same time, according to TAS 29, all enterprises reporting in the currency of a high-inflation economy are required to apply this Standard from the same date. For this reason, it is expected that all enterprises will start applying TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice throughout the Country, as specified in TAS 29. However, POA has not made a statement regarding whether an adjustment will be made in accordance with TAS 29 in the financial statements for the accounting period ended on December 31, 2022.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

Other accounting policies

The Company recorded premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related income statement balances include last quarter results for the year ended December 31, 2021 and nine-month results as at and for the period ended September 30, 2022 and accordingly related balance sheet balances As of December 31, 2022 do not reflect the actual position. According to the letter dated August 31, 2010 and numbered B.02.1.HZN.0.10.03.01/42139 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information regarding other accounting polices is disclosed above in "Note 2.1.1 - *Information about the principles and the specific accounting policies used in the preparation of the financial statements"* and each under its own caption in the following sections of this report.

2.1.3 Current and presentation currency

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

2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until December 31, 2004, except for the financial assets held for trading, available-for-sale financial assets, derivative financial instruments, self-used buildings and investment properties recorded in tangible assets and associates which are measured at their fair values unless reliable measures are available.

2.1.6 Accounting policies, changes in accounting estimates and errors

Accounting of fire and earthquake premiums obtained from foreign reinsurance treaties on the basis of branches

Fire and earthquake premiums obtained from foreign reinsurance treaties could not accounted on the basis of branches in the previous years due to limitations imposed by local legislation of the foreign countries, notification characteristics of the treaties and total premiums used by foreign companies in the reconciliation process. Therefore, all premiums obtained from aforementioned treaties are accounted on the fire branch. According to the letter dated August 2, 2011 and numbered B.02.1.HZN.0.10.03.01/38732 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, it is allowed to use average rate calculated over separately reported fire and earthquake premiums for unclassified premiums of proportioned treaties. Furthermore, according to the letter dated August 12, 2011 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, prospective application as at June 30, 2011 effective from January 1, 2011 is allowed since retrospective application is impossible. Accordingly, financial statements prepared As of December 31, 2022, premiums obtained from foreign proportioned treaties are accounted on the basis of average earthquake premium ratio calculated from foreign proportioned treaties over the period of January 1 – December 31, 2022. The same ratio is used for unproportioned reinsurance treaties in accordance with the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves". Distribution of commissions and claims between the fire and earthquake branches is parallel with the aforementioned method.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

According to 16th article of "Circular on Actuarial Chain Ladder Method (2010/12)" dated September 20, 2010 and announced by Republic of Turkey Ministry of Treasury and Finance, ACML calculation should be made through main branches. However, as at December 31, 2012, the Company has calculated ACML reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2022, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

Critical accounting judgements used in applying the Company's accounting policies are explained in 3 – *Significant accounting estimates and requirements*.

2.2 Consolidation

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

In this framework, separate consolidated financial statements are issued through consolidating financial statements of Anadolu Hayat Emeklilik Anonim Şirketi (Anadolu Hayat), which is an affiliate, and Miltaş A.Ş, which is a subsidiary, according to equity method and financial statements of Anadolu Anonim Türk Sigorta Şirketi (Anadolu Sigorta), which is an affiliate, in line with full consolidation method.

The Company recognizes its subsidiaries and affiliates through using equity method with respect to TAS 27 - "Consolidated and Separate Financial Statements" during the preparation of separate financial statements in line with "Sector Announcement regarding Recognition of Subsidiaries, Jointly Controlled Partnerships and Affiliates of Insurance and Reassurance and Pension Companies" dated August 12, 2008 and numbered 2008/36 by Republic of Turkey of Ministry of Treasury and Finance.

2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of December 31, 2022, the Company operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

2.4 Foreign currency transactions

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

(Currency: Turkish Lira (TL))

Foreign currency exchange differences of unrecognized gains or losses arising from the difference between their fair value and the discounted values calculated per effective interest rate method of foreign currency available-for-sale financial assets are recorded in "Revaluation of financial assets" under equity and the realized gain or losses are recognized directly in the statement of income.

2.5 Tangible assets

Tangible assets of the Company except for buildings for own use are recorded at their historical costs that have been adjusted for the effects of inflation until the end of December 31, 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs restated for the effects of inflation until December 31, 2004. Tangible assets that have been purchased after January 1, 2005 have been recorded at their costs after deducting any exchange rate differences and finance expenses less impairment losses if any.

The Company has started to show based on the revaluation model by measuring over fair value as of the third quarter of the 2015 year by making changes in the use of the property which is measuring the cost model in the financial statements before.

Buildings for own use are recognized by fair value that are determined in valuations made by independent valuation experts who have professional competency by reducing their values following accumulated depreciation. Accumulated depreciation at the date of revaluation is deducted from gross book value and net amount is brought to values after revaluation.

Increase of revaluation results in the carrying value of use of land and building account in equity in the balance sheet under "Other Capital Account" as the net of tax effects. As a result of the evaluation of real estate an increase on the corresponding impairments are deducted from the fund; all other decrease is reflected the profit/loss account.

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

Land is not depreciated due to its indefinite life. Depreciation is allocated based on the useful life of tangible assets at cost or revalued amounts of tangible assets by using the straight-line method basis.

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

There are no pledges, mortgages and other encumbrances on tangible fixed assets.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets at cost.

Depreciation rates and estimated useful lives are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Building for own used	50	2,0
Machinery and equipment	3 – 15	6,7 – 33,3
Vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5	20,0

2.6 Investment property

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

In the event of investment property of first registration is measured on fair value including transaction costs after measured at cost. The changes which result of fair value valuation recognised in the income statement.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The fair value on the date of change in the usage is considered as cost in the reclassification recognition when investment property that measured with fair value is reclassified as a tangible asset.

2.7 Intangible assets

The Company's intangible assets consist of computer software.

Intangible assets are recorded at cost in compliance with the "TAS 38 – Accounting for intangible assets". The cost of the intangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged on a straight-line basis over their estimated useful lives (3-15 years) over the cost of the asset.

Costs associated with developing or maintaining computer software programs are recognized as expense when incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

2.8 Financial assets

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

Securities are recognized and derecognized at the date of settlement.

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

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

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the statement of income.

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

Equity Shares which are classified as available-for-sale financial assets in an active market (stock exchange) are reflected to the consolidated financial statements with their fair values by taking into consideration the registered prices in the active market. Shares that are not traded in an active market are followed at acquisition costs and are shown in the consolidated financial statements at their cost value after the provision for impairment losses, if any.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Subsidiaries are the entities that the Company has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. The Company prepares its individual financial statements and accounts for its investments in subsidiaries and associates using the equity method defined in 'TAS 27 - *Consolidated and Separate Financial Statements Standard*'.

2.9 Impairment on assets

Impairment on financial assets

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

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

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

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

Impairment on tangible and intangible assets

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

Rediscount and provision expenses of the year are detailed in *Note 47*.

2.10 Derivative financial instruments

As of the reporting date, the Company have derivative financial instruments. Derivative instruments are treated as held for trading financial assets in compliance with the standard TAS 39 – *Financial Instruments: Recognition and measurement.*

Derivative financial instruments are initially recognized at their fair value.

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

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

2.11 Offsetting of financial assets

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.12 Cash and cash equivalents

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

2.13 Capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group by having 87,60% of the outstanding shares of the Company. As of December 31, 2022, and 2021, the share capital and ownership structure of the Company are as follows:

	December 31, 2022		December 31, 2021	
Name	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding amount (TL)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	660.000.000	100,00	660.000.000	100,00

Sources of the capital increases during the year

None.

Privileges on common shares representing share capital

There are no privileges on common shares representing share capital.

Registered capital system in the Company

None.

Repurchased own shares by the Company

None.

2.14 Insurance and investment contracts - classification

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

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

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

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

2.15 Insurance contracts and investment contracts with discretionary participation feature

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

(i) that are likely to comprise a significant portion of the total contractual benefits;

(ii) whose amount or timing is contractually at the discretion of the Issuer; and

(iii) that are contractually based on:

(1) the performance of a specified pool of contracts or a specified type of contract;

(2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or

(3) the profit or loss of the Company, Fund or other entity that issues the contract,

As of balance sheet date, the Company does not have any insurance or investment contracts that contain a discretionary participation feature.

2.16 Investment contracts with discretionary participation feature

As of the reporting date, the Company does not have any insurance contracts and investment contracts without discretionary participation feature.

2.17 Liabilities

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

2.18 Income taxes

Corporate Tax

The corporate tax rate in Turkey is 20%. The corporate tax rate is applied to the net corporate income to be found as a result of adding expenses that are not deducted in accordance with tax laws to the commercial income of corporations, deducting the exceptions and deductions contained in tax laws. If the profit is not distributed, no other tax is paid.

25 of the law No. 7394 dated April 15, 2020. article 32 of the Law No. 5520 entitled "Corporate tax and temporary tax rate". with the amendment made to the first paragraph of the article; banks, leasing, factoring, financing and savings financing companies, electronic payment and monetary institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies have been stipulated to pay a corporate tax rate of 25% on corporate earnings. Also the 26th of the same Law. July February 2022 It has been arranged that the 25% rate in question can also be applied in the calendar year 2022, starting from the returns that must be submitted from July 1, 2022 and being valid for corporate earnings for the taxation period starting from February 1, 2022.

No withholding is made from dividends (dividends) paid to institutions that receive income through a workplace or permanent representative in Turkey, as well as institutions located in Turkey. A withholding tax of 10% is applied on dividend payouts made to institutions other than these. In the application of withholding rates related to profit distributions made to narrow taxpayer institutions and natural persons, the practices contained in the relevant Double Taxation Prevention Agreements are also taken into account. The addition of profit to capital is not considered a profit distribution and withholding is not applied.

Temporary taxes are paid by calculating the corporate tax rate to which their earnings are subject that year. Temporary taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year.

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

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Deferred tax

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

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

If the valuation differences resulting from the valuation of assets are recognized in the income statement, the corporate income tax and deferred tax income or expense related to them are also recognized in the income statement. If the valuation differences resulting from the valuation of the related assets are directly accounted for in the equity accounts, the related tax effects are also directly accounted for in the equity accounts.Temporary taxes are paid by calculating the corporate tax rate to which their earnings are subject that year. Temporary taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year.

Since the effective corporate tax rate is 25% as of December 31, 2022, the 25% tax rate has been used for temporary differences that are expected to be realized/closed. (Since the effective corporate tax rate as of December 31, 2021 is 25%, the tax rate is used for temporary differences expected to be realized/closed in the current period, 25% for temporary differences expected to occur/close in 2022, 23% for temporary differences expected to occur/close after 2022, and 20% for temporary differences expected to occur/close after 2022).

Transfer pricing

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

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

2.19 Employee benefits

Pension and other post-retirement obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of the aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. Decree of the Council of Ministers about two years extending transfer duration, was published in the Official Gazette on April 9, 2011. Based on this, expiration date has been extended to May 8, 2013 from the expiration date on May 8, 2011. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Memurları Emekli ve Sağlık Sandığı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506. As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of an aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. The related three-year transfer period has been prolonged for two years by the Cabinet decision, which was published on the Official Gazette dated April 9, 2011. Accordingly, the three-year period expired on May 8, 2011 was extended to May 8, 2015.

(Currency: Turkish Lira (TL))

Lastly, first paragraph of temporary 20th article of 5510 numbered Law, article 51 of the law regarding changing of several laws and delegated legislations and the law of occupational health and safety which are published in April 23, 2015 dated Official Gazette is changed as following.

Funds participating, pensioned or endowed and beneficiaries of the established funds for the personnel of banks, insurance and reinsurance companies, chambers of commerce, chamber of industries, stock exchanges or is organized by them under the temporary 20th article of law no. 506, Council of Ministers is entitled to determine the date of transfer to Social Security Institution. As of the transfer date, fund participatings are regarded as social insurant in accordance with the (a) subclause of first sub articles of 4th article of related law.

In accordance with the Act, as of the transfer date, present value of the liabilities will be determined by considering the income and expense of the pension fund.

The cash value of the obligations of the pension fund for each member of the fund including members left the fund as of the transfer date will be calculated according to following assumptions:

a) Technical deficit rate of 9.80% shall be used in the actuarial calculation of the value in cash, and

b) Gains and losses of the funds stems from benefits covered by the aforementioned Law taken into accounts to calculate present value of the obligations.

Employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount As of December 31, 2022 is TL 15.371 (December 31, 2021: TL 8.285).

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*. After the revision of TAS 19, as the amount of actuarial gain and loss are presented under the other profit reserves, which were previously shown under the income statement. The major actuarial assumptions used in the calculation of the total liability As of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	2,21%	3,50%
Expected rate of salary/limit increase	19,80%	15,07%
Estimated employee turnover rate	2,56%	2,57%

Expected rate of salary/limit increase above was determined according to the government's annual inflation forecasts.

Other benefits

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

2.20 Provisions

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

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

2.21 Revenue recognition

Written premiums

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

Claims paid

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

Commission income and expenses

As further disclosed in Note 2.24 - *Reserve for unearned premiums*, commissions paid to the insurance and reinsurance companies as a reinsurance Company and the commissions received from the reinsurance companies are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expenses

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

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

Trading income/expense

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

Dividends

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

2.22 Leasing transaction

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Set out below are the new accounting policies of the Company upon adoption of TFRS 16.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (for example, as of the date on which the relevant asset is eligible for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use asset includes the following:

(a) the initial measurement amount of the lease obligation,

(b) the amount paid from all lease payments made on or before the actual commencement of the lease, deducting all rental incentives received, and

(c) All initial direct costs incurred by the Company.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment assessment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Pay payouts included in the measurement of the lease liability on the actual commencement date of the lease consist of the following payments, which will be made for the right of use of the underlying asset during the lease term and which were not paid on the actual commencement date of the lease:

(a) Fixed payments,

(b) Variable rental payouts based on an index or rate, the first measurement of which is made using an index or rate at the actual start of the lease,

(c) Amounts expected to be paid by the Company under residual value commitments

(d) If the Company is reasonably confident that it will exercise the purchase option, the exercise price of this option and

(e) Paying penalties related to the termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

Variable rent payouts that are not linked to an index or a rate are recorded as expenses during the period in which the event or condition that triggers the payment occurs.

The Company determines the revised discount rate for the remaining part of the lease term as this rate if the implied interest rate on the lease can be easily determined, and if it cannot be determined easily, as the Company's alternative borrowing interest rate on the date of the revaluation.

After the actual commencement of the lease, the Company measures the lease obligation as follows:

(a) Increases the carrying amount to reflect the interest on the lease obligation, and

(b) Reduces the carrying amount to reflect the rental payments paid.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The right of use which is calculated on leasing agreements is accounted under "Property, Plant and Equipment" account.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.23 Dividend distribution

It is decided in Ordinary General Assembly Meeting of the Company, held on March 28, 2022, to make a dividend payment of TL 548.965.648 to shareholders and to allocate remaining balance as voluntary reserves from the net period income amounting to TL 48.000.000, from 2021 activities of the Company, after the legal reserves are allocated and TL 47.984.125 has been paid in cash, the remaining amount was allocated TL 33,809,969 for the purchase of venture capital investment fund participation shares in accordance with the provisions of Article 325/A of the Tax Procedure Code and Article 10 of the Corporate Tax Code, and TL 15.875 has been recognized in due to shareholders account under short term liabilities at the Company's Ordinary General Assembly Meeting held on March 28, 2022.

2.24 Unearned premium reserve

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

- Unearned premium reserve is calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations,
- For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, are also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Company: for proportional reinsurance contracts, on the basis of 1/8 over the ceded premiums for treaty and facultative contracts, for commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, is also provided as unearned premium reserves and for facultative and non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Company calculates unearned premiums reserve for ceded premium as retrocedant on the same basis.

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

Since the Communiqué on Technical Reserves was effective from January 1, 2008, Republic of Turkey Ministry of Treasury and Finance issued July 4, 2007 dated and 2007/3 numbered "Circular to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No.5684" ("Compliance Circular") to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Circular, it is stated that companies should consider earthquake premiums written after June 14, 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate unearned premiums reserve for the earthquake premiums written after June 14, 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before June 14, 2007.

In previous years, the unearned premiums reserve had been calculated after deducting commissions given and commissions received. In order to prevent possible problems during the transfer of the reserves calculated before January 2008, on December 28, 2007 Republic of Turkey Ministry of Treasury and Finance issued "2007/25 Numbered Circular Related to the Calculation of the Unearned Premiums Reserve and Accounts That Should Be Used for Deferred Commission Income and Expenses". In accordance with the related circular, the reserve for unearned premiums should be calculated by deducting commissions for the policies produced before January 1, 2008, but it should be calculated on gross basis for the policies produced after January 1, 2008.

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated July 28, 2010; there is no change in the calculation of unearned premiums reserve for reinsurance companies.

2.25 Outstanding claims reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Outstanding claims reserve represents the estimate of the total reported costs of notified claims on an individual case basis at the reporting date as well as the corresponding handling costs.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

Except for the life branch, outstanding claims reserve consists of claims are recorded in the year in which they occur, based on reported claims and the difference between the result of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance, and reported but not settled claims are considered as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method"of Republic of Turkey Ministry of Treasury is abolished except Article 9 and 10.

According to circular that explains ACLM measurement method, insurance and reinsurance companies calculate ACLM with six different methods as "Standard Chain, Damage/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The methods selected for each branch is provided in the following section. The Company has not performed big claim elimination by Box Plox method.

Branches	December 31, 2022	December 31, 2021
Fire and Natural Disasters	Standard Chain	Standard Chain
General Losses (*)	Standard Chain	Standard Chain
General Liabilities (**)	Standard Chain	Standard Chain
Land Vehicles Liabilities	Standard Chain	Standard Chain
Marine	Standard Chain	Standard Chain
Sea Vehicles	Standard Chain	Standard Chain
Land Vehicles	Standard Chain	Standard Chain
Accident	Standard Chain	Standard Chain
Health	Standard Chain	Standard Chain
Air Vehicles	Standard Chain	Standard Chain
Legal Protection	Standard Chain	Standard Chain
Financial Losses	Standard Chain	Sector Average (Ins.Association 09/2021)
Life	Standard Chain	Sector Average (Ins.Association 09/2021)
Sea Vehicles Liability	Sector Average (Ins.Association 09/2022)	Sector Average (Ins.Association 09/2021)
Air Vehicles Liability	Sector Average (Ins.Association 09/2022)	Sector Average (Ins.Association 09/2021)
Fidelity Guarantees	Sector Average (Ins.Association 09/2022)	Sector Average (Ins.Association 09/2021)
Credit	Sector Average (Ins.Association 09/2022)	Sector Average (Ins.Association 09/2021)

(*) Two separate calculation have been made as agriculture and non-agriculture subbranches.

(**) In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, an additional calculation is made in terms of Compulsory Financial Liability Insurance regarding Medical Malpractice sub-branch and calculation is made in terms of other sub-branches under General Liability through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice.

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

Due to the insufficient data available to the Company in the water vehicles liability, air vehicles liability, surety and credit branches and the irregular distribution of the data in the loss development tables, the Company could not find the opportunity to obtain a result by subjecting the relevant data to the correction process. For this reason, values representing the sector averages were used in the branches specified in the ACLM calculations. On the other hand, for Financial Losses and Life branches where a similar method was applied as of 31.12.2021, calculations were made using the Standard Chain method as of 31.12.2022 due to the data reaching a certain maturity.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

According to December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" of Republic of Turkey Ministry of Treasury and Finance, the Company constitutes data by taking base of acceptance year rather than Casualty period for the reason of characteristic of reinsurance operations in course of ACLM calculation and calculates ACLM once in a year as of yearend. The methods indicated in the table are calculated according to paid claim.

Salvage and subrogation income which will be deducted in the calculation of ACLM stated by the Undersecretariat should be based on collected amount (collected amount includes interest income over salvage and subrogation income, expertise, consultant and lawsuit expenses). Collections are taken into account according to their collection period.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

In accordance with December 5, 2014 dated and 2014/16 numbered "Circular for Outstanding Claims Reserve" of Republic of Turkey Ministry of Treasury and Finance, ACLM calculation should be on main branch. However, as at December 31, 2012, the Company has calculated ACLM reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2022, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by The Insurance and Private Pension Regulation and Supervision Agency and Finance on December 7, 2020 and entered into force as of its publication date, IBNR amount is required to be separately calculated for the "Compulsory Financial Liability Insurance regarding Medical Malpractice" sub-branch which was included under General Liability main branch. In this scope, an additional calculation is made for Compulsory Financial Liability Insurance regarding Medical Malpractice and calculation is made for other sub-branches under General Liability insurance through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice and calculated amounts are recognized on legal books as of December 31, 2022.

As explained in the Circular (2017/07) on Discounting Net Cash Flows Arising from the Provision of Outstanding Compensation published by the Ministry of Treasury and Finance on September 15, 2017, insurance companies will be able to discount the net cash flows generated by the provision of outstanding compensation that they allocate in accordance with the insurance legislation according to the principles set out in the circular. In accordance with the circular no 1 in the article, it has been made mandatory to apply discounts in the "General Liability" and "Land Vehicles Liability" branches of the provision for outstanding compensation. The amounts as of December 31, 2022 have been reflected in the records by taking into account the discount rate determined as 22% with the Circular No. 2022/22 "Circular on Amendments to Circular No. 2016/22 on Discounting Net Cash Flows Arising from the Provision for Outstanding Compensation" published on July 22, 2022.

As of the reporting date, as a result of actuarial chain ladder method; the Company except Singapore branch recorded 100% of additional negative IBNR amounting to TL 260.743.671 (December 31, 2021: TL 322.137.338 negative IBNR) as outstanding claims reserve. As of the reporting date, TL 89.138.657 (December 31, 2021: TL 75.178.484) of IBNR provision is recorded for Singapore branch.

2.26 Mathematical reserves

In accordance with the Communiqué on Technical Reserves, companies operating in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal Casualty insurance contracts. Actuarial mathematical reserves, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method).

Mathematical reserves are recorded based on the data sent by ceding companies.

2.27 Unexpired risk reserves

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

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 28356 dated July 17, 2012; besides the net unexpired risk reserve detailed in the above, gross unexpired risk reserve is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the unearned premiums reserve of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer's share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The portion of the amounts paid for non-proportional reinsurance agreements corresponding to the relevant period is considered as the ceded premium in the net premium calculation.Within the scope of the circular dated December 10, 2012 and numbered 2012/15 of the Turkey Ministry of Treasury and Finance, the calculation of the provision for ongoing risks is carried out on the basis of the main branches.

In accordance with Circular on unexpired risk reserve (2019/5), reinsurance companies can make the calculation on the basis of underwriting year. In this case, calculation is made through proportioning total gross actual ultimate loss amount of at least last three underwriting years to total gross premium earnings (written premiums less unearned premiums). It is possible to use the calculation made for the last year-end for the current year interim period if it is clearly determined that repetition of calculation in quarterly periods shall not produce meaningful results due to reasons sourcing from structure of related contracts or conciliation processes of respective parties although it is principal to repeat such calculation on the basis of quarterly periods. In accordance with "The Circular on Unexpired Risk Reserve" numbered 2022/27 published by the Insurance and Private Pension Regulation and Supervision Agency on 24.10.2022 and entered into force on the date of publication, the circular numbered 2019/5 have been repealed and reinsurance companies as well as insurance companies have been allowed to make calculations on the basis of the underwriting year with the current circular. The Company has made provision for URR amounting to TL 13.164.186 (December 31, 2021: TL 155.845.717) in its financial statements dated December 31, 2022 as of reporting period based on results of test in question. While the Company applied the calculation based on the underwriting year defined by the Circular only in the Land Vehicles Liability branch; in order to eliminate the misleading effect caused by significant fluctuations in economic indicators such as inflation and the exchange rate during the current year, as of 30.09.2022 the Company has applied the underwriting year method for Fire and Natural Disasters and General Damages branches which are mainly affected by these fluctuations.

As of 31.12.2022, the Company has applied the calculation based on the underwriting year to all branches other than Credit and Surety branches. In the Credit and Surety branches, on the other hand, due to the inadequacy of the Company's data and the use of values representing the sector average due to their irregular distribution in the damage development tables, the calculation defined in the scope of the Regulation continued to be used, since the calculation based on the year of writing defined by the Circular could not be made in these branches. If the calculation had not been made using the method described in the Circular, the provision for the unexpired risk reserve amounting to TL 1.099.900.456 would have been allocated in the financial statements as of December 31, 2022.

In order to ensure the elimination of misleading impact, caused by the amended outstanding claims reserve calculation method, on unexpired risk reserve, outstanding claims reserve of previous period is also calculated by the new method and amount, calculated based on aforementioned new method, is used in unexpired risk reserves account as the provision for carry-over outstanding claims reserve.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.28 Equalization reserves

In accordance with the The Insurance and Private Pension Regulation and Supervision Agency's Regulation on Technical Provisions, which effective on November 10, 2021, in order to balance the fluctuations in the compensation rates that may occur in the following accounting periods and to cover the catastrophic risks, companies are required to allocate a balancing provision for earthquake guarantees issued in all branches, including additional guarantees issued in the credit and surety branches. In accordance with the Communiqué on Technical Reserves put into effect starting from January 1, 2008, the companies should provide equalization reserve in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization reserve, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization reserve up to reaching 150% of the highest premium amount written in a year within the last five years. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization reserves. Claims payments are deducted from first year's equalization reserves by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. In accordance with the Communiqué on Technical Reserves, the Company considers 11% of net death premium (including damage payments) as earthquake premium and 12% of that amount is calculated as equalization provision since the Company not having sufficient data for calculation. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

Equalization reserves are presented under "other technical reserves" within long term liabilities in the accompanying unconsolidated financial statements. As of the reporting date, the Company has recognized equalization reserves amounting to TL 405.400.733 (December 31, 2021: TL 245.855.051).

As of December 31, 2022, the Company has deducted TL 6.872.441 (December 31, 2021: TL 22.336.820) from equalization provision in consequence of realized earthquake losses.

2.29 Related parties

Parties are considered related to the Company if:

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

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

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

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

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

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

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

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

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.30 Earning per share

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

2.31 Subsequent events

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

2.32 The new standards, amendments and interpretations

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

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

Amendments to TFRS 3 – Reference to the Conceptual Framework

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

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

Amendments to TAS 16 – Proceeds before intended use

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

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

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

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

Annual Improvements – 2018–2020 Cycle

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

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

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

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

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

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

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

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

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

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

TFRS 17 - The new Standard for insurance contracts

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

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1, in which it provides guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in TAS 1 are valid for annual periods beginning on or after January 1, 2023. Due to the absence of a definition of the term "significant" in TFRS, POA has decided to replace this term with the term "significant" in the context of disclosure of accounting policy information. 'Important' is a term defined in TFRS and is largely understood by users of financial statements according to POA. When evaluating the materiality of accounting policy information, enterprises should take into account both the size of transactions, other events or circumstances, and their nature. In addition, examples of situations in which an entity may consider accounting policy information to be important have been added.

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

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

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

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

Amendments to IFRS 16 - Lease obligations in sales and leaseback transactions

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

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

3 Significant Accounting Estimates and Requirements

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

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

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

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

Note 4.1 – Management of insurance risk

Note 4.2 – Financial risk management

Note 7 – Investment properties

Note 9 – Investments in subsidiaries

Note 10 – Reinsurance assets/liabilities

Note 11 – Financial assets

Note 12 – Loans and receivables

Not 17 – Insurance liabilities and reinsurance assets

Not 17 – Deferred acquisition commissions

Note 21 – Deferred income taxes

Note 23 – Other liabilities and cost provisions

4 Management of insurance and financial risk

4.1 Management of insurance risk

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

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

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Company's "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" issued by the approval of the Board of Directors.

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

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

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

Sensitivity to insurance risk

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Insurance risk concentrations

The Company's gross and net insurance risk concentrations (net of reinsurer share) in terms of insurance branches are summarized as below:

Branches	December 31, 2022 Gross total claims liability [*]	Reinsurance share of total claims liability	Net total claims liability
Fire and natural disasters	1.362.849.696	(76.749.524)	1.286.100.172
General Losses	648.262.475	(7.079.230)	641.183.245
Sea Vehicles	131.776.401	(12.877.478)	118.898.923
Land vehicles liability (MTPL)	72.197.651	(74.132)	72.123.519
General liabilities	65.032.276	(853.158)	64.179.118
Marine	67.729.846	(3.586.418)	64.143.428
Accident	22.010.989	(293.148)	21.717.841
Land Vehicles	17.603.249	(58.876)	17.544.373
Financial Losses	17.412.281	(454.968)	16.957.313
Life	9.673.464	(381.331)	9.292.133
Fidelity Guarantees	3.952.035	(3.932)	3.948.103
Health	2.929.038	-	2.929.038
Air Vehicles	1.532.403	-	1.532.403
Credit	564.341	-	564.341
Legal protection	5.111	-	5.111
Sea vehicles liabilities	290	-	290
Total	2.423.531.546	(102.412.195)	2.321.119.351

Branches	December 31, 2021 Gross total claims liability [*]	Reinsurance share of total claims liability	Net total claims liability
Fire and natural disasters	695.978.879	(44.486.617)	651.492.262
General Losses	397.267.030	(2.923.222)	394.343.808
Land vehicles liability (MTPL)	56.596.265	(63.971)	56.532.294
General liabilities	49.718.568	(1.084.437)	48.634.131
Sea Vehicles	48.362.177	(5.189.333)	43.172.844
Financial Losses	40.051.236	(629)	40.050.607
Marine	40.246.375	(2.404.898)	37.841.477
Land Vehicles	16.993.052	243.720	17.236.772
Accident	11.888.041	(53.731)	11.834.310
Life	11.946.157	(1.830.418)	10.115.739
Health	3.644.138	-	3.644.138
Fidelity Guarantees	728.278	(24.174)	704.104
Air Vehicles	343.741	-	343.741
Credit	82.433	-	82.433
Legal protection	2.460	-	2.460
Sea vehicles liabilities	75	-	75
Total	1.373.848.905	(57.817.710)	1.316.031.195

[*] Total claims liability includes outstanding claims reserve (paid).

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

4.2 Management of financial risk

Introduction and overview

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

- credit risk
- liquidity risk
- market risk

The Company is subject to credit risk, market risk (foreign currency risk, interest rate risk and price risk in relation with financial investments) and liquidity risk due to assets and liabilities. The Company's exposure to each of the above risks is assessed according to "Application Principles in Respect of Risk Limits".

The Company monitors its receivables by obtaining comprehensive information about the debtors and debtors' activities. The risk over investment portfolio is managed by measuring and reporting the market risk daily, reassessing the results validity and applying different scenario analyses. The Company's exposure to each of the above risks is measured by Internal Control and Risk Management Service independently, reported to Board of Directors and units of İş Bankası through the Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Company fails to meet its contractual obligations. The Company manages this credit risk by regularly assessing reliability of the counterparties.

Credit risk is measured by both quantitative and qualitative methods and the weighted reinsurers in retrocession programs, credit ratings of them that indicate their financial strengths and their financial positions are analysed.

Doubtful receivables are monitored quarterly.

In addition, concentration of the investment portfolio is assessed quarterly.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents *(Note 14)* (*)	1.690.301.129	1.940.001.758
Financial assets and financial investments with risks on policyholders *(Note 11)* (**)	3.503.467.362	1.819.548.720
Receivables from main operations *(Note 12)*	1.023.493.863	640.389.582
Reinsurer share in outstanding claims reserve *(Note 10), (Note 17)*	129.947.122	106.787.271
Income accruals	43.874.686	20.728.018
Prepaid taxes and funds *(Note 12)*	13.673.790	-
Other Prepaid Expenses (***)	36.536.047	40.831.453
Other receivables *(Note 12)*	12.828.915	1.908.875
Other current asset *(Note 12)*	5.207.469	3.037.253
Total	**6.459.330.383**	**4.573.232.930**

(*) Cash on hands balance amounting to TL 42.425 are not included (December 31, 2021: TL 21.528).
(**) Equity shares amounting to TL 310.494.807 are not included (December 31, 2021: TL 104.466.071)
(***) TL 33.045.582 is the advance amount given by the Company. (31 Aralık 2021: 37.634.324 TL).

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

	December 31, 2022		December 31, 2021	
	Gross amount	Provision	Gross amount	Provision
Not past due	909.853.472	–	553.699.871	-
Past due 0-30 days	14.681.533	–	6.577.397	-
Past due 31-60 days	–	–	7.457.025	-
Past due 61-90 days	12.641.076	–	234.497	-
More than 90 days	164.804.266	(78.486.484)	135.678.569	(63.257.777)
Total	**1.101.980.347**	**(78.486.484)**	**703.647.359**	**(63.257.777)**

The movements of the allowances for impairment losses for receivables from main operations during the year are as follows:

	December 31, 2022	December 31, 2021
Provision for receivables from insurance operations at the beginning of the year	63.257.777	35.056.517
Collections during the period *(Note 47)*	-	(283.698)
Provisions for doubtful receivables during the period *(Note 47)*	-	-
Foreign currency translation effect *(Note 47)*	15.228.707	28.484.958
Provision for receivables from insurance operations at the end of the year	**78.486.484**	**63.257.777**

The movements of the allowances for impairment losses for other receivables are as follows:

	December 31, 2022	December 31, 2021
Provision for other receivables at the beginning of the year	1.061.329	832.788
Collections during the period	-	-
Impairment losses provided during the period *(Note 47)*	(356.187)	228.541
Provision for other receivables at the end of the year	**705.142**	**1.061.329**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Liquidity risk

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

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

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

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

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

Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	1.690.343.554	1.392.132.765	107.552.357	136.764.533	53.893.899	-	-
Financial assets [*]	3.503.467.362	1.041.406.799	97.762.778	235.015.945	360.670.321	1.768.611.519	-
Receivables from main operations	1.023.493.863	418.297.254	181.790.742	67.230.676	144.262.090	211.913.101	-
Other receivables and current assets	112.120.907	94.368.824	-	-	16.969.512	782.571	-
Total monetary assets	**6.329.425.686**	**2.946.205.642**	**387.105.877**	**439.011.154**	**575.795.822**	**1.981.307.191**	**-**
Financial liabilities and other liabilities	13.184.105	13.060.416	5.107	7.579	14.870	96.133	-
Payables arising from main operations	157.282.930	106.142.259	7.313.889	1.886.585	134.165	41.806.032	-
Due to related parties	419.272	419.272	-	-	-	-	-
Insurance technical reserves [**]	4.044.442.924	-	-	-	-	-	4.044.442.924
Provisions for taxes and other similar obligations	6.317.060	6.317.060	-	-	-	-	-
Provisions for other risks and expense accruals	282.990.272	9.806.251	7.368.043	-	-	-	265.815.978
Total monetary liabilities	**4.504.636.563**	**135.745.258**	**14.687.039**	**1.894.164**	**149.035**	**41.902.165**	**4.310.258.902**

[*] Equity shares amounting to TL 310.494.807 are not included.

[**] Provision for outstanding claims in insurance technical provisions shown net.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	1.940.023.286	1.242.797.880	598.622.685	57.764.758	40.837.963	-	-
Financial assets (*)	1.819.548.720	304.247.749	343.903.030	39.596.310	53.863.450	1.077.938.181	-
Receivables from main operations	640.389.582	205.352.818	87.455.656	78.711.174	143.093.847	125.776.087	-
Other receivables and current assets	66.505.599	62.562.257	-	-	3.922.849	20.493	-
Total monetary assets	**4.466.467.187**	**1.814.960.704**	**1.029.981.371**	**176.072.242**	**241.718.109**	**1.203.734.761**	**-**
Financial liabilities and other liabilities	6.851.224	6.851.224	-	-	-	-	-
Payables arising from main operations	127.233.309	96.561.986	-	-	181.166	30.490.157	-
Due to related parties	156.141	156.141	-	-	-	-	-
Insurance technical reserves (**)	2.268.809.305	-	-	-	-	-	2.268.809.305
Provisions for taxes and other similar obligations	81.489.082	4.060.290	77.428.792	-	-	-	-
Provisions for other risks and expense accruals	128.483.581	6.036.220	4.456.812	-	-	-	117.990.549
Total monetary liabilities	**2.613.022.642**	**113.665.861**	**81.885.604**	**-**	**181.166**	**30.490.157**	**2.386.799.854**

(*) Equity shares amounting to TL 104.466.071 are not included.

(**) Provision for outstanding claims in insurance technical provisions shown net.

Market risk

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Foreign currency risk

The Company is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies. Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the reporting periods, foreign currency assets and liabilities evaluated by the Central Bank of Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

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

December 31, 2022	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	326.071.395	223.994.639	127.729.115	677.795.149
Financial assets and financial investments of risky insurers	1.382.273.843	674.529.707	-	2.056.803.550
Receivables from main operations	203.646.909	133.858.587	387.019.218	724.524.714
Total foreign currency assets	**1.911.992.147**	**1.032.382.933**	**514.748.333**	**3.459.123.413**
Liabilities:				
Payables arising from main operations	(43.236.838)	(7.597.046)	(70.278.620)	(121.112.504)
Insurance technical reserves (*)	(1.025.603.423)	(589.720.575)	(389.410.875)	(2.004.734.873)
Financial liabilities	-	-	(126.259)	(126.259)
Total foreign currency liabilities	**(1.068.840.261)**	**(597.317.621)**	**(459.815.754)**	**(2.125.973.636)**
Net financial position	**843.151.886**	**435.065.312**	**54.932.579**	**1.333.149.777**

December 31, 2021	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	208.041.899	5.287.510	82.016.209	295.345.618
Financial assets and financial investments of risky insurers	778.479.183	270.388.959	-	1.048.868.142
Receivables from main operations	164.898.876	70.688.653	287.351.740	522.939.269
Total foreign currency assets	**1.151.419.958**	**346.365.122**	**369.367.950**	**1.867.153.028**
Liabilities:				
Payables arising from main operations	(21.137.455)	(4.556.502)	(71.197.246)	(96.891.203)
Insurance technical reserves (*)	(597.712.006)	(263.913.694)	(279.939.610)	(1.141.565.310)
Financial liabilities	-	-	(3.234.894)	(3.234.894)
Total foreign currency liabilities	**(618.849.461)**	**(268.470.196)**	**(354.371.750)**	**(1.241.691.407)**
Net financial position	**532.570.497**	**77.894.926**	**14.996.198**	**625.461.621**

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

For the purpose of evaluation of the above table, TL equivalents of the relevant foreign currency amounts have been shown. December 31, 2022 While evaluating the CBRT with the exchange rate of the CBRT, other daily transactions are evaluated with accounting based on the temporary exchange rates on the date of the transaction, at the end of the reporting period, active items denominated in foreign currencies are evaluated with the CBRT exchange rates of December 31, 2022 and passive items are evaluated with the CBRT sales rates.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

	End of the period (Buying)		End of the period (Selling)		Average	
	US Dollar	Euro	US Dollar	Euro	US Dollar	Euro
December 31,2022	18,6983	19,9708	18,7320	19,9349	16,5512	17,3642
December 31,2021	13,3290	15,1139	13,3530	15,0867	8,8557	10,4408

Exposure to foreign currency risk

20 percent depreciation of the TL against the following currencies As of December 31, 2022 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below (December 31, 2021: 20 percent depreciation of the TL). This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 20 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	168.630.377	168.630.377	106.514.099	106.514.099
Euro	87.013.062	87.013.062	15.578.985	15.578.985
Others	10.986.516	10.986.516	2.999.240	2.999.240
Total, net	**266.629.955**	**266.629.955**	**125.092.324**	**125.092.324**

(*) Equity effect also includes profit or loss effect of 20% depreciation of TL against related currencies (December 31, 2021: 20% depreciation of TL).

Exposure to interest rate risk

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

As of reporting date; the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed as below:

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets with fixed interest rates:	**3.968.287.641**	**3.225.623.967**
Cash at banks *(Note 14)*	1.572.963.120	1.868.075.565
Available for sale financial assets – Government bonds – FC *(Note 11)*	1.208.025.622	524.966.173
Available for sale financial assets – Government bonds – TL *(Note 11)*	158.877.317	67.895.225
Available for sale financial assets – Private sector bonds – FC *(Note 11)*	734.123.636	439.525.214
Available for sale financial assets – Private sector bonds – TL *(Note 11)*	294.297.947	325.161.790
Financial assets with variable interest rate:	**65.881.500**	**186.561.430**
Available for sale financial assets – Private sector bonds – TL *(Note 11)*	65.881.500	186.561.430

Fair value information

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

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Classification relevant to fair value information

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

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

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

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

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

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

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets *(Note 11)*	903.301.915	96.430.000	-	999.731.915
Available for sale financial assets *(Note 11)* (*)	2.814.138.762	-	-	2.814.138.762
Associates (Note 9)	-	431.889.372	-	431.889.372
Subsidiaries (Note 9)	-	2.333.428.436	-	2.333.428.436
Total financial assets	3.717.440.677	2.861.747.808	-	6.579.188.485
Tangible assets:				
Investment properties *(Note 6)*	-	1.650.131.000	-	1.650.131.000
Owner Occupied Properties *(Note 6)*	-	744.475.000	-	744.475.000
Total tangible assets	-	2.394.606.000	-	2.394.606.000
Total	3.717.440.677	5.256.353.808	-	8.973.794.485

(*) As of December 31, 2022, securities that are not publicly traded amounting to TL 91.492 have been measured at cost.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Held for trading financial assets *(Note 11)*	244.003.125	-	-	244.003.125
Available for sale financial assets *(Note 11)* (*)	1.679.920.174	-	-	1.679.920.174
Associates (Note 9)	-	234.810.535	-	234.810.535
Subsidiaries (Note 9)	-	1.248.547.233	-	1.248.547.233
Total financial assets	1.923.923.299	1.483.357.768	-	3.407.281.067
Tangible assets:				
Investment properties *(Note 6)*	-	549.896.000	-	549.896.000
Owner Occupied Properties *(Note 6)*	-	234.955.000	-	234.955.000
Total tangible assets	-	784.851.000	-	784.851.000
Total	1.923.923.299	2.268.208.768	-	4.192.132.067

(*) As of December 31, 2022, securities that are not publicly traded amounting to TL 91.492 have been measured at cost.

Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect of changes in fair values of the associates and the available-for-sale financial assets on equity that is resulted from the fluctuations on index (all of the other variables are assumed to be fixed) are as follows As of December 31, 2022 and 2021:

	Change in index	December 31, 2022	December 31,2021
Market price of equity	10%	31.040.332	10.437.458

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Gain and losses from financial assets

Gains and losses recognized in the statement of income, net:	December 31, 2022	December 31, 2021
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	(498.127)	7.489.833
Interest income from bank deposits	267.603.923	297.325.249
Interest income from debt securities classified as available-for-sale financial assets	249.441.527	105.706.767
Income from equity shares classified as available-for-sale financial assets	55.360	1.395.274
Income from equity shares classified as held for trading financial assets	5.950.406	-
Foreign exchange gains	407.982.385	423.659.936
Income from mutual funds classified as available for sale financial assets	56.339.583	4.777.848
Income from mutual funds classified as trading financial assets	142.978.076	51.512.922
Interest income from repos	136.744	160.753
Income from subsidiaries	598.440.531	257.964.520
Income from affiliates	173.412.281	87.218.513
Income from derivative products	25.351.060	-
Investment income	**1.927.193.749**	**1.237.211.615**
Losses from derivatives transactions	(7.060.875)	-
Foreign exchange losses	(17.582.999)	(23.195.899)
Loss from disposal of financial assets	(196.394)	(498.511)
Investment management expenses (including interest)	(303.487)	(53.257)
Investment expenses	**(25.143.755)**	**(23.747.667)**
Investment income, net	**1.902.049.994**	**1.213.463.948**

Gains and losses recognized in the statement of equity, net:	December 31, 2022	December 31, 2021
Fair value changes in available for sale financial assets *(Note 15)*	744.443.090	(248.564.546)
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	498.127	(7.489.833)
Total	**747.941.217**	**(256.054.379)**

Capital management

The Company's capital management policies include the following:

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

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TL 1.689.163.840 (December 31, 2021: 980.075.804) As of December 31, 2022. As of December 31, 2022, and 2021, the capital amount of the Company presented in the unconsolidated financial statements are TL 5.170.486.290 and TL 2.955.427.565 respectively and capital surplus of the Company is amounting to TL 3.481.322.450 (December 31, 2021: TL 1.975.351.761) according to the communiqué.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

5 Segment Information

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

As of December 31, 2022, the Company operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

6 Tangible assets

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

	January 1, 2022	Additions	Foreign currency translation effect (*)	Disposals	Revaluation surplus	December 31, 2022
Cost:						
Investment properties *(Note 7)*	549.896.000				1.100.235.000	1.650.131.000
Buildings for own use	234.955.000	-	-	-	509.520.000	744.475.000
Furniture and fixtures	12.573.415	16.947.889	1.294.499	(862.275)	-	29.953.528
Land vehicles	3.234.751	-	713.100	(587.730)	-	3.360.121
Operating leases	6.637.769	129.731	2.673.882	-	-	9.441.382
Construction in progress(**)	5.924.030	5.520.855				11.444.885
	813.220.965	22.598.475	4.681.481	(1.450.005)	1.609.755.000	2.448.805.916
Accumulated depreciation:						
Buildings for own use	244.194	895.378	-	-	(1.139.572)	-
Furniture and fixtures	8.796.467	3.074.321	1.225.520	(800.516)	-	12.295.792
Land vehicles	1.815.252	634.584	306.616	(587.730)	-	2.168.722
Operating leases	3.318.885	4.130.773	1.872.805	-	-	9.322.463
	14.174.798	8.735.056	3.404.941	(1.388.246)	(1.139.572)	23.786.977
Carrying amounts	799.046.167					2.425.018.939

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) There are costs related to heating and cooling group renewal in the investment in progress account.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Movement in tangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Foreign currency translation effect (*)	Disposals	Revaluation surplus	December 31, 2021
Cost:						
Investment properties *(Note 7)*	458.821.000	-	-	-	91.075.000	549.896.000
Buildings for own use	180.163.740	364.783	-	-	54.426.477	234.955.000
Furniture and fixtures	9.712.433	1.841.501	1.432.218	(412.737)	-	12.573.415
Operating leases	2.439.414	-	795.337	-	-	3.234.751
Land vehicles	3.631.739	4.146.302	2.491.467	(3.631.739)	-	6.637.769
Construction in progress(**)	-	5.924.030	-	-	-	5.924.030
	654.768.326	12.276.616	4.719.022	(4.044.476)	145.501.477	813.220.965
Accumulated depreciation:						
Buildings for own use	1.261.560	630.591	-		(1.647.957)	244.194
Furniture and fixtures	6.349.770	1.172.819	1.373.935	(100.057)	-	8.796.467
Land vehicles	1.049.002	528.130	238.120	-	-	1.815.252
Operating leases	3.631.739	2.205.046	1.113.838	(3.631.738)	-	3.318.885
	12.292.071	4.536.586	2.725.893	(3.731.795)	(1.647.957)	14.174.798
Carrying amounts	642.476.255					799.046.167

(*) Foreign currency translation effect resulted from Singapore Branch.

Expertise reports regarding the Company's property are prepared by independent professional valuation specialists authorized by CMB in December 2021.

As of December 31, 2022, and 2021, the fair values (excluding VAT) and net carrying values of property for own used are presented below:

Owner occupied land and buildings	Expertise date	Expertise value	Net Book Value (December 31, 2022	Net Book Value (December 31, 2021)
Headquarter Building	December 2022	744.475.000	744.475.000	234.710.806
Total		744.475.000	744.475.000	234.710.806

Fair value measurement

The fair values of property for own use were determined by market comparison technique. The fair value measurement of owner-occupied land and buildings is classified as level 2.

As of December 31, 2022, and 2021, there is no mortgage on Company's tangible assets.

7 Investment properties

Additions and disposals for investment properties is given "6- Tangible Assets" note in table of current period movement of tangible assets.

Investment properties are presented by fair value method As of December 31, 2022 and 2021 on balance sheet and The Company's investment properties gained TL 1.100.235.000 amount of value in 2022 in the context of expertise report prepared by independent professional valuation specialists authorized by Capital Markets Board of Turkey. From investment property, TL 37.146.257 amount of rent income is obtained from investment properties in the current accounting period (31 Aralık 2021: 25.271.333 TL).

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, inflation adjusted cost and fair value amounts of the Company's investment properties are amounting to TL 1.650.131.000 (December 31, 2021: TL 549.896.000).

The expertise (excluding VAT) and net book values of investment properties are as follows per real estate. Expertise reports regarding these properties are prepared by independent professional valuation specialists authorized by CMB in December 2022. There is no mortgage on the real estates.

As of December 31, 2022, and 2021, details of investment properties and the fair values are as follows:

	December 31, 2022 Net book value	December 31, 2021 Net book value	Date of expertise report	Value of expertise report
Çifteler Land	6.000	6.000	December 2022	6.000
Villa Office Block	174.000.000	52.850.000	December 2022	174.000.000
Suadiye Fitness Center	76.150.000	48.770.000	December 2022	76.150.000
Tunaman Garage	528.325.000	182.925.000	December 2022	528.325.000
Operating Center Rental Offices	871.650.000	265.345.000	December 2022	871.650.000
Carrying amounts	1.650.131.000	549.896.000		1.650.131.000

Fair value measurement

The fair values of investment properties were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as level 2.

8 Intangible assets

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

	January 1, 2022	Additions	Foreign currency translation effects (*)	Disposal	Transfers	December 31, 2022
Cost:						
Rights	49.916.464	6.041.429	144.997	-	-	56.102.890
Advances on intangible fixed assets (**)	12.469.277	3.639.805	-	-	-	16.109.082
	62.385.741	9.681.234	144.997	-	-	72.211.972
Accumulated amortization:						
Rights	31.644.076	15.595.696	105.749	-	-	47.345.521
	31.644.076	15.595.696	105.749	-	-	47.345.521
Carrying amounts	30.741.665					24.866.451

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) Given referring to IFRS 17 consultation.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Movement in intangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Foreign currency translation effects (*)	Disposal	Transfers	December 31, 2021
Cost:						
Rights	47.785.666	2.001.983	128.815	-	-	49.916.464
Advances on intangible fixed assets (**)	-	12.469.277	-	-	-	12.469.277
	47.785.666	14.471.260	128.815	-	-	62.385.741
Accumulated amortization:						
Rights	16.615.898	14.932.441	95.737	-	-	31.644.076
	16.615.898	14.932.441	95.737	-	-	31.644.076
Carrying amounts	31.169.768					30.741.665

(*) Foreign currency translation effect resulted from Singapore Branch.

9 Investments in associates

The Company accounts for its subsidiaries, its investments in associates and its joint ventures using the equity method defined in TAS 27 - "Consolidated and Separate Financial Statements" in preparing the unconsolidated financial statements.

As of the reporting date, the carrying values of the investments accounted for using equity method accounted in balance sheet in the unconsolidated financial statements of the Company are as follows:

	December 31, 2022		December 31, 2021	
	Net book value	Participation rate %	Net book value	Participation rate %
Anadolu Hayat Emeklilik	431.889.372	12,46	234.810.535	12,46
Investments in associates, net	431.889.372		234.810.535	
Anadolu Sigorta	2.328.905.247	57,31	1.244.554.254	57,31
Miltaş Turizm İnşaat Ticaret Anonim Şirketi	4.523.189	100,00	3.992.979	78,00
Investments in subsidiaries, net	2.333.428.436		1.248.547.233	
Total financial asset	2.765.317.808		1.483.357.768	

Name	Total assets	Shareholders' equity	Retained earnings	Profit for the year	Audited	Period
Associates:						
Anadolu Hayat Emeklilik (*)	90.659.179.398	3.466.206.841	49.488.334	1.391.751.856	Audited.	December 31, 2022
Subsidiaries:						
Miltaş Turizm İnşaat Tic.A.Ş.	5.528.417	4.523.189	13.864	(592.172)	Not Audited.	December 31, 2022
Anadolu Sigorta(*)	29.414.397.226	4.756.818.270	125.281.148	1.323.551.677	Audited.	December 31, 2022

(*) As of December 31, 2022, consolidated financial informations of Anadolu Sigorta and Anadolu Hayat Emeklilik are shown.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

10 Reinsurance assets and liabilities

As of December 31, 2022, and 2021, outstanding reinsurance assets and liabilities of the Company, as Reinsurance Company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2022	December 31, 2021
Receivables from reinsurance companies *(Note 12)*	145.416.652	86.696.642
Cash deposited to reinsurance companies	240.868.016	199.336.037
Outstanding claims reserve, ceded *(Note 4.2), (Note 17)*	129.947.122	106.787.271
Unearned premiums reserve, ceded *(Note 17)*	49.314.693	23.649.245
Total	**565.546.483**	**416.469.195**

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2022	December 31, 2021
Deferred commission income *(Note 19)*	9.482.897	4.098.066
Total	**9.482.897**	**4.098.066**

Gains and losses recognized in the statement of income in accordance with existing retrocession contracts are as follows:

	December 31, 2022	December 31, 2021
Premiums ceded during the period *(Note 17)*	(701.343.384)	(330.959.315)
Unearned premiums reserve, ceded at the beginning of the period *(Note 17)*	(23.649.245)	(20.130.822)
Unearned premiums reserve, ceded at the end of the period *(Note 17)*	49.314.693	23.649.245
Premiums earned, ceded *(Note 17)*	**(675.677.936)**	**(327.440.892)**
Claims paid, ceded during the period *(Note 17)*	102.412.195	57.817.710
Outstanding claims reserve, ceded at the beginning of the period *(Note 17)*	(106.787.271)	(78.871.381)
Outstanding claims reserve, ceded at the end of the period *(Note 17)*	129.947.122	106.787.271
Claims incurred, ceded *(Note 17)*	**125.572.046**	**85.733.600**
Commission income accrued from reinsurers during the period *(Note 32)*	22.019.317	10.175.548
Deferred commission income at the beginning of the period *(Note 19)*	4.098.066	2.760.960
Deferred commission income at the end of the period *(Note 19)*	(9.482.897)	(4.098.066)
Commission income earned from reinsurers *(Note 32)*	**16.634.486**	**8.838.442**
Changes in unexpired risks reserve, reinsurers' share *(Note 17)*	**(1.702.688)**	**1.857.501**
Total, net	**(535.174.092)**	**(231.011.349)**

11 Financial assets

As of December 31, 2022, and 2021, the Company's financial assets portfolio are detailed as follows:

	December 31, 2022	December 31, 2021
Available for sale financial assets	2.821.184.794	1.686.966.206
Financial Assets Held for Trading	999.731.915	244.003.125
Provisions for impairment for financial assets available for sale	(6.954.540)	(6.954.540)
Total	**3.813.962.169**	**1.924.014.791**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, and 2021, the Company's available for sale financial assets are as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – EUR	27.580.000	394.864.913	559.875.414	559.875.414
Government bonds – USD	36.856.000	408.501.302	648.150.208	648.150.208
Government bons - TL	60.153.493	109.490.214	158.877.317	158.877.317
Private sector bonds – USD	39.532.000	491.805.232	734.123.636	734.123.636
Private sector bonds – TL	332.680.000	339.236.052	367.133.987	367.133.987
Impairment loss on private sector bondsTL			(6.954.540)	(6.954.540)
		1.743.897.713	2.461.206.022	2.461.206.022
Non-fixed income financial assets:				
Equity shares		61.938.846	289.766.807	289.766.807
Investment funds		52.537.380	63.257.425	63.257.425
		114.476.226	353.024.232	353.024.232
Total available-for-sale financial assets		1.858.373.939	2.814.230.254	2.814.230.254

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – EUR	12.225.000	132.274.231	186.012.202	186.012.202
Government bonds – USD	92.500.000	70.620.148	67.895.225	67.895.225
Government bons - TL	25.506.000	228.319.534	338.953.971	338.953.971
Private sector bonds – USD	33.582.000	329.890.015	439.525.214	439.525.214
Private sector bonds – TL	518.310.000	507.832.237	518.677.760	518.677.760
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		1.268.936.165	1.544.109.832	1.544.109.832
Non-fixed income financial assets:				
Equity shares		61.938.846	104.466.071	104.466.071
Investment funds		22.462.238	31.435.763	31.435.763
		84.401.084	135.901.834	135.901.834
Total available-for-sale financial assets		1.353.337.249	1.680.011.666	1.680.011.666

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, 2021 the details of the Company's held for trading assets are as follows.

	December 31, 2022			
	Nominal value	Cost	Fair value	Net book value
Investment funds TL		636.096.263	767.919.622	767.919.622
Investment funds YP		63.032.262	114.654.293	114.654.293
Share		18.119.492	20.728.000	20.728.000
Derivatives (Currency protected deposits)		94.383.307	96.430.000	96.430.000
Total		811.631.324	999.731.915	999.731.915

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Investment funds TL		125.071.511	159.626.370	159.626.370
Investment funds YP		63.032.262	84.376.756	84.376.756
Total		188.103.773	244.003.126	244.003.126

Debt instruments presented above are traded in the capital markets. As of December 31, 2022, equity shares classified as available for sale financial assets with a carrying amount of TL 91.492 are not publicly traded (December 31, 2021: TL 91.492).

There is no debt security issued during the period or issued before and paid during the period by the Company.

Value increases in financial assets including equity shares classified as available for sale financial assets and subsidiaries for the last 3 years (including tax effects):

Year	Change in value increase	Total increase in value
2022	747.941.217	775.959.399
2021	(256.054.379)	28.018.182
2020	184.597.765	284.072.561

Details of the financial assets issued by related parties of the Company's are as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Net book value
Available for sale financial assets – Equity shares		61.871.244	289.699.205	289.699.205
Available for sale financial assets – Investment funds		52.537.380	63.257.425	63.257.425
Financial Assets Held For Trading - Investment funds		393.777.415	455.512.732	455.512.732
Financial Assets Held for Trading - Currency Protected Deposits		94.383.307	96.430.000	96.430.000
Available for sale financial assets – Private sector bonds	80.000.000	80.000.000	82.731.200	82.731.200
Available for sale financial assets – Private sector bonds FC	9.000.000	79.414.848	169.147.066	169.147.066
Total		761.984.194	1.156.777.628	1.156.777.628

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Available for sale financial assets – Equity shares		61.871.244	104.398.469	104.398.469
Available for sale financial assets – Investment funds		22.462.238	31.435.763	31.435.763
Financial Assets Held For Trading - Investment funds		75.071.517	95.707.881	95.707.881
Available for sale financial assets – Private sector bonds	381.000.000	369.908.830	373.566.430	373.566.430
Available for sale financial assets – Private sector bonds FC	7.000.000	88.931.621	91.626.079	91.626.079
Total		**618.245.450**	**696.734.622**	**696.734.622**

Movements of the financial assets during the period are presented below:

			December 31, 2022
	Financial assets held for trading	Available-for-sale	Total
Balance at the beginning of the period	**244.003.125**	**1.680.011.666**	**1.924.014.791**
Unrealized exchange differences on financial assets	27.877.144	331.871.695	359.748.839
Acquisitions during the period	1.475.404.529	2.753.830.821	4.229.235.350
Disposals (sale and redemption)	(898.418.709)	(2.314.292.946)	(3.212.711.655)
Change in the fair value of financial assets	150.865.826	312.042.813	462.908.639
Change in amortized cost of the financial assets	-	50.766.205	50.766.205
Balance at the end of the period	**999.731.915**	**2.814.230.254**	**3.813.962.169**

			December 31, 2021
	Financial assets held for trading	Available-for-sale	Total
Balance at the beginning of the period	**190.742.811**	**968.211.586**	**1.158.954.397**
Acquisitions during the period	23.716.245	244.641.718	268.357.963
Disposals (sale and redemption)	356.341.014	1.298.301.856	1.654.642.870
Change in the fair value of financial assets	(500.458.942)	(900.208.435)	(1.400.667.377)
Change in amortized cost of the financial assets	173.661.997	127.361.100	301.023.097
Bonus shares acquired	-	(58.296.159)	(58.296.159)
Balance at the end of the period	**244.003.125**	**1.680.011.666**	**1.924.014.791**

12 Loans and receivables

	December 31, 2022	December 31, 2021
Receivables from main operations *(Note 4.2)*	1.023.493.863	640.389.582
Prepaid taxes and funds *(Note 19)*	13.673.790	-
Other receivables *(Note 4.2)*	12.828.915	1.908.875
Other current asset	5.207.469	3.037.253
Total	**1.055.204.037**	**645.335.710**
Short-term receivables	843.290.936	519.559.623
Medium and long-term receivables	211.913.101	125.776.087
Total	**1.055.204.037**	**645.335.710**

(Currency: Turkish Lira (TL))

As of December 31, 2022, and 2021, receivables from main operations are detailed as follows:

	December 31, 2022	December 31, 2021
Receivables from insurance companies	360.751.126	181.896.960
Receivables from brokers and intermediaries	106.970.341	90.597.920
Receivables from reinsurance companies *(Note 10)*	145.416.652	86.696.642
Total receivables from insurance operations, net	**613.138.119**	**359.191.522**
Cash deposited to insurance and reinsurance companies	410.355.744	281.198.060
Doubtful receivables from main operations	78.486.484	63.257.777
Provision for doubtful receivables from main operations	(78.486.484)	(63.257.777)
Receivables from main operations	**1.023.493.863**	**640.389.582**

As of December 31, 2022, and 2021, mortgages and collaterals obtained for receivables are disclosed as follows:

	December 31, 2022	December 31, 2021
Letters of guarantees	33.828.714	24.484.094
Other Guarantees	-	201.669
Total	**33.828.714**	**24.685.763**

Provisions for overdue receivables and receivables not due yet

a) *Receivables under legal or administrative follow up (due): TL* 78.486.484 for main operations (December 31, 2021: TL 63.257.777) and TL 705.142 (December 31, 2021: TL 1.061.329) for other receivables.

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

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

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

13 Derivative financial assets

As of December 31, 2022, and 2021, the Company has no derivative financial instruments.

14 Cash and cash equivalents

As of December 31, 2022, and 2021, the details of cash and cash equivalents are as follows:

	December 31, 2022		December 31, 2021	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	42.425	21.528	21.528	21.439
Bank deposits	1.690.301.129	1.940.001.758	1.940.001.758	1.591.695.487
Cheques received	-	-	-	400.138
Cash and cash equivalents in the balance sheet	**1.690.343.554**	**1.940.023.286**	**1.940.023.286**	**1.592.117.064**
Bank deposits – blocked	(500)	(500)	(500)	(500)
Time deposits with maturities longer than 3 months	(305.956.102)	(157.229.110)	(157.229.110)	(145.142.438)
Interest accruals on bank deposits	(9.232.799)	(14.400.277)	(14.400.277)	(10.329.632)
Cash and cash equivalents presented in the statement of cash flows	**1.375.154.153**	**1.768.393.399**	**1.768.393.399**	**1.436.644.494**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, and 2021, the details of bank deposits as follows:

	December 31, 2022	December 31, 2021
Foreign currency denominated bank deposits		
- time deposits	561.136.862	223.883.970
- demand deposits	116.626.088	71.456.715
Bank deposits in Turkish Lira		
- time deposits	1.011.826.258	1.644.191.595
- demand deposits	711.921	469.478
Bank deposits	**1.690.301.129**	**1.940.001.758**

15 Equity

Paid in capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group having 87,60% of outstanding shares. As of December 31, 2022, and, 2021, the shareholding structure of the Company is as follows:

	December 31, 2022		December 31, 2021	
Name	Shareholding amount(TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	**660.000.000**	**100,00**	**660.000.000**	**100,00**

As of December 31, 2021, the issued share capital of the Company is TL 660.000.000 (December 31, 2021: TL 660.000.000) and the share capital of the Company consists of 66.000.000.000 (December 31, 2021: 66.000.000.000 shares) issued shares with TL 0,01 nominal value each. There are no privileges over the shares of the Company.

There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any treasury shares issued which will be subject to sale in accordance with forward transactions and contracts.

Legal reserves

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

The movements of legal reserves are as follows:

	December 31, 2022	December 31, 2021
Legal reserves at the beginning of the period	**226.709.388**	**194.945.022**
Transfer from profit	29.616.804	19.027.365
Accounted according to the equity method	5.486.282	12.737.001
Legal reserves at the end of the period	**261.812.474**	**226.709.388**

As of December 31, 2022, and December 31, 2021, "Other Reserves and Retained Earnings" includes extraordinary reserves, gains to be added to equity and buildings for own use revaluation differences and other profit reserves.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Extraordinary reserves

The movement of extraordinary reserves is as follows:

	December 31, 2022	December 31, 2021
Extraordinary reserves at the beginning of the period	823.206.149	692.870.924
Transfer from profit	-	-
Accounted according to the equity method	232.743.627	130.335.225
Extraordinary reserves at the end of the period	1.055.949.776	823.206.149

Special funds (reserves)

As of 31 December 2022, a fund of 33.809.969 TL has been allocated to receive venture capital investment fund participation shares from the 2021 period profit in accordance with the provisions of Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law. (31 December 2021: 17.000.000 TL). As of December 31, 2022, special funds accounted according to the equity method is amounting to TL 67.127.812 (December 31, 2021: 40.074.90).

The movements of special funds are as follows:

	December 31, 2022	December 31, 2021
Special funds at the beginning of the period	57.074.903	16.900.903
Transfer from profit	33.809.969	17.000.000
Accounted according to the equity method	27.052.909	23.174.000
Special funds at the end of the period	117.937.781	57.074.903

Other profit reserves

According to revision on TAS 19, actuarial profit and losses that recognized in income statement in termination indemnity calculation before, is recognized in "Other Profit Reserves" account under equity in current period financial statements. The amount of TL (15.402.782) (December 31, 2021: TL (5.965.389) regarding actuarial calculation is presented in other profit reserves account, in calculation of termination indemnity As of December 31, 2022.

Movement of other profit reserves is presented below:

	December 31, 2022	December 31, 2021
Other profit reserves at the beginning of the period	15.947.853	19.379.678
Actuarial gains/losses	(9.437.393)	(1.671.278)
Accounted according to the equity method	699.771	(1.760.547)
Other profit reserves at the end of the period	7.210.231	15.947.853

Statutory reserves

After the allocation of first legal reserves and first dividend to shareholders, reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly. As of December 31, 2022, there are no funds allocated in this manner (December 31, 2021: None). As of December 31, 2022, the statutory reverses that are accounted according to the equity method amounting to TL 122.747.456 (December 31, 2021: TL 83.112.202).

Foreign currency translation differences

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As of December 31, 2022, foreign currency translation loss amounting to TL 86.654.441 (December 31, 2021: TL 41.999.609) stems from Singapore Branch whose functional currency is US Dollars.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Other capital reserves

"According to TAS 16 – "Property Plant and Equipment", property, plant and equipment are initially recorded at cost and can be subsequently measured at their fair values. The Company has started to show based on the revaluation model by measuring over fair value as of the third quarter of 2015 by making changes in the use of the property which is measuring the cost model in the financial statements before.

According to expertise reports, fair value of building for own use is calculated as TL 744.475.000 and revaluation differences amounted TL 729.034.443 is recognized in 'Other Capital Reserves' account under equity amounting to TL 637.905.139 with net tax effect in financial statements As of December 31, 2022 (December 31, 2021: TL 196.537.385). As of December 31, 2021, the other capital reverses that are accounted according to the equity method amounting to TL 39.677.182 (December 31, 2021: TL 24.016.043)

Valuation of financial assets

As of December 31, 2022, and 2021 detailed change of fair value of marketable securities, debt securities and subsidiaries classified as available for sale financial assets is as following:

	December 31, 2022	December 31, 2021
Fair value reserves at the beginning of the period	28.018.182	284.072.561
Change in the fair value during the period *(Note 4.2)*	760.461.077	(259.594.688)
Deferred tax effect *(Note 4.2)*	(12.893.456)	9.157.684
Net gains transferred to the statement of income *(Note 4.2)*	498.127	(7.489.833)
Deferred tax effect *(Note 4.2)*	(124.531)	1.872.458
Fair value reserves at the end of the period	775.959.399	28.018.182

Profit for the period that is extraneous from the distribution In accordance with tax legislation, 75% of profits from sales of participation shares and 50% of profit from real states included in the assets of companies is exempt from corporate tax provided that it is classified under a special fund for full five years. The exempt gains cannot be transferred to another account other than a capital increase or cannot be withdrawn from the entity for five years. In the direction of sector announcement made by Treasury dated October 27, 2008 and numbered 2008/41, the Company classified the gain on sale dated April 10, 2015 from the land in real estate amounting to TL 23.723.323 as of December 31, 2016. As of December 31, 2022, TL 162.083, which corresponds to 75% of the income obtained from the sale of the subsidiary realized by the Company as of December 14, 2021, has been classified in the Non-Distributable Period Profit. The Non-Distributable Period Profit amount accounted for using the equity method is TL 9.914.408. (31 Aralık 2021: 844.463)

16 Other reserves and equity component of discretionary participation

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

As of December 31, 2022, and 2021, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature.

17 Insurance contract liabilities and reinsurance assets

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, and 2021, technical reserves of the Company are as follows:

	December 31, 2022	December 31, 2021
Unearned premiums reserve, gross	2.293.557.896	1.187.333.155
Unearned premiums reserve, ceded *(Note 10)*	(49.314.693)	(23.649.245)
Unearned premiums reserve, net	**2.244.243.203**	**1.163.683.910**
Outstanding claims reserve, gross	4.174.390.046	2.375.596.576
Outstanding claims reserve, ceded *(Note 10)*	(129.947.122)	(106.787.271)
Outstanding claims reserve, net	**4.044.442.924**	**2.268.809.305**
Unexpired risks reserve, gross	13.916.585	158.300.804
Unexpired risks reserve, ceded *(Note 10)*	(752.399)	(2.455.087)
Unexpired risks reserve, net	**13.164.186**	**155.845.717**
Equalization reserve, net	**405.400.733**	**245.855.051**
Mathematical reserves	-	-
Total technical reserves, net	**6.707.251.046**	**3.834.193.983**
Short-term	6.301.850.313	3.588.338.932
Medium and long-term	405.400.733	245.855.051
Total technical reserves, net	**6.707.251.046**	**3.834.193.983**

As of December 31, 2022, and 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2022		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	1.187.333.155	(23.649.245)	1.163.683.910
Written premiums during the period	4.808.430.037	(701.343.384)	4.107.086.653
Earned premiums during the period	(3.702.205.296)	675.677.936	(3.026.527.360)
Unearned premiums reserve at the end of the period	**2.293.557.896**	**(49.314.693)**	**2.244.243.203**

	December 31, 2021		
Unearned premiums reserve	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	840.067.426	(20.130.822)	819.936.604
Written premiums during the period	2.482.605.065	(330.959.315)	2.151.645.750
Earned premiums during the period	(2.135.339.336)	327.440.892	(1.807.898.444)
Unearned premiums reserve at the end of the period	**1.187.333.155**	**(23.649.245)**	**1.163.683.910**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2022		
Outstanding claims reserve	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	2.375.596.576	(106.787.271)	2.268.809.305
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	4.732.308.654	(133.099.597)	4.599.209.057
Claims paid during the period	(2.423.531.546)	102.412.195	(2.321.119.351)
Discount effect	(509.983.638)	7.527.551	(502.456.087)
Outstanding claims reserve at the end of the period	4.174.390.046	(129.947.122)	4.044.442.924

	December 31, 2021		
Outstanding claims reserve	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	1.710.325.122	(78.871.381)	1.631.453.741
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	2.342.572.852	(88.572.054)	2.254.000.798
Claims paid during the period	(1.373.848.905)	57.817.710	(1.316.031.195)
Discount effect	(303.452.493)	2.838.454	(300.614.039)
Outstanding claims reserve at the end of the period	2.375.596.576	(106.787.271)	2.268.809.305

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

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

Total amount of insurance risk on a branch basis

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

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

None.

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

None.

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

None.

Pension investment funds established by the Company and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

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

None.

(Currency: Turkish Lira (TL))

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

None.

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

None.

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

None.

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

None.

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

None.

Profit share distribution rate of life insurances

None.

Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2022, deferred production expenses amounting to TL 540.362.676 (31 Aralık 2021: 281.625.876 TL) deferred production commissions amounting to TL 537.519.645 (31 December 2021: TL 280.371.627) and deferred loss surplus amounting to TL 2.843.031 (31 December 2021: TL 1.254.249) It consists of premiums.

As of December 31, 2022, and 2021, the movement of deferred commission expenses is presented below:

	December 31, 2022	December 31, 2021
Deferred commission expenses at the beginning of the period	280.371.627	199.751.582
Commissions accrued during the period *(Note 32)*	1.091.429.957	578.447.634
Commissions expensed during the period *(Note 32)*	(834.281.939)	(497.827.589)
Deferred commission expenses at the end of the period	**537.519.645**	**280.371.627**

18 Investment contract liabilities

None.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

19 Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Financial Liabilities	126.259	3.234.894
Payables from reinsurance operations	157.282.931	127.233.309
Short/long term deferred income and expense accruals	26.927.997	14.791.526
Taxes and other liabilities and similar obligations	6.317.060	81.489.082
Due to related parties *(Note 45)*	419.272	156.141
Other payables	13.057.845	3.616.330
Total	**204.131.364**	**230.521.282**
Short-term liabilities	162.229.199	200.031.125
Medium and long-term liabilities	41.902.165	30.490.157
Total	**204.131.364**	**230.521.282**

As of December 31, 2022, and 2021, other payables largely consist of outsourced benefits and services.

Short/long term deferred income and expense accruals include deferred commission income *(Note 10)* amounting to TL 9.482.897 (December 31, 2021: TL 4.098.066).

As of December 31, 2022, the amounting of the expense accruals TL 17.174.294 (December 31, 2021: TL 10.493.032) are detailed in the table below.

	December 31, 2022	December 31, 2021
Dividend accrual	7.368.043	4.456.812
Other accruals	9.806.251	6.036.220
Total	**17.174.294**	**10.493.032**

Prepaid income and expense accruals are TL 270.806 (December 31, 2021: TL 200.428) consist of long-term and short term other deferred income.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2022	December 31, 2021
Taxes paid during the year	13.673.790	51.468.799
Corporate tax liabilities	-	(128.897.591)
Prepaid assets, net	**13.673.790**	**(77.428.792)**

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

None.

20 Financial liabilities

As of 31 December 2022 and 2021, discounted repayment plans for the Company's operating leases are as follows:

	December 31, 2022	December 31, 2021
Within one year	30.126	3.234.894
1 yıldan uzun	96.133	-
Total	**126.259**	**3.234.894**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

21 Deferred tax

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

	December 31, 2022 Deferred tax assets/(liabilities)	December 31, 2021 Deferred tax assets/(liabilities)
Unexpired risks reserve	3.291.046	35.844.515
Equalization provision	59.979.691	32.568.287
Provision for the pension fund deficits	58.816.795	20.599.702
Provisions for employee termination benefits	7.637.199	2.998.408
Provision for doubtful receivables	1.946.412	2.484.919
Personnel bonus accrual	1.842.012	1.114.203
Valuation differences in financial assets	6.012.445	119.584
Rediscount of receivables and payables	(26.240)	(7.613)
Time deposits	398.499	(507.293)
Amortization correction differences	(1.739.745)	(797.643)
Profit commission accrual	(10.968.672)	(4.767.444)
Real estate valuation differences	(294.503.668)	(74.513.476)
Deferred tax (liabilities)/assets, net	(167.314.226)	15.136.149

As of 31 December 2022, the Company has a deductible financial loss of 751.610.679 TL that can be used until 31 December 2027. The Company reviewed the business plan as of December 31, 2022 and estimated the risk of not being able to use the financial losses, which can be deducted in the coming years, and as of December 31, 2022, no deferred tax was calculated on the aforementioned accumulated financial losses with the precautionary principle (31 December 2021: None).

Movement of deferred tax assets are given below:

	December 31, 2022	December 31, 2021
Opening balance at 1 January	15.136.149	(12.731.169)
Deferred tax income/expense	(103.908.015)	23.899.257
Deferred tax income/expense recognised in equity	(78.542.360)	3.968.061
Deferred tax (assets)/liabilities:	(167.314.226)	15.136.149

22 Retirement benefit obligations

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the provisional article No: 23 of the Banking Law No: 5411, pension funds of the banks which were established within the framework of Social Security Institution Law, should be transferred to the Social Security Institution within three years after the publication of the prevailing Banking Law enacted on November 1, 2005. However, the said article of the Banking Law has been vetoed by the President on November 2, 2005 and the execution of the article was ceased based on the Supreme Court's decision numbered 2007/33 and dated March 22, 2007. The justified decision of Supreme Court is published in Official Gazette dated December 15, 2007 and numbered 26731. Supreme Court asserted possible losses on acquired rights of employees of pension fund as reason for cancellation decision.

Following annulment of the temporary Article 23 of the Banking Law, the new law "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" was published in the Official Gazette dated May 8, 2008 and came into force. The new law requires transfer of the participants or beneficiaries of pension funds to Social Security Institution as at the effective date of the Act within 3 years and prescribe the extension period of the transfer as maximum of two years upon the order of the Cabinet. Accordingly, the three-year period expired on May 8, 2011 was extended to the May 8, 2013. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers. Under the scope of Decree of Turkish Ministry of Labour and Social Security numbered 174, according to 20th temporary article of the Social Security Laws numbered 5510, the Council of Ministers postpone transfer of the funds until May 8, 2015 with the decision of The Council of Ministers dated February 24, 2014.

April 23, 2015 dated Official Gazette is changed as following; insurance and reinsurance companies, chambers of commerce, industry chambers, stock exchanges or which constitutes their union personnel and associates of funds "The Council is authorized to determine the date of transfer within the scope of article 20 the of the law, 506 banks, insurance and reinsurance companies, chambers of commerce, industry chambers, stock exchanges or which constitutes their union personnel and associates of funds to the social security institution. Pension fund contributors as of the transfer date and considered insured by the first paragraph of Article 4 of this law.

With the decision of the Council of Ministers to be published in the future, the principles and practices of the period will be determined.

On the other hand, the application made on June 19, 2008 by the Republican People's Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on March 30, 2011.

As per the temporary sub article No: 20 of the Article 73 of the above mentioned law also includes the following;

For each ballot box, the advance value of the obligation in relation to the transferred persons as of the date of transfer, including the associates who left the ballot box, must be calculated in accordance with the following provisions:

a) technical deficit rate of 9.80% shall be used in the actuarial calculation of the value in cash, and

b) uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by the entities who transfer the funds.

In accordance with the law; after fund affiliates along with monthly salary and/or revenue endowed people and their rights holder transfer to Social Security Intuition, these people' uncovered social rights and payments is paid, even if it is written in the foundation's obligation which they are belong to, by funds and fund affiliate's employer institutions. The benefits stated in the settlement deeds of pension fund but not subject to transfer will continue to be covered by the pension funds.

The technical financial position of the Milli Reasürans Pension Fund is audited by the registered actuary in accordance with the Article 21 of the Insurance Law and Actuary Act. As per the calculations based on the above mentioned assumptions, actuarial and technical deficit amounting to TL 235.267.182 (December 31, 2021: TL 102.998.511) is accounted as "Provision for pension fund deficits" in the accompanying unconsolidated financial statements.

An actuarial report has been obtained from registered actuary regarding calculation of the amount to be paid to the Social Security Institution by the Company in accordance with the new law. The CSO 1980 mortality table for December 31,2022 9.8% of technical deficit interest rate are taken into account in the calculation of the said technical deficit. No real increase/decrease is anticipated in salary and health expenses. The health benefits to be paid will be considered by the Group management due to the changes in the Social Security Institution legislation and other regulations. At December 31, 2022 and 2021, technical deficit from pension funds comprised the following.

	December 31, 2022	December 31, 2021
Net present value of total liabilities other than health	(477.099.568)	(238.855.340)
Net present value of insurance premiums	143.627.068	64.386.463
Net present value of total liabilities other than health	**(333.472.500)**	**(174.468.877)**
Net present value of health liabilities	(56.866.044)	(28.428.461)
Net present value of health premiums	78.927.742	35.160.105
Net present value of health liabilities	**22.061.698**	**6.731.644**
Pension fund assets	**76.143.620**	**64.738.722**
Amount of actuarial and technical deficit	**(235.267.182)**	**(102.998.511)**

(Currency: Turkish Lira (TL))

Pension fund's assets are comprised of the following items:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	38.295.525	46.206.290
Associates	31.736.625	16.823.239
Other	6.111.470	1.709.193
Total plan assets	76.143.620	64.738.722

23 Other liabilities and expense accruals

As of December 31, 2022, and 2021; the provisions for other risks are disclosed as follows:

	December 31, 2022	December 31, 2021
Provision for pension fund deficits *(Note 22)*	235.267.182	102.998.511
Provision for employee termination benefits	30.548.796	14.992.038
Total provision for other risks	265.815.978	117.990.549

Movement of provision for employee termination benefits during the period is presented below:

	December 31, 2022	December 31, 2021
Provision at the beginning of the period	14.992.038	12.123.164
Interest cost *(Note 47)*	2.630.146	1.310.788
Service cost *(Note 47)*	1.888.765	898.130
Payments during the period *(Note 47)*	(2.042.459)	(1.429.142)
Actuarial gain/loss	13.080.306	2.089.098
Provision at the end of the period	30.548.796	14.992.038

24 Net insurance premium revenue

Net insurance premium revenue for non–life branches is presented in detailed in the accompanying unconsolidated statement of income.

25 Fee revenue

None.

26 Investment income

Investment income is presented in Note 4.2 – *Financial risk management.*

27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 – *Financial risk management.*

28 Asset held at fair value through profit or loss

Presented in "Note 4.2 – Financial Risk Management".

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

29 Insurance rights and claims

	December 31, 2022		December 31, 2021	
	Life	Non-Life	Life	Non-Life
Claims paid, net off reinsurers' share	(9.292.133)	(2.311.827.218)	(10.115.740)	(1.305.915.455)
Changes in outstanding claims reserve, net off reinsurers' share	9.915.129	(1.785.548.748)	(5.258.180)	(632.097.384)
Changes in unearned premiums reserve, net off reinsurers' share	(1.633.068)	(1.078.926.225)	11.000.553	(354.747.859)
Changes in unexpired risks reserve, net off reinsurers' share	948.523	141.733.008	(948.523)	(106.748.800)
Change in equalization reserve, net off reinsurers' share	(101.352)	(159.444.330)	(5.725)	(61.176.976)
Change in life mathematical reserves, net off reinsurers' share	-	-	13.014	-
Total	(162.901)	(5.194.013.513)	(5.314.601)	(2.460.686.474)

30 Investment contract benefits

None.

31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 – *Expenses by nature* below.

32 Operating expenses

As of December 31, 2022, and 2021, the operating expenses are disclosed as follows:

	December 31, 2022		December 31, 2021	
	Life	Non-Life	Life	Non-Life
Commission expenses *(Note 17)*	4.622.090	829.659.849	1.643.480	496.184.109
Commissions to the intermediaries accrued during the period (Note 17)	4.757.807	1.086.672.150	(2.331.747)	580.779.381
Changes in deferred commission expenses (Note 17)	(135.717)	(257.012.301)	3.975.227	(84.595.272)
Employee benefit expenses *(Note 33)*	556.571	133.499.893	562.370	75.108.617
Foreign exchange losses	228.373	266.056.619	674.908	162.304.196
Administration expenses	215.306	45.790.907	219.627	25.380.454
Commission income from reinsurers *(Note 10)*	-	(16.634.487)	-	(8.838.442)
Commission income from reinsurers accrued during the period (Note 10)	-	(25.072.841)	-	(10.175.548)
Change in deferred commission income (Note 10)	-	8.438.354	-	1.337.106
Outsourced benefits and services	63.145	12.080.160	67.763	7.297.745
Other	26.451	23.041.353	35.542	14.153.408
Total	5.711.936	1.293.494.294	3.203.690	771.590.087

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

33 Employee benefit expenses

As of December 31, 2022, and 2021, employee benefit expenses are disclosed as follows:

	December 31, 2022		December 31, 2021	
	Life	Non-Life	Life	Non-Life
Wages and salaries	357.858	92.967.020	397.726	56.044.640
Employer's share in social security premiums	116.573	24.027.551	102.038	11.989.120
Pension fund benefits	82.140	16.505.322	62.606	7.074.857
Total (*Note 32*)	556.571	133.499.893	562.370	75.108.617

34 Financial costs

As of December 31, 2022, TL 303.487 (1 January - 31 December 2021: 53.257) interest expense arising from leases that the Company is subject to TFRS 16 Leasing Transactions standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 4.130.773 is recognised under the "Depreciation and Amortization Expense" accounts (1 January - 31 December 2021: 2.205.045).

35 Income Taxes

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

	December 31, 2022	December 31, 2021
Corporate tax expense:		
Corporate tax provision	-	(128.897.591)
Deferred taxes:		
Origination and reversal of temporary differences	(103.908.015)	23.899.257
Total income tax expense/(income)	(103.908.015)	(104.998.334)

For the period then ended As of December 31, 2022 and 2021, a reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	December 31, 2022		December 31, 2021	
Profit before taxes	992.527.781	Tax rate (%)	653.963.982	Tax rate (%)
Taxes on income per statutory tax rate	248.131.945	25,00	163.490.996	25,00
Tax exempt income	(217.070.740)	(21,87)	(86.647.102)	(13,25)
Non-deductible expenses	72.846.810	7,34	28.154.440	4,31
Total tax expense recognized in profit or loss	103.908.015	10,47	104.998.334	16,06

36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 – *Financial Risk Management* above.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	December 31, 2022	December 31, 2021
Net profit for the period	888.619.766	548.965.648
Weighted average number of shares	66.000.000.000	66.000.000.000
Earnings per share (TL)	0,0135	0,00832

38 Dividends per share

Dividend distribution policy of the Company stated its Articles of Association are as follows:

Net profit for the year presents remaining amount of total income of the year after deducting operating expenses, amortisation, provisions, taxes and other similar obligations and prior year losses if any. Net profit is divided and distributed in accordance with order as follows.

- 5% of legal reserve is divided from annual net profit, until it reaches 20% of share capital.
- Amounts described by a and b clauses of 2nd paragraph of 519th article of the Turkish Commercial Law will be added to general legal reserves, after legal limit is reached.
- 10% of the remaining net profit amount is distributed to shareholders, as first dividend.
- If the Company has acquired his share, according to 520th article of the Turkish Commercial Law, legal reserve is divided to meet the acquiring amount.
- Reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly,
- After the allocation of first legal reserves, first dividend to shareholders and statutory reserves, up to 3% of the remaining amount not exceeding three-wages is distributed to personnel.
- After the allocation of above mentioned reserves and dividends, second dividend to shareholders might be allocated, based on the suggestion of the Board of Directors and decision of the General Assembly.
- According to c clause of 2nd paragraph of 519th article of the Turkish Commercial Law, 10% of total amount distributed to people have share of profit will be added to general legal reserves.
- The fate of remaining amount will be determined by the General Assembly.

Judgements of 3rd paragraph of 519th article of Turkish Commercial Law are reserved.

Other legal reserves cannot be divided, profit cannot be transferred to next year and share of profit cannot be distributed to members of the Board of Directors, founders or workers, unless legal reserves have to be divided according to laws and first dividend for shareholders is divided, in accordance with the Articles of Association.

At the Ordinary General Assembly Meeting of the Company held on March 28, 2022, from the period net profit of 548,965,648 TL, which was generated as a result of the company’s activities in 2021, 48,000,000 TL was paid to the shareholders as a cash dividend, after the legal reserves were set aside, and the remaining amount was determined by Tax Procedure Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, 33.809.969 TL of funds will be allocated for the purchase of venture capital investment fund participation shares, 29.616.804 TL legal reserves will be allocated and the remaining amount will be left as previous year’s profit.TL 47.984.125 of the dividend payment to the shareholders was paid in cash, and TL 15.875 was accounted for in the Payables to Partners account under Short-Term Liabilities. The amount of dividend paid is reflected to the financial statements as a liability in the period declared by the Company.

39 Cash generated from operations

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

(Currency: Turkish Lira (TL))

40 Convertible bonds

None.

41 Redeemable preference shares

None.

42 Risks

"Millî Reasürans Türk Anonim Şirketi Mensupları Yardımlaşma Sandığı Vakfı" was established by Millî Reasürans Türk Anonim Şirketi, in accordance with the Turkish Commercial and Civil Laws which is examined by Tax Audit Committee inspectors due to the Company payments what are fulfilled obligations to the foundation owing to deed of the foundation and the related act. As a result of this investigation, an examination was reported for periods of 2007, 2008, 2009, 2010 and 2011.

Legal process has been started for the years 2007, 2008, 2009, 2010, 2011 and the later years and the payment regarding to the revenue authorities was paid. As of the report date, there is no recognized provision.

43 Commitments

The Company provides guarantee to ceding companies in the non-life branch as a reinsurance Company and transfers insurance risks through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies.

The future aggregate minimum lease payments under operating leases for properties rented for use are as follows:

	December 31, 2022	December 31, 2021
Within one year	30.126	3.234.894
More than one year & Less than five years	96.133	-
Total of minimum rent payments	**126.259**	**3.234.894**

44 Business combinations

None.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

45 Related party transactions

For the purpose of the accompanying unconsolidated financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. The related party balances as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Türkiye İş Bankası A.Ş.	724.044.050	899.402.534
Other	9.900	5.763
Banks	**724.053.950**	**899.408.297**
Investment funds founded by İş Portföy Yönetimi A.Ş. *(Note 11)*	432.880.122	105.244.013
Equity shares of the related parties *(Note 11)*	289.699.205	104.398.469
Bond issued by Türkiye İş Bankası A.Ş. *(Note 11)*	-	111.350.600
Eurobonds issued by Türkiye İş Bankası A.Ş. *(Note 11)*	132.045.525	65.623.333
Bonds issued by İş GYO A.Ş. (Note 11)	-	29.663.400
Bonds issued by İş Faktoring A.Ş. (Note 11)	-	66.800.600
Eurobonds issued by İşYatırım A.Ş. *(Note 11)*	-	82.980.050
Bonds issued by İş Finansal Kiralama A.Ş. (Note 11)	-	82.771.780
Investment funds founded by İş Portföy Yönetimi A.Ş. *(Note 11)*	85.890.035	21.899.631
Industrial Development Bank of Turkey as bonds issued Inc. (Note 11)	37.101.541	26.002.746
Türkiye Şişe ve Cam Fabrikaları A.Ş'nin ihraç ettiği tahviller(Not 11)	82.731.200	-
Türkiye İş Bankası kur korumalı mevduat	96.430.000	-
Financial assets	**1.156.777.628**	**696.734.622**
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş.)	78.549.428	43.392.683
Anadolu Sigorta	73.674.497	23.738.636
Groupama Sigorta A.Ş	8.233.869	3.071.478
Anadolu Hayat Emeklilik A.Ş	4.951.884	1.460.965
HDI Sigorta A.Ş.	504.422	29.177
İstanbul Umum Sigorta A.Ş	273.998	204.952
Liberty Sigorta A.Ş. (HDI Sigorta A.Ş.)	42.981	-
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	15.892	34.541
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	2.751	13.960
Receivables from main operations	**166.249.722**	**71.946.392**
Due to shareholders	156.859	140.984
Due to other related parties	262.413	15.157
Due to related parties	**419.272**	**156.141**
Axa Sigorta A.Ş	5.373.820	216.841
Allianz Sigorta A.Ş	3.931.833	2.239.632
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	2.560.806	4.908.866
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	275.047	1.049.153
Güven Sigorta T.A.Ş	73.483	131.943
Liberty Sigorta A.Ş. (HDI Sigorta A.Ş.)	69.172	128.493
Groupama Sigorta A.Ş	38.158	48.426
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş.)	33.279	40.407
İstanbul Umum Sigorta A.Ş	25.580	29.152
Anadolu Sigorta	12.139	16.347
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	-	2.423.749
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	-	3.682.479
Anadolu Hayat Emeklilik A.Ş	-	343.679
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	-	230.976
Payables from main operations	**12.393.317**	**15.490.143**

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables and payables from shareholders, subsidiaries and joint ventures.

No guarantees, commitments, guarantee letters, advances and endorsements given in favour of shareholders, associates and subsidiaries.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

The transactions with related parties are as follows:

	December 31, 2022	December 31, 2021
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	645.949.012	358.925.841
Anadolu Sigorta	514.690.257	243.822.624
Groupama Sigorta A.Ş.	61.144.191	32.408.505
Allianz Sigorta A.Ş.	13.216.018	2.969.313
Anadolu Hayat Emeklilik A.Ş.	7.876.435	2.871.213
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	3.591.451	370.054
Hdi Sigorta A.Ş.	1.799.242	1.027.354
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	538.105	1.248.386
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	10.332	-
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	7.889	3.802.753
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)		32.975
Güven Sigorta T.A.Ş.	-	(25)
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	-	(8.679.894)
Axa Sigorta A.Ş.	(28.139)	1.766.571
Premiums received	**1.248.794.793**	**640.565.670**
Anadolu Sigorta	2.386.178	1.637.799
Groupama Sigorta A.Ş.	23	29
Axa Sigorta A.Ş.	16	12
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	12	12
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	10	21
Güven Sigorta T.A.Ş.	5	4
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	5	4
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	3	-
Hdi Sigorta A.Ş.	2	2
Premiums ceded to the reinsurer	**2.386.254**	**1.637.883**
Anadolu Sigorta	170.904	127.507
İstanbul Umum A.Ş.	(11)	–
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	(52)	–
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	(72)	–
Allianz Sigorta A.Ş.	(90)	–
Axa Sigorta A.Ş.	(121)	–
Güven Sigorta T.A.Ş.	(126)	–
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	(179)	(1)
Groupama Sigorta A.Ş.	(204)	(1)
Commissions received	**170.049**	**127.505**

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2022	December 31, 2021
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	175.292.378	96.542.640
Anadolu Sigorta	104.059.523	49.730.198
Groupama Sigorta A.Ş.	13.521.740	7.050.112
Allianz Sigorta A.Ş.	3.649.769	771.961
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	2.218.375	(2.162.687)
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	754.903	551.977
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	616.830	359.376
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	375.747	340.695
Hdi Sigorta A.Ş.	276.099	158.832
Anadolu Hayat Emeklilik A.Ş.	22.003	228.024
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	1.033	13.757
Güven Sigorta T.A.Ş.	-	(3)
Axa Sigorta A.Ş.	(485.681)	458.553
Commissions given	300.302.719	154.043.435
Anadolu Sigorta	287.715.432	94.722.330
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	216.205.031	135.167.046
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	33.282.317	46.071.219
Groupama Sigorta A.Ş.	20.979.891	12.270.280
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	6.892.618	3.100.838
Axa Sigorta A.Ş.	6.259.755	5.158.676
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	4.908.061	6.913.248
Allianz Sigorta A.Ş.	4.595.680	(96.447)
Anadolu Hayat Emeklilik A.Ş.	2.721.603	2.468.395
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	267.650	5.299.653
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	266.199	255.887
Güven Sigorta T.A.Ş.	261.754	336.309
Hdi Sigorta A.Ş.	244.456	1.625.247
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	-	2.336.941
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	-	346.969
Claims paid	584.600.447	315.976.591
Anadolu Sigorta	136.361	323.925
Axa Sigorta A.Ş.	55.281	42.349
Groupama Sigorta A.Ş.	53.385	55.695
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	50.957	30.669
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	45.166	64.190
Güven Sigorta T.A.Ş.	43.820	31.074
İstanbul Umum A.Ş.	20.041	12.756
Allianz Sigorta A.Ş.	16.293	11.660
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	13.844	36.284
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	12.740	11.600
Hdi Sigorta A.Ş.	1.034	2.272
Reinsurance's share of claims paid	448.922	622.474

(Currency: Turkish Lira (TL))

	December 31, 2022	December 31, 2021
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	8.426.523	5.702.820
Anadolu Sigorta	4.563.173	2.830.084
Anadolu Hayat Emeklilik A.Ş.	176.090	57.467
Axa Sigorta A.Ş.	148.063	29.316
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	142.529	18.960
Güven Sigorta T.A.Ş.	128.264	22.629
Groupama Sigorta A.Ş.	126.962	35.676
Hdi Sigorta A.Ş.	95.857	117.039
İstanbul Umum A.Ş.	56.485	6.605
Allianz Sigorta A.Ş.	49.812	9.530
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	32.873	106.919
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	12.088	(7.237)
Other income	13.958.719	8.929.808
Axa Sigorta A.Ş.	1.052.992	1.255.485
Allianz Sigorta A.Ş.	992.497	1.480.960
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	781.156	2.564.763
Anadolu Sigorta	309.022	452.721
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	210.488	212.818
Anadolu Hayat Emeklilik A.Ş.	140.949	135.227
Groupama Sigorta A.Ş.	4.670	27.618
Güven Sigorta T.A.Ş.	2.198	1.538
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	1.135	765
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	385	-
Hdi Sigorta A.Ş.	117	157.440
İstanbul Umum A.Ş.	44	37
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	1	-
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	-	1.601.362
Other expenses	3.495.654	7.890.734

46 Subsequent events

Subsequent events are disclosed in note 1.10 - *subsequent events*.

47 Other

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

They are presented in the related notes above.

Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets

None.

Subrogation recorded in "Off-Balance Sheet Accounts"

None.

Real rights on immovable and their values

None.

Millî Reasürans Türk Anonim Şirketi

Notes to the Unconsolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Explanatory note for the amounts and nature of previous years' income and losses

None.

Details of rediscount and provision expenses are as follows:

Provision expenses	December 31, 2022	December 31, 2021
Provision for pension fund deficits	(132.268.671)	(33.437.456)
Provision expenses for doubtful receivables [*]	(15.221.603)	(28.449.324)
Provision for employee termination benefits *(Note 23)*	(2.476.451)	(779.776)
Other provision	(471.823)	67.228
Total of provisions	(150.438.548)	(62.599.328)

[*] The provision for doubtful receivables related to valuation of foreign currency denominated receivables from main operations.

Rediscount Expenses	December 31, 2022	December 31, 2021
Rediscount income/(expense) from reinsurance receivables	79.665	41.084
Rediscount income/(expense) from reinsurance payables	(9.599.934)	(1.132.684)
Total of rediscounts	(9.520.269)	(1.091.600)

	December 31, 2022	December 31, 2021
Independent audit fee for the reporting period[*]	1.785.115	681.499
Fees for tax advisory services	311.811	160.490
Fee for other assurance services	-	-
Fees for services other than independent audit	-	-
Total	2.096.926	841.989

[*] As of 31 December 2022, the independent audit fee received from Güney Independent Auditing and SMMM A.Ş is 543.775 TL, and the audit fee received from other independent audit companies is 1.241.340 TL (31 December 2021: Güney Independent Auditing and SMMM A. The independent audit fee is 189.900 TL, and the audit fee received from other independent audit companies is 491.599 TL.)

(Convenience translation of independent auditors' report and unconsolidated financial statements originally issued in Turkish)

Millî Reasürans Türk Anonim Şirketi and its Subsidiary

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

Information on Consolidated Subsidiaries

Anadolu Anonim Türk Sigorta Şirketi

Undertaking insurance and reinsurance activities in Non-life branches, Anadolu Sigorta was founded in 1925 at the initiative of Mustafa Kemal Atatürk, the founder of the Turkish Republic, and under the leadership of İşbank, Turkey's first national bank.

Pioneering its sector ever since its incorporation, Anadolu Sigorta is committed to offering only high-quality products and services and to ensuring their continuity with its experienced and expert teams, solid technological and financial infrastructure, continuous development and improvement understanding, and extensive network of expert agents.

Anadolu Sigorta's shares are quoted on Borsa İstanbul (BİST) Stars Market under the ticker symbol "ANSGR". Milli Re holds 57.31% stake in the company, which has a free-float rate of 48%.

Headquartered in İstanbul, Anadolu Sigorta brings its products to its customers via regional offices in İstanbul (2), Ankara, Adana, Antalya, Bursa, Samsun, Trabzon, and İzmir, a sales office in Gaziantep, a branch in the Turkish Republic of Northern Cyprus, and 2,842 professional agencies as of year-end 2022.

Anadolu Sigorta uses bank branches, mainly those of İşbank, within its bancassurance network as a fundamental distribution channel of its services. Besides all İşbank branches, TSKB, A&T Bank, Alternatifbank, Albaraka Türk Participation Bank and QNB Finansbank branches serve as Anadolu Sigorta agencies.

In 2022, Anadolu Sigorta increased its total premium production by 121% year-on-year to TL 23.8 billion and controls an 11.64% share of the overall market among non-life companies.

The highest premium generator for Anadolu Sigorta in 2022 has been the Land Vehicles branch with TL 6 billion 524 million, followed in order by Land Vehicles Liability with TL 6 billion 55 million, Fire and Natural Catastrophe Perils with TL 4 billion 171 million and Health with TL 2 billion 355 million.

According to its unconsolidated financial statements, Anadolu Sigorta's total assets reached TL 16.8 billion at the end of 2022, up by 83% year-on-year, while its shareholders' equity reached TL 6.0 billion with an annual rise by 88.8%. Booking a net profit of TL 1,133.2 million in 2022 that went up by 117.2% as compared to the previous year, Anadolu Sigorta successfully achieved its sustainable profit target also in 2022.

Independent Auditor's Report

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

To the General Assembly of Millî Reasürans Türk Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Millî Reasürans Türk Anonim Şirketi (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance, its consolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

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

3) Emphasis of Matter

We draw your attention to footnote 1.10, which explains that efforts to measure the impact of the earthquake, which affected many of our provinces in the southeastern part of Turkey, on the Company's operations and financial performance. Our opinion is not modified with respect to that matter.

4) Key Audit Matters

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

Key audit matter	*How our audit addressed the key audit matter*
Incurred But Not Reported Outstanding Claims Reserve	
As of December 31, 2022, the Company has insurance liabilities of TL 27.374.782.974 representing 70% of the Company's total liabilities. The Company has reflected net provision of TL 13.199.847.470 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 7.489.128.637) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17. The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's consolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.	We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Group are appropriate. In this context, we have performed the audit procedures related to the recording of the Group's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; obtained the signed lawyer letters from the Group's attorneys for litigated case files; assessed the average claim amount and opening claim amounts determined by the Group's actuaries; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Group for each line of businesses both the relevant claim characteristics and the Group's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Group; reviewed the claim analyzes made by the Group's actuaries and questioned these analyzes in terms of suitability and consistency of both legislation and Group past experience; assessed whether the disclosures in the notes of the consolidated financial statements are sufficient.

Independent Auditor's Report

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

Valuation of investment properties and properties for own use and significant information disclosed	
As explained in note 2, 6 and 7, the Group recognizes investment properties and properties for own use at their fair values, after initial recognition. As of December 31, 2022, fair value amount of the investment properties and properties for own use disclosed in the consolidated financial statements amounts to TL 1.894.516.000 and TL 802.940.000 respectively, as determined by independent appraisal firms and details of the valuation have been disclosed in note 2, 6 and 7. Due to the fact that investment properties and properties for own use are a significant part of the Group's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of properties as a key audit matter.	We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 6 and 7. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents. Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we involved internal valuation experts in our audit procedures. Due to the high level of judgment in the valuation of investment property and properties for own use and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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.

Independent Auditor's Report

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

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

B) Report on Other Legal and Regulatory Requirements

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

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

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

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

Fatih Polat, SMMM
Partner

February 28, 2023
İstanbul, Turkey

Millî Reasürans Türk Anonim Şirketi

Convenience Translation of The Company's Representation on the Consolidated Financial Statement Prepared as of December 31, 2022

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

Istanbul,

February 28, 2023

Şule SOYLU Assistant General Manager	Özlem CİVAN Assistant General Manager	Fikret Utku Özdemir General Manager	Ertan TAN Actuary Registration No: 21

Contents

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEET	180-184
CONSOLIDATED STATEMENT OF INCOME	185-
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	188
CONSOLIDATED STATEMENT OF CASH FLOWS	190
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION	191
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	192-268
NOTE 1 General information	192
NOTE 2 Summary of significant accounting policies	194
NOTE 3 Important accounting estimates and provisions	220
NOTE 4 Management of insurance and financial risk	221
NOTE 5 Segment information	233
NOTE 6 Tangible assets	233
NOTE 7 Investment properties	235
NOTE 8 Intangible Assets	236
NOTE 9 Investments in associates	236
NOTE 10 Reinsurance assets and liabilities	237
NOTE 11 Financial assets	238
NOTE 12 Loans and receivables	242
NOTE 13 Derivative financial assets	243
NOTE 14 Cash and cash equivalents	244
NOTE 15 Equity	244
NOTE 16 Other reserves and equity component of discretionary participation	248
NOTE 17 Insurance contract liabilities and reinsurance assets	249
NOTE 18 Investment contract liabilities	253
NOTE 19 Trade and other payables and deferred income	254
NOTE 20 Financial liabilities	254
NOTE 21 Deferred taxes	255
NOTE 22 Retirement benefit obligations	256
NOTE 23 Provision for other liabilities and expense accruals	258
NOTE 24 Net insurance premium revenue	258
NOTE 25 Fee revenue	258
NOTE 26 Investment income	258
NOTE 27 Net income accrual on financial asset	258
NOTE 28 Assets held at fair value through profit or loss	258
NOTE 29 Insurance rights and claims	259
NOTE 30 Investment contract benefits	259
NOTE 31 Other expenses	259
NOTE 32 Operating expenses	259
NOTE 33 Employee benefit expenses	260
NOTE 34 Financial costs	260
NOTE 35 Income tax	261
NOTE 36 Net foreign exchange gains	261
NOTE 37 Earnings per share	262
NOTE 38 Dividends per share	262
NOTE 39 Cash generated from operations	263
NOTE 40 Convertible bond	263
NOTE 41 Redeemable preference shares	263
NOTE 42 Risks	263
NOTE 43 Commitments	263
NOTE 44 Business combinations	263
NOTE 45 Related Party Transactions	
NOTE 46 Subsequent events	267
NOTE 47 Other	267

Millî Reasürans Türk Anonim Şirketi

Consolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

ASSETS

I- Current Assets	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Cash and Cash Equivalents	**14**	**10.943.641.244**	**5.116.960.019**
1- Cash	14	197.410	103.408
2- Cheques Received	14	-	-
3- Banks	14	9.156.392.304	4.012.403.163
4- Cheques Given and Payment Orders (-)	14	(14.481)	(19.566)
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	1.787.066.011	1.104.473.014
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	**11**	**13.900.316.542**	**9.330.067.375**
1- Financial Assets Available for Sale	11	10.162.243.014	6.937.424.930
2- Financial Assets Held to Maturity	11	379.792.253	1.471.518.019
3- Financial Assets Held for Trading	11	3.365.235.815	928.078.966
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders		-	-
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)	11	(6.954.540)	(6.954.540)
C- Receivables From Main Operations	**12**	**7.431.935.100**	**4.169.032.520**
1- Receivables From Insurance Operations	12	5.267.808.104	2.927.089.501
2- Provision for Receivables From Insurance Operations (-)	12	(58.689.982)	(37.902.336)
3- Receivables From Reinsurance Operations	12	1.320.821.871	731.183.328
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12	901.995.107	548.662.027
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	4.2,12	741.496.380	550.992.622
10- Provisions for Doubtful Receivables From Main Operations (-)	4.2,12	(741.496.380)	(550.992.622)
D- Due from Related Parties		**-**	**-**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables	**12**	**52.249.222**	**27.194.165**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	12	11.816.382	891.434
4- Other Receivables	12	40.432.840	26.302.731
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables	4.2,12	705.142	1.061.329
7- Provisions for Other Doubtful Receivables (-)	4.2,12	(705.142)	(1.061.329)
F- Prepaid Expenses and Income Accruals		**2.303.797.788**	**1.257.539.901**
1- Deferred Commission Expenses	17	2.211.269.825	1.047.686.045
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2,12	56.748.581	169.041.598
4- Other Prepaid Expenses	4.2,12	35.779.382	40.812.258
G- Other Current Assets		**56.970.945**	**65.107.579**
1- Inventories		2.883.492	1.208.060
2- Prepaid Taxes and Funds	12,19	13.673.790	58.682.491
3- Deferred Tax Assets		-	-
4- Job Advances	12	35.618.395	3.037.254
5- Advances Given to Personnel	12	-	-
6- Stock Count Differences		-	-
7- Other Current Assets	12	4.795.268	2.179.774
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**34.688.910.841**	**19.965.901.559**

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

ASSETS

II- Non-Current Assets	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Receivables From Main Operations		211.913.101	125.776.087
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations	4.2,12	108.746.186	42.780.881
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	4.2,12	103.166.915	82.995.206
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations	4.2,12	78.486.484	63.257.777
10-Provision for Doubtful Receivables from Main Operations	4.2,12	(78.486.484)	(63.257.777)
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables	4.2,12	324.555	324.555
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given	4.2,12	324.555	324.555
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets	9	732.426.627	399.741.075
1- Investments In Associates		-	-
2- Affiliates	9	727.903.437	395.748.095
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries	9	4.523.190	3.992.980
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets	6	2.857.193.478	1.007.694.127
1- Investment Properties	6,7	1.894.516.000	635.476.000
2- Diminution in Value for Investment Properties (-)		-	-
3- Buildings for Own Use	6	802.940.000	256.634.240
4- Machinery and Equipments	6	138.654.988	118.226.398
5- Furnitures and Fixtures	6	49.504.580	31.332.500
6- Vehicles	6	12.062.655	7.828.373
7- Other Tangible Assets (Including Leasehold Improvements)	6	36.384.889	33.256.305
8- Leased Tangible Fixed Assets	6	108.430.175	77.012.682
9- Accumulated Depreciation (-)	6	(196.744.694)	(157.996.401)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)	6	11.444.885	5.924.030
F- Intangible Fixed Assets	8	304.557.951	201.991.396
1- Rights	8	471.857.967	425.145.359
2- Goodwill	8	16.250.000	16.250.000
3- Establishment Costs		-	-
4- Research and Development Expenses		896.749	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(355.227.517)	(264.203.297)
8- Advances Regarding Intangible Assets	8	170.780.752	24.799.334
G- Prepaid Expenses and Income Accruals		23.157.901	1.302.274
1- Deferred Commission Expenses	17	22.375.330	1.281.781
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	4.2	782.571	20.493
H- Other Non-current Assets	21	183.130.486	114.590.673
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	183.130.486	114.590.673
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		4.312.704.099	1.851.420.187
TOTAL ASSETS		39.001.614.940	21.817.321.746

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

LIABILITIES

III- Short-Term Liabilities	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Borrowings	19,20	29.654.164	334.063.065
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	19,20	29.654.164	334.063.065
B- Payables From Main Operations	19	2.555.052.856	1.730.933.368
1- Payables Due to Insurance Operations	19	1.781.540.403	1.227.691.234
2- Payables Due to Reinsurance Operations	19	144.614.141	116.512.437
3- Cash Deposited by Insurance & Reinsurance Companies	19	15.316.979	8.385.787
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations	19	615.562.351	390.301.209
6- Rediscount on Other Payables From Main Operations (-)	19	(1.981.018)	(11.957.299)
C- Due to Related Parties	19	1.262.116	583.728
1- Due to Shareholders	19	193.699	177.824
2- Due to Affiliates	19	-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	806.004	390.747
6- Due to Other Related Parties	19	262.413	15.157
D- Other Payables	19	381.363.305	196.778.372
1- Deposits and Guarantees Received	19	24.950.846	16.342.036
2- Due to SSI regarding Treatment Expenses	19	146.358.652	68.451.361
3- Other Payables	19	215.394.213	114.547.169
4- Discount on Other Payables (-)	19	(5.340.406)	(2.562.194)
E- Insurance Technical Reserves	17	26.451.760.997	14.159.877.830
1- Unearned Premiums Reserve - Net	17	12.433.417.488	5.069.360.240
2- Unexpired Risk Reserves - Net	17	818.496.039	443.068.357
3- Mathematical Reserves - Net	17	-	-
4- Outstanding Claims Reserve - Net	17	13.199.847.470	8.647.449.233
5- Provision for Bonus and Discounts - Net	17	-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions	19	394.550.536	212.288.501
1- Taxes and Dues Payable	19	272.169.431	125.845.998
2- Social Security Premiums Payable	19	19.611.154	9.013.711
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	276.782.469	306.101.998
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(174.012.518)	(228.673.206)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs		-	-
H- Deferred Income and Expense Accruals	19	616.183.112	333.738.596
1- Deferred Commission Income	10,19	346.493.633	202.730.004
2- Expense Accruals	19	268.367.636	130.772.049
3- Other Deferred Income	19	1.321.843	236.543
I- Other Short Term Liabilities	21,23	11.902.901	5.532.364
1- Deferred Tax Liability	21	-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities	23	11.902.901	5.532.364
III - Total Short Term Liabilities		30.441.729.987	16.973.795.824

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

LIABILITIES			
IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Borrowings	20	70.260.897	55.443.145
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)	20	70.260.897	55.443.145
B- Payables From Main Operations		41.806.033	30.490.157
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations	19	41.784.665	30.490.157
3- Cash Deposited by Insurance & Reinsurance Companies		21.368	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
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- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	923.021.977	580.727.832
1- Unearned Premiums Reserve - Net	17	4.685.839	2.352.694
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	17	918.336.138	578.375.138
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	23	370.788.814	161.185.029
1- Provision for Employment Termination Benefits	23	135.521.632	58.186.518
2- Provisions for Employee Pension Fund Deficits	22,23	235.267.182	102.998.511
H- Deferred Income and Expense Accruals	19	-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities	21	167.314.226	-
1- Deferred Tax Liability	21	167.314.226	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		1.573.191.947	827.846.163

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Balance Sheet As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

EQUITY

V- Equity	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Paid in Capital		660.000.000	660.000.000
1- (Nominal) Capital	2.13,15	660.000.000	660.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves	15	798.036.576	287.282.906
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	33.799.814	24.729.869
4- Translation Reserves	15	86.654.441	41.999.609
5- Other Capital Reserves	15	677.582.321	220.553.428
C- Profit Reserves		2.270.556.966	1.163.008.525
1- Legal Reserves	15	261.812.474	226.709.388
2- Statutory Reserves	15	122.747.456	83.112.202
3- Extraordinary Reserves	15	1.055.949.776	823.206.149
4- Special Funds (Reserves)		117.937.781	57.074.903
5- Revaluation of Financial Assets	11,15	775.959.402	28.018.183
6- Other Profit Reserves	15	7.210.231	15.947.854
7- Subsidiary Capital Correction	15	(71.060.154)	(71.060.154)
D- Previous Years' Profits		362.755.684	326.869.518
1- Previous Years' Profits		362.755.684	326.869.518
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		861.369.752	487.295.000
1- Net Profit of the Period		852.248.254	487.295.000
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution	15	9.121.498	-
G- Minority Shares		2.033.974.028	1.091.223.810
Total Shareholders' Equity		6.986.693.006	4.015.679.759
Total Liabilities and Shareholders' Equity		39.001.614.940	21.817.321.746

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

I-TECHNICAL SECTION	Note	Audited Current Period January 1-December 31, 2022	Audited Prior Period January 1-December 31, 2021
A- Non-Life Technical Income		21.896.426.295	11.516.007.119
1- Earned Premiums (Net of Reinsurer Share)		14.015.356.207	7.580.279.224
1.1 - Written Premiums (Net of Reinsurer Share)	17	21.756.489.737	9.432.578.143
1.1.1 - Gross Written Premiums (+)	17	28.051.364.289	12.972.810.203
1.1.2 - Ceded Premiums to Reinsurers (-)	10,17	(5.867.423.011)	(3.330.790.294)
1.1.3 - Ceded Premiums to SSI (-)	17	(427.451.541)	(209.441.766)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(7.364.757.325)	(1.528.394.757)
1.2.1 - Unearned Premiums Reserve (-)	17	(8.468.228.075)	(2.032.170.785)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	958.276.132	477.983.012
1.2.3 - SSI of Unearned Premiums Reserve (+)		145.194.618	25.793.016
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	17	(376.376.205)	(323.904.162)
1.3.1 - Unexpired Risks Reserve (-)	17	(336.831.870)	(422.890.761)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	10,17	(39.544.335)	98.986.599
2- Investment Income Transferred from Non-Technical Part		7.086.316.987	3.290.559.596
3- Other Technical Income (Net of Reinsurer Share)		548.040.403	519.816.273
3.1 - Gross Other Technical Income (+)		548.040.403	519.816.238
3.2 - Reinsurance Share of Other Technical Income (-)		-	35
4- Accrued Subrogation and Salvage Income (+)		246.712.698	125.352.026
B- Non-Life Technical Expense (-)		(20.190.360.982)	(10.507.371.078)
1- Total Claims (Net of Reinsurer Share)		(15.103.918.742)	(7.939.631.736)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(10.541.605.376)	(5.682.768.890)
1.1.1 - Gross Claims Paid (-)	17	(12.328.958.503)	(6.567.116.693)
1.1.2 - Reinsurance Share of Claims Paid (+)	10,17	1.787.353.127	884.347.803
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	(4.562.313.366)	(2.256.862.846)
1.2.1 - Outstanding Claims Reserve (-)	17	(6.164.955.952)	(3.036.601.958)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	1.602.642.586	779.739.112
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	-	4.000.002
2.1 - Bonus and Discount Reserve (-)	29	-	4.000.002
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(339.859.647)	(138.095.981)
4- Operating Expenses (-)	32	(4.259.893.775)	(2.240.630.671)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.- Other Technical Expenses (-)	47	(486.688.818)	(193.012.692)
6.1.- Gross Other Technical Expenses (-)		(497.766.160)	(200.740.747)
6.2.- Reinsurance Share of Other Technical Expenses (+)		11.077.342	7.728.055
C- Non Life Technical Net Profit (A-B)		1.706.065.313	1.008.636.041
D- Life Technical Income		11.282.882	15.167.930
1- Earned Premiums (Net of Reinsurer Share)		8.078.559	11.229.108
1.1 - Written Premiums (Net of Reinsurer Share)	17	8.763.104	1.177.078
1.1.1 - Gross Written Premiums (+)	17	11.041.605	158.222
1.1.2 - Ceded Premiums to Reinsurers (-)	10,17	(2.278.501)	1.018.856
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17,29	(1.633.068)	11.000.553
1.2.1- Unearned Premium Reserves (-)	17	(3.586.478)	14.976.201
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	10,17	1.953.410	(3.975.648)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		948.523	(948.523)
1.3.1- Unexpired Risks Reserves (-)		948.523	(948.523)
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		2.924.863	3.475.599
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		279.460	463.223
4.1- Gross Other Technical Income (+/-)		279.460	463.223
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

I-TECHNICAL SECTION	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
E- Life Technical Expense		(5.190.292)	(18.570.321)
1- Total Claims (Net of Reinsurer Share)		622.997	(15.373.920)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(9.292.133)	(10.115.740)
1.1.1- Gross Claims Paid (-)	17	(9.673.464)	(11.946.157)
1.1.2- Claims Paid Reinsurer Share (+)	10,17	381.331	1.830.417
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17,29	9.915.130	(5.258.180)
1.2.1 - Outstanding Claims Reserve (-)	17	8.330.720	(3.585.990)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	10,17	1.584.410	(1.672.190)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	-	13.014
3.1- Mathematical Reserves (-)	29	-	13.014
3.1.1- Actuarial Mathematical Reserve (-)	29	-	13.014
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(101.353)	(5.725)
5- Operating Expenses (-)	32	(5.711.936)	(3.203.690)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Life Technical Profit (D-E)		6.092.590	(3.402.391)
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Witholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Statement of Income For the Year Ended December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

II-NON-TECHNICAL SECTION	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
C- Net Technical Income – Non-Life (A-B)		1.706.065.313	1.008.636.041
F- Net Technical Income – Life (D-E)		6.092.590	(3.402.391)
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		1.712.157.903	1.005.233.650
K- Investment Income		9.755.996.405	7.530.233.160
1- Income From Financial Investment	4.2	1.184.235.352	961.030.637
2- Income from Sales of Financial Investments	4.2	1.666.385.607	382.305.022
3- Revaluation of Financial Investments	4.2	969.811.012	277.448.084
4- Foreign Exchange Gains	4.2	3.507.077.409	3.822.076.685
5- Income from Affiliates	4.2	292.267.890	146.997.494
6- Income from Subsidiaries and Joint Ventures	4.2	(592.172)	148.939
7- Income Received from Land and Building	7	1.300.142.822	131.245.944
8- Income from Derivatives	4.2	833.925.736	1.808.979.313
9- Other Investments		2.742.749	1.042
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expense		(9.496.149.955)	(7.411.691.709)
1- Investment Management Expenses (including interest) (-)	4.2	(40.507.820)	(31.565.502)
2- Valuation Allowance of Investments (-)	4.2	(1.336.747)	(2.037.569)
3- Losses On Sales of Investments (-)	4.2	(223.871.017)	(97.064.043)
4- Investment Income Transferred to Non-Life Technical Part (-)		(7.086.316.988)	(3.290.559.596)
5- Losses from Derivatives (-)	4.2	(1.245.098.558)	(3.017.776.367)
6- Foreign Exchange Losses (-)	4.2	(733.384.634)	(843.340.003)
7- Depreciation Expenses (-)	6,8	(134.110.836)	(101.967.531)
8- Other Investment Expenses (-)		(31.523.355)	(27.381.098)
M- Income and Expenses From Other and Extraordinary Operations		(268.827.921)	(78.577.712)
1- Provisions Account (+/-)	47	(356.390.392)	(168.131.584)
2- Discount account (+/-)	47	(73.434.921)	(15.554.657)
3- Mandatory Earthquake Insurance Account (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	143.342.143	92.278.186
6- Deferred Tax Expense Accounts (-)	35	-	-
7- Other Income and Revenues		21.245.482	14.749.237
8- Other Expense and Losses (-)		(3.590.233)	(1.918.894)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit for the Year		1.426.393.963	739.095.391
1- Profit/(Loss) Before Tax		1.703.176.432	1.045.197.389
2- Corporate Tax Liability Provision (-)	35	(276.782.469)	(306.101.998)
3- Net Profit (Loss)		1.426.393.963	739.095.391
3.1-Groups Profit/(Loss)		861.369.752	487.295.000
3.2-Minority Shares		565.024.211	251.800.391
4- Monetary Gains and Losses		-	-

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

Millî Reasürans Türk Anonim Şirketi

Consolidated Statement of Changes in Equity for the Period Ended December 31, 2022

(Currency: Turkish Lira (TL))

Audited Changes in Equity – December 31, 2021

	Note	Paid-in capital	Equity Share Owned by Company	Revaluation of financial assets	Inflation Adjustment on Capital	Currency translation reserves
I – Balance at the end of the previous year – December 31, 2020	15	660.000.000	-	284.072.561	-	(21.166.656)
II – Change in Accounting Standards		-	-	-	-	-
III – Restated balances (I+II) – January 1, 2021		660.000.000	-	284.072.561	-	(21.166.656)
A- Capital increase (A1+A2)		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B - Effects of changes in group structure		-	-	-	-	-
C – Purchase of own shares		-	-	-	-	-
D – Gains or losses that are not included in the statement of income		-	-	-	-	-
E – Change in the value of financial assets	15	-	-	(256.054.378)	-	-
F – Currency translation adjustments		-	-	-	-	63.166.265
G – Other gains or losses		-	-	-	-	-
H – Inflation adjustment differences		-	-	-	-	-
I – Net profit for the year		-	-	-	-	-
J – Other reserves and transfers from retained earnings	38	-	-	-	-	-
K – Dividends paid	38	-	-	-	-	-
IV - Balance at the end of the year – December 31, 2021	15	660.000.000	-	28.018.183	-	41.999.609

Audited Changes in Equity – December 31, 2022

	Note	Paid-in capital	Equity Share Owned by Company	Revaluation of financial assets	Inflation Adjustment on Capital	Currency translation reserves
I – Balance at the end of the previous year – December 31, 2021	15	660.000.000	-	28.018.183	-	41.999.609
II – Change in Accounting Standards			-	-	-	-
III – Restated balances (I+II) – January 1, 2021		660.000.000	-	28.018.183	-	41.999.609
A- Capital increase (A1+A2)		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-		-
B - Effects of changes in group structure		-	-	-	-	-
C – Purchase of own shares		-	-	-	-	-
D – Gains or losses that are not included in the statement of income		-	-	-		-
E –Change in the value of financial assets	15	-	-	747.941.219	-	-
F – Currency translation adjustments		-	-	-	-	44.654.832
G – Other gains or losses		-	-	-	-	-
H – Inflation adjustment differences		-	-	-	-	-
I – Net profit for the year		-	-	-	-	-
J – Other reserves and transfers from retained earnings	38	-	-	-	-	-
K – Dividends paid	38	-	-	-	-	-
IV- Balance at the end of the year – December 31, 2022	15	660.000.000	-	775.959.402	-	86.654.441

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

Legal reserves	Statutory Reserves	Other reserves and retained earnings	Net profit/ (Loss) for the year	Retained earnings	Total equity before minority shares	Minority share	Total
194.945.022	58.171.807	850.197.424	344.161.542	253.955.801	2.624.337.501	1.021.870.398	3.646.207.899
-	-	-	-	-	-	-	-
194.945.022	58.171.807	850.197.424	344.161.542	253.955.801	2.624.337.501	1.021.870.398	3.646.207.899
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	49.539.837	206.234.274	(206.970.353)	48.803.758	4.683.685	53.487.443
-	-	-	-	-	(256.054.378)	(114.091.313)	(370.145.691)
-	-	-	-	-	63.166.265	-	63.166.265
-	-	-	(163.638)	71.441	(92.197)	(131.107)	(223.304)
-	-	-	-	-	-	-	-
-	-	-	487.295.000	-	487.295.000	251.800.392	739.095.392
31.764.366	24.940.395	170.714.788	(507.232.178)	279.812.629	-	-	-
-	-	-	(43.000.000)	-	(43.000.000)	(72.908.245)	(115.908.245)
226.709.388	83.112.202	1.070.452.049	487.295.000	326.869.518	2.924.455.949	1.091.223.810	4.015.679.759

Legal reserves	Statutory Reserves	Other reserves and retained earnings	Net profit/ (Loss) for the year	Retained earnings	Total equity before minority shares	Minority share	Total
226.709.388	83.112.202	1.070.452.049	487.295.000	326.869.518	2.924.455.949	1.091.223.810	4.015.679.759
-	-	-	-	-	-	-	-
226.709.388	83.112.202	1.070.452.049	487.295.000	326.869.518	2.924.455.949	1.091.223.810	4.015.679.759
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
		423.045.241	402.391.689	(403.404.209)	422.032.721	(7.090.993)	414.941.728
-	-	-	-	-	747.941.219	384.761.776	1.132.702.995
-	-	-	-	-	44.654.832	-	44.654.832
-	-	88.369	39.454	136.682	264.505	55.224	319.729
-	-	-	-	-	-	-	-
-	-	-	861.369.752	-	861.369.752	565.024.211	1.426.393.963
35.103.086	39.635.254	327.834.110	(841.726.143)	439.153.693	-		-
-	-	-	(48.000.000)	-	(48.000.000)	-	(48.000.000)
261.812.474	122.747.456	1.821.419.769	861.369.752	362.755.684	4.952.718.978	2.033.974.028	6.986.693.006

Millî Reasürans Türk Anonim Şirketi

Consolidated Statement of Cash Flows for the Period Ended December 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		20.034.992.326	12.556.394.241
2. Cash inflows from the reinsurance operations		11.702.248.196	1.832.419.517
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(19.548.388.589)	(11.191.615.181)
5. Cash outflows due to the reinsurance operations (-)		(7.896.465.107)	(2.028.870.702)
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		4.292.386.826	1.168.327.875
8. Interest payments (-)		-	-
9. Income tax payments (-)		(205.778.215)	(254.109.525)
10. Other cash inflows		35.583.036	275.003.722
11. Other cash outflows (-)		(2.054.092.022)	(975.802.664)
12. Net cash generated from the operating activities		2.068.099.625	213.419.408
B. CASH FLOWS FROM THE INVESTING ACTIVITIES		-	-
1. Sale of tangible assets		3.045.697	5.672.626
2. Purchase of tangible assets (-)	6, 8	(249.405.941)	(158.144.061)
3. Acquisition of financial assets (-)	11	(30.503.976.689)	(16.378.013.829)
4. Sale of financial assets	11	32.212.751.677	16.351.387.241
5. Interest received		2.156.971.227	1.241.954.320
6. Dividends received		-	4.069.234
7. Other cash inflows		1.472.632.791	5.092.058.271
8. Other cash outflows (-)		(3.221.856.964)	(5.951.250.709)
9. Net cash generated from the investing activities		1.870.161.798	207.733.093
C. CASH FLOWS FROM THE FINANCING ACTIVITIES		-	-
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)		(47.984.125)	(111.290.535)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities		(47.984.125)	(111.290.535)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		621.262.884	456.327.257
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		4.511.540.183	766.189.224
F. Cash and cash equivalents at the beginning of the period	14	4.637.545.379	3.871.356.155
G. Cash and cash equivalents at the end of the period (E+F)	14	9.149.085.562	4.637.545.379

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

Millî Reasürans Türk Anonim Şirketi

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

(Currency: Turkish Lira (TL))

	Note	Audited Current Period December 31, 2022(*)	Audited Prior Period December 31, 2021
I. PROFIT DISTRIBUTION			
1.1. CURRENT YEAR PROFIT(**)		879.498.268	682.320.051
1.2. TAX AND FUNDS PAYABLE	35	-	(128.897.591)
1.2.1. Corporate Income Tax(Income Tax)	35	-	(128.897.591)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and Duties		-	-
A. NET PROFIT(1.1 – 1.2)		879.498.268	553.422.460
1.3. PREVIOUS PERIOD LOSSES (-)			
1.4. FIRST LEGAL RESERVE		(43.974.913)	(27.671.123)
1.5. STATUTORY FUND (-)		(835.523.355)	(58.196.850)
B. NET PROFIT DISTRIBUTION [(A-(1.3 + 1.4 + 1.5)]		-	467.554.487
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(46.755.449)
1.6.1. Holders of shares		-	(46.755.449)
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	(4.456.812)
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	(1.244.551)
1.9.1. Holders of shares		-	(1.244.551)
1.9.2. Holders of Preferred shares		-	-
1.9.3. Holders of Redeemed shares		-	-
1.9.4. Holders of Participation Bond		-	-
1.9.5. Holders of Profit and Loss sharing certificate		-	-
1.10. SECOND LEGAL RESERVE (-)		-	(1.945.681)
1.11. STATUTORY RESERVES (-)		-	-
1.12. EXTRAORDINARY RESERVES		-	-
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS(**)		-	(33.809.969)
II. DISTRIBUTION OF RESERVES		-	-
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of shares		-	-
2.3.2 Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4 Holders of Participation Bond		-	-
2.3.5 Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. HOLDERS OF SHARES		-	553.422.460
3.2. HOLDERS OF SHARES (%)		-	83,8519
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. HOLDERS OF SHARES		-	48.000.000
4.2. HOLDERS OF SHARES (%)		-	7,2727
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(*) Since the profit distribution proposal for the year 2022 has not prepared by the Board of Directors, profit distribution table has not been filled yet.

The detail of the undistributed profit is disclosed in the footnote 2.23.

(**) Within the framework of the provisions of Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law, a fund of 38.123,053 TL has been allocated for the purchase of venture capital investment fund participation shares.

(***) The positive difference that may arise due to the change in the calculation method based on the circular numbered 2022/27 on the provision for continuing risks and the regulations made by the company actuary to eliminate the misleading effect, cannot be used in profit distribution without the approval of the institution.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

1 General information

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

As of December 31, 2022, the shareholder having direct or indirect control over the shares of Millî Reasürans Türk Anonim Şirketi (the "Company") is Türkiye İş Bankası AŞ Group ("İş Bankası") having 87,60% of the outstanding shares.

The Company was established in February 26, 1929 and has been operating since in July 19, 1929.

On September 30, 2010, the Company purchased 35,53% shares of Anadolu Sigorta Anonim Şirketi with nominal value of TL 177.650.110 from İş Bankası amounting to TL 248.710.154. The transaction is realized on the weighted average price on İstanbul Stock Exchange wholesale market. With the purchase, the share of the Company at Anadolu Sigorta increased to 57,31% and investment increased to TL 286.550.106.

The consolidated financial statements As of December 31, 2022 include the Company and its subsidiary Anadolu Sigorta (together with "the Group").

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company was registered in Turkey in July 16, 1929 and has the status of "Incorporated Company". The address of the Company's registered office is Maçka Cad. No: 35 34367 Şişli İstanbul.

1.3 Main operations of the Company

The Company is primarily engaged in reinsurance and retrocession businesses in domestic and international markets. In 2007, the Company opened a branch in Singapore upon the completion of the necessary local formalities according to the local legislation. Singapore branch has been operating since 2008.

The subsidiary of the Company, Anadolu Sigorta operates in almost all non-life insurance branches consisting of mainly casualty, health, land vehicles, aircraft, ships, marine, fire and natural disasters, general losses, credits, financial losses, and legal protection.

As at December 31, 2022, the Company serves through 2.842 agencies of which 2.728 authorized and 114 unauthorized agencies. (December 31, 2021: 2.574 authorized 107 unauthorized total 2.681 agencies)

1.4 Details of the Company's operations and nature of field of activities

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

The purpose and activities of the Company as stated at the Articles of Association of the Company are as follows:

- Providing life and non-life reinsurance and other related products and services in all insurance branches and sub-branches to Turkish and foreign insurance companies;
- Managing and participating in reinsurance operations of Pools,
- Purchasing, selling, constructing and renting real estates,
- Purchasing debt instruments and shares issued by all sorts of commercial, industrial and financial institutions and government agencies as well as providing capital or participating in the establishment of such institutions to provide a consistent, secure and adequate financial income,
- In addition to these, carrying out other operations upon recommendation by the Board of Directors and resolution of the General Meeting which are deemed to be beneficial and material for the Company and are not prohibited by the law.

Anadolu Sigorta is incorporated in Turkey and operates in insurance branches as mentioned above Note 1.3 Business of the Company. Anadolu Sigorta's shares have been listed on the Istanbul Stock Exchange ("BIST"). In accordance with Paragraph 5 Article 136 in Section VIII of the Capital Markets Law numbered 6362, insurance companies have to comply with their own specific laws and regulations in matters of establishment, supervision/oversight, accounting and independent auditing standards; therefore, Anadolu Sigorta performs its operations accordingly.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

1.5 Average number of the Company's personnel based on their categories

The average number of the personnel during the year in consideration of their categories is as follows:

	December 31, 2022	December 31, 2021
Top executive	15	14
Managers	86	79
Assistant managers	218	212
Contracted personnel	3	4
Advisors	1	1
Specialist/Senior/Other personnel	1.453	1.328
Total	**1.776**	**1.638**

1.6 Remuneration and similar benefits provided to top management

For the year ended December 31, 2022, wages and similar benefits provided to the top management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers is amounting to TL 40.285.108. (December 31, 2021: TL 22.274.111).

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

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

In accordance with the above mentioned Communiqué, insurance and reinsurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Republic of Turkey Ministry of Treasury and Finance or by the Company itself. In accordance with the approval of the Republic of Turkey Ministry of Treasury and Finance, dated March 6, 2008 and numbered 10222, known and exactly distinguishable operating expenses are distributed to related branches directly and services rendered from third parties and other operating expenses in accordance with the gross premiums written for the last three years.

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section; remaining income is transferred to the non-technical section. Income are distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow", net cash flow being net of reinsurer share and calculated by deducting net losses paid from net written premiums.

Income from the assets invested against mathematical provisions is recorded under technical section; remaining income is transferred to the non-technical section.

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

The accompanying financial statements comprise the consolidated financial information of the Company. Consolidation principles are further discussed in note 2.2 - *Consolidation*.

As at December 31, 2022, the Company owns 57,31% of its subsidiary, Anadolu Anonim Türk Sigorta Şirketi ("Anadolu Sigorta") are included in the scope of consolidation by line-by-line method. Anadolu Hayat Emeklilik AŞ ("Anadolu Hayat") is associate of Anadolu Sigorta and is consolidated by equity method with share of 21,00% (effective percentage of share: 12,46%) and Miltaş Turizm Inşaat Ticaret A.Ş. is associate of the Company and is consolidated by equity method with share of 100% in the consolidated financial statements as at December 31, 2022 and 2021.

Anadolu Sigorta as a subsidiary Company of the Group, is operating in almost all of the none-life insurance branches composed of casualty, health, general losses, land vehicles liability, aircraft liability, general liability, credits, financial losses and legal protection.

The activities of Anadolu Hayat involve providing individual and group insurance and reinsurance services relating to group life, individual life, retirement and related personal Casualty branches, establishing retirement funds, developing internal rules and regulations related to these funds, carrying out retirement, annual income insurance, portfolio management and custody contracts for the assets of the funds held in custody.

(Currency: Turkish Lira (TL))

The Miltaş Sports Complex has been serving the insurance sector since 1986 with its facilities in various sports, particularly tennis. The International Insurance Tennis Tournament has been held every June at this Complex since 1986, providing a unique environment for local and foreign reinsurers and brokers. In addition to tennis and basketball courses organized every year for youngsters, private tennis lessons are available for adults in the Complex.

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

Trade name of the Company:	Millî Reasürans Türk Anonim Şirketi
Registered address of the head office:	Maçka Cad. No: 35 34367 Şişli/İstanbul
The web page of the Company:	www.millire.com

There has been no change in the aforementioned information subsequent to the previous reporting date.

1.10 Subsequent events

Milli Reasürans, following the earthquake disaster that occured in Turkey on February 6, 2023, we conducted a financial analysis study in order to calculate the estimated loss amount that could arise from our domestic fire and engineering treaty and facultative book and its impact on our shareholders' equity.

The modelling was based on stochastic loss scenarios and earthquake accumulations provided by cedants and involved substantial assumptions, while it did not capture losses that could stem from fire following earthquake, volatility in macroeconomic indicators that could lead to increased costs and additional costs and expenses due to demand surge. The estimated loss amount does not include any amounts relating to lines of business such as personal accident, motor own damage, marine that might be covered under nonproportional catastrohe treaties, but cannot be modelled. For this reason, it is possible for the ultimate loss amount to exceed the estimated figure.

On the other hand, Milli Re also provides capacity to nonproportional programme of TCIP, for which taking a conservative approach, full limit of liability was considered when estimating the total loss amount.

In consequence of the above explanations; the estimated net loss amount that could arise from our fire and engineering treaty and facultative portfolio and capacity provided to TCIP programme is calculated as TL 761 million. TL 401 million of equilization reserve as at the end of 2022 will be utilized for the losses to be incurred. Considering the estimated recoveries from the retrocession programme and the relavant reinstatement premiums payable, we project TL 1 billion of impact to the shareholders' equity, which is expected to be realized over a period of time depending on the loss pay outs.

The Company's subsidiary Anadolu Sigorta, in its notification to SEDDK as of 21 February 2023, anticipates that it will not have a negative impact on the Company's equity and the estimated loss will be covered from the equiliation reserve amount after reinsurance protection. Considering that the total equity capital of Group is TL 6.986.693.006, therefore no issues identified related to the going concern.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

In accordance with Article 136(5) in Section VIII of the Capital Markets Law, numbered 6362 Anadolu Sigorta which is the subsidiaries of the Company and Anadolu Hayat which is the affiliates of the Group complies with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Group complies with the accounting principles and standards set out in the regulations in force in accordance with the Insurance Law numbered 5684 published in the Official Gazette dated 14 June 2007 and numbered 26522, and the Insurance and Private Pension Regulation and Supervision Agency (IPPRSA") established by the Presidential Decree of 18 October 2019. ") other regulations issued by the statements and guidance and Turkey Accounting Standards except arranged matters with them ("TAS") with Turkey Financial Reporting Standards ("IFRS") contains the terms" Insurance Accounting and Financial Reporting regulations "are prepared in accordance with The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Turkey Ministry of Treasury and Finance.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

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

In the 4th article of the said regulation; It has been stated that the procedures and principles regarding insurance contracts, accounting of subsidiaries, jointly controlled partnerships and affiliates, consolidated financial statements, financial statements to be disclosed to the public, and the preparation of explanations and footnotes regarding these will be determined by communiqués to be issued by the Ministry of Treasury and Finance.

With the "Communiqué on Presentation of Financial Statements" published in the Official Gazette dated April 18, 2008 and numbered 26851, the form and content of the financial statements to be prepared by companies have been regulated in order to compare financial statements with previous periods and with the financial statements of other companies.

Financial statements; It is prepared in accordance with the provisions of the Turkish Accounting Standards regarding the accounting and financial reporting regulations in force as per the insurance legislation and the issues not regulated by these.

Accounting in hyperinflationary countries

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

With respect to the declaration of the Republic of Turkey Ministry of Treasury and Finance with the article dated April 4, 2005 and numbered 19387, consolidated financial statements as of December 31, 2004 are adjusted for the opening balances of 2005 in accordance with the section with respect to inflation accounting of the Capital Markets Board ("CMB") Communiqué No: 25 of Series XI, "Communiqué on Accounting Standards in Capital Market" published in the Official Gazette dated January 15, 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Republic of Turkey Ministry of Treasury and Finance. Accordingly, as at December 31, 2021, non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded before January 1, 2005 are measured as restated to December 31, 2004 in order to reflect inflation adjustments. Non-monetary assets and liabilities and items included in shareholders' equity including paid-in capital recognized or recorded after January 1, 2005 are measured at their nominal values.

According to TAS 29 Financial Reporting Standard in High-Inflation Economies, businesses whose functional currency is the currency of a high-inflation economy report their financial statements according to the purchasing power of money at the end of the reporting period. TAS 29 defines the characteristics that may indicate that an economy is an economy with high inflation. At the same time, according to TAS 29, all enterprises reporting in the currency of a high-inflation economy are required to apply this Standard from the same date. For this reason, it is expected that all enterprises will start applying TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice throughout the Country, as specified in TAS 29. However, POA has not made a statement regarding whether an adjustment will be made in accordance with TAS 29 in the financial statements for the accounting period ended on December 31, 2022.

Other accounting policies

The Company recorded premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related income statement balances include last quarter results for the year ended December 31, 2021 and nine-month results as at and for the period ended September 30, 2022 and accordingly related balance sheet balances As of December 31, 2022 do not reflect the actual position. According to the letter dated August 31, 2010 and numbered B.02.1.HZN.0.10.03.01/42139 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and the Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information regarding other accounting polices is disclosed above in *"Note 2.1.1 - Information about the principles and the specific accounting policies used in the preparation of the financial statements"* and each under its own caption in the following sections of this report.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.1.3 Valid and presentation currency

The accompanying consolidated financial statements are presented in TL, which is the Group's valid reporting currency.

2.1.4 Rounding scale of the amounts presented in the financial statements

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

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

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until December 31, 2004, except for the financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments, self-used buildings and investment properties recorded in tangible assets and associates which are measured at their fair values unless reliable measures are available.

2.1.6 Accounting policies, changes in accounting estimates and errors

Accounting of fire and earthquake premiums obtained from foreign reinsurance treaties on the basis of branches

Fire and earthquake premiums obtained from foreign reinsurance treaties could not accounted on the basis of branches in the previous years due to limitations imposed by local legislation of the foreign countries, notification characteristics of the treaties and total premiums used by foreign companies in the reconciliation process. Therefore, all premiums obtained from aforementioned treaties are accounted on the fire branch. According to the letter dated August 2, 2011 and numbered B.02.1.HZN.0.10.03.01/38732 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, it is allowed to use average rate calculated over separately reported fire and earthquake premiums for unclassified premiums of proportioned treaties. Furthermore, according to the letter dated August 12, 2011 sent by the Republic of Turkey Ministry of Treasury and Finance to the Company, prospective application as at June 30, 2011 effective from January 1, 2011 is allowed since retrospective application is impossible. Accordingly, financial statements prepared As of December 31, 2022, premiums obtained from foreign proportioned treaties are accounted on the basis of average earthquake premium ratio calculated from foreign proportioned treaties over the period of January 1, 2022 – December 31, 2022. The same ratio is used for unproportioned reinsurance treaties in accordance with the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves". Distribution of commissions and claims between the fire and earthquake branches is parallel with the aforementioned method.

According to 16th article of "Circular on Actuarial Chain Ladder Method (2010/12)" dated September 20, 2010 and announced by Republic of Turkey Ministry of Treasury and Finance, ACLM calculation should be made through main branches. However, as of December 31, 2012, the Company has calculated ACLM reserve for General Damages main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Damages main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Damages branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Damages branch as agriculture and non-agriculture subbranches separately. Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Damages within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As at December 31, 2022, the Company recognised the amount that arose due to change in calculation method for IBNR on General Damages branch.

Significant changes in accounting policies and significant accounting misstatements are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied prospectively both in the current period when the change is made and in the future period if the change is made.

Critical accounting judgements used in applying the Company's accounting policies are explained in 3 – *Significant accounting estimates and requirements*.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009. The Company consolidated its subsidiary Anadolu Sigorta by using line-by-line method. Anadolu Hayat which is associate of Anadolu Sigorta and Miltaş which is the subsidiary of the Company are consolidated by the equity method.

The Company has not consolidated Miltaş Turizm A.Ş., the subsidiary of the Company, based on the exception specified in the Circular for consolidation; as the amount of total assets of such subsidiary was below 1% of total assets of the Company. The Company accounted for Miltaş as of December 31, 2022 and 2021 by the equity method as mentioned above.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The subsidiary, Anadolu Sigorta included in consolidation and effective shareholding percentages of the Company are as follows. The information related to the associate of the Company, Anadolu Hayat and Miltaş which are consolidated using equity method is presented in Note 9.

	Company	Direct and indirect controlling interest	Direct controlling interest	Total assets	Shareholders' equity	Prior period profit	Current period profit
December 31, 2022	Anadolu Sigorta (consolidated)	57,31%	57,31%	29.414.397.226	4.756.818.270	125.281.148	1.323.551.677
December 31, 2021	Anadolu Sigorta (consolidated)	57,31%	57,31%	16.120.481.026	2.548.455.142	121.103.662	589.834.604

Transactions eliminated on consolidation

Anadolu Sigorta's balance sheet and income statement is consolidated by line-by-line method and the book value of Anadolu Sigorta in the Company's accounts and the capital amount in the Anadolu Sigorta accounts are eliminated. Intra-group balances and transactions between the Company and Anadolu Sigorta, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Company.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Net profit or loss of subsidiary, applicable to the non-controlling interest are presented under "Non-controlling interest" account under consolidated statement of income.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of December 31, 2022, and 2021, the Company's operates in life and non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

2.4 Foreign currency transactions

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

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

2.5 Tangible assets

Except buildings for own use, tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of December 31, 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for December 31, 2004. Tangible assets that have been purchased after January 1, 2005 have been recorded at their costs excluding their exchange rate differences and finance expenses less impairment losses if any.

The Group has started to show based on the revaluation model by measuring over fair value as of the third quarter of the 2015 year by making changes in the use of the property which is measuring the cost model in the financial statements before.

Buildings for own use are recognized by fair value that are determined in valuations made by independent valuation experts who have professional competency by reducing their values accumulated depreciation. Accumulated depreciation at the date of revaluation is deducted from gross book value and net amount is brought to values after revaluation.

Increases in the carried values of land and buildings intended for use as a result of revaluation are recorded to the "Other Capital Reserves" account, which are included under equity in the balance sheet, with tax effects Decoupled. As a result of real estate-based assessments, value decreases corresponding to their increases in the previous period are deducted from the fund in question; all other decreases are reflected in profit/loss accounts.

Gains and losses arising from the disposal of property, plant and equipment are calculated as the difference between the net proceeds from the disposal and the net carrying amount of the related property, plant and equipment and are reflected in the income statement of the relevant period Dec.

Depreciation is not Decoupled for the plots due to the fact that they have unlimited life spans. Depreciation is allocated using the linear depreciation method based on the useful lives of tangible assets over the costs or revalued amounts of tangible fixed assets.

Normal maintenance and repair expenses incurred on tangible fixed assets are recognized as expenses.

There are no pledges, mortgages and similar obligations on tangible fixed assets.

There are no changes in accounting estimates that have a significant impact on the current period or are expected to have a significant impact on subsequent periods.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

The related depreciation shares for tangible fixed assets are calculated using the linear depreciation method based on their useful lives and cost values. The rates used for the depreciation of tangible fixed assets and the periods projected as the estimated economic life are as follows:

Tangible Assets	Estimated economic life (Years)	Depreciation percentage (%)
Properties intended for use	50	2,0
Fixtures and installations	3 - 16	6,3 - 33,3
Machinery and equipment	3 - 16	6,3 - 33,3
Motor vehicles	5	20,0
Other tangible assets (including special cost charges)	5 - 10	10,0 - 20,0
Tangible fixed assets acquired through Financial leasing	1- 10	10,0 – 100,00

2.6 Investment property

Investment properties are held either to earn rentals and/or for capital appreciation or for both.

Investment properties are initially recorded at cost and subsequently measured at their fair values. The changes which result of fair value valuation recognised in the income statement.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The fair value on the date of change in the usage is considered as cost in the reclassification recognition when investment property that measured with fair value is reclassified as a tangible asset.

2.7 Intangible assets

The Group's intangible assets consist of computer software, goodwill and advances on intangible assets.

Intangible assets are recorded at cost in compliance with the "TAS 38 – Accounting for intangible assets". The cost of the intangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The Group differentiates the depreciation shares of intangible assets based on their useful lives, using the straight-line method, over their cost values. The amortization period of intangible assets is between 3 and 15 years.

Costs associated with developing or maintaining computer software programs are recognized as expense when incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Group and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gain or losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity disposed of.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises.

The Group has acquired the health portfolio of Anadolu Hayat Emeklilik A.Ş. as of August 31, 2004 with all of its rights and liabilities. The value at acquisition of the portfolio amounting to TL 16.250.000 is capitalized as goodwill by the Group.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.8 Financial assets

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

Securities are recognized and derecognized at the date of settlement.

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

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

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

Held to maturity financial assets are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Company has no financial assets that are not allowed to be classified as held to maturity financial assets for two years due to the tainting rules applied for the breach of classification rules.

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

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

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

In the accompanying consolidated financial statements, Anadolu Hayat, associate of the Group, and Miltas, subsidiaries of the Group, has been consolidated by using the equity method of accounting.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.9 Impairment on assets

Impairment on financial assets

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

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

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

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

Impairment on tangible and intangible assets

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

Rediscount and provision expenses of the year are detailed in *Note 47*.

2.10 Derivative financial instruments

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

The Company recognizes the profit and loss that arise from the Swap contracts in statement of income.

Derivative financial instruments are initially recognized at their fair value.

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

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

2.11 Offsetting of financial assets

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

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

2.12 Cash and cash equivalents

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.13 Capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group. As of December 31, 2022, and 2021, the share capital and ownership structure of the Company are as follows:

	December 31, 2022		December 31, 2021	
Name	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid-in Capital	660.000.000	100,00	660.000.000	100,00

Sources of capital increases during the period

The Company has not performed capital increase As of December 31, 2022 (December 31, 2021: None).

Privileges on common shares representing share capital

There are no privileges on common shares representing share capital.

Registered capital system in the Company

None.

Repurchased own shares by the Company

None.

2.14 Insurance and investment contracts - classification

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

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

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.15 Insurance contracts and investment contracts with discretionary participation feature

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

(i) that are likely to comprise a significant portion of the total contractual benefits,

(ii) whose amount or timing is contractually at the discretion of the Issuer; and

(iii) that are contractually based on:

(1) the performance of a specified pool of contracts or a specified type of contract;

(2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or

(3) the profit or loss of Company, fund or other entity that issues the contract.

As of balance sheet date, the Group does not have any insurance or investment contracts that contain a DPF.

2.16 Investment contracts with discretionary participation feature

As of the reporting date, the Group does not have any insurance contracts and investment contracts without discretionary participation feature.

2.17 Liabilities

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

2.18 Income taxes

Corporate tax

The corporate tax rate in Turkey is 20%. The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. No further tax is paid if the profit is not distributed.

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

There is no withholding tax on profit shares (dividends) paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. 10% withholding tax is applied on dividend payments made to institutions other than these. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Provisional taxes are paid by calculating at the corporate tax rate to which the earnings of that year are subject. Provisional taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

In the Turkish tax system, financial losses can be deducted from the financial profits in the following five years, and it is not possible to deduct (retrospectively) from previous years' earnings.

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

Deferred tax

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

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

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot be retrospectively offset against the profits of previous years.

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

As of December 31, 2022, a tax rate of 25% is used for temporary differences that are expected to occur/close in 2022, and 25% for temporary differences that are expected to occur/close after 2022.(December 31, 2021: Since the effective corporate tax rate on January 1, 2022 is 25%, 20% tax rate has been used for valid differences that are expected to occur/close in 2022 and after.)

Transfer pricing

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

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

2.19 Employee benefits

Pension and other post-retirement obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee and his/her dependants will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Emekli ve Sağlık Sandığı Vakfı ("Milli Reasürans Pension Fund") and the employees of Anadolu Sigorta are the members of Anadolu Anonim Türk Sigorta Şirketi Memurları Emekli Sandığı ("Anadolu Anonim Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506.

As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of the aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. Decree of the Council of Ministers about two years extending transfer duration, was published in the Official Gazette on April 9, 2011. Based on this, expiration date has been extended to May 8, 2013 from the expiration date on 8 May 2011. On March 8, 2012, "Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees" numbered 28227, was published on Official Gazette and 4th article of this act changed "two years" phrase as "four years" which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders' transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Employees of the Company are the members of "Milli Reasürans Türk Anonim Şirketi Memurları Emekli ve Sağlık Sandığı ("Milli Reasürans Pension Fund") which is established in accordance with the temporary Article 20 of the Social Security Act No: 506. As per the temporary sub article No: 20 of the Article 73 of the Social Security Law, pension funds should be transferred to the Social Security Institution within three years after the publication of an aforementioned Law published in the Official Gazette numbered 26870 and dated May 8, 2008. The related three-year transfer period has been prolonged for two years by the Cabinet decision, which was published on the Official Gazette dated April 9, 2011. Accordingly, the three-year period expired on May 8, 2011 was extended to May 8, 2015. The principles and applications of the transfer will be determined by the Decree of the Council of Ministers separately.

Lastly, first paragraph of temporary 20th article of 5510 numbered Law, article 51 of the law regarding changing of several laws and delegated legislations and the law of occupational health and safety which are published in April 23, 2015 dated Official Gazette is changed as following.

The principles and practices of the transfer will be determined by the Decree of the Council of Ministers to be published in the future.

The cash value of the obligations of the pension fund for each member of the fund including members left the fund as of the transfer date will be calculated according to following assumptions:

a) Technical deficit rate of 9,8% shall be used in the actuarial calculation of the value in cash, and

b) Gains and losses of the funds stems from benefits covered by the aforementioned Law taken into accounts to calculate present value of the obligations.

As of 31 December 2022, Anadolu Sigorta, the subsidiary of the company, does not have any shortfalls in accordance with the above-mentioned provisions. (December 31, 2021: None).

Employee termination benefits

In accordance with existing Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount As of December 31, 2022 is TL 15.371 (December 31, 2021: TL 8.285).

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*. The major actuarial assumptions used in the calculation of the total liability As of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Discount rate	2,21%	3,50%
Expected rate of salary/limit increase	10,30-19,80%	10,30-15,07%
Estimated employee turnover rate	2,56-5,41%	2,57-3,77%

The above expected rate of salary/limit increase is determined according to the annual inflation expectations of the government.

Other benefits

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

2.20 Provisions

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

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

2.21 Revenue recognition

Written premiums

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

Claims paid

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

Claims are recognized as expense as they are paid. Outstanding claims reserve is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid, and outstanding claims reserve are off-set against these reserves.

Subrogation, salvage and other income

According to the Circular 2010/13 dated September 20, 2010; the Company may account for income accrual for subrogation receivables without any voucher after the completion of the claim payments made to the insurer. If the amount cannot be collected from the counterparty insurance Company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance Company, the provision is provided after four months. As at the reporting date, in accordance with the related circular the Company provided TL 168.748.989 (December 31, 2021: TL 103.420.003) subrogation receivables and recorded TL 202.751.310 (December 31, 2021: TL 133.135.883) (Note 12) net subrogation and salvage receivables under receivables from main operations. The Company provided allowance for uncollected subrogation receivables amounting to TL 58.689.982 (December 31, 2021: TL 37.902.336) (Note 12) in accordance with circular.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

For the years ended December 31, 2022 and 2021, salvage and subrogation collected are as follows:

	December 31, 2022	December 31, 2021
Land Vehicles	1.935.116.639	959.795.444
Land Vehicles Liability	75.862.619	25.275.036
Fire and Natural Disasters	18.394.585	7.114.999
Marine	13.614.925	7.425.922
Credit	66.013	27.005
Breach of Trust	2.597.464	233.681
General Losses	9.040.615	2.483.190
General Liability	5.926.445	888.347
Accident	1.393.565	230.498
Sea Vehicles	601.539	3.856.696
Financial Losses	17.957	–
Air Vehicles	26.283.087	203.610
Air Vechiles Liability	75.597	17.638
Legal Protection	3.453	8.310
Total	2.088.994.503	1.007.560.376

As of December 31, 2022, and 2021, accrued subrogation and salvage income per branches is as follows:

	December 31, 2022	December 31, 2021
Land Vehicles	162.244.227	94.484.614
Land Vehicles Liability	31.767.257	23.401.253
Fire and Natural Disasters	5.841.411	8.502.989
General Damages	692.923	2.380.740
Marine	787.573	3.150.366
Accident	-	516.591
Sea Vehicles	1.274.698	634.894
General Liability	143.221	64.436
Total	202.751.310	133.135.883

Commission income and expenses

As further disclosed in Note 2.24 - *Reserve for unearned premiums*, commissions paid to the insurance and reinsurance companies as a reinsurance Company and the commissions received from the reinsurance companies are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expenses

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Trading income/expense

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

Dividends

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

2.22 Leasing transactions

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

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

Right-of-use assets

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

The cost of the right-of-use asset includes:

(a) initial direct costs incurred,

(b) lease payments made at or before the commencement date less any lease incentives received, and

(c) All initial costs incurred by the Company.

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

Right-of-use assets are subject to impairment.

Lease liabilities

The Company measures the lease liability based on the present value of the lease payments that were not paid at the actual start of the lease.

The lease payments, which are included in the measurement of the lease liability at the actual start of the lease, consist of the following payments to be made for the right of use of the underlying asset during the lease term and which were not paid at the actual start of the lease:

(a) fixed payments,

(b) variable lease payments based on an index or ratio, the first measurement of which was made using an index or ratio at the actual beginning of the lease,

(c) amounts expected to be paid by the Company under residual value commitments

(d) if the Company is reasonably confident that it will exercise the option to purchase, the price at which the option is used and

(e) penalty payments for termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Variable lease payments that are not linked to an index or ratio are recorded as expenses in the period in which the event or condition that triggered the payment occurs.

The revised discount rate for the remainder of the Group's lease term, if the implied interest rate in the lease can be easily determined, as this rate; If it cannot be determined easily, it is determined as the alternative borrowing interest rate of the Group at the date of reassessment.

After the actual start of the lease, the Company measures the lease liability as follows:

(a) increases the book value to reflect the interest on the lease obligation, and

(b) reduces the book value to reflect the lease payments made.

In addition, a change in the fixed lease payments is essentially the lease or a change in the assessment of the option to purchase the underlying asset in case of a change in the value of finance lease liabilities is measured again.

Right-of-use assets calculated regarding to lease liabilities are accounted in "Tangible Assets" located in balance sheet.

Interest expense on lease liabilities and depreciation expense of right-of-use asset are accounted in "Investment Management Expenses (inc. interest)" and "Depreciation and Amortization Expenses" respectively.

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

Assets subject to operational leasing	Contract Period (Year)	Discount Rate - TL (%)
Buildings	1-10 years	5,25-24,42
Vehicles	1-3 years	23,62
Fixtures	1-5	5,25

2.23 Dividend distribution

At the Ordinary General Assembly Meeting of the Company held on March 28, 2022, from the period net profit of 548,965,648 TL, which was generated as a result of the company's activities for the year 2021, 48,000,000 TL was paid to the shareholders as a cash dividend, after the legal reserves were set aside, and the remaining amount was paid to the shareholders in the Tax Procedures Board. Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, 33.809.969 TL of funds will be allocated for the purchase of venture capital investment fund participation shares, 29.616.804 TL legal reserves will be allocate and the remaining amount will be left as previous year's profit. TL 47.984.125 of the dividend payment to the shareholders was paid in cash, and TL 15.875 was accounted for in the Payables to Partners account under Short-Term Liabilities.

2.24 Unearned premiums reserve

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross written premiums without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. Nonetheless; Unearned premium reserves are calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations, for commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, are also provided as unearned premium reserves.

In line with the Communiqué on Technical Reserves, the calculation of unearned premium reserve is performed as follows by the Group: for proportional reinsurance contracts, on the basis of 1/8 over the ceded premiums for treaty and facultative contracts, for commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, is also provided as unearned premium reserves and for non-proportional reinsurance contracts, on the basis on day by considering beginning and ending of the contracts. The Company calculates reserve for unearned premiums for ceded premium as retrocedant on the same basis.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

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

Since the Communiqué on Technical Reserves was effective from January 1, 2008, the Republic of Turkey Ministry of Treasury and Finance issued July 4, 2007 dated and 2007/3 numbered "Circular to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No.5684" ("Compliance Circular") to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Circular, it is stated that companies should consider earthquake premiums written after June 14, 2007 in the calculation of the reserve for unearned premiums while earthquake premiums were deducted in the calculation of the reserve for unearned premiums before. Accordingly, the Company has started to calculate reserve for unearned premiums for the earthquake premiums written after June 14, 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before June 14, 2007.

According to the 2009/9 Numbered Circular Related to Application of Technical Reserves issued on March 27, 2009 which published by Republic of Turkey Ministry of Treasury and Finance reserve for unearned premiums is calculated by taking into account that all polices become active at 12:00 at noon and end at 12:00 at noon.

According to the Communiqué on Technical Reserves, for the calculation of unearned premium reserves of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank will be used, unless there is a specified exchange rate in the agreement.

According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated July 28, 2010; there is no change in the calculation of reserve for unearned premiums for reinsurance companies.

As of the reporting date, the Group has provided unearned premiums reserve amounting to TL 15.226.687.322 (December 31, 2021: TL 6.754.872.769) and reinsurer share in unearned premiums reserve amounting TL 2.523.561.505 (December 31, 2021: TL 1.563.331.963) Furthermore, unearned premiums reserve includes Social Security Institution ("SSI") share amounting to TL 265.022.490 (December 31, 2021: TL 119.827.872). Outstanding indemnity provision is set aside for indemnity amounts accrued and determined on account but not actually paid in previous accounting periods or in the current accounting period, or if this amount could not be calculated, estimated costs and incurred but not reported compensation amounts.

Compensations that occurred before the accounting periods but were notified after these dates are accepted as incurred but not reported compensation amounts. The "Circular on Outstanding Compensation Provisions (2014/16)" published by the Ministry of Treasury and Finance on 5 December 2014 and the "Circular on Actuarial Chain Ladder Method" numbered 2010/12 have been repealed, with the exception of articles 9 and 10. According to the circular in which the ACLM calculation method is explained, insurance and reinsurance companies calculate ACLM with six different methods: "Standard Chain, Claims/Premiums, Cape Cod, Frequency/Intensity, Munich Chain and Bornhuetter-Ferguson". operations, selection of the most appropriate method and development factors, and intervention to development factors are carried out by the company actuarial using actuarial methods. These issues are detailed in the actuarial report sent to the Ministry of Finance in Article 11 of the Actuarial Regulation. Anadolu Sigorta's actuary tests the loss development factors for certain methods with its provision software, and then makes appropriate factor selections with actuarial analysis. Bodily and material damages in the Compulsory Traffic branch, Employer Financial Liability, Compulsory Financial Liability for Medical Malpractice, Professional Liability, Hazardous Substances and Hazardous Waste Compulsory Financial Liability and Other Liability branches are analyzed separately by the company actuary in the General Liability branch. The company actuary uses the latest legal interest rate (9%) published in the Official Gazette within the framework of the Circular No. 2016/22, which regulates the procedures and principles regarding the discounting of net cash flows arising from outstanding claims.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Anadolu Sigorta used the gradual transition rate specified in the "Circular on Amending the Circular on Outstanding Claims Reserves (2014/16)" dated February 29, 2016 and numbered 2016/11 of the Ministry of Treasury and Finance, using the rate of 100% as of December 31, 2016. started to reflect the best loss estimation to the tables and continued the same practice in this period.

Anadolu Sigorta, in accordance with the Temporary Article 12 of the Regulation Amending the Regulation on Tariff Implementation Principles in Highways Motor Vehicles Compulsory Financial Liability Insurance, which was published in the Official Gazette dated 11 July 2017 and numbered 30121, for step and/or vehicle groups with high damage frequency. It has been announced that the "Risk Insured Pool" has been established to be effective as of 2017. In this context, starting from April 12, 2017, the premium and damage amounts related to traffic insurance policies issued within the scope of the pool are transferred by the Turkish Motor Vehicles Bureau to the T.R. It has started to be shared among insurance companies within the framework of the principles determined by the Ministry of Treasury and Finance.

While calculating the IBNR for the portfolio of pools transferred and taken over within the scope of the said pool application at Anadolu Sigorta, the "Summary Actuarial Valuation Report for the Risky Insured Pool Final Loss/Premium Ratio Range Estimation" shared by TMVO was taken as the basis. After the change in the legislation, the Group has created accounting records over the premium, damage and commission amounts transferred to the pool and taken over from the pool within the scope of its share within the scope of the monthly receipts finalized by the Turkish Motor Vehicles Office (TMVO). has provided its reflection in the financial statements.

Except for the life branch, outstanding claims reserves consists of claims are recorded in the year in which they occur, based on reported claims and the difference between the result of the actuarial chain ladder method whose content and application criteria stated by the Republic of Turkey Ministry of Treasury and Finance and reported but not settled claims are considered as incurred but not reported ("IBNR") claims.

Actuarial chain ladder method may be differentiated by the Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Methods for the calculation of provision for incurred but not reported claims are determined by the Republic of Turkey Ministry of Treasury and Finance in the life-branch. The ACLM methods selected for each branch is provided in the following section. The Group could not perform big claim elimination by Box Plox.

	December 31, 2022		December 31, 2021	
Branches	Milli Reasürans	Anadolu Sigorta	Milli Reasürans	Anadolu Sigorta
Fire and Natural Disasters	Standard Chain	Standard Chain	Standard Chain	Standard Chain
General Damages[(*)]	Standard Chain	Standard Chain	Standard Chain	Standard Chain
General Liability[(**)]	Standard Chain	Cape Cod	Standard Chain	Cape Cod
Land Vehicles Liability	Standard Chain	Cape Cod	Standard Chain	Cape Cod
Marine	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Sea Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Land Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Casualty	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Health	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Air Vehicles	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Legal Protection	Standard Chain	Standard Chain	Standard Chain	Standard Chain
Sea Vehicles Liabilities	Sector Average (Insurance Association of Turkey 09/2022)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain
Air Vehicles Liability	Sector Average (Insurance Association of Turkey 09/2022)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain
Fidelity Guarantees	Sector Average (Insurance Association of Turkey 09/2022)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain
Financial Losses	Standard Chain	Standard Chain	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain
Credit	Sector Average (Insurance Association of Turkey 09/2022)	Standard Chain	Sector Average (Insurance Association of Turkey 09/2021)	Standard Chain
Life	Standard Chain	-	Sector Average (Insurance Association of Turkey 09/2021)	-
Facultative Third Party Liability	-	Standard Chain	-	Standard Chain

(*) Two separate calculations have been made as agriculture and non-agriculture subbranches.

(**) In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by Republic of Turkey Ministry of Treasury and Finance on December 7, 2020 and entered into force as of its publication date, an additional calculation is made in terms of Compulsory Financial Liability Insurance regarding Medical Malpractice sub-branch and calculation is made in terms of other sub-branches under General Liability through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice.

In accordance with the "Circular numbered 2020/11 on Making Amendments on Communique regarding Provision for Outstanding Claim Files numbered 2014/16" which has been published by The Insurance and Private Pension Regulation and Supervision Agency on December 7, 2020 and entered into force as of its publication date, IBNR amount is required to be separately calculated for the "Compulsory Financial Liability Insurance regarding Medical Malpractice" sub-branch included under General Liability main branch. In this scope, an additional calculation is made for Compulsory Financial Liability Insurance regarding Medical Malpractice and calculation is made for other sub-branches under General Liability insurance through excluding Compulsory Financial Liability Insurance regarding Medical Malpractice and calculated amounts are recognized on legal books As of December 31, 2022.Anadolu Sigorta, The Constitutional Court has cancelled "general conditions" in the articles of the Highway Traffic Law No. 2918, which are subject to branch of third party liability for motor vehicles, due to unconstitutional. As of December 31, 2022, effect of the cancellation decision has been analysed and reflected in the amount of incurred but not reported claims.

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

Due to the insufficient data available to the Company's in watercraft liability, aircraft liability, surety and credit branches and its uneven distribution in the loss development tables, the Company was unable to obtain a result by subjecting the relevant data to the correction process. For this reason, values representing the sector averages in the branches specified in the ACLM calculations were used. On the other hand, in Financial Losses and Life branches, where calculations were made using a similar method as of 31.12.2021, the calculation was made using the Standard Chain method as of 31.12.2022, as the data reached a certain maturity.

According to December 5, 2014 dated "Circular regarding Outstanding Claims Reserves (2014/16)" of Republic of Turkey Ministry of Treasury and Finance, the Company constitutes data by taking base of acceptance year rather than Casualty period for the reason of characteristic of reinsurance operations in course of ACLM calculation and calculates ACLM once in a year as of yearend. The methods indicated in the table are calculated according to paid claim.

Anadolu Sigorta, In accordance with the Communiqué on the Amendment of the Communiqué on the Procedures and Principles of the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice Law, published in the Official Gazette dated October 7, 2017 and numbered 30203, the Compulsory Financial Liability Insurance for Medical Malpractice the rules for premium and damage sharing have been established. Türk Reasürans A.Ş. has been appointed of such transactions has been indefinitely.

In this context, premiums and claims related to the policies issued as of October 1, 2017 have been started to be allocated among the insurance companies within the framework of the principles determined by the Undersecretariat.

Anadolu Sigorta, after the change in the legislation, the Company created the accounting records over the premium, damage and commission amounts transferred to the pool within the scope of the monthly receipts finalized and forwarded by Türk Reasürans A.Ş. and taken over from the pool within the scope of its share.

During the calculation of ACLM, the recourse and salvage amounts to be deducted according to the method determined by the Ministry must be calculated over the collected amounts (including the interest income collected together with the recourse incomes and the litigation costs incurred for the collection of this receivable and attorney fees). When calculating the aforementioned amounts, only the recourse and salvage collections for which compensation was paid within the period subject to the calculation should be taken into account and associated with the period in which they were collected in the table. Salvage and subrogation income which will be deducted in the calculation of ACLM stated by the Under secretariat should be based on collected amount (collected amount includes interest income over salvage and subrogation income, expertise, consultant and lawsuit expenses). Collections are taken into account according to their collection period.

According to the letter dated January 12, 2012 and numbered B.02.1.HZN.0.10.03.01/854 sent by Republic of Turkey Ministry of Treasury and Finance to the Company, determination of final claims for the last business year used in IBNR calculation has been changed as at December 31, 2011. Accordingly, the final premium amount earned for the last business year is determined by considering premium development factors since premiums may be accrued in the following years under the terms of the agreements. Based on the calculated final premium amount of the last business year, unearned premium reserves and earned premiums are determined. Aforementioned earned premium amount is multiplied by the average of claim/premium ratio of the previous years to determine final claims amount of the last business year. IBNR is calculated by subtracting the paid and reported claims of the last business year from the final claims amount determined by the aforementioned method. In addition, IBNR amounts reported by sedan companies are taken into consideration and in order to prevent duplicate provision; paid claims, outstanding claims reserve and premiums of reported claims are excluded from the data set used in the calculation of IBNR. The Company determined final IBNR amount by adding reported IBNR amounts to IBNR amounts calculated from the data prepared in accordance with the principals mentioned above.

In accordance with December 5, 2014 dated and 2014/16 numbered "Circular for Outstanding Claims Reserve" of Republic of Turkey Ministry of Treasury and Finance, ACLM calculation should be on main branch. However, as at December 31, 2012, the Company has calculated ACLM reserve for General Losses main branch as two separate subbranches namely agriculture and non-agriculture branches. Because, Agriculture and Engineering subbranches under General Losses main branch have different characteristics in conversion process of outstanding losses to paid losses, IBNR calculation of General Losses branch produces unreliable and improper results. The Company applied to Republic of Turkey Ministry of Treasury and Finance on January 17, 2013 with letter numbered 300, so as to receive permission to calculate IBNR reserve for General Losses branch as agriculture and non-agriculture subbranches separately.

Republic of Turkey Ministry of Treasury and Finance has given permission the Company in order to calculate IBNR reserve for General Losses within two subbranches with the letter dated January 28, 2013 and numbered 24179134. As of December 31, 2022, and 2021, the Company recognised the amount that arose due to change in calculation method for IBNR on General Losses branch.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

With the Circular 2017/7 announced by the Republic of Turkey Ministry of Treasury and Finance regarding "the discount of net cash flow from outstanding claim files". Since the discount of "Land Vehicle Liability" and "General Liability" branches have become compulsory, according to the Article 1 of the circular, this is considered as a change of accounting policies and financial statements have been retrospectively restated.

The amounts found as of 31 December 2022 are reflected in the records, considering the discount rate determined as 22% with the Circular No 2022/22.

Companies are able to discount net cash flow from outstanding claim files according to the methods outlined by the circular. As of 31 December 2021, the amounts found as a result of the relevant method change are reflected in the records. As of 31 December 2022, Anadolu Sigorta calculated the net discount amount against outstanding claims as TL 4.841.484.474 (31 December 2021: TL 2.264,265.104).

As of the reporting date, as a result of actuarial chain ladder method; Milli Reasürans except Singapore branch recorded 100% of additional negative IBNR amounting to 260.743.671 (31 December 2021: TL 322.137.338 negative IBNR). As of the reporting date, TL 89.138.657 (31 December 2021: TL 75.178.484) of IBNR provision is recorded for Singapore branch.

In accordance with "Circular Related to Information on Calculation of Incurred But Not Reported Claims Reserve" and dated November 26, 2011, companies may decrease their outstanding claims reserve balances based on the winning ratio of the sub-branches calculated from the last five years claims. Winning ratio used for decreasing in outstanding claims reserves could not exceed 25% (15% for the new sub-branches which do not have five year data). The Company did not make any discounts regarding the claim files as of 31 December 2022 (31 December 2021: None).

2.26 Mathematical reserves

In accordance with the Communiqué on Technical Reserves, companies operating in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal Casualty insurance contracts. Actuarial mathematical reserves, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method).

Mathematical reserves are recorded based on the data sent by ceding companies.

2.27 Unexpired risk reserves

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

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

Unexpired risks reserve is calculated on the basis of main branches, within the context of circular of Republic of Turkey Ministry of Treasury and Finance, numbered 2012/15 and dated December 10, 2012.

As explained in the "Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves" (2017/07), published by Turkey Ministry of Treasury and Finance on September 15, 2017, insurance companies discount the net cash flows that will be formed by the outstanding claims reserve in accordance with the insurance legislation, according to the principles specified in the circular. will be able to. Pursuant to the 1st article of the circular, the application of discount in the "General Liability" and "Land Vehicles Liability" branches of the outstanding claims provision has become mandatory. The amounts found as of 31 December 2022 are reflected in the records, considering the discount rate determined as 22% with the Circular No. (2016/22.)

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

According to the circular regarding the provision for unexpired risk reserve (2019/5), Reinsurance companies can make the calculation on the basis of the underwriting (business) year. In this case, the calculation is made by proportioning the total gross final loss incurred for at least the last three writing (business) years to the total gross earned premiums (written premiums minus unearned premiums reserve). Although it is essential to repeat the calculation in each quarter, if it can be clearly seen that the repetition of the calculation in quarterly periods will not produce meaningful results due to the structure of the agreements made or the agreement processes of the parties, it is possible to use the calculation made for the end of the year in the current year interim period estimates. With the Circular No. 2022/27 on the Provision for Unexpired Risk Reserve published by the Insurance and Private Pensions Regulation and Supervision Agency on 24.10.2022 and entered into force on the date of publication, the circular numbered 2019/5 was repealed. It is possible to calculate on the basis of underwriting year. While the company applied the year-based calculation defined by the Circular only in the Land Vehicles Liability branch; As of 30.09.2022, in order to eliminate the misleading effect caused by the significant fluctuations in the current year due to changes in economic indicators such as inflation and exchange rates, and the Fire, Natural Disasters and General Losses branches being heavily affected by the said fluctuations, the calculation in the said branches was made using the relevant method.

As of 31.12.2022, the Company has applied the calculation based on the underwriting year to all branches other than Credit and Surety branches. In the Credit and Surety branches, on the other hand, due to the inadequacy of the Company's data and the use of values representing the sector average due to their irregular distribution in the damage development tables, the calculation defined in the scope of the Regulation continued to be used, since the calculation based on the year of writing defined by the Circular could not be made in these branches. If the calculation had not been made with the method described in the Circular, a provision for unexpired risk reserve amounting to TL 1.099.900.456 would have been set aside in the financial statements as of 31 December 2022. In accordance with the circular numbered 2011/18 of the Ministry of Treasury and Finance; In the calculation of the expected loss premium rate used in the calculation of the ongoing risks related to the Compulsory Traffic, Compulsory Road Transport Financial Liability and Bus Compulsory Seat Personal Accident branches, the calculation was made by deducting all the amounts related to the premium and damage to be transferred to the SGK from the numerator and denominator.

In accordance with the sector announcement numbered 2015/30 of the Turkey Ministry of Treasury and Finance, the opening outstanding claim provision amount used in the determination of the expected loss premium rate determined for the calculation of the reserve for ongoing risks as of 31 December 2017, has been re-determined in a manner consistent with the current period.

With the circular numbered 2019/5 of the Turkey Ministry of Treasury and Finance, it has been stated that in addition to the method mentioned above, the calculation of the ongoing risks reserve for all branches can also be made with the following method.

If the discounted final loss premium rate, which is calculated based on the accident year of Anadolu Sigorta, the subsidiary of the Company and including indirect works, is above 85%, the excess amount is multiplied by the gross UPR, and the gross ongoing risks reserve; The net amount of provision for continuing risks has been determined by multiplying it by the net UPR.

Anadolu Sigorta, the subsidiary of the Company, In the amendment made with the circular numbered 2020/1 of the Ministry of Treasury and Finance, if a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, 100% of the gross claim/premium rate and 85% of the gross damage premium rate for other works. If it is higher than the ratio, the URR calculation is made.

Anadolu Sigorta, in accordance with the second paragraph of the third article of the Circular on the Provision for Ongoing Risks 2022/27, the company actuary in the Compulsory Traffic branch; In order to eliminate the misleading effect of the fluctuation caused by the deterioration in the damage development due to inflation, minimum wage, exchange rate and other factors and the periodic variation of the tariff changes that increase the premium, the Final Claims Premium Rate estimates for the last four quarters subject to the calculation of the DERK are replaced with "Accident Year". Writing Year" was calculated on the basis of actuarial analyzes based on the best estimation principles. The said change in the calculation method had a net effect of 540 million TL in the Compulsory Traffic branch.

	December 31, 2022			
	H/P with discount	Method	Gross URR	Net URR
RSH – Taken over	154%	Writing Year	170.519.237	170.519.237
Mandatory Traffic - Out of Pool	107%	Writing Year	496.804.108	496.804.108
TKU Pool – Taken over	199%	Accident Year	4.913.004	4.913.004
General Liability-Out of Pool	124%	Accident Year	94.908.190	59.036.326
Total			767.144.539	731.272.675

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

The result of the URR calculation made by Anadolu Sigorta for the Risky Insured Pool and TKU Pool, which are included in this scope, are given below:

	December 31, 2022		December 31, 2021	
	Gross URR	Net URR	Gross URR	Net URR
RSH – Received	170.519.237	170.519.237	13.124.721	13.124.721
Motor Vehicles Liability – Non pool	496.804.108	496.804.108	152.523.905	136.918.350
TKU Pool – Received	4.913.004	4.913.004	15.448.935	15.448.935
General Liability – Non pool	94.908.190	59.036.326	113.397.022	58.101.662
Total	767.144.539	731.272.675	294.494.583	223.593.668

As a result of the related test, as of the reporting period, the Group has set aside a provision for continuing risks amounting to TL 818.496.039 (December 31, 2021: TL 443.068.357) in its consolidated financial statements.

In order to ensure that the calculation of the outstanding claims reserve ("URR") is free from the misleading effect of the changed outstanding claims reserve calculation method, the outstanding claims provision of the previous period is calculated with the new method and the amount calculated according to the new method as the outstanding claims reserve is calculated in the ongoing risks reserve account is used.

2.28 Equalization reserves

In accordance with the Communiqué on Technical Reserves put into effect starting from January 1, 2008, the Companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization provision, started to be provided in 2008, is calculated as 12% of net written premiums in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization provision up to reaching 150% of the highest premium amount written in a year within the last five years. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization provisions. Claims payments are deducted from first year's equalization provisions by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. In accordance with the Communiqué on Technical Reserves, the Company considers 11% of net death premium (including damage payments) as earthquake premium and 12% of that amount is calculated as equalization provision since the Company not having sufficient data for calculation. After five financial years, in case that provision amount is less than previous year amount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims.

Equalization provisions are presented under "other technical reserves" within long term liabilities in the accompanying consolidated financial statements. As at the reporting date, the Group has recognized equalization provision amounting to TL 918.336.138 (December 31, 2021: TL 578.375.138).

As of December 31, 2022, the Group has deducted TL 6.872.441 (December 31, 2021: TL 22.336.820) from equalization provision in consequence of realized earthquake losses.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

2.29 Related parties

Parties are considered related to the Group if;

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

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

(b) The party is an associate of the Group;

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

(d) The party is member of the key management personnel of the Group;

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

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

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

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

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

2.30 Earnings per share

Earnings per share presented in the income statement are calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior years' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of the outstanding shares used in this calculation is found by considering the retrospective effects of the outstanding shares distributions.

2.31 Subsequent events

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

2.32 The new standards, amendments and interpretations

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

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

Amendments to TFRS 3 – Reference to the Conceptual Framework

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

The amendment did not have a significant impact on the financial position or performance of the Group.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

TAS 16 Amendments - Adaptation for intended use

In July 2020, POA made changes to TAS 16 Tangible Fixed Assets standard. With the amendment, companies do not allow revenues from the sale of manufactured products to be deducted from the cost of the tangible asset item, while making a tangible asset fit for its intended use. Companies will now recognize such sales revenue and related costs in profit or loss. Changes can be applied retrospectively only to items of property, plant and equipment that are made available at the beginning of the earliest period or later presented in comparison with the accounting period in which the entity first applied the change.

The amendment did not have a significant impact on the financial position or performance of the Group.

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

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The amendment did not have a significant impact on the financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

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

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

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

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

The amendment did not have a significant impact on the financial position or performance of the Group.

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

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

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

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

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

TFRS 17 - The new Standard for insurance contracts

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

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1, in which it provides guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in TAS 1 are valid for annual periods beginning on or after January 1, 2023. Due to the absence of a definition of the term "significant" in TFRS, POA has decided to replace this term with the term "significant" in the context of disclosure of accounting policy information. 'Important' is a term defined in TFRS and is largely understood by users of financial statements according to POA. When evaluating the materiality of accounting policy information, enterprises should take into account both the size of transactions, other events or circumstances, and their nature. In addition, examples of situations in which an entity may consider accounting policy information to be important have been added.The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

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

Overall, the Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Amendments to IFRS 16 - Lease obligations in sales and leaseback transactions

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

Generally, the Group does not expect a material impact on the financial statements.

3 Important accounting estimates and provisions

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

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

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

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

Note 4.1 –Management of insurance risk

Note 4.2 – Financial risk management

Note 7 – Investment properties

Note 9 – Investments in subsidiaries

Note 10 – Reinsurance assets/liabilities

Note 11 – Financial assets

Note 12 – Loans and receivables

Note 17 – Insurance contract liabilities and reinsurance assets

Note 17 – Deferred acquisition costs

Note 19 – Trade and other payables and deferred income

Note 21 – Deferred income taxes

Note 23 – Provision for other liabilities and charges

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

4 Management of insurance and financial risk

4.1 Management of insurance risk

Insurance risk is the risk that may arise from the failure to apply the insurance technique correctly and effectively in the process of providing coverage to probable events. It arises from the selection of the risk and the erroneous determination of the scope, conditions and price of the collateral to be given to the selected risk, or the erroneous determination of which of the guarantees given to the insured will be kept within the Group, up to what amount, and under which conditions and to whom the transfers will be transferred.

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

Risk tolerance is determined by Board of Directors by considering the Groups long-term strategies, equity resources, potential returns and economical expectations, and it is presented by risk limitations. Authorization limitations during policy issuing include authorizations for risk acceptances granted based on geographical regions in relation to unacceptable special risks or pre-approved acceptable special risks, insurance coverage to agencies, district offices, technical offices, assistant general managers and top management in the policy issuance period and authorizations for claim payment granted to district offices, claim management administration, automobile claims administration and Claim Committee established by the managing director and assistant managing director in the claim payment period.

Whatsoever, risk acceptance is based on technical income expectations under the precautionary principle. In determining insurance coverage, policy terms and fee, these expectations are based accordingly.

It is essential that all the authorized personnel in charge of executing policy issuance transactions, which is the initial phase of insurance process, should ensure to gather or provide all the accurate and complete information to issue policies in order to obtain evidence on the acceptable risks that the Group can tolerate from the related insurance transactions. On the other hand, decision to be made on risk acceptance will be possible by transferring the coverage to the reinsurers and/or coinsurers and considering the terms of the insurance policy.

In order to avoid destructive losses over Group's financial structure, Company transfers the exceeding portion of risks assumed over the Group's risk tolerance and equity resources through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies. Insurance coverage and policy terms of reinsurance are determined by assessing the nature of each insurance branch

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Insurance risk concentrations

The Group's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	December 31, 2022		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Land Vehicles Liabitily	3.214.330.811	(773.608.134)	2.440.722.677
Land Vehicles	2.702.128.641	(8.919.935)	2.693.208.706
Fire and Natural Disasters	2.422.448.062	(466.494.732)	1.955.953.330
General Losses	1.267.585.922	(137.543.106)	1.130.042.816
General Liability	301.976.687	(41.140.213)	260.836.474
Sea Vehicles	404.890.346	(151.278.808)	253.611.538
Accident	51.376.294	(3.368.089)	48.008.205
Marine	207.331.318	(48.719.219)	158.612.099
Life	9.673.464	(381.331)	9.292.133
Air Vehicles	20.555.052	(657.487)	19.897.565
Health	1.580.855.752	(76.842.298)	1.504.013.454
Breach of trust	2.299.483	1.674.977	3.974.460
Air Vehicles Liability	2.239.725	(462.556)	1.777.169
Legal Protection	338.512	-	338.512
Sea Vehicles Liability	290	-	290
Financial Losses	146.960.145	(79.329.497)	67.630.648
Credit	3.641.463	(664.030)	2.977.433
Total	12.338.631.967	(1.787.734.458)	10.550.897.509

	December 31, 2021		
Branches	Gross total claims liability (*)	Reinsurance share of total claims liability	Net total claims liability
Land Vehicles	1.318.818.317	(4.582.733)	1.314.235.584
Land Vehicles Liabitily	1.680.196.544	(411.160.437)	1.269.036.107
Fire and Natural Disasters	1.221.426.828	(193.200.666)	1.028.226.162
Health	906.344.373	(45.284.704)	861.059.669
General Losses	776.261.208	(64.852.537)	711.408.671
General Liability	179.024.789	(19.579.288)	159.445.501
Sea Vehicles	179.076.835	(55.126.088)	123.950.747
Marine	110.895.792	(30.824.421)	80.071.371
Financial Losses	129.052.017	(50.649.961)	78.402.056
Accident	40.324.538	(2.827.260)	37.497.278
Air Vehicles	17.114.776	(5.000.394)	12.114.382
Life	11.946.157	(1.830.418)	10.115.739
Credit	5.140.078	(877.077)	4.263.001
Breach of trust	2.848.855	(263.754)	2.585.101
Air Vehicles Liability	410.248	(118.482)	291.766
Legal Protection	181.420	-	181.420
Sea Vehicles Liability	75	-	75
Total	6.579.062.850	(886.178.220)	5.692.884.630

(*) Total claims liability includes outstanding claims reserve (paid).

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

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

4.2 Management of financial risk

Introduction and overview

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

- credit risk
- liquidity risk
- market risk

The Group is subject to credit risk, market risk (foreign currency risk, interest rate risk and price risk in relation with financial investments) and liquidity risk due to assets and liabilities. The Group's exposure to each of the above risks is assessed according to "Application Principles in Respect of Risk Limits".

The Group monitors its receivables by obtaining comprehensive information about the debtors and debtors' activities. The risk over investment portfolio is managed by measuring and reporting the market risk daily, reassessing the results validity and applying different scenario analyses. The Group's exposure to each of the above risks is measured by Internal Control and Risk Management Service independently, reported to Board of Directors and units of İş Bankası through the Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Group fails to meet its contractual obligations. The Group manages this credit risk by regularly assessing reliability of the counterparties.

Credit risk is measured by both quantitative and qualitative methods and the weighted reinsurers in retrocession programs, credit ratings of them that indicate their financial strengths and their financial positions are analysed.

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Group's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract.

Doubtful receivables are monitored quarterly.

In addition, concentration of the investment portfolio is assessed quarterly.

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents *(Note 14)* [*]	10.943.458.315	5.116.876.177
Receivables from main operations *(Note 12)*	7.643.848.201	4.294.808.607
Financial assets and financial investments with risks on policyholders *(Note 11)* [**]	12.385.912.362	8.836.894.794
Reinsurer share in outstanding claims reserves *(Note 10), (Note 17)*	4.562.215.886	2.957.988.891
Income accruals *(Note 12)*	56.748.581	169.041.598
Other prepaid expenses [***]	36.561.953	40.832.751
Other receivables *(Note 12)*	52.573.777	27.518.720
Prepaid taxes and funds *(Note 12)*	13.673.790	58.682.491
Other current asset *(Note 12)*	35.618.394	3.037.254
Total	35.730.611.259	21.505.681.282

[*] Cash on hands balance amounting to TL 197.410 are not included (December 31, 2021: TL 103.408).
[**] Equity shares amounting to TL 1.514.404.180 are not included (December 31, 2021: TL 493.172.581).
[***] TL 33.045.582 is the advance amount given by the Group. (December 31, 2021: TL 37.634.324).

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

	December 31, 2022		December 31, 2021	
	Gross amount	Provision	Gross amount	Provision
Not past due	6.889.315.306	-	3.896.445.522	-
Past due 0-30 days	635.324.513	(8.788.242)	290.746.378	(4.797.001)
Past due 31-60 days	28.099.419	(8.080.500)	29.416.323	(1.848.701)
Past due 61-90 days	28.045.199	(6.385.277)	15.716.450	(3.291.157)
More than 90 days[*]	941.736.609	(855.418.826)	714.636.669	(642.215.876)
Total	8.522.521.046	(878.672.845)	4.946.961.342	(652.152.735)

[*] As per the February 3, 2005 dated and B.02.1.HM.O.SGM.0.3.1/01/05 numbered Circular issued by the Republic of Turkey Ministry of Treasury and Finance, in case where subrogation is subject to claim/legal action, related subrogation amount is recognized as doubtful receivables and allowance for doubtful receivables is provided by the same amount in the financial statements. Related amounts are presented in "More than 90 days" line in the above table.

The movements of the allowances for impairment losses for receivables from main operations during the period are as follows:

	December 31, 2022	December 31, 2021
Provision for receivables from insurance operations at the beginning of the year	614.250.399	488.231.639
Collections during the period *(Note 47)*	(972.045)	(726.805)
Impairment losses provided during the period *(Note 47)*	1.455.458	2.456.437
Impairment losses provided for subrogation – salvage receivables during the period *(Note 47)*	190.020.345	95.804.170
Valuation of doubtful receivables *(Note 47)*	15.228.707	28.484.958
Provision for receivables from insurance operations at the end of the year	819.982.864	614.250.399

The movements of the allowances for impairment losses for other receivables are as follows:

	December 31, 2022	December 31, 2021
Provision for other receivables at the beginning of the year	1.061.329	(832.788)
Collections during the period *(Note 47)*	-	-
Provision for impairment allocated during the period (Note 47)	(356.187)	(228.541)
Provision for other receivables at the end of the year	705.142	(1.061.329)

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Liquidity risk

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

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

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

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

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

Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2022	Book value	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Assets						
Cash and cash equivalents	10.943.641.244	6.949.494.750	3.803.488.062	136.764.533	53.893.899	-
Financial assets and financial investments with risks on policyholders(*)	12.385.912.362	2.847.675.456	362.620.950	245.858.041	976.849.032	7.952.908.883
Receivables from main operations	7.643.848.201	668.169.430	2.230.649.329	1.911.490.332	427.663.016	2.405.876.094
Other receivables and current assets	199.971.764	156.483.292	6.502.464	6.303.123	29.575.759	1.107.126
Total monetary assets	31.173.373.571	10.621.822.928	6.403.260.805	2.300.416.029	1.487.981.706	10.359.892.103
Liabilities						
Financial liabilities	99.915.061	18.751.852	5.107	7.579	10.889.626	70.260.897
Payables arising from main operations	2.596.858.889	610.549.537	502.355.492	548.686.494	893.461.333	41.806.033
Due to related parties	1.262.116	1.262.116	-	-	-	-
Other liabilities	381.363.305	343.519.844	12.892.612	-	24.950.849	-
Insurance technical reserves (**)	13.199.847.470	1.138.063.241	1.954.420.290	2.663.673.173	1.000.692.585	6.442.998.181
Provisions for taxes and other similar obligations	394.550.536	291.780.585	102.769.951	-	-	-
Provisions for other risks and expense accruals	651.059.351	133.815.801	56.771.151	-	194.656.421	265.815.978
Total monetary liabilities	17.324.856.728	2.537.742.976	2.629.214.603	3.212.367.246	2.124.650.814	6.820.881.089

(*) Equity shares amounting to TL 1.514.404.180 are not included.

(**) Provisions for outstanding claims are subject to maturity distribution, taking into account the estimated payment dates, and all of the provisions for outstanding claims are presented under current liabilities in the accompanying consolidated financial statements. Provisions for outstanding claims that could not be distributed consistently are shown in the "more than 1 year" column.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

December 31, 2021	Book value	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Assets						
Cash and cash equivalents	5.116.960.019	2.536.128.008	2.421.765.236	118.228.812	40.837.963	-
Financial assets and financial investments with risks on policyholders(*)	8.836.894.794	1.110.807.808	536.920.915	488.705.204	825.503.635	5.874.957.232
Receivables from main operations	4.294.808.607	325.818.931	976.931.120	1.131.150.500	306.486.324	1.554.421.732
Other receivables and current assets	301.292.588	249.180.253	4.824.034	28.053.544	18.889.709	345.048
Total monetary assets	18.549.956.008	4.221.935.000	3.940.441.305	1.766.138.060	1.191.717.631	7.429.724.012
Liabilities						
Financial liabilities	389.506.210	117.453.125	31.076.748	181.499.967	4.033.225	55.443.145
Payables arising from main operations	1.761.423.525	558.634.193	157.094.353	283.045.708	732.175.461	30.473.810
Due to related parties	583.728	583.728	-	-	-	-
Other liabilities	196.778.372	103.607.823	76.828.510	-	16.342.039	-
Insurance technical reserves (**)	8.647.449.233	454.970.188	780.642.561	506.926.991	686.963.252	6.217.946.241
Provisions for taxes and other similar obligations	212.288.501	134.859.709	77.428.792	-	-	-
Provisions for other risks and expense accruals	297.489.442	61.873.779	17.590.467	-	100.034.647	117.990.549
Total monetary liabilities	11.505.519.011	1.431.982.545	1.140.661.431	971.472.666	1.539.548.624	6.421.853.745

(*) Equity shares amounting to TL 493.172.581 are not included.

(**) Provisions for outstanding claims are subject to maturity distribution, taking into account the estimated payment dates, and all of the provisions for outstanding claims are presented under current liabilities in the accompanying consolidated financial statements. Provisions for outstanding claims that could not be distributed consistently are shown in the "more than 1 year" column.

Market risk

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

Foreign currency risk

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

December 31, 2022	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	727.929.958	266.854.072	160.945.252	1.155.729.282
Financial assets and financial investments with risks on policyholders	6.858.220.258	1.058.062.582	-	7.916.282.840
Receivables from main operations	1.930.666.494	776.338.573	640.483.998	3.347.489.065
Total foreign currency assets	**9.516.816.710**	**2.101.255.227**	**801.429.250**	**12.419.501.186**
Liabilities:				
Payables arising from main operations	(762.389.973)	(394.828.866)	(77.344.016)	(1.234.562.855)
Insurance technical reserve(*)	(2.236.204.847)	(1.190.098.086)	(852.444.014)	(4.278.746.947)
Financial Liabilities	(3.440.487.200)	(386.139.013)	(126.259)	(3.826.752.472)
Total foreign currency liabilities	**(6.439.082.020)**	**(1.971.065.965)**	**(929.914.289)**	**(9.340.062.274)**
Net financial position	**3.077.734.690**	**130.189.262**	**(128.485.039)**	**3.079.438.912**

December 31, 2021	US Dollar	Euro	Other currencies	Total
Assets:				
Cash and cash equivalents	328.755.849	327.035.564	99.231.469	755.022.882
Financial assets and financial investments with risks on policyholders	5.319.979.824	632.265.575	-	5.952.245.399
Receivables from main operations	1.359.979.579	463.521.950	547.212.377	2.370.713.906
Total foreign currency assets	**7.008.715.252**	**1.422.823.089**	**646.443.846**	**9.077.982.187**
Liabilities:				
Payables arising from main operations	(507.812.498)	(251.961.857)	(80.239.553)	(840.013.908)
Insurance technical reserve(*)	(1.449.758.295)	(490.464.816)	(487.702.588)	(2.427.925.699)
Financial liabilities	(3.473.100.234)	(662.188.119)	(3.234.894)	(4.138.523.247)
Total foreign currency liabilities	**(5.430.671.027)**	**(1.404.614.792)**	**(571.177.035)**	**(7.406.462.854)**
Net financial position	**1.578.044.226**	**18.208.297**	**75.266.811**	**1.671.519.333**

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

For the purpose of evaluation of the above table, TL equivalents of the relevant foreign currency amounts have been shown. December 31, 2022, while the CBRT evaluated the CBRT with the sales rate, other daily transactions were evaluated with accounting based on the temporary exchange rates on the transaction date, at the end of the reporting period, foreign currency denominated active items were evaluated with CBRT exchange rates dated December 31, 2022 and passive items were evaluated with CBRT sales rates.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

	End of the period (Buying)		End of the period (Selling)		Average	
	US Dollar	Euro	US Dollar	Euro	US Dollar	Euro
December 31,2022	18,6983	19,9708	18,7320	19,9349	16,5512	17,3642
December 31,2021	13,3290	15,1139	13,3530	15,0867	8,8557	10,4408

Exposure to foreign currency risk

A 20 percent depreciation of the TL against the following currencies As of December 31, 2022 and 2021 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below (December 31, 2021: 20 percent depreciation of the TL). This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 20 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
US Dollar	615.546.938	615.546.938	(5.476.945)	(5.476.945)
Euro	26.037.852	26.037.852	17.299.003	17.299.003
Others	(25.697.008)	(25.697.008)	60.222.881	60.222.881
Total, net	**615.887.782**	**615.887.782**	**72.044.939**	**72.044.939**

(*) Equity effect also includes profit or loss effect of 20% depreciation of TL against related currencies (December 31, 2021: 20% depreciation of TL).

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As at reporting date; the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities are detailed as below:

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets with fixed interest rates:	*17.660.994.845*	*11.852.882.496*
Cash at banks *(Note 14)*[(*)]	8.839.667.993	3.868.387.140
Available for sale financial assets – Private sector bonds *(Note 11)*	2.005.214.067	3.416.179.119
Available for sale financial assets – Government bonds *(Note 11)*	5.431.158.510	1.985.467.702
Cash deposited to insurance and reinsurance companies *(Note 12)*	1.005.162.022	631.657.233
F.V. held to maturity - government debt securities (Note 11)	379.792.253	329.943.241
Held for trading financial assets – other *(Note 11)*	-	479.673.282
Held-to-maturity financial assets - private sector debt securities (Note 11)	-	1.141.574.778
Financial assets with variable interest rate:	*1.711.985.976*	*906.451.254*
Available for sale financial assets – Private sector bonds *(Note 11)*	637.554.644	882.362.938
Available for sale financial assets – Government bonds *(Note 11)*	1.074.431.332	24.088.316
Financial liabilities:		
Financial liabilities with fixed interest rate:	*99.915.061*	*389.506.210*
Expense Accruals From Derivative Contracts *(Note 20)*	18.749.281	326.794.945
Payables from operating leases *(Note 34)*	81.165.780	62.711.265

(*) Demand deposits amounting to TL 316.724.311 are not included (December 31, 2021: TL 144.016.023).

Fair value information

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

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

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

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Classification relevant to fair value information

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

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

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

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

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

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

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale financial assets *(Note 11)* (*)	10.154.517.220	-	-	10.154.517.220
Financial assets held for trading *(Note 9)*	2.790.613.979	574.621.836	-	3.365.235.815
Financial assets to be held to maturity (Note 11)	379.792.253	-		379.792.253
Associates	-	727.903.437	-	727.903.437
Subsidiaries	-	4.523.190	-	4.523.190
Total financial assets	13.324.923.452	1.307.048.463	-	14.631.971.915
Tangible assets:				
Investment properties *(Note 6)*	-	1.894.516.000	-	1.894.516.000
Owner occupied properties *(Note 6)*	-	802.940.000	-	802.940.000
Total tangible assets	-	2.697.456.000	-	2.697.456.000
Total	13.324.923.452	4.004.504.463		17.329.427.915

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale financial assets *(Note 11)* (*)	6.785.851.089	143.627.229	-	6.929.478.318
Financial assets held for trading *(Note 9)*	828.950.976	99.127.990	-	928.078.966
Financial assets to be held to maturity (Note 11)	1.471.518.019			1.471.518.019
Associates	-	395.748.095	-	395.748.095
Subsidiaries	-	3.992.980	-	3.992.980
Total financial assets	**9.086.320.084**	**642.496.294**		**9.728.816.378**
Tangible assets:				
Investment properties *(Note 6)*	-	635.476.000	-	635.476.000
Owner occupied properties *(Note 6)*	-	256.634.240	-	256.634.240
Total tangible assets	-	**892.110.240**	-	**892.110.240**
Total	**9.086.320.084**	**1.534.606.534**		**10.620.926.618**

(*) As of December 31, 2022, securities that are not publicly traded amounting to TL 771.254 (December 31, 2021: TL 992.072) have been measured at cost.

Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on Group income as a result of 10% change in the fair value of equity instruments held as held for trading financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2022		December 31, 2021	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
Financial assets held for trading	(57.073.168)	(57.073.168)	(5.534.272)	(5.534.272)
Available for sale financial assets	-	(94.290.124)	-	(43.683.779)
Total, net	**(57.073.168)**	**(151.363.292)**	**(5.534.272)**	**(49.218.051)**

(*) Equity impact includes impact of change of conjectural interest rates on income statement.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Gain and losses from financial assets

Gains and losses recognized in the statement of income, net:	December 31, 2022	December 31, 2021
Income from derivative transactions	833.925.736	1.808.979.313
Interest income from bank deposits	567.105.246	593.147.319
Foreign exchange gains	3.507.077.409	3.822.076.685
Interest income from available-for-sale financial assets	219.858.409	226.125.665
Income from participates	292.267.890	146.997.494
Income from investment funds reclassified as available for sale financial assets	167.639.537	236.423.276
Income from equity shares classified as held for trading financial assets	909.959.207	36.991.428
Income from investment funds reclassified as held for trading financial assets	1.014.790.588	116.041.312
Income from equity shares	139.238.153	58.920.201
Income from subsidiaries	(592.172)	148.939
Interest income from repos	136.744	160.753
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	669.897.779	251.244.060
Interest income from debt securities classified as held to maturity financial investments	129.402.652	94.636.714
Other	2.403.656	7.093.015
Investment income	**8.453.110.834**	**7.398.986.174**
Loss from valuation of financial assets	(1.336.747)	(2.037.569)
Loss from derivative transactions	(1.245.098.558)	(3.017.776.367)
Investment management expenses (including interest)	(40.507.820)	(31.565.502)
Loss from disposal of financial assets	(223.871.017)	(97.064.043)
Foreign exchange losses	(733.384.634)	(843.340.003)
Investment expenses	**(2.244.198.776)**	**(3.991.783.484)**
Investment income, net	**6.208.912.058**	**3.407.202.690**

Financial gains and losses recognized in equity, net:	December 31, 2022	December 31, 2021
Fair value changes in available for sale financial assets *(Note 15)*	1.417.838.998	(4.810.318)
Gains transferred from the statement of equity to the statement of income on disposal of available for sale financial assets (*Note 15)*	(669.897.779)	(251.244.060)
Total	**747.941.219**	**(256.054.378)**

Capital management

The Company's capital management policies include the following:

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

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TL 1.689.163.840 (December 31, 2021: TL 980.075.804) As of December 31, 2022. As of December 31, 2022, and 2021, the capital amount of the Company presented in the unconsolidated financial statements are TL 5.170.486.290 and 2.955.427.565 respectively and capital surplus of the Company is amounting to TL 3.481.322.450 (December 31, 2021: TL 1.975.351.761) according to the communiqué.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of June 30, 2022, required equity amount determined in calculations over consolidated financial statements of Company's subsidiary Anadolu Sigorta, is amounted TL 4.296.438.435. As of 30 June 2022, the amount of raw equity in Anadolu Sigorta's unconsolidated financial statements is TL 16.993.061 above the required equity amount calculated in accordance with the regulation.

5 Segment information

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

Business segment

Financial information of the Group is presented on life and non-life basis in the accompanying consolidated financial statements.

Geographical segment

The main geographical segment which the Group operates is Turkey. Hence, the Group has not disclosed report on geographical segments.

6 Tangible assets

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

	January 1, 2022	Addition	Foreign currency translation effect(*)	Disposals	Transfers	Valuation differences	December 31, 2022
Cost:							
Investment properties (*Note 7)*	635.476.000	-	-	-	-	1.259.040.000	1.894.516.000
Buildings for own use	256.634.240	-	-	(159.840)	-	546.465.600	802.940.000
Machinery and equipment	118.226.398	25.350.215	-	(4.921.625)	-	-	138.654.988
Furniture and fixtures	31.332.500	17.851.597	1.294.499	(974.016)	-	-	49.504.580
Land vehiclesss	7.828.373	4.108.912	713.100	(587.730)	-		12.062.655
Other tangible assets (including leasehold improvements)	33.256.305	3.128.584	-	-	-	-	36.384.889
Leased tangible assets	3.858.073	-	-	-	-	-	3.858.074
Operating Lease vehicles	73.154.608	9.487.982	2.673.882	-	-	-	85.316.472
Operating Lease Buildings	-	19.255.629					19.255.629
Construction in progress (**)	5.924.030	5.520.855	-	-			11.444.885
	1.165.690.527	84.703.774	4.681.481	(6.643.211)	-	1.805.505.600	3.053.938.171
Accumulated depreciation:							
Buildings for own use	280.881	1.309.806	-	(3.700)	-	(1.567.807)	19.180
Machinery and equipment	78.738.239	17.431.879	-	(4.827.972)	-	-	91.342.146
Furniture and fixtures	23.207.163	4.332.762	1.225.518	(861.804)	-	-	27.903.639
Land Vehiclesss	4.527.402	2.007.920	306.617	(587.730)	-	-	6.254.209
Other tangible assets (including leasehold improvements)	26.095.169	2.563.726	-	-	-	-	28.658.895
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Vehicles	-	3.379.521	-	-	-	-	3.379.521
Operating Lease Buildings	21.289.473	12.166.750	1.872.806	-	-	-	35.329.029
	157.996.401	43.192.364	3.404.941	(6.281.206)	-	(1.567.807)	196.744.694
Net book value	1.007.694.127						2.857.193.478

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) The costs related to heating and cooling group renewal in the investment in ongoing invesments.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Movement in tangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Addition	Foreign currency translation effect(*)	Disposals	Transfers	Valuation differences	December 31, 2021
Cost:							
Investment properties *(Note 7)*	532.918.500	-	-	-	-	102.557.500	635.476.000
Buildings for own use	198.426.240	386.023	-	(645.000)	-	58.466.977	256.634.240
Machinery and equipment	92.149.319	30.384.338	-	(4.307.259)	-	-	118.226.398
Furniture and fixtures	27.217.474	3.134.253	1.432.218	(451.445)	-	-	31.332.500
Land Vehicles	7.033.036	-	795.337	-	-	-	7.828.373
Other tangible assets (including leasehold improvements)	30.451.919	2.963.069	- -	- (158.683)	-	-	33.256.305
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	66.535.309	13.972.868	2.491.466	(9.845.035)	-	-	73.154.608
Ongoing investments(**)	-	5.924.030		-			5.924.030
	958.589.871	56.764.581	4.719.021	(15.407.422)	-	161.024.477	1.165.690.528
Accumulated depreciation:							
Buildings for own use	1.284.646	921.219	-	(13.564)	-	(1.911.420)	280.881
Machinery and equipment	67.779.244	15.238.382	-	(4.279.387)	-	-	78.738.239
Furniture and fixtures	19.576.827	2.378.741	1.373.936	(122.341)	-	-	23.207.163
Land Vehiclesss	2.852.972	1.436.310	238.120	-	-	-	4.527.402
Other tangible assets (including leasehold improvements)	24.142.098	2.097.382	-	(144.311)	-	-	26.095.169
Leased tangible assets	3.858.074	-	-	-	-	-	3.858.074
Operating Lease Buildings	15.642.897	9.277.264	1.113.838	(4.744.526)	-	-	21.289.473
	135.136.758	31.349.298	2.725.894	(9.304.129)	-	(1.911.420)	157.996.401
Net book value	823.453.113						1.007.694.127

(*) Foreign currency translation effect resulted from Singapore Branch.

(**) There are costs related to heating and cooling group renewal in the account of investments in progress.

As of 31 December 2022 and 31 December 2021, the Group's real estates, some of which are for investment purposes and some for use, are valued at their fair value and are valued in this context. The appraisal reports for these real estates were prepared by the CMB licensed real estate appraisal Company in December 2022 for Anadolu Sigorta and in December 2022 for Milli Reasürans. There is no mortgage on the Group's real estate for use. Milli Re's real estate for use was revalued as of December 2022, and the appraisal reports for these real estates were prepared in December 2022 by a real estate appraisal Company licensed by the CMB.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, the fair values (excluding VAT) and net carrying values of buildings for own use are presented below:

Owner occupied land and buildings	Expertise date	Expertise value	Net Book Value (December 31, 2022)	Net Book Value (December 31, 2021)
Headquarter	December 2022	744.475.000	744.475.000	234.710.806
İzmir Regional Headquarter	December 2022	35.480.000	35.468.961	10.452.348
Adana Regional Headquarter	December 2022	13.050.000	13.044.943	3.306.772
Lefkoşe Cyprus Branch	December 2022	8.990.000	8.987.283	7.239.810
Adana Office	December 2022	270.000	269.975	413.093
Other	December 2022	675.000	674.658	230.530
Total		802.940.000	802.920.820	256.353.359

Fair value measurement

The fair values of self-used land and buildings were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as Level 2.

As of December 31, 2022, and 2021, there is no mortgage on Group's tangible assets.

7 Investment properties

Additions and disposals for investment properties is given "6- Tangible Assets" note in table of current period movement of tangible assets.

Investment properties are started to be presented by fair value method As of December 31, 2022 and 2021 on balance sheet and the Company's investment properties gained TL 1.259.040.000 amount of value in 2022 in the context of expertise report prepared by independent professional valuation specialists authorized by Capital Markets Board. For the year ended December 31, 2022, the Group has rental income from investment properties amounting to TL 41.102.822 (December 31, 2021: TL 28.519.880).

As of December 31, 2022, inflation adjusted cost and carrying amounts of the Company's investment properties are amounting to TL 1.894.516.000 (December 31, 2021: TL 635.476.000)

Property based value of expertise report (excluding VAT) and fair values of investment properties are as follows. Expertise reports regarding these properties are prepared by independent professional valuation specialists authorized by CMB in December 2022. There is no mortgage on Group's investment properties.

As of December 31, 2022, and 2021, details of investment properties and the fair values are as follows:

	December 31, 2022 Net book value	December 31, 2021 Net book value	Date of expertise report	Value of expertise report
Operating Center Rental Offices	871.650.000	265.345.000	December 2022	871.650.000
Suadiye Fitness Center	76.150.000	48.770.000	December 2022	76.150.000
Tunaman Garage	528.325.000	182.925.000	December 2022	528.325.000
Villa Office Block	174.000.000	52.850.000	December 2022	174.000.000
Çifteler Land	6.000	6.000	December 2022	6.000
Other buildings	244.385.000	85.580.000	December 2022	244.385.000
Net book value	1.894.516.000	635.476.000		1.894.516.000

Fair value measurement

The fair values of investment properties were determined by market comparison technique. The fair value measurement of owner occupied land and buildings is classified as Level 2.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

8 Intangible Assets

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

	January 1, 2022	Additions	Transfers	Foreign currency translation effects(*)	Disposals	December 31, 2022
Cost:						
Other intangible assets	425.145.359	33.819.038	144.997	-	12.748.573	471.857.967
Advances given for intangible assets (**)	24.799.334	159.626.740	-	-	(13.645.322)	170.780.752
Goodwill	16.250.000	-	-	-	-	16.250.000
Research & Development	-	-	-	-	896.749	896.749
	466.194.693	193.445.778	144.997	-	-	659.785.468
Accumulated amortization:						
Other intangible assets	264.203.297	90.918.471	105.749	-	-	355.227.517
	264.203.297	90.918.471	105.749	-	-	355.227.517
Net book value	201.991.396					304.557.950

(*) Foreign currency translation effect resulted from Singapore Branch.
(**) IFRS 17 has been given with reference to licensing-consultation and computer software.

Movement in intangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Foreign currency translation effects(*)	Disposals	Transfers	December 31, 2021
Cost:						
Other intangible assets	325.342.220	19.091.943	128.815	-	80.582.381	425.145.359
Advances given for intangible assets	9.121.309	96.260.406	-	-	(80.582.381)	24.799.334
Goodwill	16.250.000	-	-	-	-	16.250.000
	350.713.529	115.352.349	128.815	-	-	466.194.693
Accumulated amortization:						
Other intangible assets	193.489.327	70.618.233	95.737	-	-	264.203.297
	193.489.327	70.618.233	95.737	-	-	264.203.297
Net book value	157.224.202					201.991.396

(*) Foreign currency translation effect resulted from Singapore Branch.
(**) IFRS 17 has been given with reference to licensing-consultation and computer software.

9 Investments in associates

	December 31, 2022		December 31, 2021	
	Book value	Participation rate %	Book value	Participation rate %
Anadolu Hayat Emeklilik A.Ş.	727.903.437	21,00	395.748.095	21,00
Affiliates, net	727.903.437		395.748.095	
Miltaş Turizm Inşaat Ticaret Anonim Şirketi	4.523.190	100,00	3.992.980	78,00
Subsidiaries, net	4.523.190		3.992.980	
Total financial asset	732.426.627		399.741.075	

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Name	Total assets	Shareholders' equity	Retained earnings	Profit for the year	Audited	Period
Subsidiaries:						
Miltaş Turizm Inşaat Ticaret AŞ	5.528.417	4.523.189	13.864	(592.172)	Not Audited.	31 December 2022
Associates:						
Anadolu Hayat Emeklilik AŞ (consolidated)	90.659.179.398	3.466.206.841	49.488.334	1.391.751.856	Audited.	31 December 2022

In the current period TL 292.267.890 (December 31, 2021: 146.997.494) of income is obtained from associates and TL (592.172) of income is obtained from subsidiaries (December 31, 2021: TL 148.939) through equity accounted consolidation method.

10 Reinsurance assets and liabilities

As of December 31, 2022, and 2021, outstanding reinsurance assets and liabilities of the Group in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2022	December 31, 2021
Unearned premiums reserves, ceded (Note 17)	2.523.561.505	1.563.331.963
Outstanding claims reserve, ceded (Note 4.2), (Note 17)	4.562.215.886	2.957.988.891
Receivables from reinsurance companies (Note 12)	895.875.747	467.249.577
Cash deposited to reinsurance companies	1.005.162.022	631.657.238
Total	**8.986.815.160**	**5.620.227.669**

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2022	December 31, 2021
Payables to the reinsurers related to premiums written *(Note 19)*	1.697.747.508	1.243.712.653
Deferred commission income *(Note 19)*	346.493.633	202.730.004
Cash deposited by reinsurance companies	14.318.666	7.358.088
Commission payables to the reinsurers related to written premiums *(Note 19)*	12.955.729	8.390.642
Total	**2.071.515.536**	**1.462.191.387**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Gains and losses recognized in the consolidated statement of income in accordance with existing insurance and retrocession contracts are as follows:

	December 31, 2022	December 31, 2021
Premiums ceded during the period *(Note 17)*	(5.869.701.512)	(3.329.771.438)
Unearned premiums reserve, ceded at the beginning of the period *(Note 17)*	(1.563.331.963)	(1.089.324.599)
Unearned premiums reserve, ceded at the end of the period *(Note 17)*	2.523.561.505	1.563.331.963
Earned premiums, ceded *(Note 17)*	**(4.909.471.970)**	**(2.855.764.074)**
Claims paid, ceded during the period *(Note 17)*	1.787.734.458	886.178.220
Outstanding claims reserves, ceded at the beginning of the period *(Note 17)*	(2.957.988.890)	(2.179.921.969)
Outstanding claims reserves, ceded at the end of the period *(Note 17)*	4.562.215.886	2.957.988.891
Incurred claims, ceded *(Note 17)*	**3.391.961.454**	**1.664.245.142**
Commission income accrued from reinsurers during the period *(Note 32)*	672.229.232	385.906.303
Deferred commission income at the beginning of the period *(Note 19)*	202.730.004	135.727.041
Deferred commission income at the end of the period *(Note 19)*	(346.493.633)	(202.730.004)
Commission income earned from reinsurers *(Note 32)*	**528.465.603**	**318.903.340**
Changes in unexpired risk reserves, reinsurers' share *(Note 17)*	**(39.544.335)**	**98.986.599**
Total, net	**(1.028.589.248)**	**(773.628.993)**

11 Financial assets

As of December 31, 2022, and 2021, the Group's financial assets are detailed as follows:

	December 31, 2022	December 31, 2021
Available for sale financial assets	10.162.243.014	6.937.424.930
Financial assets held for trading	3.365.235.815	928.078.966
Impairment loss on available for sale financial assets	379.792.253	1.471.518.019
Impairment in value of financial assets (-)	(6.954.540)	(6.954.540)
Total	**13.900.316.542**	**9.330.067.375**

As of December 31, 2022, and 2021, the Group's financial assets held for trading are detailed as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Book value
Non-fixed income financial assets:				
Investment funds		1.152.180.527	1.788.288.637	1.788.288.637
Investment funds FC		63.032.262	114.654.293	114.654.293
Equity shares		382.654.129	570.731.684	570.731.684
Futures and options guarantees				
Derivative guarantees (Currency protected deposits)		849.180.960	891.561.201	891.561.201
		2.447.047.878	**3.365.235.815**	**3.365.235.815**
Total financial assets held for trading		**2.447.047.878**	**3.365.235.815**	**3.365.235.815**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
	Nominal value	Cost	Fair value	Book value
Debt instruments:				
Other TL	-	479.103.135	479.673.281	479.673.281
	-	479.103.135	479.673.281	479.673.281
Non-fixed income financial assets:				
Investment funds	-	191.086.615	299.397.911	299.397.911
Investment funds FC		63.032.262	84.376.756	84.376.756
Equity shares	-	34.919.176	55.342.715	55.342.715
Futures and options guarantees	-	7.007.053	9.288.303	9.288.303
	-	296.045.106	448.405.685	448.405.685
Total financial assets held for trading	-	775.148.241	928.078.966	928.078.966

As of December 31, 2022, and 2021, the Group's available for sale financial assets are detailed as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Book Value
Debt instruments:				
Government bonds – TL	448.286.255	820.742.208	1.233.308.649	1.233.308.649
Government bonds – USD	3.927.018.617	4.102.208.337	4.512.657.179	4.512.657.179
Government bonds – EUR	226.929.000	594.213.913	759.624.014	759.624.014
Private sector bonds – USD	1.546.745.868	1.957.553.357	2.149.555.101	2.149.555.101
Private sector bonds- TL	460.885.000	467.441.052	500.168.150	500.168.150
Impairment loss on private sector bonds			(6.954.540)	(6.954.540)
		7.942.158.867	9.148.358.553	9.148.358.553
Non-fixed income financial assets:				
Equity shares		136.496.200	943.672.496	943.672.496
Investment funds		52.537.380	63.257.425	63.257.425
		189.033.580	1.006.929.921	1.006.929.921
Total available for sale financial assets		8.131.192.447	10.155.288.474	10.155.288.474

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

		December 31, 2021		
	Nominal value	Cost	Fair value	Book Value
Debt instruments:				
Government bonds – TL	1.381.716.740	1.220.705.372	1.155.385.162	1.155.385.162
Government bonds – USD	209.312.910	412.603.919	520.647.054	520.647.054
Government bonds – EUR	163.092.000	283.141.231	333.523.802	333.523.802
Private sector bonds- USD	3.116.939.583	3.317.796.056	3.467.190.557	3.467.190.557
Private sector bonds – TL	753.706.825	742.405.526	763.369.122	763.369.122
Impairment loss on private sector bonds	75.433.500	74.415.148	74.936.919	74.936.919
			(6.954.540)	(6.954.540)
Non-fixed income financial assets:		6.051.067.252	6.308.098.076	6.308.098.076
Equity shares		238.492.481	437.829.866	437.829.866
Investment funds		152.825.735	184.542.448	184.542.448
		391.318.216	622.372.314	622.372.314
Total available for sale financial assets		6.442.385.468	6.930.470.390	6.930.470.390

All debt instruments presented above are traded in the capital markets, As of December 31, 2022, equity shares classified as available for sale financial assets with a carrying amount of TL 771.254 are not publicly traded (December 31, 2021: TL 992.072).

There is no debt security issued during the period or issued before and paid during the period by the Group.

Value increases in financial assets including equity shares classified as available for sale financial assets and subsidiaries for the last 3 years (including tax effects):

Year	Change in value increase	Total increase in value
2022	747.941.219	775.959.402
2021	(256.054.378)	28.018.183
2020	184.597.745	284.072.561

As of December 31, 2022, and 2021 the Group's held to maturity financial assets portfolio are detailed as follows:

		December 31, 2022		
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – USD	176.603.279	177.949.150	181.556.360	183.784.275
Government bonds – EUR	196.332.150	184.271.747	199.246.961	196.007.978
Total held to maturity financial assets		362.220.897	380.803.321	379.792.253

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
	Nominal value	Cost	Fair value	Net book value
Debt instruments:				
Government bonds – USD	193.270.500	183.060.487	194.882.716	190.515.144
Government bonds – EUR	133.653.075	135.010.836	137.300.143	139.428.097
Private sector bonds - USD	1.149.892.830	1.087.955.022	1.143.972.754	1.141.574.778
Total held to maturity financial assets		**1.406.026.345**	**1.476.155.613**	**1.471.518.019**

As of December 31, 2022, and 2021, the movement of the financial assets is presented below:

	December 31, 2022			
	Trading	Available-for-Sale	Held to maturity	Total
Balance at the beginning of the period	**928.078.966**	**6.930.470.390**	**1.471.518.019**	**9.330.067.375**
Acquisitions during the period	19.245.992.234	11.257.984.455	-	30.503.976.689
Disposals (sale and redemption)	(19.016.601.356)	(11.716.088.566)	(1.480.061.755)	(32.212.751.677)
Change in the fair value of financial assets	2.179.888.827	1.887.167.267	-	4.067.056.094
Change in amortized cost of the financial assets	-	1.463.883.233	388.335.989	1.852.219.222
Bonus shares acquired	27.877.144	331.871.695	-	359.748.839
Balance at the end of the period	**3.365.235.815**	**10.155.288.474**	**379.792.253**	**13.900.316.542**

	December 31, 2021			
	Trading	Available-for-Sale	Held to maturity	Total
Balance at the beginning of the period	**420.642.549**	**4.335.178.153**	**1.038.057.085**	**5.793.877.787**
Acquisitions during the period	612.070.482	15.765.943.347	-	16.378.013.829
Disposals (sale and redemption)	(730.037.032)	(15.317.942.351)	(303.407.858)	(16.351.387.241)
Change in the fair value of financial assets	601.686.722	54.702.285	-	656.389.007
Change in amortized cost of the financial assets	-	1.847.947.238	736.868.792	2.584.816.030
Bonus shares acquired	23.716.245	244.641.718	-	268.357.963
Balance at the end of the period	**928.078.966**	**6.930.470.390**	**1.471.518.019**	**9.330.067.375**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Details of the financial assets issued by related parties of the Group are as follows:

	December 31, 2022			
	Nominal value	Cost	Fair value	Book value
Available for sale financial assets – Private sector bonds	80.000.000	80.000.000	82.731.200	82.731.200
Available for sale financial assets – Investment funds	-	52.537.380	63.257.425	63.257.425
Available for sale financial assets – Equity shares	-	61.871.244	289.699.205	289.699.205
Financial assets held for trading – Investment funds	168.628.153	875.513.385	1.439.452.850	1.439.452.850
Available for sale financial assets – Private sector bonds -FC	9.000.000	79.414.848	169.147.066	169.147.066
Held to maturity financial assets – Bonds	-	-	-	-
Available for sale financial assets – Currency protected deposits		483.953.926	510.352.060	510.352.060
Total		1.633.290.783	2.554.639.806	2.554.639.806

	December 31, 2021			
	Nominal value	Cost	Fair value	Book value
Available for sale financial assets – Private sector bonds	394.251.825	382.337.119	386.564.161	386.564.161
Available for sale financial assets – Investment funds	101.957.587	141.128.226	171.415.425	171.415.425
Available for sale financial assets – Equity shares	-	61.871.244	104.398.469	104.398.469
Financial assets held for trading – Investment funds	50.820.215	141.084.477	235.476.922	235.476.922
Available for sale financial assets – Private sector bonds -FC	258.584.875	323.176.383	340.292.712	340.292.712
Held to maturity financial assets – Bonds	466.781.580	454.396.713	461.614.653	469.932.162
Financial assets held to maturity - Bonds		1.503.994.162	1.699.762.342	1.708.079.851

12 Loans and receivables

	December 31, 2022	December 31, 2021
Receivables from main operations *(Note 4.2)*	7.643.848.201	4.294.808.607
Prepaid taxes and funds *(Note 19), (Note 4.2)*	52.573.777	27.518.720
Income accruals *(Note 4.2)*	56.748.581	169.041.598
Other receivables *(Note 4.2)*	13.673.790	58.682.491
Other current assets *(Note 4.2)*	35.618.394	3.037.253
Total	7.802.462.743	4.553.088.669
Short-term receivables	7.590.225.087	4.426.988.027
Medium and long-term receivables	212.237.656	126.100.642
Total	7.802.462.743	4.553.088.669

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As at December 31, 2022 and 2021, receivables from main operations are detailed as follows:

	December 31, 2022	December 31, 2021
Receivables from insurance companies	373.732.189	197.350.065
Receivables from reinsurance companies *(Note 10)*	895.875.747	467.249.577
Receivables from agencies, brokers and intermediaries	159.960.121	109.364.567
Total receivables from reinsurance operations, net	**1.429.568.057**	**773.964.209**
Receivables from agencies, brokers and other intermediaries	3.898.531.449	2.178.274.951
Receivables from insurance and reinsurance companies	175.515.037	430.432.842
Long term receivable which is bank guarantee and three months credit card	943.476.394	42.690.388
Salvage and subrogation receivables *(Note 2.21)*	202.751.310	142.555.437
Receivables from policyholders	47.533.914	133.135.883
Total receivables from insurance operations, net	**5.267.808.104**	**2.927.089.501**
Cash deposited to insurance and reinsurance companies *(Note 4.2)*	1.005.162.022	631.657.233
Provisions for receivables from insurance operations – subrogation receivables *(Note 2.21)*	(58.689.982)	(37.902.336)
Doubtful receivables from main operations – premium receivables	117.934.272	102.222.152
Provision for doubtful receivables from main operations – premium receivables	(117.934.272)	(102.222.152)
Doubtful receivables from insurance operations – subrogation receivables	702.048.592	512.028.247
Provisions for doubtful receivables from insurance operations – subrogation receivables	(702.048.592)	(512.028.247)
Receivables from main operations	**7.643.848.201**	**4.294.808.607**

As of December 31, 2022, and 2021, mortgages and collaterals obtained for receivables are disclosed as follows:

	December 31, 2022	December 31, 2021
Mortgage notes	211.326.333	99.845.138
Letters of guarantees	279.676.711	162.734.100
Other guarantees	151.779.037	131.947.292
Government bonds and treasury bills	243.656	73.656
Total	**643.025.737**	**394.600.186**

Provisions for overdue receivables and receivables not due yet

a) Receivables under legal or administrative follow up (due): TL 117.934.272 for main operations (December 31, 2021: TL 102.222.152) and TL 705.142 (December 31, 2021: TL 1.061.329) for other receivables.

b) Provision for premium receivables (due): TL 760.738.574 (December 31, 2021: TL 549.930.583)

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

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

13 Derivative financial assets

As of December 31, 2022, the Group has not have any derivative financial instruments recognized in the financial assets held for trading. (December 31, 2021: TL 9.288.303).

As of December 31, 2022, the Group has accounted in income accruals and other financial liabilities amounting to TL 2.115.363 (December 31, 2021: TL 145.419.619) that is increase in value while there is TL (18.749.281) impairment balance under the other financial liabilities account (December 31, 2021: TL 326.794.946) due to forward foreign currency agreement.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

14 Cash and cash equivalents

As of December 31, 2022, and December 31, 2021, the details of the cash and cash equivalents are as follows:

	December 31, 2022		December 31, 2021	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	197.410	103.408	103.408	76.079
Cheques received	-	-	-	400.138
Bank deposits	9.156.392.304	4.012.403.163	4.012.403.163	4.097.477.416
Cheques given and payment orders	(14.481)	(19.566)	(19.566)	(8.020)
Bank guaranteed credit card receivables with maturities less than three months	1.787.066.011	1.104.473.014	1.104.473.014	771.479.380
Cash and cash equivalents in the balance sheet	**10.943.641.244**	**5.116.960.019**	**5.116.960.019**	**4.869.424.993**
Bank deposits – blocked(*)	(1.465.822.815)	(272.352.942)	(272.352.942)	(836.221.606)
Time deposits with maturities longer than 3 months	(305.956.102)	(180.310.274)	(180.310.274)	(145.142.438)
Interest accruals on banks deposits	(22.776.765)	(26.751.424)	(26.751.424)	(16.704.794)
Cash and cash equivalents presented in the statement of cash flows	**9.149.085.562**	**4.637.545.379**	**4.637.545.379**	**3.871.356.155**

(*) As of December 31, 2022, cash collateral amounting to TL 1.465.822.315 is kept in favour of Turkey Insurance and Private Pension Regulation and Supervision Agency.

As of December 31, 2022, and 2021, bank deposits are further analysed as follows:

	December 31, 2022	December 31, 2021
	End of term	
Foreign currency denominated bank deposits		
- time deposits	953.684.068	619.358.056
- demand deposits	201.870.792	135.592.241
Bank deposits in Turkish Lira		
- time deposits	7.885.983.925	3.249.029.084
- demand deposits	114.853.519	8.423.782
Bank deposits	**9.156.392.304**	**4.012.403.163**

15 Equity

Paid in Capital

The shareholder having direct or indirect control over the shares of the Company is İş Bankası Group having 87.60% of outstanding shares. As of December 31, 2022, and 2021, the shareholding structure of the Company is presented below:

	December 31, 2022		December 31, 2021	
Name	Shareholding amount(TL)	Shareholding rate (%)	Shareholding amount(TL)	Shareholding rate (%)
Türkiye İş Bankası A.Ş.	578.177.926	87,60	578.177.926	87,60
Groupama Hayat A.Ş.	38.809.894	5,88	38.809.894	5,88
Ankara Doğal Elektrik Üretim ve Ticaret A.Ş.	22.240.456	3,37	22.240.456	3,37
T.C. Ziraat Bankası A.Ş.	16.430.944	2,49	16.430.944	2,49
Other	4.340.780	0,66	4.340.780	0,66
Paid in capital	**660.000.000**	**100,00**	**660.000.000**	**100,00**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of December 31, 2022, the issued share capital of the Group is TL 660.000.000 (December 31, 2021: TL 660.000.000) and the share capital of the Group consists of 66.000.000.000 (December 31, 2021: 66.000.000.000 shares) issued shares with TL 0,01 nominal value each. There are no privileges over the shares of the Group.

There are not any treasury shares held by the Group itself or by its subsidiaries or associates.

There are not any treasury shares issued which will be subject to sale in accordance with forward transactions and contracts.

Equity method consolidation

As of December 31, 2022, and 2021, in the accompanying consolidated financial statements of the Group, Anadolu Hayat, 21% and Miltaş, 100% of shares is owned by the Group are consolidated by using the equity method.

Legal Reserves

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

The movements of legal reserves are as follows:

	December 31, 2022	December 31, 2021
Legal reserves at the beginning of the period	**226.709.388**	**194.945.022**
Transfer from profit	35.103.086	31.764.366
Legal reserves at the end of the period	**261.812.474**	**226.709.388**

As of December 31, 2022, and 2021, "Other Reserves and Retained Earnings" includes extraordinary reserves, sales profits to be capitalized and buildings for own use revaluation differences.

As at December 31, 2022 and 2021, "Other Reserves and Retained Earnings" are detailed as below:

	December 31, 2022	December 31, 2021
Other profit reserves	22.613.013	21.913.243
Extraordinary reserves	1.055.949.776	823.206.149
Other capital reserves	677.582.321	220.553.428
Sales profits to be capitalized	33.799.814	24.729.869
Other earnings and losses	(15.402.782)	(5.965.389)
Subsidiary capital correction	(71.060.154)	(71.060.154)
Private funds	117.937.781	57.074.903
Total	**1.821.419.769**	**1.070.452.049**

Other capital reserves

According to TAS 16 – "Property Plant and Equipment", property, plant and equipment are initially recorded at cost and can be subsequently measured at their fair values. The Company has started to show based on the revaluation model by measuring over fair value as of the third quarter of 2015 by making changes in the use of the property which is measuring the cost model in the financial statements before.

In accordance with tax legislation, 75% of profits from sales of participation shares and 50% of profits from sales real estates included in the assets of companies is exempt from corporate tax provided that it is classified under a special fund for full five years. The exempt gains cannot be transferred to another account other than a capital increase or cannot be withdrawn from the entity for five years.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Anadolu Sigorta, As of December 31, 2021, the tax exempt which obtained thanks to sale of participation shares and real estate in 2010, 2011, 2013, 2014, 2015, 2016 and 2017 years respectively, amounting to TL 8.081.516, TL 80.025, TL 647.763, TL 920.272, TL 2.541.500, TL 15.094 and TL 838.049 and real estate revaluation funds of 2018, 2019, 2020 and 2021 the profit not subject to distribution for 2018, 2019, 2020 and 2021 are classified as other capital reserves.

In according to expertise reports, fair value of property for use is calculated as TL 744.475.000 and revaluation differences amounting to TL 729.034.443 is recognized in 'Other Capital Reserves' account under equity as TL 637.905.139 with net tax effect in financial statements As of December 31, 2022 (December 31, 2021: TL 196.537.385). As of 31 December 2022, Non-Distributable Profit amount recognized according to the equity method is TL 39.677.182. (December 31, 2021: TL 24.016.043).

Extraordinary reserves

The movement of extraordinary reserves is as follows:

	December 31, 2022	December 31, 2021
Extraordinary reserves at the beginning of the period	**823.206.149**	**692.870.924**
Transfer from profit	232.743.627	130.335.225
Extraordinary reserves at the end of the period	**1.055.949.776**	**823.206.149**

Subsidiary capital correction

On September 30, 2010, the Company purchased 35.53% shares of Anadolu Sigorta Anonim Şirketi with nominal value of TL 177.650.110 from İş Bankası amounting to TL 248.710.154. As Anadolu Sigorta and the Company are under common control and when information transfer and structure is considered, Anadolu Sigorta is accepted as a part of the Company's operations. This subsidiary under common control is recorded at cost in the financial statements. In the business combination of subsidiary under common control, the purchasing Company is not obliged to, but has the permission to reflect the effects of business combination the prior year financial statements. In business combinations under common control, shares are transferred from one Company to the other in the same group and independent third parties are not included in the transaction and purchasing price is not determined on fair value, the application is determined by the management's decision. The Company management decided not to reflect the effects of the business combination in the comparative financial statements. The difference between purchase price and net asset value amounting to TL (71.060.154), is recorded under "Subsidiary Capital Correction" account under equity.

Special funds (reserves)

As of 31 December 2022, 33.809.969 TL has been allocated to receive venture capital investment fund participation shares from the 2021 period profit in accordance with the provisions of Article 325/A of the Tax Procedure Law and Article 10 of the Corporate Tax Law. (31 December 2021: 17.000.000 TL). Special funds (reserves) accounted for using the equity method are TL 67.127.812 (31 December 2021: TL 40.074.903).

The movements of special funds are as follows:

	December 31, 2022	December 31, 2021
Special funds at the beginning of the period	**57.074.903**	**16.900.903**
Transfer from profit venture capital investment fund	33.809.969	17.000.000
Accounted according to the equity method	27.052.909	23.174.000
Special funds at the end of the period	**117.937.781**	**57.074.903**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Other profit reserves

In accordance with the July 4, 2007 dated and 2007/3 numbered Compliance Circular issued by the Republic of Turkey Ministry of Treasury and Finance, it was stated that the companies would not further provide earthquake provision for the year 2007. However, it was also stated that earthquake provisions provided in previous periods (earthquake provision in the financial statements as at December 31, 2006) should be transferred to the reserve accounts under equity in accordance with the 5th Temporary Article of the Insurance Law. The companies had to transfer total amount of provisions, including earthquake provisions reserved as at December 31, 2006 and related gains obtained from investment of these amounts, to the account called as "549.01 – transferred earthquake provisions" which would be opened as at September 1, 2007 within Uniform Chart of Account and the reserves amount should not be subject to dividend distribution or should not be transferred to other accounts.

Company's subsidiary Anadolu Sigorta A.Ş. Within the scope of this circular, earthquake claim provision amounting to TL 96.036.157 in total, including the earthquake claim provisions set aside in its financial statements as of 31 December 2006 and the income obtained from the investment of this amount, has been shown in the other profit reserves account in the financial statements. TL 51.846.111 of this amount was used for capital increase in 2010. As of 31 December 2022, by adding the total net TL (49.376.999), which is the actuarial loss and gain amount resulting from the re-measurement of the net benefit debt defined in accordance with TAS 19, and as a result of the consolidation, the balance of the account became TL 34.067.965 by adding the amount of TL 28.881.012.

40.109.503 TL of the amount received as a result of the consolidation is the value increase fund amounting to 200.547.515 TL, which emerged as a result of the revaluation application made pursuant to the temporary 32nd and repeated 298th articles of the Tax Procedure Law (TPL) of Anadolu Hayat, 14 January 2023. It is transferred from the Extraordinary Reserves account to the "Other Profit Reserves" account within the scope of the Communiqué Amending the TPL General Communiqué dated (December 31, 2021: None).

According to revision on TAS 19, actuarial profit and losses that recognized in income statement in termination indemnity calculation before, is recognized in "Other Profit Reserves" account under equity in current period financial statements. As of December 31, 2022, TL (15.402.782) (31 December 2021: TL (5.965.389), of actuarial gains and losses, which are presented in profit or loss is presented under "other profit reserves". As of 31 December 2022, other profit reserves amount recognized according to the equity method is TL 22.613.013 (December 31, 2021: TL 21.913.242).

Profit for the period that is extraneous from the distribution

In accordance terms of tax legislation 50% portion of the gains from sales real estate and 75% portion of the gains from subsidiaries are exempt from corporate tax on condition that it has kept in a special fund account at least five years. Exempt gains cannot be transferred to another account except to add capital or in any way cannot be withdrawn from the business in five years. In the direction of sector announcement made by Treasury dated October 27, 2008 and numbered 2008/41, for the year ended December 31, 2016, the Company categorized the TL 23.723.323 profit on sale from the sale of the properties realized on April 10, 2015 under the Company's equity as "sales profits to be capitalized" and "other capital reserves" under the equity for the current period. As of 31 December 2021, sales profits to be capitalized amount recognized according to the equity method is TL 707.937 (December 31, 2020: TL 522.188). As of December 31, 2022, TL 162.083, which corresponds to 75% of the income obtained from the sale of the subsidiary realized by the Company as of December 14, 2020, has been classified in the Non-Distributable Period Profit. The Non-Distributable Period Profit amount accounted for using the equity method is TL 9.914.408 (December 31, 2020: 844.463).

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

Statutory reserves

After the allocation of first legal reserves and first dividend to shareholders, reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly. As of December 31, 2022, total funds allocated is amounting TL 122.747.456 (December 31, 2021: TL 83.112.202), and there's not any fund allocated from current period profit in current period.

Foreign currency translation differences

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. As at December 31, 2022 and 2021 foreign currency translation TL 86.654.441 reserve amounting to TL 41.999.609 from Singapore Branch whose functional currency is US Dollars.

Valuation of financial assets

As of December 31, 2022, and 2021, changes in fair values that stem from securities classified as available for sale financial assets that present share in capital and associates are detailed as below:

	December 31, 2022	December 31, 2021
Fair value reserves at the beginning of the period	**28.018.183**	**284.072.561**
Change in the fair value during the period *(Note 4.2)*	1.396.503.470	(137.102.926)
Deferred tax effect *(Note 4.2)*	(146.138.917)	69.481.593
Net gains transferred to the statement of income *(Note 4.2)*	(669.897.779)	(251.244.060)
Deferred tax effect *(Note 4.2)*	167.474.445	62.811.015
Fair value reserves at the end of the period	**775.959.402**	**28.018.183**

16 Other reserves and equity component of discretionary participation

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

As of December 31, 2022, and 2021, the Group does not hold any insurance or investment contracts which contain a DPF.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

17 Insurance contract liabilities and reinsurance assets

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

As of December 31, 2022, and 2021 technical reserves of the Group' are as follows:

	December 31, 2022	December 31, 2021
Unearned premiums reserves, gross	15.226.687.322	6.754.872.769
Unearned premiums reserves, ceded *(Note 10)*	(2.523.561.505)	(1.563.331.963)
Unearned premiums reserves, SSI share	(265.022.490)	(119.827.872)
Unearned premiums reserves, net	**12.438.103.327**	**5.071.712.934**
Outstanding claims reserve, gross	17.762.063.356	11.605.438.124
Outstanding claims reserve, ceded *(Note 10)*	(4.562.215.886)	(2.957.988.891)
Outstanding claims reserve, net	**13.199.847.470**	**8.647.449.233**
Unexpired risk reserves	937.147.438	601.264.091
Unexpired risk reserves, ceded	(118.651.399)	(158.195.734)
Unexpired risk reserves, net	**818.496.039**	**443.068.357**
Equalization reserves, net(*)	918.336.138	578.375.138
Other technical reserves, net	**918.336.138**	**578.375.138**
Life mathematical reserves	-	-
Bonuses and Discount	-	-
Total technical reserves, net	**27.374.782.974**	**14.740.605.662**
Short-term	26.451.760.997	14.159.877.830
Medium and long-term	923.021.977	580.727.832
Total technical reserves, net	**27.374.782.974**	**14.740.605.662**

As of December 31, 2022, and 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2022			
Unearned premiums reserve	Gross	Ceded	SSI Share	Net
Unearned premiums reserve at the beginning of the period	6.754.872.769	(1.563.331.963)	(119.827.872)	5.071.712.934
Written premiums during the period	28.062.405.894	(5.869.701.512)	(427.451.541)	21.765.252.841
Earned premiums during the period	(19.590.591.341)	4.909.471.970	282.256.923	(14.398.862.448)
Unearned premiums reserve at the end of the period	**15.226.687.322**	**(2.523.561.505)**	**(265.022.490)**	**12.438.103.327**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	December 31, 2021			
Unearned premiums reserve	**Gross**	**Ceded**	**SSI Share**	**Net**
Unearned premiums reserve at the beginning of the period	4.737.678.185	(1.089.324.599)	(94.034.856)	3.554.318.730
Written premiums during the period	12.972.968.425	(3.329.771.438)	(209.441.766)	9.433.755.221
Earned premiums during the period	(10.955.773.81)	2.855.764.074	183.648.753	(7.916.361.017)
Unearned premiums reserve at the end of the period	**6.754.872.769**	**(1.563.331.963)**	**(119.827.869)**	**5.071.712.934**

	December 31, 2022		
Outstanding claims reserves	**Gross**	**Ceded**	**Net**
Outstanding claims reserve at the beginning of the period	11.605.438.124	(2.957.988.891)	8.647.449.234
Claims reported during the period and changes in the estimations of outstanding claims reserves provided at the beginning of the period	18.495.257.199	(3.391.961.453)	15.103.295.745
Claims paid during the period	(12.338.631.967)	1.787.734.458	(10.550.897.509)
Outstanding claims reserve at the end of the period	**17.762.063.356**	**(4.562.215.886)**	**13.199.847.470**

	December 31, 2021		
Outstanding claims reserves	**Gross**	**Ceded**	**Net**
Outstanding claims reserve at the beginning of the period	8.565.250.176	(2.179.921.969)	6.385.328.207
Claims reported during the period and changes in the estimations of outstanding claims reserves provided at the beginning of the period	9.619.250.798	(1.664.245.142)	7.955.005.656
Claims paid during the period	(6.579.062.850)	886.178.220	(5.692.884.630)
Outstanding claims reserve at the end of the period	**11.605.438.124**	**(2.957.988.891)**	**8.647.449.233**

Table of development of damages

The main assumption used in estimating the provision for outstanding claims is Anadolu Sigorta's previous experience of loss development. The Company management uses its own judgments in determining how external factors such as legal decisions or changes in laws will affect the outstanding claim provision. The sensitivity of some variables, such as legal changes and uncertainties in the estimation process, is not measurable. In addition, long delays between the occurrence of the damage and the time the payment is made prevent the precise determination of the provision for outstanding claims as of the end of the reporting period. Therefore, the total liabilities may change depending on the subsequent developments and the differences resulting from the re-estimation of the total liabilities are reflected in the financial statements in the following periods.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

The evolution of insurance liabilities makes it possible to measure Anadolu Sigorta's performance in estimating its total claim liabilities. The figures shown at the top of the tables below show the change in Anadolu Sigorta's total claims estimates in subsequent years, starting from the years in which the claims occurred. The figures shown at the bottom of the tables give the reconciliation of the total liabilities with the outstanding claims provisions shown in the consolidated financial statements.

			31 December 2022			
Year of claim	2018	2019	2020	2021	2022	Total
Year of claim	2.885.360.315	3.196.222.254	3.398.547.245	4.513.091.132	11.202.394.776	25.195.615.722
1 year later	3.431.999.452	3.318.823.106	3.811.249.124	5.393.374.837	–	15.955.446.519
2 year later	3.545.770.065	3.504.841.865	4.124.284.189	–	–	11.174.896.119
3 year later	3.653.070.742	3.582.376.878	–	–	–	7.235.447.620
4 year later	3.753.386.932	–	–	–	–	3.753.386.932
Current estimate of claim	3.753.386.932	3.582.376.878	4.124.284.189	5.393.374.837	11.202.394.776	28.055.817.612
The total made to date is	3.059.249.196	2.955.099.153	3.088.594.620	4.141.170.529	5.682.481.343	18.926.594.841
The total amount in the financial statements	694.137.736	627.277.725	1.035.689.569	1.252.204.308	5.519.913.433	9.129.222.771
financial statements related to 2015 and before						2.925.588.380
Total gross outstanding compensation shown in the period-end financial statements						12.054.811.151

			31 December 2021			
Year of claim	2017	2018	2019	2020	2021	Total
Year of claim	2.722.011.860	3.274.948.318	3.258.845.935	3.773.070.849	6.957.753.506	19.986.630.468
1 year later	3.022.388.688	3.643.596.640	3.448.094.457	4.329.206.254	–	14.443.286.039
2 year later	3.098.600.912	3.727.151.253	3.573.106.355	–	–	10.398.858.520
3 year later	3.174.397.441	3.906.895.173	–	–	–	7.081.292.614
4 year later	3.290.571.968	–	–	–	–	3.290.571.968
Current estimate of claim	3.290.571.968	3.906.895.173	3.573.106.355	4.329.206.254	6.957.753.506	22.057.533.256
The total made to date is	2.698.726.932	3.114.264.846	2.852.117.598	3.053.612.067	3.364.626.534	15.083.347.977
The total amount in the financial statements	591.845.036	792.630.327	720.988.757	1.275.594.187	3.593.126.972	6.974.185.279
financial statements related to 2015 and before						2.448.720.855
Total gross outstanding compensation shown in the period-end financial statements						9.422.906.134

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

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

As the Company is a reinsurance company, there is not any guarantee that should be placed. The details given below are the amounts of guarantees for Anadolu Sigorta A.Ş.

	December 31, 2021		
	Should be placed(*)	Placed	Book value
Non-life:			
Bank deposits *(Note 14)*	-	1.465.822.315	1.465.822.315
Financial assets (Note 11))	-	2.055.744.693	2.055.744.693
Total	1.061.784.499	3.521.567.008	3.521.567.008

	December 31, 2021		
	Should be placed(*)	Placed	Book value
Non-life:			
Bank deposits *(Note 14)*	-	830.741.091	830.741.091
Financial assets	-	226.986.014	226.980.086
Total	894.041.616	1.057.727.105	1.057.721.177

* In accordance with Article 7 of the "Regulation on the Financial Structures of Insurance and Reinsurance Companies and Pension Companies", which regulates the establishment and release of guarantees, the guarantees of insurance companies and pension companies operating in the life and personal accident branch, within two months following the capital adequacy calculation periods. must be established in In accordance with the "Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies", companies prepare the capital adequacy table twice a year, in June and December, and send it to the Insurance Private Pension Regulation and Supervision Board within 2 months. Since the amounts required to be established as of 31 December 2022 (31 December 2021) will be over the amounts calculated as of 31 December 2022 (31 December 2021), the amounts determined according to the calculations as of 30 June 2022 (30 June 2021) are defined as the amounts to be established.

Total amount of insurance risk on a branch basis

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

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

None.

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

None.

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

None.

Pension investment funds established by the Group and their unit prices

None.

Number and amount of participation certificates in portfolio and circulation

None.

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

None.

(Currency: Turkish Lira (TL))

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

None.

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

None.

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

None.

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

None.

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

None.

Profit share distribution rate of life insurances

None.

Deferred commission expenses

The Group capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2022, short-term prepaid expenses amounting to TL 2.233.645.155 (December 31, 2021: TL 1.047.686.045) consist of deferred acquisition cost; deferred commission expenses amounting to TL 2.168.689.800 (December 31, 2021: TL 956.239.676) and other prepaid expenses amounting to TL 64.955.355 (December 31, 2021: TL 91.446.369). Long-term prepaid expenses amounting TL 22.375.330 (December 31, 2021: TL 1.281.781) are composed of other prepaid expenses.

The movement of deferred production commissions for the accounting periods ending on 31 December 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Deferred commission expenses at the beginning of the period	956.239.676	661.636.162
Commissions accrued during the period *(Note 32)*	4.275.683.928	1.491.127.525
Commissions expensed during the period	(3.063.233.804)	(1.196.524.011)
Deferred commission expenses at the end of the period	**2.168.689.800**	**956.239.676**

(*) Commission expenses accounted under reinsurance commissions are included.

Individual pension funds

None.

18 Investment contract liabilities

None.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

19 Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Financial payables	99.915.061	389.506.210
Payables from main operations	2.596.858.889	1.761.423.525
Other payables	381.363.305	196.778.372
Short/long term deferred income and expense accruals	616.183.112	333.738.596
Taxes and other liabilities and similar obligations	394.550.536	212.288.501
Due to related parties *(Note 45)*	1.262.116	583.728
Total	**4.090.133.019**	**2.894.318.932**
Short-term liabilities	3.978.066.089	2.808.385.630
Long-term liabilities	112.066.930	85.933.302
Total	**4.090.133.019**	**2.894.318.932**

As of December 31, 2022, other payables amounting to TL 381.363.305 (December 31, 2021: TL 196.778.372) consist of treatment cost payables to SSI amounting to TL 146.358.652 (December 31, 2021: TL 68.451.361) payables to Tarsim and DASK and outsourced benefits and services amounting to TL 210.053.807 (December 31, 2021: TL 111.984.975) and deposits and guarantees received amounting to TL 24.950.846 (December 31, 2021: 16.342.036).

Payables arising from main operations of the Group As of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Payables to reinsurance companies *(Note 10)*	1.697.747.508	1.243.712.653
Payables to agencies, brokers and intermediaries	270.213.069	130.981.175
Cash deposited by insurance and reinsurance companies	15.316.979	8.385.787
Total payables arising from reinsurance and insurance operations	**1.983.277.556**	**1.383.079.615**
Payables arising from other operating activities	613.581.333	378.343.910
Payables arising from main operations	**2.596.858.889**	**1.761.423.525**

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2022	December 31, 2021
Taxes paid during the period	187.686.308	287.355.697
Corporate tax liabilities	(276.782.469)	(306.101.998)
Corporate tax assets, net	**(89.096.161)**	**(18.746.301)**

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

None.

20 Financial liabilities

	31 December 2022	31 December 2021
Expense accruals arising from derivative contracts (Note 13) (*)	18.749.281	326.794.945
Payables from operating leases (Note 34) (**)	81.165.780	62.711.265
Short-term	10.904.883	7.268.119
Medium and long-term	70.260.897	55.443.146
Total	**99.915.061**	**389.506.210**

(*) The Company has TL 18.749.281 expense accruals arising from derivative contracts As of December 31, 2022. (December 31, 2021: TL 326.794.945).

(**) As of December 31, 2022, the Group's operating leases are explained in the Note 34 - Financial Costs.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

21 Deferred taxes

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

	December 31, 2022 Deferred tax assets/(liabilities))	December 31, 2021 Deferred tax assets/(liabilities))
Equalization reserves	143.310.919	83.542.839
Other provisions	52.539.188	17.798.632
Unexpired risk reserves	204.624.010	101.905.722
Provision for the pension fund deficits	58.816.795	20.599.702
Provisions for employee termination benefits	36.269.241	12.909.747
Subrogation provision	14.672.496	8.717.537
Other	3.788.423	3.599.122
Time deposits	398.499	(507.293)
Discount of receivables and payables	10.617.888	1.382.294
Profit commission accruals	(10.968.672)	(4.767.444)
Valuation differences in financial assets	(123.988.614)	(15.208.269)
Subrogation receivables from third parties	(14.606.398)	(10.382.015)
TAS adjustment differences in depreciation	(23.851.402)	(20.467.086)
Valuation of real estate	(335.806.113)	(84.532.815)
Deferred tax assets/(liabilities), net	15.816.260	114.590.673

As of 31 December 2022, the Group has a deductible financial loss of 751.610.679 TL that can be used until 31 December 2027. The Group reviewed the business plan as of December 31, 2022 and estimated the risk of not being able to use the financial losses, which can be deducted in the coming years, and as of December 31, 2022, no deferred tax was calculated on the aforementioned accumulated financial losses with the precautionary principle (31 December 2021: None).

Movement of deferred tax assets as of December 31, 2022 and 2021 are given below:

	December 31, 2022	December 31, 2021
Opening balance at January 1	114.590.673	(17.593.281)
Recognized in profit or loss	143.342.143	92.278.186
Recognized in equity	(208.505.678)	64.587.120
Cancellation corporate tax provision(*)	(33.610.878)	(24.681.352)
Closing balance at December 31	15.816.260	114.590.673

(*) Cancellation of corporate tax provision is included in deferred tax income.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

22 Retirement benefit obligations

Defined benefit plan is a post-service retirement plan that specifies the pension contributions and salaries that employees and their dependents will receive, often based on one or more factors such as age, total length of service.

Employees of the company, “Milli Reasürans Türk Anonim Şirketi Retirement and Health Fund Foundation” (“Fund”), which was established based on the Temporary Article 20 of the Social Insurance Law No. 506, and Anadolu Sigorta employees, “Anadolu Anonim Türk Anonim Türk AŞ. a member of the Insurance Company Officers Pension Fund.

Following annulment of the temporary Article 23 of the Banking Law, the new law “Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees” was published in the Official Gazette dated May 8, 2008 and came into force. The new law requires transfer of the participants or beneficiaries of pension funds to Social Security Institution as at the effective date of the Act within 3 years and prescribe the extension period of the transfer as maximum of two years upon the order of the Cabinet. Accordingly, the three-year period expired on May 8, 2011 was extended to the May 8, 2013. On March 8, 2012, “Amendments to the Social Security and General Health Insurance Act Including Certain Laws and Decrees” numbered 28227, was published on Official Gazette and 4th article of this act changed “two years” phrase as “four years” which takes part on second sentence of first clause of 20th article of the code numbered 5510. Also, under the scope of Decree of the Council of Ministers numbered 2013/4617 was published on Official Gazette numbered 28636, on May 3, 2013 and 20th temporary article of the Social Security Laws numbered 506 banks, insurance and reinsurance companies, chambers of commerce, stock markets or participants of pension funds and salary or income provided ones and their shareholders’ transfer duration has been extended one year to the Social Security Institution by Decree of the Council of Ministers.

“Council of minister is entitled to determine the Social Security Intuition’s turnover date for banks, assurance and reinsurance companies, chamber of commerce and industry, stock markets or pension fund’ partnerships that is constituted by them for union employees along with monthly income endowed people and their rights holder within the scope of 506 numbered law’ provisional 20. Article. Pension fund contributors as of the transfer date and considered insured by the first paragraph of Article 4 of this law.

Finally, Article 51 of the Law on the Amendment of the Occupational Health and Safety Law and Some Laws and Decrees, published in the Official Gazette dated April 23, 2015, and the first paragraph of the provisional article 20 of the Law No. 5510 have been amended as follows.

“The participants of the funds established for the personnel of banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, stock exchanges or their unions within the scope of the temporary article 20 of the Law No. The Council of Ministers is authorized to determine As of the transfer date, the participants of the ballot box are deemed to be insured within the scope of subparagraph (a) of the first paragraph of Article 4 of this Law.

In accordance with the Act, as of the transfer date, present value of the liabilities will be determined by considering the income and expense of the pension fund.

As per the temporary sub article No: 20 of the Article 73 of the above mentioned law also includes the following:

a) technical deficit rate of 9.8% shall be used in the actuarial calculation of the value in cash, and

b) uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by the entities who transfer the funds.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

In accordance with the law; after fund affiliates along with monthly salary and/or revenue endowed people and their rights holder transfer to Social Security Intuition, these people' uncovered social rights and payments is paid, even if it is written in the foundation's obligation which they are belong to, by funds and fund affiliate's employer institutions.

The benefits stated in the settlement deeds of pension fund but not subject to transfer will continue to be covered by the pension funds.

The technical financial position of the Milli Reasürans Pension Fund is audited by the registered actuary in accordance with the Article 21 of the Insurance Law and Actuary Act. As per the calculations based on the above mentioned assumptions, actuarial and technical deficit amounting to TL 235.267.182 (December 31, 2021: TL 102.998.511) is accounted as "Provision for pension fund deficits" in the accompanying consolidated financial statements.

An actuarial report has been obtained from registered actuary regarding calculation of the amount to be paid to the Social Security Institution by the Company in accordance with the new law. The CSO 1980 mortality table for December 31,2021 and the TSI 2013 mortality table for December 31, 2022 9,80% of technical deficit interest rate are taken into account in the calculation of the said technical deficit. No real increase/decrease is anticipated in salary and health expenses. The health benefits to be paid will be considered by the Group management due to the changes in the Social Security Institution legislation and other regulations. As of December 31, 2022, and 2021, technical deficit from pension funds comprised the following.

	December 31, 2022	December 31, 2021
Net present value of total liabilities other than health	(477.099.568)	(238.855.340)
Net present value of insurance premiums	143.627.068	64.386.463
Net present value of total liabilities other than health	**(333.472.500)**	**(174.468.877)**
Net present value of health liabilities	(56.866.044)	(28.428.461)
Net present value of health premiums	78.927.742	35.160.105
Net present value of health liabilities	**22.061.698**	**6.731.644**
Pension fund assets	**76.143.620**	**64.738.722**
Amount of actuarial and technical deficit	**(235.267.182)**	**(102.998.511)**

Pension fund assets are comprised of the following items:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	38.295.525	46.206.290
Associates	31.736.625	16.823.239
Other	6.111.470	1.709.193
Total plan assets	**76.143.620**	**64.738.722**

Up to date, as per the actuarial calculation performed, there has not been any deficit in Anadolu Anonim Türk Sigorta Şirketi Memurları Emekli Sandığı and Anadolu Sigorta has made no payment for this purpose. It is believed that the assets of this institution are adequate enough to cover its total obligations; therefore, this shall not constitute any additional liability on Anadolu Sigorta.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

23 Provision for other liabilities and expense accruals

As of December 31, 2022, and 2021, the provisions for other risks are disclosed as follows:

	December 31, 2022	December 31, 2021
Provision for pension fund deficits *(Note 22)*	235.267.182	102.998.511
Provision for employee termination benefits	-	-
Provision for unused vacation	135.521.632	58.186.518
Permission charge	11.902.901	5.532.364
Total provision for other risks	382.691.715	166.717.393

Movement of provision for employee termination benefits during the period is presented below:

	December 31, 2022	December 31, 2021
Provision at the beginning of the period	58.186.518	45.465.115
Interest cost *(Note 47)*	12.327.307	7.679.100
Service cost *(Note 47)*	3.864.187	4.458.468
Payments during the period *(Note 47)*	(5.252.349)	(5.132.994)
Actuarial gain/loss	66.395.969	5.716.829
Provision at the end of the period	135.521.632	58.186.518

24 Net insurance premium revenue

Net insurance premium revenue for non–life branches is presented in detailed in the accompanying consolidated statement of income.

25 Fee revenue

None.

26 Investment income

Investment income is presented in Note 4.2 – *Financial risk management.*

27 Net income accrual on financial asset

Net realized gains on financial assets are presented in Note 4.2 – *Financial risk management.*

28 Assets held at fair value through profit or loss

Presented in "*Note 4.2* – Financial Risk Management".

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

29 Insurance rights and claims

	December 31, 2022	December 31, 2021
Claims paid, net off reinsurers' share	(10.550.897.509)	(5.692.884.630)
Changes in outstanding claims reserves, net off reinsurers' share	(4.552.398.236)	(2.262.121.026)
Changes in unearned premium reserves, net off reinsurers' share	(7.366.390.393)	(1.517.394.204)
Change in equalization reserves	(339.961.000)	(138.101.706)
Change in life mathematical reserves, net off reinsurers' share	-	13.014
Changes in unexpired risks reserves, net off reinsurers' share	(375.427.682)	(324.852.685)
Exchange in return for bonuses and discounts, deducting the reinsurer share	-	(4.000.000)
Total	(23.185.074.820)	(9.939.341.237)

30 Investment contract benefits

None.

31 Other expenses

The allocation of the expenses with respect to their nature or function is presented in Note 32 – *Expenses by nature* below.

32 Operating expenses

For the years ended December 31, 2022 and 2021, the operating expenses are disclosed as follows:

	December 31, 2022	December 31, 2021
Commission expenses *(Note 17)*	2.612.265.552	1.481.038.028
Commissions to the intermediaries accrued during the period (Note 17)	*3.732.510.952*	1.740.351.880
Changes in deferred commission expenses (Note 17)	*(1.120.245.400)*	(259.313.852)
Employee benefit expenses *(Note 33)*	817.994.326	412.355.419
Foreign exchange losses	266.284.991	162.979.104
Administration expenses	479.387.228	207.179.776
Commission income from reinsurers *(Note 10)*	(528.465.603)	(318.903.340)
Commission income from reinsurers accrued during the period (Note 10)	(672.229.232)	(385.906.303)
Change in deferred commission income (Note 10)	143.763.629	67.002.963
Advertising and marketing expenses	66.852.766	29.783.284
Outsourced benefits and services	60.577.789	35.188.441
Commission expenses from reinsurance transactions (Note 10)	450.968.252	220.024.696
Commissions from reinsurance transactions during the period (Note 10)	543.172.976	255.314.358
Change in deferred reinsurance commission expenses (Note 10)	(92.204.724)	(35.289.662)
Other	39.740.410	14.188.953
Total	4.265.605.711	2.243.834.361

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

33 Employee benefit expenses

As of December 31, 2022, and 2021, employee benefit expenses are disclosed as follows:

	December 31, 2022	December 31, 2021
Wages and salaries	573.362.338	295.557.164
Employer’s share in social security premiums	174.650.068	87.269.226
Pension fund benefits	16.587.462	7.137.463
Other	53.394.458	22.391.566
Total *(Note 32)*	817.994.326	412.355.419

34 Financial costs

As of December 31, 2022, interest expense arising from the leases that the Group has subject to TFRS 16 Leasing Standards amounting to TL 16.386.267 (31 December 2021: 12.848.980 TL) has accounted under “Investment Management Expenses - Including Interest”; amortization expense amounting to TL 15.546.272 has been accounted under “Depreciation and Amortization Expense” accounts (January 1 – December 31, 2021: 9.277.263).

As of December 31, 2022, discounted repayment plans for the Group’s operating leases are as follows (December 31, 2021: TL 62.711.265):

	Operating lease repayments -TL
Up to 1 year	10.904.883
1 - 2 years	13.205.756
2 – 3 years	14.424.088
3 – 4 years	11.496.141
4 – 5 years	13.882.826
Over 5 years	17.252.086
Total	81.165.780

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

35 Income tax

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

	December 31, 2022	December 31, 2021
Current tax expense provision:		
Corporate tax provision	(276.782.469)	(306.101.998)
Deferred taxes:		
Origination and reversal of temporary differences	143.342.143	92.278.186
Total income tax expense/(income)	(133.440.326)	(213.823.812)

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended December 31, 2022 and 2021 is as follows:

		2022		2021
Profit before taxes	1.559.834.289	Tax rate (%)	952.919.203	Tax rate (%)
Taxes on income per statutory tax rate	389.958.572	25,00	238.229.801	25,00
Tax exempt income	(527.467.361)	(33,82)	(104.577.884)	(10,97)
Non-deductible expenses	270.949.115	17,37	80.171.895	8,41
Total tax expense recognized in consolidated profit or loss	133.440.326	8,55	213.823.812	22,44

36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 – *Financial Risk Management* above.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

37 Earnings per share

Earnings per share are calculated by dividing Group's net profit of the year to the weighted average number of shares.

	December 31, 2022	December 31, 2021
Net profit/loss for the period	861.369.752	487.295.000
Weighted average number of shares	66.000.000.000	66.000.000.000
Earnings/losses per share (TL)	0,01305	0,00738

38 Dividends per share

Dividend distribution policy of the Company stated its Articles of Association are as follows:

Net profit for the year presents remaining amount of total income of the year after deducting operating expenses, amortisation, provisions, taxes and other similar obligations and prior year losses if any. Net profit is divided and distributed in accordance with order as follows.

- 5% of legal reserve is divided from annual net profit, until it reaches 20% of share capital.
- Amounts described by a and b clauses of 2nd paragraph of 519th article of the Turkish Commercial Law will be added to general legal reserves, after legal limit is reached.
- 10% of the remaining net profit amount is distributed to shareholders, as first dividend.
- If the Company has acquired his share, according to 520th article of the Turkish Commercial Law, legal reserve is divided to meet the acquiring amount.
- Reserve for natural disasters and catastrophe might be allocated, if deemed necessary, based on the suggestion of the Board of Directors and decision of the General Assembly,
- After the allocation of first legal reserves, first dividend to shareholders and statutory reserves, up to 3% of the remaining amount not exceeding three-wages is distributed to personnel.
- After the allocation of above mentioned reserves and dividends, second dividend to shareholders might be allocated, based on the suggestion of the Board of Directors and decision of the General Assembly.
- According to c clause of 2nd paragraph of 519th article of the Turkish Commercial Law, 10% of total amount distributed to people have share of profit will be added to general legal reserves.
- The fate of remaining amount will be determined by the General Assembly.

Judgements of 3rd paragraph of 519th article of Turkish Commercial Law are reserved.

Other legal reserves cannot be divided, profit cannot be transferred to next year and share of profit cannot be distributed to workers, unless legal reserves have to be divided according to laws and first dividend for shareholders is divided, in accordance with the Articles of Association.

At the Ordinary General Assembly Meeting of the Company held on March 28, 2022, from the period net profit of 548.965.648 TL, which was generated as a result of the company's activities in 2021, 48.000.000 TL was paid to the shareholders as a cash dividend, after the legal reserves were set aside, and the remaining amount was determined by Tax Procedure Within the framework of the provisions of Article 325/A of the Law and Article 10 of the Corporate Tax Law, 33.809.969 TL of funds will be allocated for the purchase of venture capital investment fund participation shares, 29.616.804 TL legal reserves will be allocated and the remaining amount will be left as previous year's profit. decided. TL 47.984.125 of the dividend payment to the shareholders was paid in cash, and TL 15.875 was accounted for in the Payables to Partners account under Short-Term Liabilities. The amount of dividend paid is reflected to the financial statements as a liability in the period declared by the Company. Paid dividend amount is reflected to financial statements as liability in the period it is declared by the Company.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

39 Cash generated from operations

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

40 Convertible bond

None.

41 Redeemable preference shares

None.

42 Risks

In the normal course of its operations, the Group is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Group are provided under outstanding claims reserves in the accompanying consolidated financial statements.

As of December 31,2022, total amount of the claims that the Group face is TL 3.146.699.781 in gross (December 31, 2021: TL 2.765.800.932). The Group provided outstanding claims reserves in the consolidated financial statements by considering collateral amounts.

As of December 31, 2022, ongoing lawsuits prosecuted by the Company's subsidiary Insurance Company against the third parties amounting TL 1.066.326.082 (December 31, 2021: TL 727.251.158).

Anadolu Anonim Türk Sigorta Şirketi Mensupları Dayanışma Vakfı" was established by Anadolu Anonim Türk Sigorta Şirketi in accordance with the Turkish Commercial and Civil Laws which is examined by Tax Audit Committee inspectors due to the Company payments what are fulfilled obligations to the foundation owing to deed of the foundation and the related act. As a result of this investigation, an examination was reported for periods of 2007, 2008, 2009, 2010 and 2011.

Legal process has been started for the years 2007, 2008, 2009, 2010, 2011 and the later years and the payment regarding to the revenue authorities was paid. As of the report date, there is no recognized provision.

43 Commitments

Details of the guarantees given by the Group in non-life insurance branches are shown in Note 17.

44 Business combinations

None.

45 Related party transactions

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables and payables from/to shareholders, subsidiaries and joint ventures.

There are no guarantees, commitments, guarantee letters, advances and endorsements given in favor of shareholders, associates and subsidiaries.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	31 December 2022	31 December 2021
Türkiye İş Bankası A.Ş.	4.182.366.106	1.438.643.235
Other	10.209	6.995
Banks	**4.182.376.315**	**1.438.650.230**
Bonds issued by Türkiye Sınai Kalkınma Bankası A.Ş. (Note 11)	-	450.083.288
Bonds issued by Türkiye İş Bankası (Note 11)	-	385.074.032
Mutual funds founded by İş Portföy Yönetimi A.Ş. (Note 11)	1.044.695.036	336.783.288
Related party stocks (Note 11)	289.699.205	104.398.469
Bonds issued by İş Finansal Kiralama (Note 11)	-	90.561.586
Bonds founded by İş Yatırım Menkul Değerler A.Ş. (Note 11)	-	82.980.050
Mutual funds issued by Maxis Private Equity Portfolio Management A.Ş. (Note 11)	458.015.240	70.109.059
Bonds issued by İş Faktoring A.Ş. (Note 11)	-	66.800.600
Eurobonds issued by Türkiye İş Bankası A.Ş. (Note 11)	132.045.525	65.623.332
Bonds issued by İş GYO A.Ş. (Note 11)	-	29.663.400
Eurobonds issued by Türkiye Sınai Kalkınma Bankası A.Ş. (Note 11)	37.101.541	26.002.746
Turkey Is Bank Currency Protected Deposit	510.352.060	-
Bonds issued by Türkiye Şişe ve Cam Fabrikaları A.Ş (Note 11)	82.731.199	-
Financial Assets	**2.554.639.806**	**1.708.079.850**
Türkiye İş Bankası A.Ş.	936.286.167	859.363.271
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	78.549.428	43.392.683
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	16.543.713	13.139.525
Groupama Sigorta A.Ş.	8.233.869	3.071.478
Anadolu Hayat Emeklilik A.Ş.	5.049.947	1.463.682
İstanbul Umum Sigorta A.Ş.	273.998	204.952
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	15.892	34.541
HDI Sigorta A.Ş.	504.422	29.177
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	2.751	13.960
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	42.981	-
Receivables from main operations	**1.045.503.168**	**920.713.269**
Türkiye İş Bankası A.Ş.	50.390.323	21.542.515
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	2.560.806	4.908.866
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	3.682.479
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	-	2.423.749
Allianz Sigorta A.Ş.	3.931.833	2.239.632
Şişecam Sigorta Aracılık Hizmetleri AŞ	3.011.476	2.178.297
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	275.047	1.049.153
Anadolu Hayat Emeklilik A.Ş	-	343.679
Ziraat Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	230.976
Axa Sigorta A.Ş.	5.373.820	216.841
Güven Sigorta T.A.Ş.	73.483	131.943
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	69.172	128.493
Groupama Sigorta A.Ş.	38.158	48.426
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	33.279	40.407
İstanbul Umum Sigorta A.Ş.	25.580	29.152
Payables from main operations	**65.782.977**	**39.194.608**
Payables to personnel	806.004	390.747
Payables to partners	193.699	177.824
Payables to other related parties	262.413	15.157
Due to related parties	**1.262.116**	**583.728**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

The transactions with related parties during the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Türkiye İş Bankası A.Ş.	3.121.012.265	1.391.736.145
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	645.949.012	358.925.841
Groupama Sigorta A.Ş	61.144.191	32.408.505
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	53.429.139	30.972.838
Anadolu Hayat Emeklilik A.Ş.	23.914.438	9.890.858
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	7.889	3.802.753
Allianz Sigorta A.Ş	13.216.018	2.969.313
Axa Sigorta A.Ş	(28.139)	1.766.571
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	538.105	1.248.386
HDI Sigorta A.Ş.	1.799.242	1.027.354
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	3.591.451	370.054
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	10.332	32.975
Güven Sigorta TAŞ	-	(25)
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	-	(8.679.894)
Premium received	**3.924.583.943**	**1.826.471.674**
Groupama Sigorta A.Ş	23	29
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	10	21
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	12	12
Axa Sigorta A.Ş	16	12
Güven Sigorta TAŞ	5	4
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	5	4
HDI Sigorta A.Ş.	2	2
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	3	-
Premiums ceded	**76**	**84**
İstanbul Umum A.Ş.	(11)	–
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	(52)	–
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	(72)	–
Allianz Sigorta A.Ş.	(90)	–
Axa Sigorta A.Ş.	(121)	–
Güven Sigorta T.A.Ş.	(126)	–
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	(179)	(1)
Groupama Sigorta A.Ş.	(204)	(1)
Commissions received	**170.049**	**(2)**
Türkiye İş Bankası A.Ş.	310.993.757	134.308.673
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	175.292.378	96.542.640
Groupama Sigorta A.Ş	13.521.740	7.050.112
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	10.704.660	6.519.385
Allianz Sigorta A.Ş	3.649.769	771.961
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	754.903	551.977
Axa Sigorta A.Ş	(485.681)	458.553
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	616.830	359.376
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	375.747	340.695
Anadolu Hayat Emeklilik A.Ş.	81.279	228.024
HDI Sigorta A.Ş.	276.099	158.832
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	1.033	13.757
Güven Sigorta TAŞ	–	(3)
Halk Hayat ve Emeklilik A.Ş. (Türkiye Hayat Emeklilik A.Ş.)	2.218.375	(2.162.687)
Commissions given	**518.000.889**	**245.141.295**

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

	1 January– 31 December 2022	1 January – 31 December 2021
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	216.205.031	135.167.046
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	33.282.317	46.071.219
Groupama Sigorta A.Ş.	20.979.891	12.270.280
Türkiye Hayat ve Emeklilik A.Ş (Vakıf Hayat ve Emeklilik A.Ş)	6.892.618	3.100.838
Axa Sigorta A.Ş.	6.259.755	5.158.676
Ziraat Sigorta A.Ş.(Türkiye Sigorta A.Ş)	4.908.061	6.913.248
Allianz Sigorta A.Ş.	4.595.680	(96.447)
Anadolu Hayat Emeklilik A.Ş.	2.721.603	2.468.395
Halk Hayat ve Emek.(Türkiye Hayat Emeklilik A.Ş)	267.650	5.299.653
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	266.199	255.887
Güven Sigorta T.A.Ş.	261.754	336.309
Hdi Sigorta A.Ş.	244.456	1.625.247
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	-	2.336.941
Ziraat Hayat ve Emeklilik(Türkiye Hayat Emeklilik A.Ş)	-	346.969
Claims Paid	296.885.015	221.254.261
Axa Sigorta A.Ş.	55.281	42.349
Groupama Sigorta A.Ş.	53.385	55.695
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	50.957	30.669
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	45.166	64.190
Güven Sigorta T.A.Ş.	43.820	31.074
İstanbul Umum A.Ş.	20.041	12.756
Allianz Sigorta A.Ş.	16.293	11.660
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	13.844	36.284
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	12.740	11.600
Hdi Sigorta A.Ş.	1.034	2.272
Reinsurer share in paid claims	312.561	298.549
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	8.426.523	5.702.820
Anadolu Hayat Emeklilik A.Ş.	390.953	57.467
Axa Sigorta A.Ş.	148.063	29.316
Liberty Sigorta A.Ş.(Hdi Sigorta A.Ş.)	142.529	18.960
Güven Sigorta T.A.Ş.	128.264	22.629
Groupama Sigorta A.Ş.	126.962	35.676
Hdi Sigorta A.Ş.	95.857	117.039
İstanbul Umum A.Ş.	56.485	6.605
Allianz Sigorta A.Ş.	49.812	9.530
Halk Sigorta A.Ş.(Türkiye Sigorta A.Ş)	32.873	106.919
Ergo Sigorta A.Ş. (Hdi Sigorta A.Ş.)	12.088	(7.237)
Other income	9.610.409	6.099.724
İş Merkezleri Yönetim ve İşletim A.Ş. – building service expense	19.472.024	8.461.968
İş Portföy Yönetimi – performance commission	10.562.150	8.280.899
Yatırım Finansman Menkul Değerler – performance commission	1.684.288	5.015.309
Türkiye Sigorta A.Ş (Güneş Sigorta A.Ş)	781.156	2.564.763
Ergo Sigorta A.Ş. (HDI Sigorta A.Ş.)	-	1.601.362
Allianz Sigorta A.Ş	992.497	1.480.960
Axa Sigorta A.Ş	1.052.992	1.255.485
İş Gayrimenkul Yatırım Ortaklığı A.Ş. – IFRS 16 interest expense	-	615.319
İş Portföy Yönetimi – management commission	701.937	549.536
Halk Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	210.488	212.818
Yatırım Finansman Menkul Değerler – management commission	247.100	191.524
HDI Sigorta A.Ş.	117	157.440
Anadolu Hayat Emeklilik A.Ş.	140.949	135.227
Groupama Sigorta A.Ş	4.670	27.618
Güven Sigorta A.Ş	2.198	1.538
Liberty Sigorta A.Ş.(HDI Sigorta A.Ş.)	1.135	765
İstanbul Umum Sigorta A.Ş	44	37
Ziraat Sigorta A.Ş. (Türkiye Sigorta A.Ş.)	385	-
Vakıf Emek.ve Hayat(Türkiye Hayat Emeklilik A.Ş)	1	-
Other expenses	35.854.131	30.552.568

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

46 Subsequent events

Subsequent events are disclosed in note 1.10 - *Subsequent events*.

47 Other

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

They are presented in the related notes above.

Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets

None.

Subrogation recorded in "Off-Balance Sheet Accounts

None.

Real rights on immovable and their values

None.

Explanatory note for the amounts and nature of previous years' income and losses

None.

Information about the other technical expenses in the income statement

The amounting to TL 486.688.818 (31 December 2021: TL 193.012.692) which is the part of other technical expenses in the income statement of amounting to TL 226.713.763 (31 December 2021: TL 179.670.384) is the assistance services, postponement of these amounts and their technical expenses.

Millî Reasürans Türk Anonim Şirketi

Notes to the Consolidated Financial Statements As of December 31, 2022

(Currency: Turkish Lira (TL))
Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1

As of and for the year ended December 31, 2022 and 2021, details of discount and provision expenses are as follows:

	December 31, 2022	December 31, 2021
Provision expense for doubtful receivables *(Note 4.2)*	(206.697.406)	(126.709.931)
Provision for pension fund deficits *(Note 23)*	(132.268.671)	(33.437.457)
Provision expense for employee termination benefits *(Note 23)*	(10.939.144)	(7.004.574)
Provision expenses for unused vacation *(Note 23)*	(6.370.538)	(1.535.318)
Terminated provision income/(expense)	972.046	443.108
Other provision expenses *(Note 4.2)*	(1.086.679)	112.588
Provision expenses	**(356.390.392)**	**(168.131.584)**

	December 31, 2022	December 31, 2020
Rediscount income/(expense) from main operations receivables	83.611.246	50.920.765
Rediscount income/(expense) from main operations payables	(157.046.167)	(66.475.422)
Total of rediscounts	**(73.434.921)**	**(15.554.657)**

	31 December 2022	31 2021
Independent audit fee for the reporting period[(*)]	2.209.378	881.235
Fees for tax advisory services	311.831	160.490
Fee for other assurance services	-	-
Fee for services other than independent audit	-	-
Total	**2.521.209**	**1.041.725**

[(*)] As of 31 December 2022, the independent audit fee received from Güney Independent Auditing and SMMM A.Ş is 968.038 TL, and the audit fee received from other independent audit companies is 1.241.340 TL (31 December 2021: Güney Independent Auditing and SMMM A. The independent audit fee is 389.636 TL, and the audit fee received from other independent audit companies is 491.599 TL.)

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