

# RAY SIGORTA

2022 Annual Report

Ray Sigorta A.Ş.  
The Period Of  
January 1, 2022 - December 31, 2022  
**Annual Report**

A close-up photograph of a red rose, showing the intricate layers of its petals. The petals are a deep, vibrant red, with some areas appearing darker due to shadows. The texture of the petals is visible, showing fine veins and a slightly waxy surface. Overlaid on the center of the rose is the year '2022' in a white, outlined, sans-serif font. The numbers are large and clearly legible against the dark red background of the petals.

2022

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# Cor- po- rate Pro- file

Having left behind a past of 64 years in Turkish insurance industry, Ray Sigorta, through a premium production of TL 6.148.770.094,- in 2022, ranked as the 9th among non-life insurance companies with a market share of 3,01%.

As of the end of 2022, Ray Sigorta is manned by 313 employees in 8 Regional Directorates and 1 Call Center.

In 2022, it is supported by 1.712 agencies, 127 agency branches, Fibabanka branch, 91 brokers, 9 Broker branches and Bnp Paribas leasing company. Further with 1.347 contracted automobile service stations, 448 glazier shops and 3.974 contracted healthcare institutions, Ray Sigorta is successfully maintaining its value creating company vision in its industry.

#### GENERAL INFORMATION ABOUT RAY SİGORTA

Company Name: Ray Sigorta Anonim Şirketi

Trade Registry Number: 297257- 0

Mersis Number: 0734 - 0039 - 7980 - 0033

Electronic Mail Address: info@raysigorta.com.tr

Web Address: www.raysigorta.com.tr

Registered Electronic Mail Address (KEP): raysigorta@hs03.kep.tr

Ray Sigorta A.Ş. Genel Müdürlük

Cumhuriyet Mahallesi Haydar Aliyev Caddesi No: 28 34457 Sarıyer/İstanbul

Telephone Number : +90 212 363 25 00

Facsimile Number : +90 212 299 48 49

# Ma- ni- fes to

The seeds of trust are sown and planted in this land 64 years ago.  
At the first moment we bushed out, we were only a small sapling.

Yet we grew up and up by years.  
And we tightly and firmly held on to this land where we were born.  
Our roots hugged and dug down deep.  
So that everyone seeking trust may take a deep breath of fresh air,  
We sprouted at steep and sheer slopes, and  
Confronted and stood up against blustering winds.

And we harbored in our shadow in sunny days,  
And in our trunk in stormy and rough weather.

Then, seasons changed.  
Years passed by.  
As long as sun embraced and received us with open arms,  
our skyward growth never stopped.  
Both our branches and our roots are ever-grown unceasingly.  
We produced fruits.  
We dropped our leaves.  
But each dropping leaf is immediately replaced by a new one,  
And each broken branch is superseded by a stronger one.

We, as Ray Sigorta, always continued to a brand name of this land.  
And we are deep-rooted as a brand of trust all over our country.

And this is exactly what is expected from us as a company of trust  
born and deep-rooted in this land.

# Regional Directorates Branch Offices

## **Istanbul Anatolian Side Regional Directorate**

Merdivenköy Mah. Yumurtacı Abdibey Cad. Nur Sok. No:1  
A Blok Kat: 10 Ofis No: 94-95 İç Kapı No: 1004-1005 34732  
Kadıköy/İstanbul  
Telephone: +90 216 411 16 06 Facsimile: +90 216 411 16 19

## **Istanbul European Side Regional Directorate**

Yeşilköy Mah. Atatürk Cad. Egs Business Park Blokları No: 12  
B/1 Blok Kat: 9 D: 323-324 34149 Bakırköy/İstanbul  
Tel: 0 212 465 40 45 Facsimile: +90 212 465 04 75

## **Ankara (Central Anatolia) Regional Directorate**

Beştepe Mah. Yaşam Cad. Adalet Sok. Neorama İş Merkezi No: 13/A  
Kat: 4 D: 11-12-14-15-16 06560 Söğütözü-Yenimahalle/Ankara  
Telephone: +90 312 428 50 00 Facsimile: +90 312 428 50 49

## **İzmir (Aegean) Regional Directorate**

Adalet Mah. Manas Bulvarı Folkart Towers A Kule No: 47/B Kat: 36  
D: 3604 35530 Bayraklı/İzmir  
Telephone: +90 232 483 72 46 Facsimile: +90 232 489 86 05

## **Bursa (Marmara) Regional Directorate**

Konak Mah. Lefkoşe Cad. NM Ofis Park A Blok Kat: 3 No: 34-36 16110  
Nilüfer/Bursa  
Telephone: +90 224 211 28 27 Facsimile: +90 224 211 28 37

## **Adana (Southeastern Anatolia) Regional Directorate**

Cemalpaşa Mah. Atatürk Cad. Sapmaz İş Merkezi No: 48 K: 4  
D: 10-11 01120 Seyhan/Adana  
Telephone: +90 322 457 06 83 Facsimile: +90 322 454 77 61

## **Antalya (Mediterranean) Regional Directorate**

Deniz Mah. Konyaaltı Cad. Antmarin İş Merkezi No: 24 Kat: 6 07050  
Muratpaşa/Antalya  
Telephone: +90 242 247 20 25 Facsimile: +90 242 247 39 59

## **Malatya (East Anatolia ) Regional Directorate**

İsmetiye Mah. Mina Sok. Mehmet Ilıcak İş Merkezi No: 1 Kat: 4  
D: 30-31 44100 Battalgazi/Malatya  
Telephone: +90 422 503 11 40 Facsimile: +90 422 503 11 47

# Our Vision Mission and Val- ues

## **Our Vision**

To be a pioneering insurance company that is reliable, solution-oriented, fast, digitally-transformed, profitable and has a sustainable growth rate.

## **Our Mission**

To rank in the top 6 in non-life insurance segment as the best insurance company for its customers, business partners, stakeholders, employees and particularly its distribution channels.

## **Our Values**

We are ...  
A family,  
Honest,  
Respectful to ethical values,  
Fair,  
Transparent and participative,  
Strong together,  
Creative and productive,  
With our focus on human value.



# From Past to Pre- sent

**1958:** Founded as an initiative of national transportation companies (Turkish Airlines, Turkish Maritime Lines, State Railways, PTT).

**1992:** Privatized and sold to Doğan Holding.

**1997:** Listed in Istanbul Stock Exchange.

**2007:** 74.26% of its capital is acquired by TBİH Financial Services Group, an affiliate of VİG.

**2008:** Ray Sigorta added Vienna Insurance Group to its logo.

**2009:** The Company's partnership structure is designed as 84.26% held by VİG, 10% by Doğan Group, and 5.74% floating shares by more than 4,000 investors.

**2011:** Capital of the Company is arranged in such manner to result in 81.59% thereof being held by TBİH Services Group N.V, and 12.67% by Vienna Insurance Group (VİG) and 5.04% as free float.

**2018:** Ray Sigorta, as an indication of its brand value and brand power, is included among "Most Valuable 100 Brands of Turkey" with its "A+" degree as a result of 2018 survey of the international brand assessment agency Brand Finance.

**2019:** Ray Sigorta is awarded Great Place To Work Certificate as a result of the strong corporate culture and employee satisfaction assessment conducted by Great Place To Work Institute.

**2020:** Ray Sigorta is named by Great Place To Work Institute in the List of Best Employers of Turkey. In addition, ranking among the top three in non-life insurance category in the customer experience index survey conducted by Şikayetvar.com, the first and largest complaint platform of Turkey, Ray Sigorta is awarded A.C.E (Achievement in Customer Excellence) Award.

**2021:** As a result of the 2021 research of the international brand evaluation board Brand Finance, Ray Sigorta was once again ranked among the "100 Most Valuable Brands in Turkey" with an "A+" rating as one of the limited number of elementary companies. In this list, it managed to become the 6th Company that increased its brand value the most, with a change of 32.1% among all sectors.

**2022:** The Company ranked 9th among companies operating in non-life branches with a total premium production of TL 6.148.770.094- increasing its market share to 3.01% and announcing a profit of TL 179.719.075

**STATEMENT OF RESPONSIBILITY PURSUANT TO FINANCIAL REPORTS FOR  
THE PERIOD OF JANUARY 1, 2022 AND DECEMBER 31, 2022**

**RESOLUTION OF BOARD OF DIRECTORS ON APPROVAL OF FINANCIAL  
REPORTS**

**MEETING DATE : 28.02.2023**

**MEETING NO. : 1622**

**RESOLUTION NO. : 6406**

We declare that we are responsible for the disclosed of,

- The Balance Sheets, Statement of Income, Statement of Cash Flows, Statement of Changes in Shareholders' Equity together with the prepared notes
- Annual Report
- Corporate Governance Compliance Report, Corporate Governance Information Form and Sustainability Report;

of Ray Sigorta A.Ş. for the period 01.01.2022 - 31.12.2022 , which have been prepared and audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., in accordance with the Capital Markets Board's Communiqué Series II No: 14-1, the Financial Reporting Standards published by Public Oversight Accounting and the insurance legislation,

- a. Has been examined,
- b. Within the framework of information available in so far as its duties and responsibilities; the financial statements and interim report do not contain any misrepresentation of the facts on major issues, or any omissions that may be construed as misleading as of the date of the disclosure,
- c. Within the framework of information available in so far as its duties and responsibilities; The financial statements prepared in accordance with applicable financial reporting standards truthfully reflect the facts about the assets, liabilities, financial condition and profit and loss of the Company and also truthfully reflects, along with major risks and uncertainties that might be occurred, the progress and performance of the Company.

Yours sincerely,

**RAY SİGORTA A.Ş. HEAD OFFICE**

**Kemal BOZYİĞİT**  
Audit Committee and  
Corporate Governance  
Committee Chairman

**Kemal UZUNAKSU**  
Audit Committee  
Member

**Koray ERDOĞAN**  
Board of Directors  
Member,  
General Manager

**Derya ÖZTÜRK**  
Member of the  
Management Board, CFO

# State- ment of Liability

# CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Ray Sigorta Anonim Şirketi,

## 1) Opinion

We have audited the annual report of Ray Sigorta Anonim Şirketi ("the Company") for the period of 1 January - 31 December 2022.

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

## 2) Basis for Opinion

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

## 3) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 28 February 2023 on the full set financial statements of the Company for the period of 1 January - 31 December 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 provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets ("the Communiqué") of the Capital Market Board ("CMB") and the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" and designing and the Communiqué on Individual Retirement Saving and Investment System ("Communiqué") issued on 7 August 2007 dated and 26606 numbered, the management of the Company is responsible for the following items:

- 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 Company for the year, along with its financial position in a correct, complete, straight forward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
  - Subsequent events occurred after the end of the fiscal year which have significance,
  - The research and development activities of the Company,
  - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

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

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

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

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

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

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

**Fatih Polat, SMMM**  
Engagement Partner

**28 Şubat 2023**  
Istanbul, Turkey



Dear Shareholders,

2022 has been a challenging year for the whole world in terms of the economic and political developments that were experienced at a global scale. Supply problems and significant price increases followed the revival of the global economy upon the normalization of the conditions after the COVID-19 pandemic had become more manageable. The rise in inflation and fiscal policies pointed the way for a slowdown in growth.

In the 2022 World Economic Outlook Report by the IMF, the Turkish economy is forecast to close the year with a growth of 5.5 percent despite the slowdown in the global economy. The data published by the Insurance Association of Türkiye has also revealed the success of the insurance industry, which provides crucial support to the economy. In 2022, the insurance sector grew by 123.2 percent and exceeded 235 billion TL in total premium production. 204 billion TL of this figure was obtained from non-life categories in which we operate.

Ray Sigorta, which has been taking firm steps towards sustainable success with its outstanding performance in the highly competitive insurance sector in recent years, has recorded a growth rate above the average of the sector in the last five years. In the year 2022, it reached its targets by taking its place among the top 10 firms in the sector with a growth of 176.93 percent and a premium production of 6,148,770,094 TL, and it secured its stronghold in the sector by increasing its market share to 3.01 percent.

I am certain that, in the upcoming periods, we will also witness the positive results of the customer-oriented efforts of Ray Sigorta, which can keep up with today's rapid change environment without upsetting the balances and evaluate the relevant solutions for its customers' needs in accordance with the market dynamics.

On behalf of Vienna Insurance Group and as the Chairman of the Board of Directors of Ray Sigorta, I would like to thank our employees and business partners who continued to work devotedly under these difficult times and all our insurance holders and stakeholders who trusted us.

With my best regards,

**Dr. Peter Thirring**

Chairman of the Board of Directors



Dear Stakeholders,

While it was expected to be a year of recovery after the exit from the COVID-19 crisis and the economic recession caused by the pandemic, 2022 has been a year in which the commercial and other geopolitical risks augmented the uncertainties affecting the global economy. At the global level, while increases in energy and food prices led to significant rises in inflation in all countries, countries' monetary tightening decisions started to bring down growth rates. Despite the fact that the Turkish economy has grown at a lower rate compared to the previous year, it will close the year 2022 again with a higher growth rate compared to developed and developing countries.

Similar to the global markets, high inflation has been also among the most important topics in Türkiye. The impact of the depreciation of the Turkish Lira on inflation along with high costs of production and labor would inevitably be reflected in the sector. The rise in inflation, which has become the main determinant of everything in the Turkish economy, has once again reminded us that insurance is critical in replacing assets. At the end of 2022, the sector reached a premium volume of 204 billion TL with a nominal growth of 133.10 percent and a real growth of 41.90 percent in total non-life insurance categories.

In this year which has been highly challenging for both the national economy and the insurance sector, we, as Ray Sigorta, achieved growth rate at a pace above the sector average, just like last five years. On the path of sustainable success where we are taking firm steps, we achieved a growth of 176.93 percent and obtained a premium production of 6,148,770,094 TL. Furthermore, we stepped up to the 9th rank among the top 10 companies in the sector with our market share that rose to 3.01 percent. We owe this success to a profitable and balanced portfolio structure.

Besides our sustainable success, we take steps for sustainability of insurance business as a company providing service to secure the future. We focus on activities that reduce our carbon footprint in order to manage the risks brought by the gradual decrease in our world's limited resources. In order to

leave a better world to future generations without depleting the resources of our planet, we integrate our sustainability approach into all our operations and continue to transform our business and ecosystem in conformity with these principles.

In addition to the aim of continuously enhancing our brand value, we, as Ray Sigorta, initiated a widescale advertising campaign in order to bolster insurance awareness that developed with the pandemic and to ensure insurance is available to more people with our personalized products. In our advertising campaign carried out through radio, digital and outdoor channels, we further reinforced our Company's brand recognition by integrating our brand name into the "buRAYa" call.

We focus on the end-to-end excellent customer journey as a brand that is constantly in pursuit of distinct and innovative ways to protect and keep our insurance holders safe. The awards we receive for customer satisfaction and experience are also an indicator that we are on the right path. We will continue to add value to our company by developing instant solutions for customer satisfaction with our experience-oriented and transformation-focused approach in line with our goal of being a "Customer-friendly" company. While developing solutions for our customers with a proactive insurance perspective, we have also prepared a structure where we will expand our digital competencies together with our distribution channels. We will soon introduce the infrastructure that will enable our business partners to easily integrate the services offered by Ray Sigorta into their own platforms and thus contribute to the digital transformation of the ecosystem.

We are proud of being "the only insurance company" which has achieved great success for five years consecutively, with steady and consistent performance. With our experience in the sector, our strong motivation, our passion for success, and the strength we taken from Vienna Insurance Group, we will make significant contributions to the development of our sector also in the next period. I would like to express my gratitude to our customers for their loyalty and trust in us, all our employees and distribution channels for their outstanding efforts toward our goals, our business partners representing our Company, our shareholders and members of the board of directors.

With my best regards,

**Koray Erdoğan**

Member of Board of Directors and General Manager

## SHAREHOLDING STRUCTURE AND SUBSIDIARIES

As of 31.12.2022, shareholding structure of Ray Sigorta A.Ş. is as follows:

| Shareholders  | Percentage of Shares | Number of Shares      | Amount of Shares (TL) |
|---|----------------------|-----------------------|-----------------------|
| ATBIH GmbH (*)  | 81,59%               | 13.304.862.688        | 133.048.626,88        |
| Vienna Insurance Group<br>(Wiener Staedtische<br>Versicherung AG) | 12,67%               | 2.066.352.811         | 20.663.528,11         |
| LVP Holding GmbH (*)  | 0,70%                | 114.573.400           | 1.145.734,00          |
| Other (Publicly Traded) (**)                                      | 5,04%                | 821.196.701           | 8.211.967,01          |
| <b>TOTAL</b>  | <b>100,00%</b>       | <b>16.306.985.600</b> | <b>163.069.856,00</b> |

(\*) ATBIH GmbH and LVP Holding GmbH are affiliates of Vienna Insurance Group AG.

Total share of VIG Group in the Company is 94.96% .

(\*\*) All of the free floating shares are listed and traded in Borsa İstanbul A.Ş. (Istanbul Stock Exchange).

Our Company is within the Registered Capital System pursuant to and under the capital markets laws and regulations. For the years 2019 - 2023, we have taken permission from the Capital Markets Board for a Registered Capital Ceiling of TL 200,000,000.

As of 31.12.2022, there are no privileges granted to share certificates representing our capital.

Neither the president and members of the Board of Directors, nor general manager and his assistants hold and own shares in the capital of our Company.

### Capital Increase

During 2022, the paid-in capital of our Company has not changed. Our Company has made its recent capital increase in 2011. At that time, our capital has been increased from TL 137,069,856 to TL 163,069,856 by an addition of TL 26,000,000 paid fully in cash.

| Subsidiaries  | Ray Sigorta's Participation in Capital (TL) | Ray Sigorta's Share in Capital (%) |
|---|---|------------------------------------|
| Tarım Sigortaları Havuz İşletmesi A.Ş.                      | 1.221.494,54                                | 4,167%                             |
| Risk Ekspert Risk ve Hasar Danışmanlık Hizmetleri Ltd. Şti. | 15.000,00                                   | 30,00%                             |

# SUMMARY FINANCIAL INFORMATION

| Summary Financial Indicators (TL)               | 2021              | 2022               |
|---|-------------------|--------------------|
| Total Assets                                    | 2.280.945.511     | 5.442.491.581      |
| Paid-in Capital                                 | 163.069.856       | 163.069.856        |
| Shareholders' Equity                            | 439.743.930       | 890.877.876        |
| Premiums Written                                | 2.220.372.315     | 6.148.770.094      |
| Earned Premiums - Net                           | 800.378.161       | 1.486.715.710      |
| Claims Incurred - Net                           | -626.194.991      | -1.006.548.944     |
| Other Technical Revenues / Expenses - Net       | -14.442.064       | -11.397.599        |
| Operating Expenses                              | -234.095.849      | -391.596.484       |
| Change in Other Technical Reserves              | -15.040.810       | -28.107.660        |
| Investment Income Transferred to Technical Part | 187.354.074       | 209.194.393        |
| Technical Part Balance (Technical Profit)       | 97.958.521        | 257.719.416        |
| Net Profit / Loss                               | <b>68.315.828</b> | <b>179.719.075</b> |

| (Thousand TL) | Claims Incurred (Net) |                  | Earned Premiums (Net) |                  | Loss Ratio (Net) |               |
|---------------|-----------------------|------------------|-----------------------|------------------|------------------|---------------|
|               | 2021                  | 2022             | 2021                  | 2022             | 2021             | 2022          |
| FIRE          | 39.267                | 63.124           | 113.438               | 170.323          | %34,62           | %37,06        |
| TCIP          | 0                     | 0                | 0                     | 0                | %0,00            | %0,00         |
| MARINE        | 9.389                 | 16.807           | 39.690                | 111.728          | %23,66           | %15,04        |
| CASULTY       | 506.769               | 847.339          | 555.653               | 1.080.619        | %91,20           | %78,41        |
| ENGINEERING   | 15.715                | 15.957           | 15.177                | 19.575           | %103,54          | %81,52        |
| AGRICULTURE   | 39.478                | 39.786           | 58.764                | 75.160           | %100,00          | %52,94        |
| HEALTH        | 15.577                | 23.536           | 17.657                | 29.311           | %88,22           | %80,30        |
| <b>TOTAL</b>  | <b>626.195</b>        | <b>1.006.549</b> | <b>800.378</b>        | <b>1.486.716</b> | <b>%78,24</b>    | <b>%67,70</b> |

| (Thousand TL) | Technical Part Balance Technical Profit |                | Technical Part / Underwritten Premiums |              |
|---------------|---|----------------|--|--------------|
|               | 2021                                    | 2022           | 2021                                   | 2022         |
| FIRE          | 76.215                                  | 74.558         | %13,19                                 | %5,27        |
| TCIP          | -1.609                                  | -3.782         | -%3,25                                 | -%4,61       |
| MARINE        | 35.390                                  | 51.585         | %31,62                                 | %17,80       |
| CASULTY       | 7.978                                   | 82.530         | %0,70                                  | %2,33        |
| ENGINEERING   | -15.087                                 | 51.631         | -%9,14                                 | %10,98       |
| AGRICULTURE   | 16.976                                  | 19.821         | %14,53                                 | %9,57        |
| HEALTH        | -21.905                                 | -18.623        | -%33,45                                | -%12,55      |
| <b>TOTAL</b>  | <b>97.958</b>                           | <b>257.720</b> | <b>%4,41</b>                           | <b>%4,19</b> |

| (Thousand TL) | Premiums Written |                  | Change %       | Share %        |                |
|---------------|------------------|------------------|----------------|----------------|----------------|
|               | 2021             | 2022             |                | 2021           | 2022           |
| FIRE          | 573.576          | 1.414.924        | %146,68        | %25,83         | %23,01         |
| TCIP          | 49.476           | 82.097           | %65,93         | %2,23          | %1,34          |
| MARINE        | 111.906          | 289.790          | %158,96        | %5,04          | %4,71          |
| CASULTY       | 1.138.018        | 3.536.177        | %210,73        | %51,25         | %57,51         |
| ENGINEERING   | 165.093          | 470.213          | %184,82        | %7,44          | %7,65          |
| AGRICULTURE   | 116.828          | 207.123          | %77,29         | %5,26          | %3,37          |
| HEALTH        | 65.475           | 148.446          | %126,72        | %2,95          | %2,41          |
| <b>TOTAL</b>  | <b>2.220.372</b> | <b>6.148.770</b> | <b>%176,93</b> | <b>%100,00</b> | <b>%100,00</b> |

| (Thousand TL) | Retention Premium |                  | Change %       | Retention Ratio % |               |
|---------------|-------------------|------------------|----------------|-------------------|---------------|
|               | 2021              | 2022             |                | 2021              | 2022          |
| FIRE          | 127.170           | 250.872          | %97,27         | %22,17            | %17,73        |
| TCIP          | 0                 | 0                | %0,00          | %0,00             | %0,00         |
| MARINE        | 42.762            | 121.225          | %183,49        | %38,21            | %41,83        |
| CASULTY       | 645.430           | 2.182.652        | %238,17        | %56,72            | %61,72        |
| ENGINEERING   | 16.756            | 35.332           | %110,86        | %10,15            | %7,51         |
| AGRICULTURE   | 70.180            | 89.759           | %27,90         | %60,07            | %43,34        |
| HEALTH        | 20.939            | 54.872           | %162,06        | %31,98            | %36,96        |
| <b>TOTAL</b>  | <b>923.237</b>    | <b>2.734.712</b> | <b>%196,21</b> | <b>%41,58</b>     | <b>%44,48</b> |

# VIENNA INSURANCE GROUP

**“We are the leading insurance group in Central and Eastern Europe with the claim to be stable and reliable partner for our target groups.”**

Elisabeth Stadler, CEO of Vienna Insurance Group

Vienna Insurance Group (VIG), headquartered in Vienna, is the leading insurance group throughout Central and Eastern Europe (CEE). Around 50 insurance companies in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. The more than 25,000 employees in the VIG take care of the day-to-day needs of more than 22 million customers.

## FROM FIRST MOVER TO MARKET LEADER IN CEE

VIG was one of the first European insurance groups to begin expanding into the markets of the CEE region after the fall of the Iron Curtain in 1989. Step by step, the Group established itself in new markets and has become the number one in the region. Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term strategy in the markets where it is represented. More than half of the total business volume and profit is generated in this region.

**“We pursue a long-term business strategy in our markets that is focused on sustainable profitability and continuous earnings growth.”**

Elisabeth Stadler, CEO of Vienna Insurance Group

## EXPERTISE WITH LOCAL RESPONSIBILITY

Vienna Insurance Group is synonymous with stability and expertise in providing its customers with financial protection against risks. Great importance is attached to a local multi-brand policy with regionally established brands and local entrepreneurship. Ultimately, the Group's success and closeness to its customers is down to the individual strengths of each brand and local know-how.

## STRONG FINANCES & CREDIT RATING

Vienna Insurance Group has been awarded an A+ rating with a stable outlook from the internationally recognised rating agency Standard & Poor's. VIG is listed in Vienna, Prague and Budapest. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.



WE ARE **NUMBER 1**  
IN CENTRAL AND EASTERN EUROPE.



Status: January 2023

## MATERIAL CHANGES AND REVISIONS IN LEGISLATION IN THE YEAR 2022

- **Regulation on Collection, Storage and Sharing of Insurance Data**

The Insurance and Private Pension Regulation and Supervision Agency (SEDDK) has issued and published a "Regulation on Collection, Storage and Sharing of Insurance Data" in the Official Gazette on 18.10.2022 Wednesday, which is a regulation directly affecting, and containing material provisions regarding, our Company's data processing activities and its activities of transfer of data to SBM (Insurance Information and Monitoring Centre). Thereupon, our Company has commenced an initiative for compliance with said Regulation.

- **Circular on Implementation of Regulation on Provision of Information in Insurance Contracts (2022/14)**

Pursuant to the Regulation on Provision of Information in Insurance Contracts issued and published by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) in the Official Gazette edition 31039 on 14.02.2022, a Circular on Implementation of Regulation on Provision of Information in Insurance Contracts (2022/14) has been published in order to regulate and set down the procedures and principles relating to the duties and obligations required to be performed by insurers in order to ensure that the probable lack of information on the subject matter, covers and other features of insurance contract is handled and remedied prior to and at the time of execution of insurance contract and that at all times during validity of insurance contract, the related interests are properly kept abreast of changes or developments in respect of operations of insurance contract which may affect policy owner, insured or beneficiary, and thereafter, our Company has commenced an initiative for compliance with said Circular.

- **Circular on Implementation of Some Articles of Regulation on Internal Systems in Insurance and Private Pension Industries (2022/16)**

The Regulation on Internal Systems in Insurance and Private Pension Industries issued by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) has been published in the Official Gazette edition 31670 on November 25, 2021, and then, for said regulation, SEDDK has published the Circular on Implementation of Some Articles of Regulation on Internal Systems in Insurance and Private Pension Industries (2022/16) on 30.05.2022. Accordingly, our Company has commenced an initiative for compliance with both the related Regulation and aforesaid Circular.

- **Circular on Expertise Surveys in Claims for Loss in Value (2022/12)**

With the intention of regulating the procedures and principles regarding expertise surveys to be conducted in respect of claims for loss in value pursuant to and under Article 90 of the Highway Traffic Code no. 2918, the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) has issued and published the Circular on Expertise Surveys in Claims for Loss in Value (2022/12) on 21.04.2022. Then, our Company's Damages Directorate has commenced the works needed for compliance with said Circular.

- **Circular on Amendments in Circular on Health Insurance Covers to be Bought in Applications for Visa and Residence Permit (2022/7)**

The Insurance and Private Pension Regulation and Supervision Agency (SEDDK) has issued and published the Circular on Health Insurance Covers to be Bought in Applications for Visa and Residence Permit on 18.03.2022. Thereupon, our Health and Travel Insurances Department has completed the works required for full compliance with the Circular in relation with the amendments and revisions brought by the newly published Circular.

- **General Communiqué of Financial Crimes Investigation Board (Serial No.:21)**

The Communiqué promulgated by the Ministry of Treasury and Finance in the Official Gazette on 17.11.2022 regulates the procedures and principles regarding enhanced and tightened measures required to be taken and applied by obligors in the course of implementation of the Law Regarding Prevention of Laundering of Crime Revenues no. 5549 dated 11.10.2006. Thereupon, Internal Control and Risk Management Department and Corporate Legal Affairs and Compliance Department have jointly commenced the works for compliance with the provisions of said Communiqué.

## HUMAN RESOURCES ACTIVITIES

The value given by us to our employees and the value added by our employees to our Company are in a cycle continuously supporting and strengthening each other. Our purpose is to ensure that the human resources included in this cycle are effectively planned and managed, and continuously improved and developed, and its existing potential is revealed, and directed in line with the overall objectives.

With our brand included among the most valuable 100 brands of Turkey, our strong corporate culture, our approach giving top priority to employee satisfaction, our Great Place To Work certificate, and our "Best Employer" designation, we are at all times continuing to create and build value.

In the light of our new generation working principle, we are creating an effective, efficient and trusting work environment fed by many inputs from a lot of applications destined for motivating our employees to the support given to them for implementation of their different points of view.

Our "Breakfast with CEO" organisations started in 2017 in quarterly periods for bringing our newly recruited colleagues together with our Chief Executive Officer and expanded in 2019 to cover all of our employees have been suspended due to pandemic in 2020. Now, with the decreasing effects of pandemic on our lives, we restarted our "Breakfast with CEO" organisations in 2022, and we are continuing to bring our newly recruited colleagues together with our Chief Executive Officer.

Town Hall meetings started to be organised in 2021 in order to keep the communications between our Chief Executive Officer and our employees alive are continued also in 2022. Accordingly, the first Town Hall meeting of 2022 is held on June 8, 2022, and the second on October 19, 2022.

5N 1K.E activities started to be organised in 2021 with the intention of sharing our corporate culture with all our employees from the perspective of our Chief Executive Officer and other managers are held in 2022 on July 27.

We, as the Human Resources team, continued to take care of meeting with our employees and spending good time together with them also in the year 2022. Online Coffee Talks started to be organized separately with departments in 2021 are continued to be organized in 7 sessions with our personnel newly recruited or promoted in 2022.

With "AllRay't Flexible Fringe Benefits Program", our unique application in insurance industry, first put into practice in 2019, our employees are entitled to choose themselves and reshape depending on their personal needs their fringe benefits intended to be used for 1 year. We, as Ray Sigorta, take justified pride of being the company applying the flexible fringe benefits program in the most comprehensive and employee-focused manner in the insurance industry. In 2022, this program is continued with an increase in the employees' fringe benefit budgets and in the options they may make use of their fringe benefits. With the recent additions made in 2022, our employees are given the chance to use their AllRay't Flexible Fringe Benefits balances in Migros, A101, BİM, Boyner, Shell, Mediamarkt, CarrefourSA, MultiGift, Teknosa, Trendyol, JollyTur gift card options, apart from spouse and child private health insurance, company-contributed personal retirement insurance and foreign language education.

The new working model which came into our lives with pandemic is continued to be applied also in the year 2022 with the required measures taken in connection therewith. Our most important priority was to give support to our employees in all measures taken and in all actions implemented by us. With Avita Employee Support Program started to be applied first in the year 2021 with a view to providing support to our employees in their needs in many different areas, our employees and their relatives have the chance to get 7/24 professional support from



specialists in their own fields in respect of many areas such as psychological counselling, healthy nutrition counselling, medical counselling, financial and legal information services, veterinary and house/garden plants counselling.

With “Sen Nereye Ray oRaya” (Wherever you go, Ray goes with you) flexible working model, all our employees are offered the opportunity to work from any place they like within the borders of Turkey between April 11, 2022 and September 15, 2022. Wireless modem devices are delivered to our employees who started to work all across Turkey under the flexible working model, so as to make sure that they do not face any problem in linking to internet. Our employees are still using these devices as long as they continue to work from home for the sake of preventing any probable internet linking problems.

We, as a company giving top priority to employee satisfaction at all times, have granted an interim wage increase with effect from July 2022 with the intention of maintaining welfare of our employees as a part of our fight against inflation.

As of January 2022, our Company has started Ticket meal card application. Daily meal fee started to be calculated as TL 36.72 per day in January has been updated as TL 80 for our field employees and as TL 65 for all of our other employees with effect from July 2022.

For the electricity, natural gas and other heating expenses increasing in line with the rise in use of house utility services with the telecommuting model, we started to pay a net winter allowance of TL 1,000 per month to each of our employees as of November 2022. This winter allowance is relied upon the related decree published in the Official Gazette on 09.11.2022, and will be paid until 30.06.2023.

In November, we renewed our wage payment contract with Yapı Kredi Bank, and in line with this new contract, a net promotion amount of TL 25,321.54 is deposited equally in wage accounts of all our employees for only once.

The recruitment processes started to be conducted fully online with the pandemic are continued to be held online also in the year 2022.

Within the frame of our fundamental values, we are carrying out an objective and competence-based employee selection and placement process designed for the goal of placement of the right person in the right job in tandem with our Company’s vision, mission and objectives. Then, we are organising orientation and development training activities with the intention of speeding up the adaptation of the newly recruited personnel to our corporate structure and building the required infrastructure for their professional development after completion of their selection and placement process.

Our “Performance Management” process enabling our employees to work focusing on the same goal parallel to our corporate objectives is comprised of respectively goal setting, monitoring, assessment and feedback phases. This process of us aims to ensure that all our employees are objectively assessed and that such results of the system as promotion, wage, development and career planning are applied effectively and correctly.

**In the course of management of all of these applications, our Human Resources policy is based upon the following principles:**

- To raise customer-focused leaders who are capable of strongly and sensitively planning our Company’s today and future within the frame of our vision and fundamental values; and
- To act in accordance with the equal opportunity principle eliminating discrimination for language, religion, race, gender, ethnical origin and nationality; and
- To create a safe, transparent, participative and flexible working atmosphere providing our employees with continuous development opportunities; and
- To supervise and ensure the protection of rights, social security and business-private life balance for our employees; and
- To increase work efficiency through a correct career planning for our employees within an objective performance assessment system; and,
- To enable our employees to develop themselves at the highest level possible through internal and external training activities in accordance with our vision and fundamental values.

**Personnel Training**

- Leadership 3.0 training program started with 360 Degrees Assessment in July 2021 and covering 17 executives from our Company is continued also in 2022 with 360 Degrees Assessment repeated after the Development activities. Training program will be completed by a project feedback to be conducted in January 2023.
- Reflection of Feedback and Situational Leadership Skills on Corporate Culture Project covering 10 executives of us is being continued with Feedback and Coaching/Mentorship interviews, following completion of Sharing Workshop, Situational Leadership and Feedback Preparations phases. The project will be completed by reporting to be made after completion of interviews in January 2023.
- Stress Management, Relationship Management and Problem Solution trainings selected by all our employees according to their personal needs and requests are started in 2021, and 10 sessions are completed so far. Training activities are continued with 7 sessions in 2022, and are completed by participation of all our employees.
- TSEV 39. Term Basic Insurance Training is participated in by our 2 employees, Introduction to Insurance and Insurance Industry Information – Non-life Training by our 2 employees, and Internal Systems Legislation Training by our 1 employee. At present, our 1 employee is continuing the 40. Term Basic Insurance Training.
- In 2022, Information Security Awareness Training, composed of 4 sessions, is held with participation of all our employees. In addition, KVK (Personal Data Protection) Training, composed of 6 sessions, is also held with participation of all our employees.

In addition to all these training activities, Masterplan, online training portal of VIG, on the air since 2021 is being actively used by our 29 employees from different departments and job positions.

In these trainings, we aimed to further develop both professional and personal competencies of our employees. Our training activities paved the way for increase of interactions among employees. We, as Human Resources team, participated in all these training activities, and gave support to completion of trainings efficiently and effectively.

Our employees from different departments are invited as participants to various training programs organised by VIG every year. Program duration varies for each program, and may be minimum 2 days and maximum 3 months. Programs are held either in VIG premises in Vienna or in affiliates of VIG in other countries. Accordingly, VIG Executive Leadership Program held in Slovenia in June 2022 is participated in by one employee of us, and VIG Talent Program held in ESMT Berlin in 2022 by one employee.

| Number Of Employees as of 31.12.2022                |                     |
|---|---------------------|
| LOCATIONS   | NUMBER OF EMPLOYEES |
| Headquarters  | 231                 |
| İstanbul Anatolian Side Regional Directorate        | 12                  |
| İstanbul European Side Regional Directorate         | 6                   |
| Ankara (Central Anatolia) Regional Directorate      | 28                  |
| İzmir (Aegean) Regional Directorate                 | 13                  |
| Bursa (Marmara) Regional Directorate                | 6                   |
| Adana (South Eastern Anatolia) Regional Directorate | 7                   |
| Antalya (Mediterranean) Regional Directorate        | 6                   |
| Malatya (East Anatolia) Regional Directorate        | 4                   |
| <b>Total</b>  | <b>313</b>          |

# BOARD OF DIRECTORS



## Dr. Peter Thirring

### Position

Chairman of the Board of Directors  
/ Member of the Corporate  
Governance Committee

### Education

PhD / Law

### Date of Appointment

07.08.2018

### Professional Experience

He has held various offices and managers in different insurance firms for 22 years. He has been serving as the Member of the Managing Board of Vienna Insurance Group AG since July 2018. Mr. Thirring continues to serve as the Chairman of the Board of Directors of Ray Sigorta.



## Dr. İsmail Hakkı Ergener

### Position

Member of the Board of  
Directors

### Education

PhD/Economics

### Date of Appointment

18.09.2012  
Re-elected: 07.08.2018

### Professional Experience

He has worked as CEO, General Manager and Executive in various banks for 39 years. He is currently working as the CEO of Eurocity Bank. He served as an Independent Board Member of Ray Sigorta between 2012-2018. Mr. Ergener continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Dr. Martin Simhandl

### Position

Vice Chairman of the Board  
of Directors and Member of  
the Early Identification of  
Risk Committee

### Education

PhD / Law

### Date of Appointment

12.04.2011

### Professional Experience

He has held various offices within the organization of Vienna Insurance Group AG since 1985. He served as a Member of the Executive Board at Vienna Insurance Group for 14 years and served as the Chairman of the Board of Directors of Ray Sigorta between 2014 and 2018. Mr. Simhandl continues to serve as the Vice Chairman of the Board of Directors of Ray Sigorta.



## Dr. Josef Aigner

### Position

Member of the Board of  
Directors

### Education

PhD / Chemistry

### Date of Appointment

29.03.2013

### Professional Experience

He has been working in the insurance industry since 1995. He is currently Senior Manager of Corporate Affairs at Vienna Insurance Group AG. Mr. Aigner continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Gerhard Lahner

### Position

Member of the Board of Directors

### Education

Bachelor Degree in Business /  
Master Degree in Social Sciences

### Date of Appointment

20.05.2020

### Professional Experience

He has been serving as a member of Board of Directors at various group companies of Vienna Insurance Group AG since 2002 and many other group companies. He has been a member of the VIG Board of Directors since 2020. Mr. Lahner continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Gerald Klemensich

### Position

Member of the Board of Directors,  
Member of the Corporate Governance  
Committee and Early Identification of  
Risk Committee

### Education

Master's Degree / Business Economics

### Date of Appointment

11.06.2014

### Professional Experience

He held various positions at Vienna Insurance Group AG. since 1995. Currently, he is a member of the Board of Directors in different companies of VIG. He is the Senior Manager of Vienna Insurance Group AG Reinsurance Department. Mr. Klemensich continues to serve as a Member of the Board of Directors of Ray Sigorta.



## Kemal Bozyiğit

### Position

Independent Member, Chairman of the Audit Committee, Corporate Governance Committee and Early Identification of Risk Committee

### Education

Bachelor's Degree / Metallurgy Engineering

**Date of Appointment**  
04.07.2017

### Professional Experience

He has been in professional life since 1990. He is still the General Manager of Voestalpine Eurostahl GmbH, Istanbul. Mr. Bozyiğit continue to serve as an Independent Member of the Board of Directors of Ray Sigorta, the Chairman of the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee.



## Kemal Uzunaksu

### Position

Independent Member of the Board of Directors and Member of the Audit Committee

### Education

Master Degree / Quality and Management Systems

**Date of Appointment**  
27.04.2021

### Professional Experience

He has a bachelor's degree in Mechanical Engineering from Yıldız Technical University and a master's degree in Quality and Management Systems from ITU. He worked as an engineer and site manager in various companies in the private sector. He is a member of the Board of Directors of various companies under the control of the Savings Deposit Insurance Fund. He is a member of the Board of Directors of Koza Gold Mines, Alfemo Furniture, Galipoğlu Agriculture, Animal and Agriculture companies. He was appointed on 27.04.2021 due to the death of Yılmaz Korap. Mr. Uzunaksu serves as an Independent Member of the Board of Directors of Ray Sigorta and a Member of the Audit Committee.



## Koray Erdoğan

### Position

Member of the Board of Directors and General Manager

### Education

Master's Degree / Administrative Sciences

**Date of Appointment**  
02.05.2011

**Assigned as General Manager on:**  
01.08.2015

### Professional Experience

He started his career in 1997 as an Insurance Auditing Specialist in the Insurance Auditing Board of the Undersecretariat of Treasury. Between 2009 and 2011, he served as the Deputy Chairman of the Supervisory Board. He joined Ray Sigorta in 2011 as CFO. He was appointed as the General Manager in 2015. He worked at member of Board of Directors of VIG Ukrayna: UIG, Kniazha, Globus and Kniazha Life. between 2017 and 2019. Mr. Erdoğan continues to serve as General Manager and Board of Directors Member of Ray Sigorta.

## MANAGEMENT BOARD & MANAGEMENT TEAM



### Koray Erdoğan

**Position**

Member of the Board of Directors /  
Chairman of Management Board and  
General Manager

**Education**

Master Degree / Administrative Sciences

**Professional Experience**

2017 - 2019: UIG, Kniazha, Globus and Kniazha Life (VIG Ukraine),  
Member of the Board of Directors  
2015 - Present: Ray Sigorta A.Ş. / Member of the Board of  
Directors / Chairman of Management Board and General Manager  
2011 - 2015: Ray Sigorta A.Ş. Deputy General Manager - Financial  
and Administrative Affairs  
2010 - Present: Hacettepe University/ Lecturer  
2009 - 2011: Deputy Chairman of the Board / Insurance Auditing  
Board of the Undersecretariat of Treasury  
1997 - 2009: Insurance Auditing Specialist / Insurance Auditing  
Board of the Undersecretariat of Treasury

**Joined on**  
02.05.2011

**Date of Appointment**  
01.08.2015



### Eyüp Kemal Daldal

**Position**

Member of the Management Board,  
Underwriting and Reinsurance, Deputy  
General Manager

**Education**

Bachelor's Degree /  
Civil Engineering - Master Degree  
Construction Management

**Professional Experience**

1993 - Present: Ray Sigorta A.Ş.  
1989 - 1993: T. Halk Bank A.Ş. / Control Chief  
1987 - 1989: Anadolu Endüstri Holding / Assistant Worksite Chief

**Joined on**  
13.10.1993

**Date of Appointment**  
01.08.2015



### Derya Öztürk

**Position**

Member of the Management Board,  
Financial Affairs, Assistant General Manager

**Education**

Master Degree/ Social and Economical Studies

**Professional Experience**

2015 - Present: Ray Sigorta A.Ş., CFO  
2012 - 2015: Ray Sigorta A.Ş. General Secretarial  
2008 - 2015: Vienna Insurance Group AG

**Joined on**  
07.01.2012

**Date of Appointment**  
01.10.2015

# Independent Audit Of Our Company

# RAY SIGORTA Internal Audit Department

The independent audit firm entrusted with the task of independent audit of 2022 financial statements of our Company has been determined in the annual ordinary meeting of our General Assembly of Shareholders held on 29.03.2022..

Accordingly;

**Period:**

01.01.2022 - 31.12.2022

**Company Title:**

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

**Trade Reg. No.**

479920

**Address:**

Maslak Mahallesi Eski Büyükdere Caddesi Orjin Maslak İş Merkezi No:27  
Kat : 2-3-4 Daire : 54-57-59 34485 Sarıyer - İstanbul

**Name and Surname:**

Kubilay Bolayır, CIA, SMMM, CRMA

**Position:**

Internal Audit Manager

**Date of Recruitment:**

03.05.2005

**Education:**

University / Finance

**Professional Experience:**

2005-Present / Ray Sigorta A.Ş.

2002-2005 / Saving Deposits Insurance Fund / Assigned  
Inspector

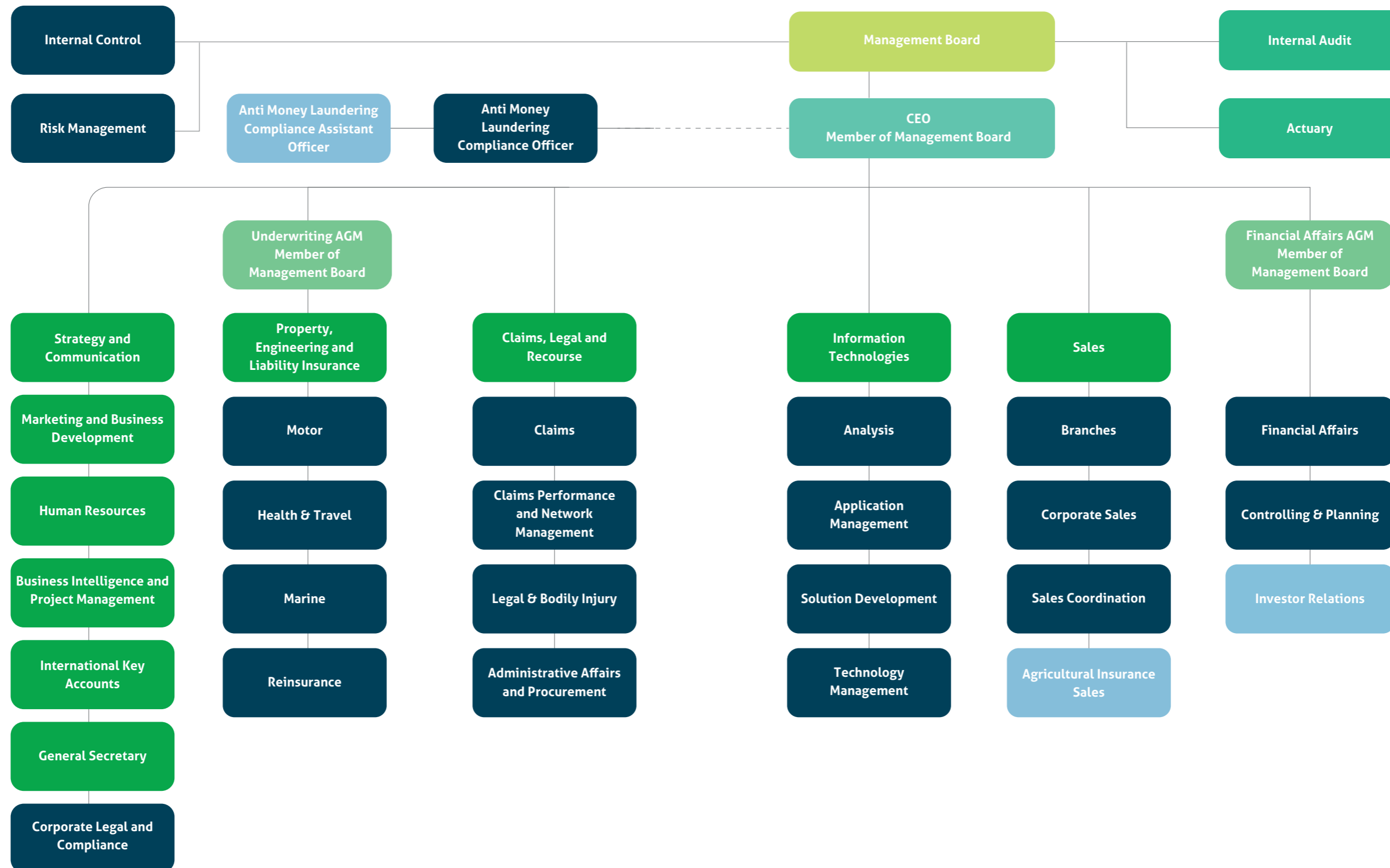
2002 / Bayındırbank A.Ş. / Inspector

2001-2002 / Etibank A.Ş. / Inspector

2000-2001 / Etibank A.Ş. / Authorized Assistant Inspector

1998-2000 / Etibank A.Ş. / Assistant Inspector

# RAY SIGORTA ORGANIZATION CHART





# BOARD OF DIRECTORS' REPORT

Our Board of Directors has been structured according to the Corporate Governance Principles published by the Capital Markets Board. Total number of directors is 9, and two of them are independent directors. Our Board of Directors is fully comprised of non-executive directors, except for our General Manager (CEO). All directors will take office until the Annual Ordinary Meeting of the General Assembly of Shareholders to be held in 2025.

According to our Articles of Association, our Company's Board of Directors is under obligation to meet at least 4 times in a calendar year. Accordingly, our Board of Directors has met 4 times also in 2022. All other directors have attended all Board meetings. In urgencies, the required Board decisions may be taken by taking approval of all directors without organizing a meeting based on Article 390 of the Turkish Commercial Code and other legislation. During the report year, all Board decisions have been taken unanimously, and none of the directors has expressed any negative opinion about the subject of any of these decisions.

Aside from the Board of Directors, our Company has an Executive Committee as well. The Executive Committee is comprised of a total of 3 members under chairmanship of the General Manager (CEO). The Board of Directors has already delegated to the Executive Committee all of its powers, save for the non-transferrable and non-delegable powers as cited in the Turkish Commercial Code.

Structure, composition, working principles and 2022 activities of the committees appointed and built in our Company in accordance with the current applicable laws and regulations of the Capital Markets Board for the sake of healthy and efficient performance of the duties and responsibilities of the Board of Directors are as follows:

## **1) Audit Committee:**

This Committee is comprised of our two independent directors. The Committee has met four times during this year. The responsibility of this Committee is to supervise and check the efficiency of modus operandi of accounting and financial reporting system, public disclosure of financial information and reports, and modus operandi of independent audit and internal control system. The Committee has met four times during this year and has fulfilled all its duties in accordance with the legislation and the principles stipulated in the Ray Sigorta Articles of Association.

## **2) Corporate Governance Committee:**

This Committee is comprised of 4 members under the chair of our independent director. Its job duties are to monitor and check whether the corporate governance principles are complied with in the Company or not, and to detect the probable risks that may arise out of non-compliance with rules, and to make improvement and correction suggestions as to compliance with rules. During the year, the Committee examines and reviews the developments relating to compliance with Corporate Governance Principles of the Company, and presents reports to our Board of Directors about the actions required to be taken. The Committee has met once in the year 2022 and has fulfilled all its duties in accordance with the legislation and the principles stipulated in the Ray Sigorta Articles of Association.

## **3) Early Detection of Risks Committee:**

This Committee is comprised of 3 members under chair of the Independent Director. Its functions are "to proactively detect and identify the risks endangering the existence, development and continuity of the Company, and in case of detection of such risks, to take the required actions and to manage these risks". The Committee collects information about its agenda topics from various organization units of the Company. It presents its meeting results in the form of a report to our Board of Directors. And the comments expressed in its report are carefully examined by our Board of Directors. These comments are further shared with the executive units, and the actions taken in reliance upon such comments are also followed up continuously. Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 28 February 2023. The Committee has met 6 times in the year 2022 and has fulfilled all its duties in accordance with the legislation and the principles stipulated in the Ray Sigorta Articles of Association.



## INFORMATION ABOUT TRANSACTIONS OF THE COMPANY WITH ITS RISK GROUP

During 2022 activity year, within the frame of pertinent provisions of the Turkish Commercial Code, our Company, and other VIG Group Companies, and the Company's shareholders, affiliates and subsidiaries, and top echelon management are identified and considered as related parties as for the financial statements of the Company.

Pursuant to article 199 of the Turkish Commercial Code, our Company's Board of Directors has given the following statement in the conclusion section of its affiliation report issued about relations of our Company with its controlling company and with affiliates and subsidiaries of its controlling company.

Main transactions with the related companies are in the form of transfer of premiums as a requirement of insurance activities. We have quota-share and surplus reinsurance treaties with the related companies, and voluntary reinsurance transfers are also effected in accordance with the current market conditions. Other than insurance activities, if and when required, consulting and advice services are purchased in information technologies, actuary and reinsurance fields, and these services are purchased over prices or fees determined on arms' length basis.

These transactions are required by activities and operations of our Company, and except for these transactions, there is:

- no debt relationship or no transfer of assets or properties, and
- no legal transactions creating such responsibilities as surety, guarantee or aval, and
- no legal transactions which may result in profit shifting or transfer between VIG Group companies and the Company's shareholders, affiliates and subsidiaries, or top echelon managers.

As a conclusion, by this report issued pursuant to article 199 of the Turkish Commercial Code, we hereby declare and state that our Company has not incurred any damages or losses due to any transaction with or between VIG Group companies and the Company's shareholders, affiliates and subsidiaries, or top echelon managers in 2022 activity year.

Details of and explanations on the transactions effected by our Company with its risk group during 2022 are given in the footnote 45 among the footnotes of financial statements included in the annual report.



## FINANCIAL RIGHTS AND OTHER BENEFITS PROVIDED TO MEMBERS OF MANAGEMENT BODY, BOARD OF DIRECTORS AND MANAGEMENT BOARD

### FINANCIAL RIGHTS

Total sum of wages, salaries and similar other fees paid to the members of the Board of Directors and the members of Management Board during the accounting period ending as of 31.12.2022 is TL 27.658.605.

Relevant section of our financial statement footnotes contains more detailed information thereabout.

### OTHER BENEFITS

Total sum of expenditures made for business-related travels and similar other activities of the members of the Board of Directors and the members of Management Board is TL 3.719.270,98.

### INFORMATION ON DONATIONS AND GRANTS AND OTHER EXPENSES INCURRED FOR SOCIAL RESPONSIBILITY PROJECTS

In respect of Information on Donations and Grants and Other Expenses Incurred for Social Responsibility Projects by the Company during the year, in paragraph (f) of Article 4 "Objectives and Fields of Business" of the Articles of Association of the Company, it is stated that the Company may make donations and grants in relation with the corporate social responsibility projects pursuant to the applicable laws and under the procedures and principles determined by the Capital Markets Board in relation therewith, and that the upper limit of donations and grants to be made by the Company within the year 2022 will be TL 1,500,000, as further approved in the 2021 Annual Ordinary Meeting of the General Assembly of Shareholders held on March 29, 2022.

In practice, total sum of donations and grants provided by the Company in the year 2022 is equal to TL 1.000.000.



# GENERAL ASSEMBLY MEETINGS

## ORDINARY AND EXTRAORDINARY MEETINGS OF THE GENERAL ASSEMBLY OF SHAREHOLDERS HELD DURING THE YEAR 2022

### 2021 Fiscal Year Annual Ordinary Meeting of General Assembly of Shareholders

The Ordinary General Assembly Meeting of Ray Sigorta A.Ş. was held at 10:30 on March 29, 2022 Tuesday at the address of “Cumhuriyet Mahallesi, Haydar Aliyev Cad. No:28 Sarıyer/ İstanbul”, under the supervision of Mr. Turgut KÖSE, the Ministry Commissioner appointed by a letter of assignment of the Istanbul Provincial Directorate of Ministry of Customs and Trade.

At this meeting, ordinary agenda was discussed according to the provisions of the Turkish Commercial Code and Capital Market Law.

The Annual Report and the Financial Statements' Report issued for the year 2021 are approved.

It has been resolved that Presiding Board Members are individually released from their liabilities in relation to 2021 activities and accounts.

The proposal of the Board of Directors regarding the net profit of the year 2021 has been put to the vote following the discussion on the proposal; and it has been unanimously resolved as follows;

- a) The amount of TL 3.415.791.- shall be transferred to the “ Legal Reserves “as a primary reserve
- b) The amount of TL 12.980.007.- which represents 20% of the Distributable Net Profit Amount according to Company's Profit Distribution Policy, will not be distributed to shareholders as a dividend due to the preservation of the existing equity structure of the Company, therefore, the amount of 64.900.037,- TL shall be transferred to the “Retained Earnings”.

Mr. Kemal UZUNAKSU was elected in place of our Independent Member of the Board of Directors, Mr. Yılmaz KORAP, who passed away in 2021. Mr. Kemal UZUNAKSU, an Independent Member of the Board of Directors, was elected to complete the term of office of the member instead of who he was elected to replace.

It has been unanimously resolved that Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş shall be selected as the independent auditor for the audit of 2022 interim and annual financial statements and board of directors report within the frame of the Turkish Commercial Code, the Insurance Legislation, Capital Markets Legislation and other relevant legislation.

The upper limit for Donations and Aids for the year 2022 has been decided as TL 1.500.000. The shareholders are informed about the “Waging Policy” of our Company.

The General Assembly of Shareholders is informed that the shareholders holding the management under their control, or the Directors, or the top echelon executives, or their spouses and blood relatives or relatives by marriage up to second degree have not been involved in any material transactions which may lead to a conflict of interests with our Company, and have not been engaged in activities within the fields of business of our Company in their own name and account or in the name and account of third parties, and have not entered into another

company dealing with the same types of commercial business activities and operations as and in the capacity of an unlimited liability partner during the year 2021. The General Assembly of Shareholders is also informed that no action or transaction covered by Articles 395 and 396 of the Turkish Commercial Code has been performed during the year 2021.

Remunerations and fees to be paid to the Directors are determined.

### 2022 Extraordinary Meeting of the General Assembly of Shareholders

2022 Extraordinary Meeting of the General Assembly of Shareholders of Ray Sigorta A.Ş. (the “Company”) is held at the address of “Cumhuriyet Mahallesi, Haydar Aliyev Cad. No:28 34457 Sarıyer/İstanbul” at 10:30 hours on Wednesday 21.12.2022 with presence and under supervision of Mr. Mustafa KENDİ, Ministerial Representative, assigned by a letter no. E-90726394-431.03-00081068315 dated 19/12/2022 of Istanbul Governor's Office, Provincial Directorate of Commerce.

At this meeting, Extraordinary agenda was discussed according to the provisions of the Turkish Commercial Code and Capital Market Law.

In accordance with the Insurance Law no. 5684, in addition to Mr. Koray Erdoğan, CEO, who is a natural member of the Board of Directors, the election of Directors and the determination of their term of office are discussed. In line with a motion presented to the meeting, it is resolved by unanimous vote of the attendants to extend the term of office of the Directors of our Company by 3 (Three) years, and to elect the following individuals as Directors of our Company:

- Mr. Peter Dr.Thirring,
- Mr. Martin Dr. Simhandl
- Mr. Gerhard LAHNER
- Mr. Josef Dr. Aigner
- Mr. Gerald Klemensich
- Mr. İsmail Hakkı Dr. Ergener
- Mr. Koray Erdoğan and

The following independent directors as determined by a resolution of the Board of Directors:

- Mr. Kemal Bozyiğit and
- Mr. Kemal uzunaksu

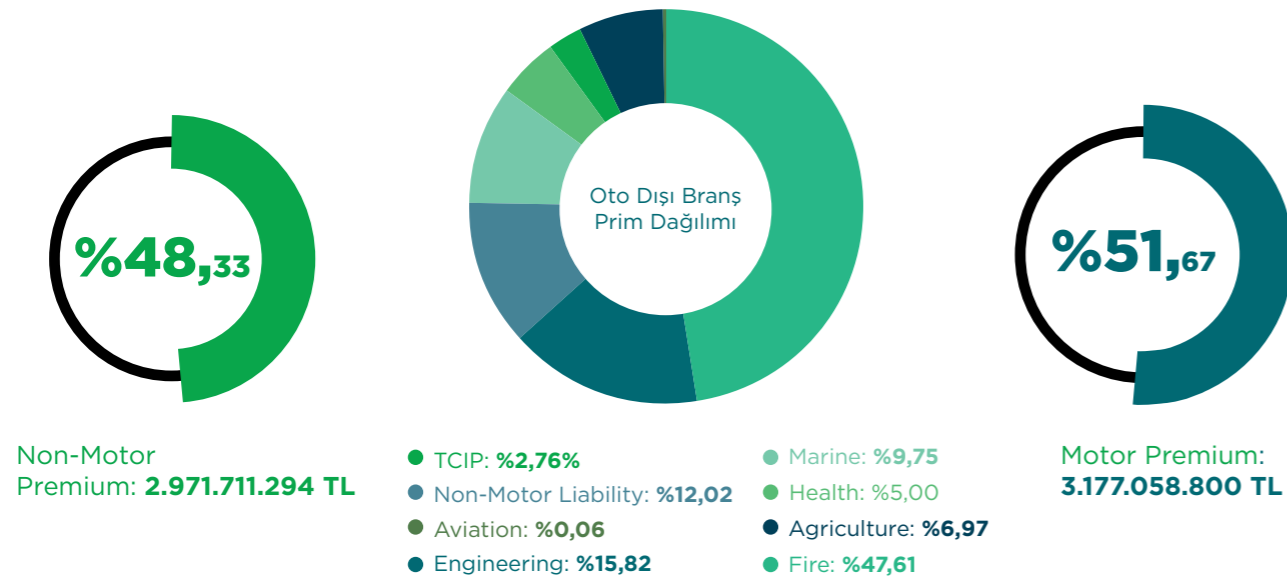
for a term of office of 3 years.

Amendments made in the Articles of Association in 2022 No changes has been made in the “Articles of Association” during the year 2022. Current version of our Company's Articles of Association is published in Ray Sigorta A.Ş.'s home page in Public Disclosure Platform and in the Investor Relations section of our internet site.

# TECHNICAL OPERATING RESULTS

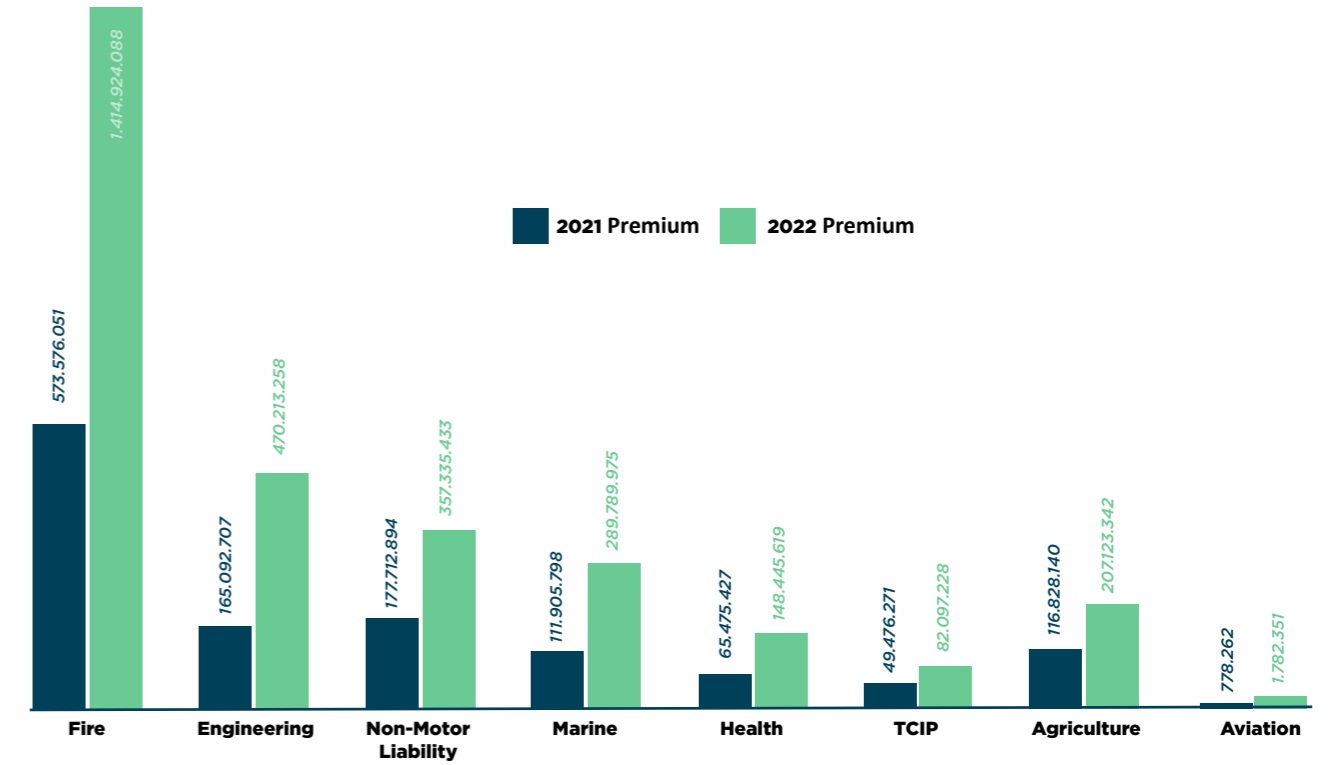
## Non-Motor Technical Operating Results

Our Company's total premium production of 12 months in 2022 is equal to TL 6.148.770.094 comprised of TL 2.971.711.294 for Non-motor section premium production and of TL 3.177.058.800 for Motor section premium production.



| Branches            | 2021                 |                | 2022                 |                |
|---------------------|----------------------|----------------|----------------------|----------------|
|                     | Premium              | Share %        | Premium              | Share %        |
| Fire                | 573.576.051          | %45,49         | 1.414.924.088        | %47,61         |
| Engineering         | 165.092.707          | %13,09         | 470.213.258          | %15,82         |
| Non-Motor Liability | 177.712.893          | %14,09         | 357.335.433          | %12,02         |
| Marine              | 111.905.798          | %8,88          | 289.789.975          | %9,75          |
| Health              | 65.475.427           | %5,19          | 148.445.619          | %5,00          |
| TCIP                | 49.476.271           | %3,92          | 82.097.228           | %2,76          |
| Agriculture         | 116.828.140          | %9,27          | 207.123.342          | %6,97          |
| Aviation            | 778.262              | %0,06          | 1.782.351            | %0,06          |
| <b>Total</b>        | <b>1.260.845.549</b> | <b>%100,00</b> | <b>2.971.711.294</b> | <b>%100,00</b> |

## 2021 / 2022 Prim Değişimi



| Branches            | 2021                 |                   |                         |                | 2022                 |                    |                         |                |
|---------------------|----------------------|-------------------|-------------------------|----------------|----------------------|--------------------|-------------------------|----------------|
|                     | Premium (GWP)        | Technical Profit  | Profitability Ratio (%) | Share %        | Premium (GWP)        | Technical Profit   | Profitability Ratio (%) | Share %        |
| Fire                | 573.576.051          | 42.800.914        | 7,46%                   | 45,49%         | 1.414.924.088        | 81.540.918         | 5,76%                   | 47,61%         |
| Engineering         | 165.092.707          | -11.214.665       | -6,79%                  | 13,09%         | 470.213.258          | 61.171.946         | 13,01%                  | 15,82%         |
| Non-Motor Liability | 177.712.894          | 7.099.064         | 3,99%                   | 14,09%         | 357.335.433          | 47.214.773         | 13,21%                  | 12,02%         |
| Marine              | 111.905.798          | 21.706.308        | 19,40%                  | 8,88%          | 289.789.975          | 44.328.742         | 15,30%                  | 9,75%          |
| Health              | 65.475.427           | 2.954.079         | 4,51%                   | 5,19%          | 148.445.619          | 15.854.268         | 10,68%                  | 5,00%          |
| TCIP                | 49.476.271           | 1.122.579         | 2,27%                   | 3,92%          | 82.097.228           | 1.150.558          | 1,40%                   | 2,76%          |
| Agriculture         | 116.828.140          | 4.999.617         | 4,28%                   | 9,27%          | 207.123.342          | 17.099.201         | 8,26%                   | 6,97%          |
| Aviation            | 778.262              | 16.330            | 2,10%                   | 0,06%          | 1.782.351            | 22.190             | 1,24%                   | 0,06%          |
| <b>Total</b>        | <b>1.260.845.550</b> | <b>69.484.226</b> | <b>5,51%</b>            | <b>100,00%</b> | <b>2.971.711.294</b> | <b>268.382.596</b> | <b>9,03%</b>            | <b>100,00%</b> |

### If examined and checked by Branches,

**Fire:** This branch has a share of 48% in total non-motor section premium production, and its profitability rate is 6%. This branch ranked 8th in premium production with a growth of 134%. Fire The market share of the sector increased from 4.22% to 5.07%.

**Engineering:** This branch has a share of 16% in total non-motor section premium production. The technical profitability, which was negative last year, was profited and 13% profitability was reached.

**Other accident:** This branch has a share of 12% in total non-motor section premium production, with a premium increase of 101% over the year 2021. Furthermore, its profitability rate has risen 13%.

**Transportation:** This branch has a share of 10% in total non-motor section premium production, and its profitability rate is 15%. This branch ranked 5th in premium production with a growth of 180%.

**Health:** This branch has a share of 5% in total non-motor section premium production, and its premium has increased by 126% compared to 2021. The technical profitability, which was profited and 11% profitability was reached.

## Motor Technical Operating Results

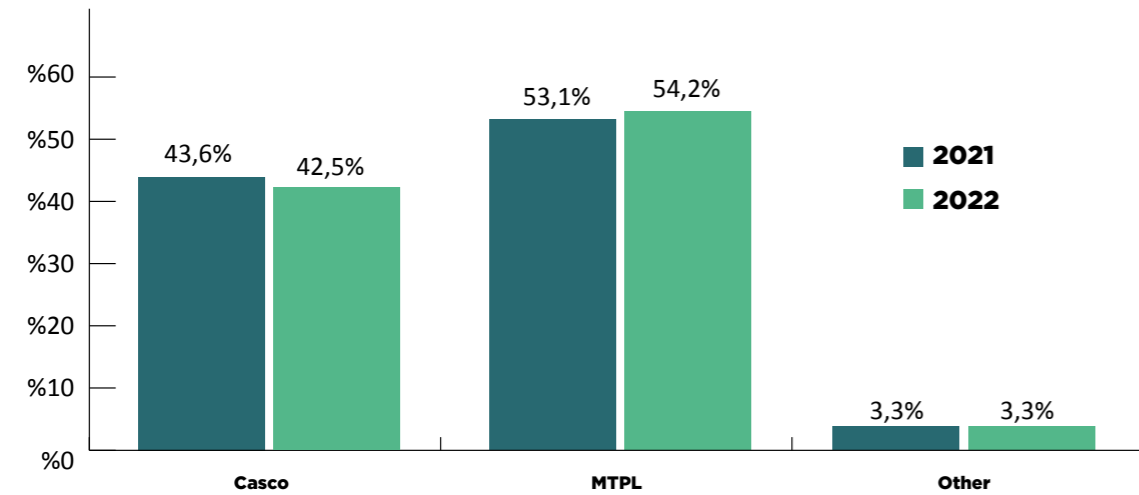
The Company's premium production in motor branch has increased by 231,1 % to TL 3.177.058.800-TL in the year 2022.

Although the technical profit of 38.576.298-TL was achieved in auto insurances last year, a loss of 3.448.874-TL was realized in 2022. The following table indicates the distribution and rates of change of our premium production and technical profit/loss amounts for the year 2022 by branches in comparison to the previous year.

| Branches                         | 2021                  |                       |                  | 2022                  |                       |                  | Share in Premium | Change of Premium |
|----------------------------------|-----------------------|-----------------------|------------------|-----------------------|-----------------------|------------------|------------------|-------------------|
|                                  | Gross Written Premium | Technical Profit/Loss | Share in Premium | Gross Written Premium | Technical Profit/Loss | Share in Premium |                  |                   |
| Casco                            | 418.046.736           | -19.565.447           | 43,57%           | 1.349.734.847         | 91.840.514            | 42,48%           | 222,9%           | -569,4%           |
| MTPL                             | 509.362.295           | -18.935.936           | 53,08%           | 1.722.967.068         | -102.407.324          | 54,23%           | 238,3%           | 440,8%            |
| Motor Facultative TPL            | 27.815.554            | -2.340.626            | 2,90%            | 91.694.591            | 2.505.887             | 2,89%            | 229,7%           | -207,1%           |
| Legal Protection                 | 3.929.923             | 2.172.404             | 0,41%            | 12.520.086            | 4.520.991             | 0,39%            | 218,6%           | 108,1%            |
| Comp.Personel Accident For Buses | 372.258               | 93.307                | 0,04%            | 142.208               | 91.058                | 0,00%            | -61,8%           | -2,4%             |
| <b>Total</b>                     | <b>959.526.766</b>    | <b>-38.576.298</b>    | <b>100,00%</b>   | <b>3.177.058.800</b>  | <b>-3.448.874</b>     | <b>100,00%</b>   | <b>231,1%</b>    | <b>-91,1%</b>     |

Total share of casco and traffic branches in motor branch was 96,7%, and the 2022 premium production has been recorded as TL 1.349.734.847 by an increase of 222,9% in casco, and as TL 1.722.967.068 by an increase of 238,3% in traffic insurances.

### Premium Share 2021 / 2022



\* Other: Motor Facultative TPL, Compulsory Personnel Accident For Buses, Legal Protection

### Sectoral Assessment

Sector comparison is made by using 2022 end-of-September data which are the most current data, as the sector financial results have not yet been published as of the date of report.

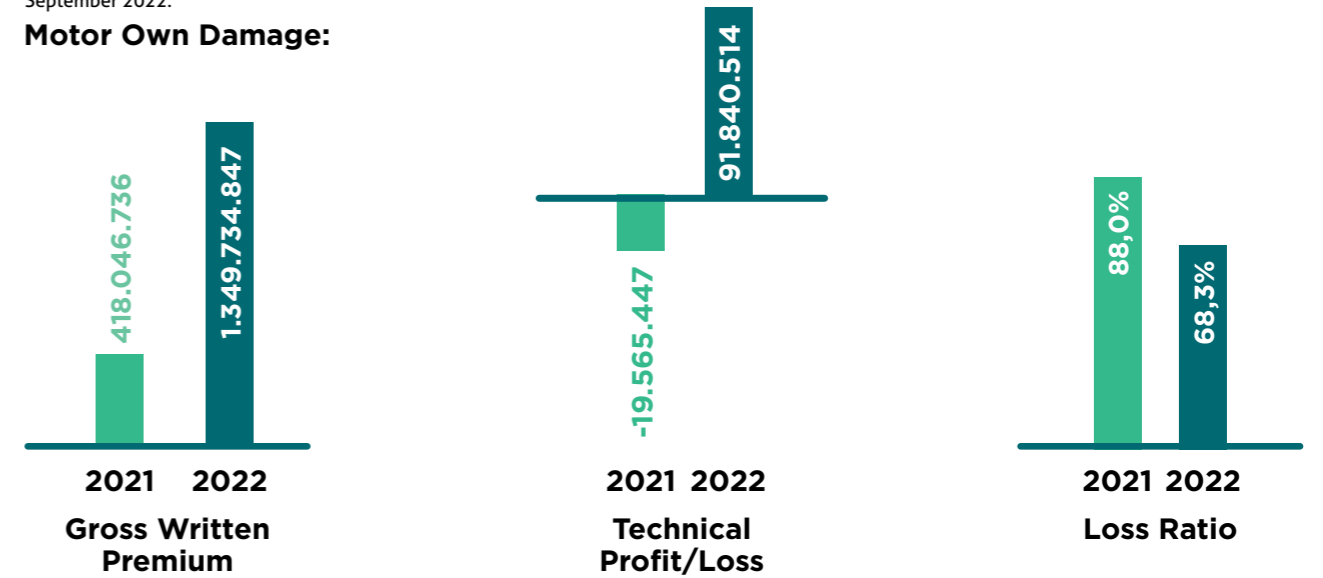
Premium production and technical profit/loss amounts in automobile insurances of insurance firms operating in non-life insurance branches as of the end of September 2022 are shown in the following table in comparison with that of Ray Sigorta.

As of the end of September 2022, our market share was 2,6% in casco branch, and 2,7% in traffic insurance branch.

| Branches                          | Market                |                       | Ray Sigorta           |                       | Premium Market Share |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
|                                   | Gross Written Premium | Technical Profit/Loss | Gross Written Premium | Technical Profit/Loss |                      |
| Casco                             | 27.069.271.462        | -1.803.061.919        | 698.561.358           | 32.810.919            | 2,60%                |
| MTPL                              | 33.052.182.033        | -10.909.064.187       | 894.877.683           | -60.609.613           | 2,70%                |
| Motor Facultative TPL             | 2.051.497.847         | -162.152.605          | 45.870.322            | 2.390.767             | 2,20%                |
| Legal Protection                  | 428.350.200           | 190.278.941           | 7.193.550             | 2.480.369             | 1,70%                |
| Comp. Personel Accident For Buses | 58.356.807            | 5.298.217             | 130.691               | 76.714                | 0,20%                |

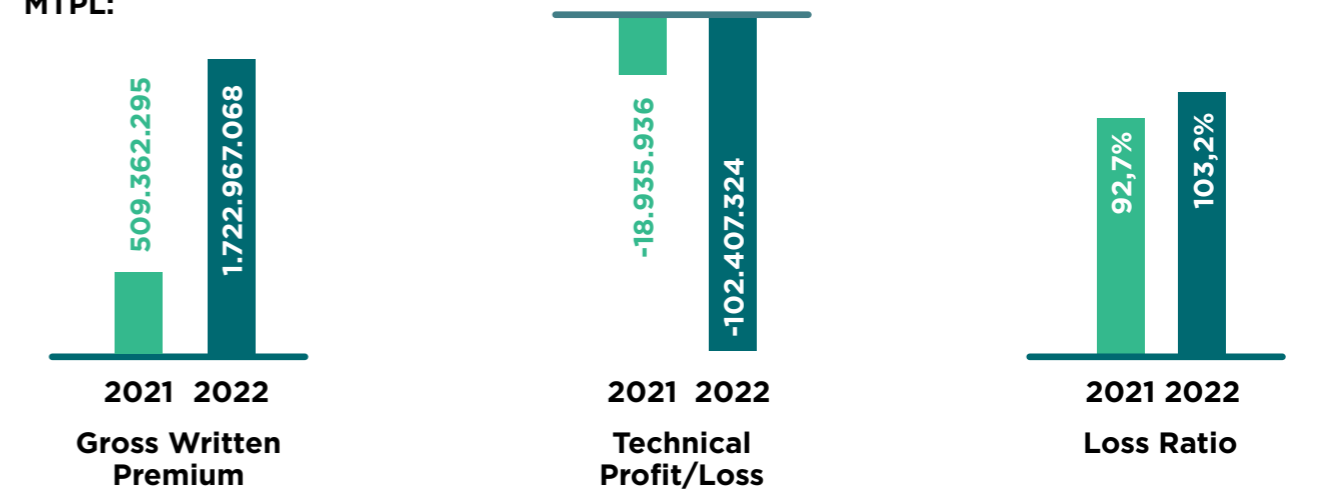
\* Data have been collected from the Financial and Technical Tables of Companies published by the Turkish Insurance Association as of the end of September 2022.

### Motor Own Damage:



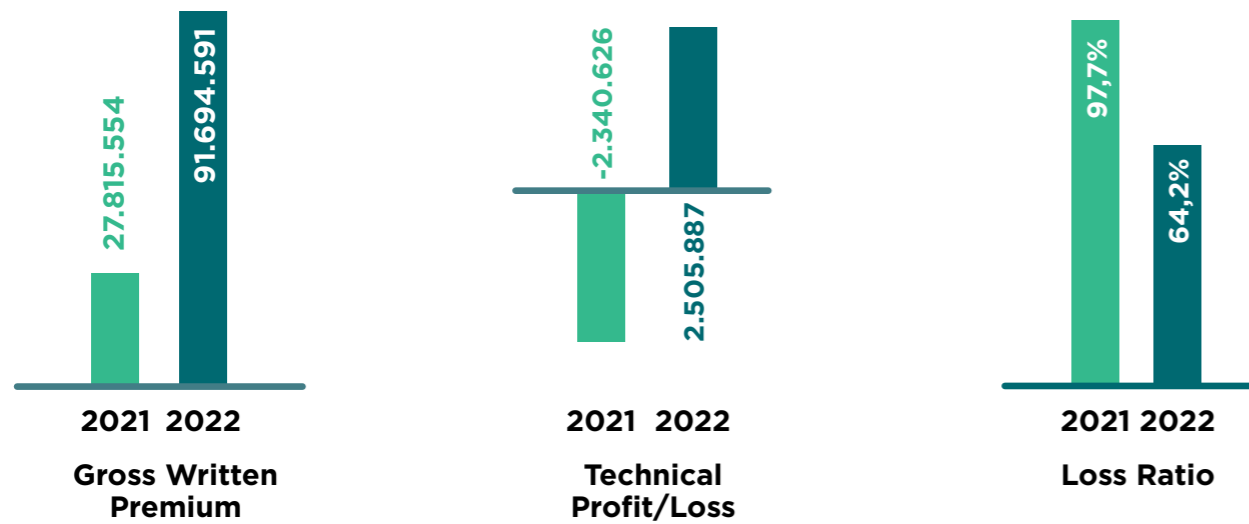
In 2022, in MOD insurance, our premium production was TL 1.349.734.847 with an increase of 222,9%, and its share is 42,5% in total premiums produced in the motor branch. In this branch, total sum of damages paid is TL 463.582.232 and end-of-period outstanding claims portfolio is TL 71.013.105. In this branch, a technical profit of TL 91.840.514 has been recorded and the loss ratio was 68,3%.

### MTPL:



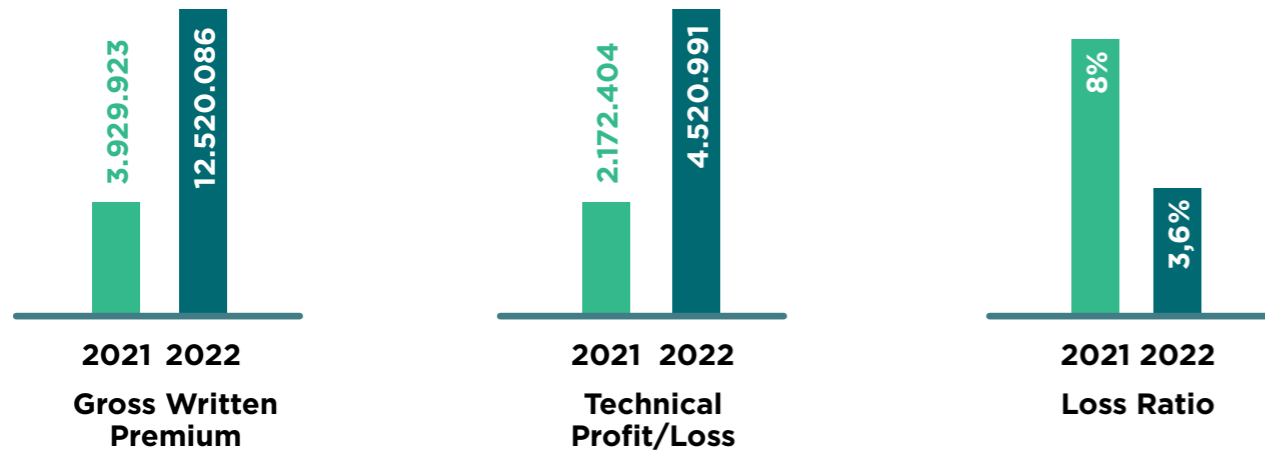
In 2022, in MTPL insurance, our premium production was TL 1.722.967.068 with an increase of 238,3%, and its share is 54,2% in total premiums produced in the motor branch. In this branch, the total sum of claim is TL 580.450.651 and TL 324.265.335 was paid by our reinsurers. End of period outstanding claims portfolio is TL 892.947.985 and TL 516.919.221 corresponding to our reinsurers. In this branch, a technical loss of TL 102.407.324 has been recorded, and the loss ratio was 103,2%.

### Motor Facultative TPL:



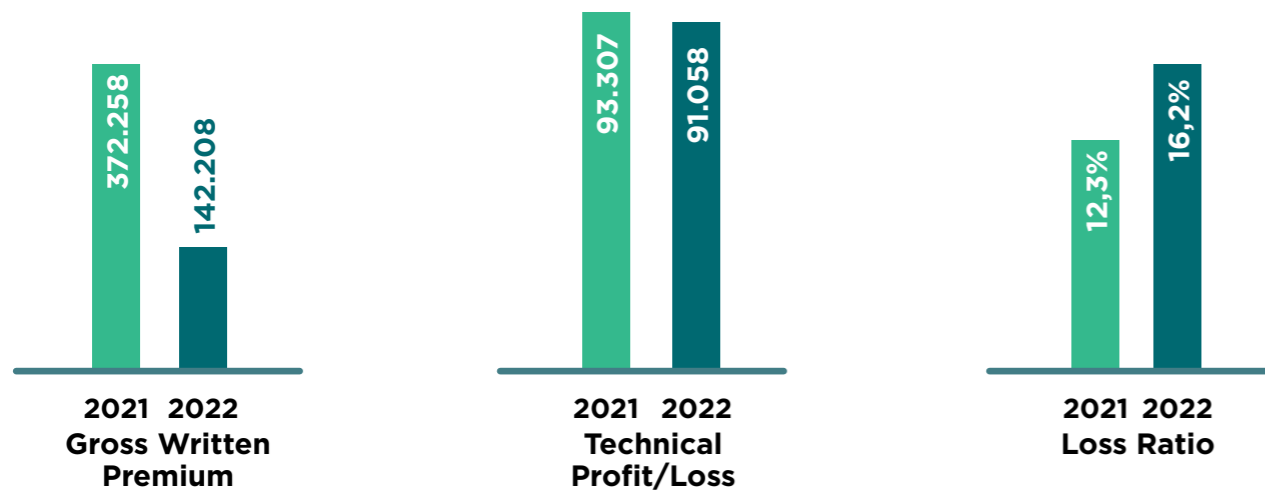
In 2022, in Motor Facultative TPL insurance, our premium production was TL 91.694.591 with an increase of 229,7%, and a technical loss of TL 2.505.887 has been recorded. In this branch, the loss ratio was 64,2%.

### Legal Protection Insurance:

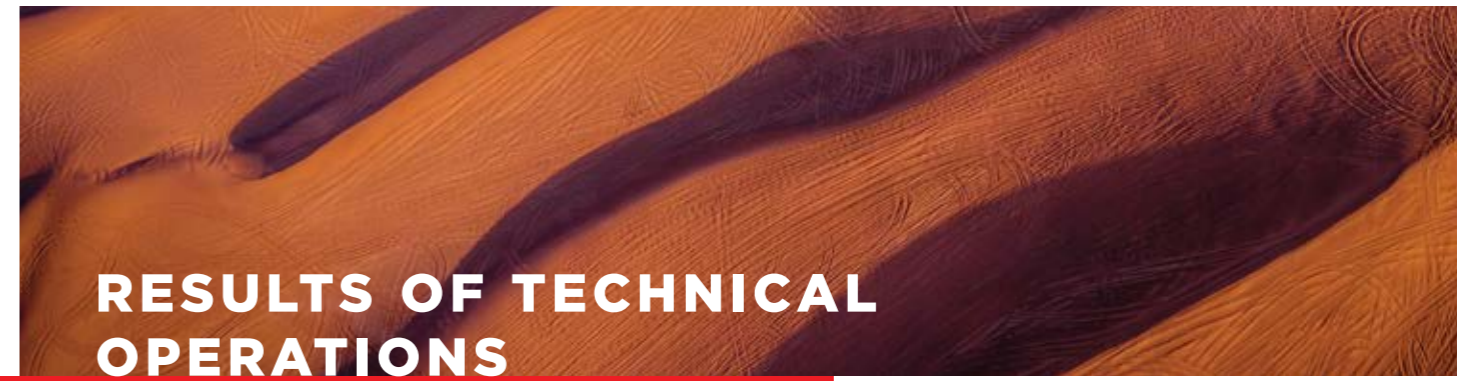


In 2022, in Legal Protection insurance, our premium production was TL 12.520.086 with an increase of 218,6%, and a technical profit of TL 4.520.991 has been recorded. In this branch, the loss ratio was 3,6%.

### Compulsory Personal Accident For Buses:



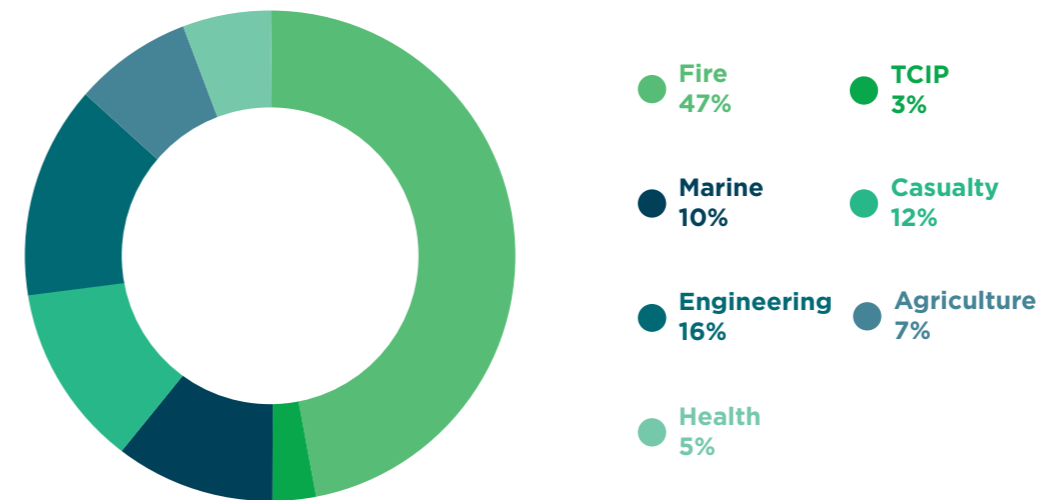
In 2022, in Compulsory Personal Accident For Buses insurance, our premium production was TL 142.208 with a decrease of 61,8%, and a technical profit of TL 91.058 has been recorded. In this branch, the loss ratio was 16,2%.



### Technical Results

#### Premium Production:

The Company's premium production amounted to TL 6.148.770.094 in the year 2022. With this premium production amount, Ray Sigorta is ranked the 9th with a market share of 3.01% among the insurance firms operating in non-life insurance branches.



#### Technical profit after operating income and expenses:

Technical profit increased from TL 97.958.201 in the year 2021 to TL 257.719.416 in the year 2022 by an increase rate of 163,1%.

Distribution of our premium production, increase percentages and technical profit amounts by branches are shown in the following table in comparison to the year 2022.

| Branches     | 2021                 |                   | 2022                 |                    | Share %       |
|--------------|----------------------|-------------------|----------------------|--------------------|---------------|
|              | Premium              | Technical Profit  | Premium              | Technical Profit   |               |
| Fire         | 573.576.051          | 76.215.292        | 1.414.924.088        | 74.558.117         | %146,7        |
| TCIP         | 49.476.271           | -1.608.917        | 82.097.228           | -3.782.051         | %65,9         |
| Marine       | 111.905.798          | 35.389.989        | 289.789.975          | 51.584.739         | %159,0        |
| Casualty     | 1.138.017.921        | 7.977.556         | 3.536.176.583        | 82.529.962         | %210,7        |
| Engineering  | 165.092.707          | -15.086.676       | 470.213.258          | 51.630.510         | %184,8        |
| Agriculture  | 116.828.140          | 16.975.842        | 207.123.343          | 19.821.368         | %77,3         |
| Health       | 65.475.427           | -21.904.565       | 148.445.619          | -18.623.229        | %126,7        |
| <b>Total</b> | <b>2.220.372.315</b> | <b>97.958.521</b> | <b>6.148.770.094</b> | <b>257.719.416</b> | <b>%176,9</b> |

### **Fire Branch**

Premiums of the Company in Fire Branch have reached TL 1.414.924.088 by an increase rate of 146,7% over the previous year. In this branch which has paid a total sum of TL 413.679.471 for damages, technical profit amounted to TL 74.558.117 representing 5,3% of premium amount. Out of total outstanding loss amount of TL 709.805.056, a portion of TL 683.204.781 represents the share of our reinsurers. Its share in the total premium production is 23%, while its share in technical profit is equal to 28,9%.

### **Transportation Branch**

Premiums of the Company in Transportation Branch have reached TL 289.789.975 by an increase rate of 159,0% over the previous year. In this branch which has paid a total sum of TL 94.604.365 for damages, technical profit amounted to TL 51.584.739 representing 17,8% of total premiums. Out of total outstanding loss amount of TL 141.972.829, a portion of TL 132.175.558 represents the share of our reinsurers. The transportation branch's share in the total premium production is 4,7%, while its share in technical profit is equal to 20,0%.

### **Accident Branch**

Premiums of the Company in Accident Branch have reached TL 3.536.176.583 by an increase rate of 210,7% over the previous year. In this branch which has paid a total sum of TL 1.092.258.393 for damages, technical profit amounted to TL 82.529.962 representing 2,3% of premium amount. Out of total outstanding loss amount of TL 1.205.034.218, a portion of TL 705.396.498 represents the share of our reinsurers. The accident branch's share in the total premium production is 57,5%, while its share in technical profit is equal to 32,0%.

### **Engineering Branch**

Premiums of the Company in Engineering Branch have reached TL 470.213.258 by an increase rate of 184,8% over the previous year. In this branch which has paid a total sum of TL 134.464.140 for damages, technical profit amounted to TL 51.630.510 representing 11,0% of premium amount. Out of total outstanding loss amount of TL 130.598.114, a portion of TL 118.022.258 represents the share of our reinsurers. The Engineering branch's share in the total premium production is 7,4%, while its share in technical profit is equal to 20,0%.

### **Agriculture Branch**

Premiums of the Company in Agriculture Branch have reached TL 207.123.342 by an increase rate of 77,3% over the previous year. In this branch, the premium production amount corresponds to 3,4% of total premiums, while its share in technical profit is equal to 7,7%. Technical result after operating income and expenses has resulted in a profit of TL 19.821.368.

### **Health Branch**

Premiums of the Company in Health Branch have reached TL 148.445.619 by an increase rate of 126,7% over the previous year. In this branch which has paid a total sum of TL 58.802.780 for damages, technical loss after operating income and expenses amounted to TL -18.623.229. Out of total outstanding loss amount of TL 24.480.565, a portion of TL 16.341.728 represents the share of our reinsurers. The health branch's share in the total premium production is 2,4%, while its share in technical profit is equal to -7,2%.

### **Results of Technical Operations**

In the year 2022, Ray Sigorta:

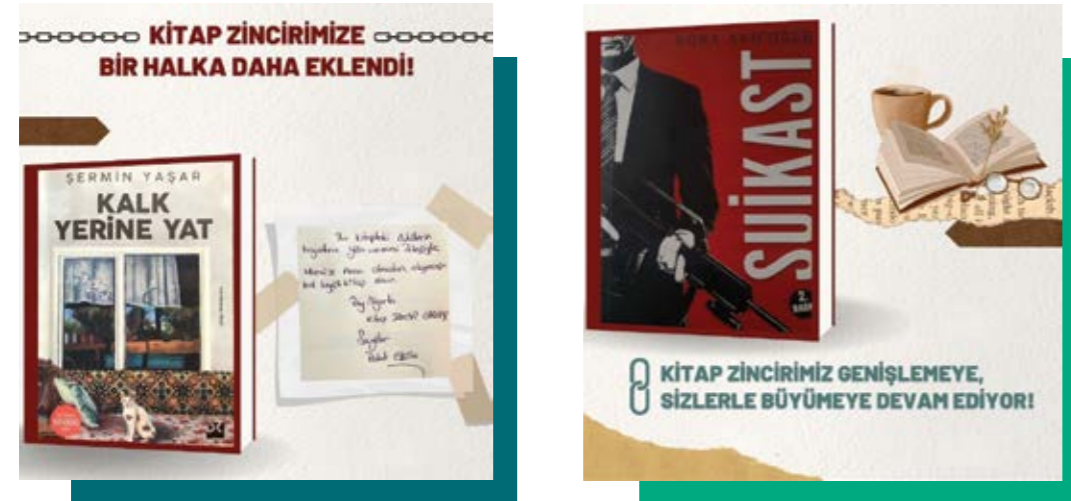
- Has produced a total premium of TL 6.148.770.094, and has transferred a portion of TL 3.414.057.928 thereof to reinsurers. In terms of the premiums underwritten, the growth rate is 176,9%. By also considering various other income and expense items, the technical profit before operating income and expense has been recorded as TL 264.933.721. With the addition of operating income and expenses as well, technical profit result is calculated as TL 257.719.418; and
- Against this premium production, has paid a total commission amount of TL 500.967.171 including the change in deferred paid commissions, and against the premiums transferred to reinsurers, has collected a total commission amount of TL 325.779.384 including the change in deferred collected commissions;
- Has paid a total sum of TL 1.831.882.385 for damages, and has taken back a portion of TL 958.623.474 thereof as the share of reinsurers, while the outstanding loss reserves equaled to TL 2.218.455.248, wherein the share of reinsurance firms is equal to TL 1.655.349.638; and
- While the investment income was 408.895.011 TL in 2021, it was 558.725.340 TL in 2022, while the investment expenses were 370.237.115 TL in 2021 and 526.147.930 TL in 2022. Considering investment income, the largest income source 357.693.249 TL foreign exchange profits; and .
- As a result of sudden rises in the foreign exchange rates, a financial exchange profit of TL 357.693.249 on the investment income side and a financial exchange loss of TL 274.492.104 on the investment expenses side have been reflected onto our financial statements.

# ACTIVITIES OF STRATEGY AND COMMUNICATIONS DIRECTORATE

## INTERNAL COMMUNICATION DEPARTMENT

We are focusing to do better and better at all times through our applications offered to our employees in order to further strengthen our employee-focused approach and diversity & inclusion culture, and support our employees in their development journeys, and make contribution to the efforts of them and their beloved ones for a healthy life.

## WE ARE READING AND SHARING VIA OUR BOOK CHAIN!



With our book chain application started as of the end of January, Ray Sigorta employees are continuing to share with their colleagues the books they read and like.

We determined the first ring of chain by an online draw, and created the first ring by sending 'Doğan Cüceloğlu—Var Mısın? Güçlü Bir Yaşam İçin Öneriler' (What About? Advices for a Strong Life) book to Elçin Öksüm.

And later on in our book chain, those to whom books are sent continued to add new rings to the chain by sending to the targeted person and the Internal Communication Department another book read and liked by them.

Our employees are allowed to follow up via Ray eXpress screens and via our Rayda Hayat Instagram account who has sent which book to whom, and who has read which book.

## WE ARE STRENGTHENING OUR BONDS THROUGH OUR COMMUNICATION ACTIVITIES! 5N1K.E

We came together in 5N1K.E under moderatorship of our CEO Koray Erdoğan. Guests of 5N1K.E organised in hybrid format in July were Kerem Erdoan, Esra Ümit Uzmaner and Alparslan Şahin Çakmak.

Thanks to the talks highly enjoyed as always, our employees had the opportunity to know closely both the activity participants and our corporate culture.

## BREAKFAST WITH CEO



Our Breakfast with CEO activity which could not be held since the beginning of pandemic is organised once more, and we started to bring our employees in groups together with our CEO Mr. Koray in a breakfast table.

## OUR 64TH ANNIVERSARY

The 64th of our anniversary celebrations which have already become a tradition and are waited excitedly every year is organised in hybrid form this year due to the pandemic. In the celebrations full of excitement and entertainment, we came together with our employees in 'our draw', DJ performance and a lot of other fun activities.

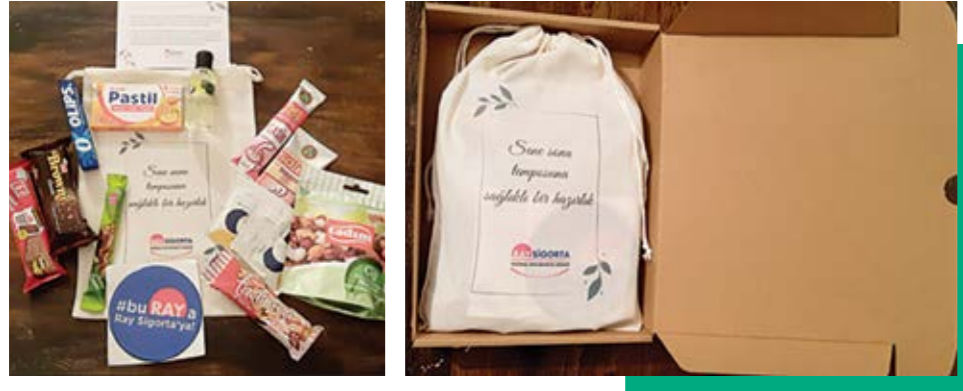


## LIFE IN RAY



Ray in Corona Days account opened by us specifically for our employees for the sake of maintaining our internal communications due to the home-office applications which entered into our lives with the pandemic has already completed its mission. With its name revised as Life in Ray, our new concept contents are started to be broadcasted. With employee experiences, Ray News and many others, we are enhancing our communications with our employees through social media channels as well.

**SOMETIMES A SURPRISE BOX, SOMETIMES A MAIL COMMUNICATION AT THE DOOR  
A HEALTHY PREPARATION FOR YEAR-END TEMPO**



While approaching the end of a year full of great successes with excitement, passion and resolution, we knocked on doors of our employees with our special gift boxes at unexpected moments in order to accompany the successful journey of them.

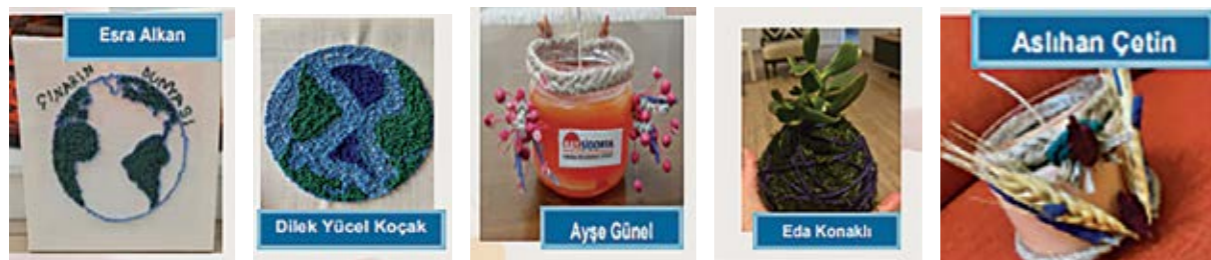
**WE ARE MAKING ALL CORPORATE DEVELOPMENTS PUBLIC VIA BULLETINS**



We are keeping our employees aware of all aspects and fields of our Company via our news bulletins, and sharing all current events in our Regions, Departments and Company. Daily routines of our departments hosted in our news bulletins are explained by themselves, and we are taking inspiration from hobbies of our teammates.

While we were saying “You’re in Ray Sigorta, dream and it make it real” in our Neverland edition meaning “a country where everything is possible if and when dreamed” in March 2022, in November at the doorstep of sacred months, we determined Formula 1 races as our theme, and listened carefully to the symphony of harmony created by perfect operation of our teams all together.

**SPECIAL DAYS NOT FORGOTTEN**



In special days which have an important place in our daily lives and onto which emotive meanings are ascribed, we intended to make our employees smile through workshops and surprise gifts.

Through birthday messages and gift cheques, baby gifts sent to our newborn Ray babies, gift boxes via different concepts and activities in mother’s day and father’s day, and 3 different online handicraft products workshop for our female employees on March 8 International Women’s Day, etc., we made our special day communications a dynamic process throughout the year.



**TRADITIONALIZED NEW YEAR’S DAY BASKET**

Leaving behind another breathtaking year, we knocked on the doors of our employees with our new year’s day baskets with or without alcoholic drinks.

**#HERE FOR AWARENESS**

We see the social investments as an effective tool for creation of value, and for this reason, in each of the projects realized by us, we successfully put forth our strengths and values, and with social responsibility consciousness, we focus mainly on the areas we can provide the highest contribution.

**WE ALSO TOOK OUR PART IN 44. ISTANBUL MARATHON!**



We said “If the point in question is education, we rush to help”, and took our part in 44. Istanbul Marathon in order to give support to the qualified education of our brothers and sisters from Darüßsafaka!

As a result of fundraising campaign, our CEO Koray Erdoğan was the first fundraiser, and Ray Sigorta was the second fundraiser among firms and organisations.

We are proud of having the chance to fund the education expenses of 9 students in total as a result of our fundraising campaign where we have won a total of 4 medals.

## COAST CLEANING ACTIVITY WITH TURMEPA



In the activity held in Kadıköy Moda Coast in cooperation with Turkish Marine Environment Protection Association (TURMEPA), we collected 32 kgs of waste and 950 cigarette butts in total, and once more remembered that one of every two breathes is provided to us by seas, and once more recognized the importance of a sustainable world.

## FOOD DISTRIBUTION WITH “ÇORBADA TUZUN OLSUN” ASSOCIATION



We are approaching each life we touch with care and love, and are continuing our activities with our people-oriented and social benefit based vision. Through cooperation with “Çorbada Tuzun Olsun” Association, we played a role in the project of food distribution to disadvantaged groups, and gave support to nutritional needs of 150 people in Beyoğlu district.

We are acting with the belief that our most important asset is our employees, and are doing our best in order to continuously develop the potentials of our employees, and most importantly, are focusing on establishment of long-term relations with our employees.

We see the employee satisfaction and loyalty as an important factor affecting the teamwork, corporate culture, communications among employees, and relations of employees with senior management. That is why we are implementing and using various applications aiming to make our employees happy, raise their motivation, and ensure that they are satisfied with the work atmosphere, and to further promote the employee satisfaction and loyalty, thus aiming to help our employees in establishing and maintaining their business-life balance.

In order to keep in step with the information age with fairly intensive and quick change process, together with our Human Resources Department, we are creating inhouse learning opportunities wherein our employees can discover their areas of competence, and can live different experiences for observing their own skills and abilities in innovative projects.

## BUSINESS INTELLIGENCE AND PROJECT MANAGEMENT DIRECTORATE ACTIVITIES

The year 2022 was a year of change in our working trends and a year of increase in our tendency for telecommuting and hybride working models.

Our Directorate has also quickly adapted itself to this new generation working model, and is continuing its activities at the highest speed and with great agility without any interruption in its business processes and any communication problem inside the team.

Our Department, initially composed of 2 employees in our Company and built in January 2018, is at present continuing its activities with a team of 7 members under the Business Intelligence and Project Management Directorate.

Through initiatives conducted on the Business Intelligence side and projects realized on the Project Management side, and in addition, with inclusion of our new colleagues in our team in line with the departmental objectives determined for the coming years, we are quickly growing up and developing.

### Activities of Business Intelligence Department in 2022

Projects completed in 2022 are as described below:

#### • Creation of Backup Mechanism for Systems

Backup mechanisms are created and installed for the sake of recovery in the case of any system interruption or emergency.

#### • Speeding up the ETL Time

The updating of data so as to be made ready for use prior to start of working hours is speeded up. Average ETL completion time is reduced from 12.30 hours in 2021 to 8 hours now.

#### • Provision of Statistics by Mixed Model on Policy Basis

The users are allowed to create ad-hoc reports on policy basis by drag-and-drop logic by using production, damages and TKZ data. Thus, it has become possible to meet via mixed model all reporting needs handled via Qlickview.

#### • TCKN/VKN Masking Process

T.R. Identity No. and Tax Identity No. areas, covered by information security concerns of customers and agencies, are masked.

#### • Damages Summary Report Automation

The Damages Summary Report prepared and issued manually by the Damages Department by taking data from the live system is further developed and put into practice in RIO.



#### • **Triangular Report**

A triangular report showing the current and cumulative developments in yearly / quarterly / monthly periods is designed. The developments in different metrics can be followed up via this report on the basis of products and various question codes.

#### • **Damages Reporting Project (HUGO Integration)**

Damages metrics needed in order to enable the Damages Directorate to carry out its measurement and analyses activities in a more detailed manner are included in the damages data model available in RIO platform at present, thus ensuring that all reports are issued via a single platform. In addition, through integration with HUGO system, metrics relating to legal data are transferred to data warehouse, and integrated into the damages model.

#### • **SYS Automatic Activity Assignment Project**

The sales channel is ensured to be managed via a single menu to be positioned on RayeXpress and through systematic control mechanisms and smart sets of rules.

#### • **Year-End Campaign Reporting**

KPIs requested by the business departments for agencies are determined through special inquiries, and it is thus demonstrated whether they win in the campaign or not, and these results are mailed to all regions, and are reported via RIO, and are displayed over RayeXpress.

#### • **Protocol Follow-up System**

In accordance with the analysis prepared by using the details of protocols signed with agencies in 2022, protocol results are calculated separately for each agency, and may now be taken dynamically from RIO. Thus, the departments may instantly display the progress of these protocols.

#### • **SAS and DataStage ETL Maintenance**

Sas and DataStage ETLs are followed up, and in the case of an error, they are intervened and maintained.

Activities contemplated to be completed in 2023 are as described below:

#### **IFRS17 Model**

Efforts are continued in order to meet the demands of business departments, and to create an IFRS model, on the basis of analyses conducted by VIG.

#### **Closing of BT Platform**

All reporting needs will be met via a single platform by carrying all reports kept in BT Platform to RIO environment.

#### **VIG Reporting Project**

This project is planned to ensure that VIG Controlling Report is prepared and issued as correct and effective as possible, and that the manual print-outs are systematized, and thus, efficiency is increased.

#### **Cognos Version Transition**

Efforts will be shown in order to upgrade the currently used IBM Cognos Analytics 11.1 R6 version to the latest release.

### **Activities of Project Management Department in 2022**

#### **E-BPM PROCESS MANAGEMENT PROJECT PHASE-1**

- Phase-1 of this project is commissioned and activated as of June 2022.
- In this phase, the processes used in MOP application are carried to our new application BOSS without any change or modification therein.
- Our new application is named Information Operations Process System, or shortly BOSS.
- Thanks to IBM licensed BOSS, we have got rid of dependence on a single firm, and have obtained a structure open to development and capable of giving support more quickly.
- Through personalization, menu creation and filters in menus, we have reached a more dynamic structure.
- Thanks to its plain, simple and practical design, the screen prepared especially for our agencies has been liked and praised by our users.

#### **INSURE-E PROJECT PHASE-2**

- Phase-2 of this project is commissioned and activated as of June 2022.
- In this phase, our production screens and agency screens are modified and renewed. Internet Explorer dependency is eliminated.
- Thanks to scanner-free operations, the system can be entered via all internet scanners such as Chrome, FireFox, Mozilla, etc.
- The number of screens and the number of steps in processes are reduced.
- Collection functions are increased:
  - Steps in Credit Card screens are reduced.
  - Check processes are speeded up.
  - 3D feature is started.
  - Multiple card structure is added.
  - Debt-Credit distribution screen is added, and a feature titled collection dependent on time choice is added.
  - Through payment automation, payments and reconciliations processes are speeded up, and are converted into single-clicking processes.

#### **SALES MANAGEMENT SYSTEM**

- Automatic Assignment Process of the Activity Follow-up System, being the last section of the project, is commissioned and activated as of October 2022.
- In Phase-1 of the project before that section, the sales channel is ensured to be managed via a single menu to be positioned on RayeXpress and through systematic control mechanisms and smart sets of rules.
- In the second phase of the project, the Activity Follow-up System is ensured to be organised by automatic assignment in the specified sets of rules.
- Our Project will at the same time make great contributions to creation of a corporate memory.

#### **E-BPM PROCESS MANAGEMENT PROJECT PHASE-2**

- Our MOP application, used in the past, has been replaced due to its expiration, and BOSS has been activated in its place. With BOSS with an infrastructure supported by IBM, it is aimed to proceed with our automation processes in a more quickly and practical manner.
- At the first stage, MOP application is implemented as is, with no additional development therein.
- Second phase of the project covers Hat Customer and KVKK (Personal Data Protection Law) processes.
- After completion of the project, developments will be continued, and our application will be continuously improved.

### **API GATEWAY PRODUCT PROJECT (OPEN INSURANCE)**

- It is intended to buy an API management application and to prepare an API Portal in order to orchestrate and publish to the world the APIs offered by us to our customers and business partners.
- Software developers, agencies and business partners will be able to download any APIs from this portal and use them in line with their needs.
- The services included in API Portal are Production on Product Basis, Assistance Firms – Policy Inquiry, Raynet Services, Contracted Automobile Services, Agency Services, Health Services

### **KVYS EXPLICIT CONSENT COLLECTION AND MANAGEMENT APPLICATION PROJECT**

- Pursuant to the applicable laws, health data included in the special personal data category may be processed only through information of customer and in reliance upon an explicit consent of customer. Accordingly, by this project, at the health policy production stage, a link will be sent to customer by SMS, and the customer's consent will be taken for processing of customer data with an approval code thereinfor.
- The project development and testing works are ongoing. Upon completion, the project will be commissioned and activated via go-live.

### **DAMAGES REPORTING PROJECT**

- It is aimed to ensure that damages metrics needed in order to enable the Damages Directorate to carry out its measurement and analyses activities in a more detailed manner are included in the damages data model available in RIO platform at present, thus ensuring that all reports are issued via a single platform.

Activities contemplated to be completed in 2023 are described below:

### **INSURE-E PROJECT PHASE-3**

- 3rd Phase of Insure Project, wherein our Company's main insurance application is renewed end-to-end, is ongoing with innovations in the collection and production parts thereof.
- Developments made in damages screens are transmitted part by part, and tested before activation by go-live.
- Innovations in collection screens are also ongoing:
  - Credit Card Menus
  - Agency Payment Request and Distribution Screens
  - Debt-Credit Distribution Screen – Foreign Exchange Rate Development
  - Debt-Credit Distribution Screen – Gross Collection Development, etc.

### **RAY EXPRESS MOBILE APPLICATION PROJECT**

- This project covers the development of a mobile application enabling the agencies to carry out via a user friendly interface the insurance transactions which are presently conducted via RayeXpress web.
- With this project, our agency users will be able to quickly reach our Express screens and easily handle their operations wherever they are.
- The first phase of this project is expected to be commissioned and activated in the coming days.

### **SBM COMPETITION ANALYSIS PROJECT**

- In this project, through SBM inquiries over all policyholder information and data (T.R. Identity No., Tax Identity No. and Foreigner Identity No.) registered in Ray Sigorta's customer table, it is intended to create our own database containing retroactive production and damages data of each policyholder/insured for a term of 10 years, and perform various analyses throughout the company (Motor Own Damage and Traffic Insurance Covers).
- Thanks to analyses conducted on such data, the target market will be better understood, and correct steps will be taken in line with our profitability goals.

### **121 SME MICRO SME PRODUCT REVISION PROJECT**

- With 121 product revisions and with this product development for SME segment, separated as Narrow/Standard/Comprehensive packages, with a modular structure, and to be inserted with a new design in Ray eXpress – Quick Offer screen, it is aimed to make a contribution to our Company's profitability goals.
- With this project, at the same time, a designing work is also conducted in respect of Cross Sales Screens.

### **MINI REPAIR AND ASSISTANCE DATA INTEGRATION PROJECT**

- Data relating to the services given by assistance firms (RS Servis and Mondial), and photos taken during towage and mini repair services, are to be collected from firms via web services, and to be transferred to RayeXpress in a manner accessible by our Company's users, and a part of these data is to be integrated into SFS and Auto Analysis.
- Thanks to and by using such data collected on daily basis, direct and timely access to data, and measurement of the service quality and performance, and prevention of probable user errors are aimed.

### **SBM AND SGS REPORTS AUTOMATION PROJECT**

- Data transferred to Insurance Information Centre, and SGS Reports presented to the Ministry of Treasury and Finance for control of such data are intended to be prepared via a single platform on the basis of an infrastructure to be installed in RIO platform.
- It is aimed to prevent the probable user errors through reports and bottom total control points to be designed via RIO platform.
- Our Company's legal reporting processes will be speeded up, and operational load will be minimized.

### **NEW IVR PROJECT**

- This project aims to simplify the complex structure of our existing system, and make it focused on customer experience, and to enable Ray Sigorta customers and potential customers to reach any departments they wish more quickly and in a more accessible manner.
- Thus, we will be able to meet our increasing business volume, and to respond to customer demands more quickly, and our customers will be able to reach any channels they wish more quickly thanks to the revised and updated IVR structure.

### **INDIVIDUAL AND CORPORATE CUSTOMER PORTAL PROJECT**

- This project covers online sales of insurance products, having strategic importance for the Company, via the Company's internet site, mobile application and through official agencies or other non-agency firms entering into business partnership with the Company.
- This project is expected to make a great contribution to our Company's profitability goals.

#### **DIGITAL BUSINESS PARTNER - ONLINE SALES AND AFFINITY PROGRAM**

- This project covers the creation of a customer portal which makes policyholder transactions easier for them, and through which our Company's policyholders can display their policies and complete their endorsement transactions.

#### **HEALTH INSURANCE COVERS CHANGE PROJECT**

- It is a project aiming to further develop and digitalize our products in Health Insurance field, and to increase our product sales. In this project, it is intended to improve the existing product contents, to add new products to our portfolio, and to further improve and digitalize our existing processes.

#### **IFRS 17 PROJECT**

- In respect of adaptation of IFRS4 accounting and reporting standards which are presently used temporarily for the insurance contracts issued by companies to IFRS17 standards to be made effective as of 01.01.2023, this IFRS 17 project covers the application by a solo company of the business steps determined by the group to the project managed on group basis, in accordance with the project schedule.

#### **PERSONNEL RECRUITMENT & RESIGNATION PROJECT**

- It is aimed to collect the steps in personnel recruitment and resignation process in a collective corporate memory, and to work in coordination with other departments and units involved in this process.
- The end-to-end tests of the project are being conducted.
- Upon completion of tests, the project will be closed and activated by go-live.



## **ACTIVITIES OF CLAIMS, LEGAL AND RECOURSE DIRECTORATE**

Parallel to our Company's vision and goals and growth strategy, in the course of damages processes where we touch our customers and agencies upon occurrence of a risk, we are continuing our works for the following strategies:

- Agency and customer satisfaction,
- Superior service level, and
- Effective cost-benefit and operational excellence.

Furthermore, we are proceeding towards our goals with our business model based upon proactive damages management, correct outstanding claims management, network optimization and being in the field.

Activities performed in the year 2022 are described below separately for each of departments:

#### **Auto Damages and Subrogation Department**

- HOM Direction project is commissioned and activated, thus providing savings through reduction in damages costs of motor own damage insurance files.
- Automobile Glass Damages Specialist is employed in our Company, thus creating the opportunity to close the glass damages files more quickly and effectively.
- Team job definition is integrated into the distribution by branches, thus increasing the agency and customer satisfaction, and providing savings in costs.
- A lot of entries are automatized through system improvement works, thus providing savings in labour and time.

#### **Bodily Damages and Legal Department**

- Legal screen (HUGO), a project started in 2021 and covered by a software agreement, is made go-live this year, and is opened for use by users of the legal department.
- In legal case files opened by our Company, total collection amount is increased through both physical visits and reports with the help of contracted law offices.
- New contracted law offices are added to the material compensation claims arbitration team, thus ensuring that the material compensation claims arbitration processes are pursued more quickly and effectively.
- In legal case files opened against / claim notices sent to our Company, the reserves for outstanding claims are continued to be kept updated through UYAP controls.
- Through physical and electronic visits to bodily damages and material compensation claims arbitration law offices, the developments in the case files are followed up, thus making it possible to set aside the reserves correctly and on time.

### **Non-Auto Damages Department**

- The schedules of distribution of case files to claims specialists on the basis of branches are clarified, thus assuring establishment of communications with customers and agencies more quickly and effectively.
- Expert network is defined on the basis of locations and branches, and the damages process gained momentum through expert performance assessments and periodical feedbacks.
- In the last quarter of 2021, CFR (Closed File Review) Project is completed with VIG Austria.
- Quick House Module is revised and changed, thereby increasing the customer satisfaction level, and in addition, the required procedure revision is also done in connection therewith.
- For the damages files managed jointly with VIG, we came together with them in October, and discussed and evaluated the progress in the process.
- In co-insurance policies, system rearrangements are completed as per the revisions made in the Expert Fees Regulation.

### **Damages Performance and Contracted Institutions Department**

- For the sake of providing more extensive services to our customers, our network of contracted service stations is optimized at around 1,300 unit level. The number of our Quick Repair Centres (HOM) remained as 100 units. The opening of claim notices by our contracted service stations via direct portal is continued, and actions are taken for further extension of the application.
- For motor own damage insurance branch, an artificial intelligence based software is added to our process for automatic scanning of the then-current market prices via hundreds of internet sites and automatic addition of the results to the system.
- In the last quarter of 2020, CFR (Closed File Review) Project is commenced with VIG Austria, and the initiative regarding the Automobile Damages processes is completed in 2021. In 2022, the works for house damages and bodily damages are completed, and the works will be continued on motor own damage and traffic insurance branches in the year 2023.
- The works for reporting of damages are continued without pausing, and reports are mostly ensured to be automatized via power users, and these works will be continued also in 2023.



With its experience of 64 years, Ray Sigorta maintained also in 2022 its innovative, customer-oriented and distribution channel-focused communication and marketing activities that will take its brand value one step forward every passing day. The press, digital platforms, and social media were actively utilized throughout the whole year for marketing works that would ensure that both the brand Ray Sigorta and its products reached the right target audience. We invested in brand recognition with advertising campaigns that aimed to reach both existing and potential customers, actively took part in campaigns and practices targeting sales teams within the scope of brand growth strategy, and strengthened the communication and ties with our business partners through visits to the relevant regions. Besides its aim to take its brand value one step forward, Ray Sigorta, one of the long-standing companies in the insurance sector, carried out activities to increase the number of insured in Türkiye and extend insurance awareness.

#### **Marketing Communication and Advertising Campaigns**

We conducted an advertising campaign that emphasized personalized insurance services in order to facilitate the transformation of the need for insurance into permanent awareness and consciousness following the impact of the pandemic. Knowing that life cycles and every person's position in a cycle are different and priorities and needs in life vary accordingly, Ray Sigorta targeted reaching more people with products and services specific to groups with certain differing needs instead of offering our customers products with the same coverage.

Introducing its products and services with the correct coverage and pricing by knowing its customers and observing their needs, Ray Sigorta carried out advertising campaigns with the slogan "Ray Sigorta: insurance that you just need" which also contained the hashtag #buRAYa making use of wordplay in Turkish. We ran a holistic communication campaign in three categories as auto, housing and workplace insurance. The "buRAYa" slogan where location cursors were used to symbolize the agencies and to which the brand name was integrated was effectively used in communication.

Throughout the year, contents prepared in order to boost brand recognition, contribute to sales, and promote products and services that would meet needs were most commonly communicated via digital platforms; they were also broadcast on radio in various periods in a widespread manner and actively utilized via outdoor communication channels and print media.

#### **Social Media Communication**

Our social media communication focused on strengthening the brand image and presenting the innovative and visionary structure of Ray Sigorta through the use of creative contents. In addition to the products and services that responded to customers' expectations which evolved with the pandemic, special contents developed for the purpose of our advertising campaign were effectively and actively communicated to our customers through digital platforms.

In our communication activities, by emphasizing the benefits of new products and services that touch the lives of customers, we give the message that provided coverages should be considered before the occurrence of risks. We aim to support sales activities by offering the right solutions to the right customer, at the right time, through the right channel, with special, targeted advertising.

On LinkedIn, a professional social network platform, we posted about company developments concerning our employees and potential employees, company achievements, and our works and social responsibility projects as part of press communications, in accordance with the nature of this platform.

Via our YouTube channel, a video content platform, we aimed to not only present our company and post our advertisements but also provide in-depth information about the insurance sector and hot topics of the industry and help insured/potential customers. On this platform, Ray Sigorta started posting contents that improve insurance awareness and recognition, explain the risks most accurately, and give first-hand information about sector developments.

### **Business Partners Communication**

Our company constantly improves its business processes in order to correctly and precisely describe the strategy and objectives of the company to business partners, maintain regular mutual information flow, and enhance the contribution to consistent and continuous achievements. Throughout the year, we continue via different channels the works that are carried out within the scope of company practices and achievements, promotion of new products and services, campaign announcements, special day communications, and press communications with our business partners under the communication category of “growing together”. We adopt the principle of strong communication that creates value with business partners in sustainable success.

### **Digital Channels**

Keeping track of the digital transformation process in the insurance sector, Ray Sigorta continued investing in both digital and mobile insurance in the 2022 activity period. We established the infrastructure to receive customers’ requests by ensuring traffic to the website, which was designed and launched in 2021, through digital and conventional advertising activities. Especially thanks to the agency-oriented infrastructure, our system enabled customers to communicate their requests to their related agencies. On the other hand, the website traffic also provided an opportunity to directly access and sell to new customers whose contact details were not previously registered in any Ray Sigorta sales channels.

We continued our efforts to launch the agency mobile application whose design was completed the previous year. We completed two-factor authentication, which ensures secure login, as well as survey and announcement transmission developments for the first phase to go live. Following the first phase, which will go live at the beginning of 2023, we will launch the second phase of the application project which includes functions such as receiving proposals with the vehicle license QR code, underwriting a policy, viewing the underwritten policies, examining the damage file details, displaying customer profile, performance tracking, and talking to the application using Siri on smartphones with Apple iOS operating system.

Aiming to accelerate agencies’ digitalization processes, enable them to easily create digital products, and ensure cost and time savings, we completed Ray API Portal developments. Thanks to Ray Sigorta API Portal, insurance agencies will be able to benefit from the existing Ray Sigorta applications. Being implemented in phases, Ray API Portal ([developer.raysigorta.com.tr](http://developer.raysigorta.com.tr)) will, at first, bring services for facilitating the daily lives of agencies such as insurance proposal

and policy underwriting for insurance products of Ray Sigorta, querying existing policies and files, accessing location information of business partners like contracted agencies, service stations, and health institutions to the users’ experience at the beginning of 2023.

In 2022, Ray Sigorta also initiated a new process called “Affinity” where the company considered and assessed business partnerships outside of the potential and conventional sales channels. Within this period, we established contacts with many firms for project collaborations in accordance with new customer needs and preferences. In line with this experience, we will officially initiate new collaborations in 2023.

### **Call Center**

We restructured our call center to be more customer-oriented in an attempt to have lean and fast processes. Together with all company employees, we designed the processes by adopting an innovative manner open to change and able to empathize with customers. Our alternative distribution channels (ADC) team within the call center contributed to our sales teams by achieving a premium production of 8,5 million TL in 2022. The ADC team also provided support to the sales staff in all policy underwriting-insurance proposal transactions in the personal products category in addition to renewals; within the scope of end-to-end policy management, we supported our staff and their referrals at all steps following policy production and underwriting.

### **Customer Satisfaction and User Experience**

The cornerstone of our customer experience strategy is to deliver solutions by focusing on specific touchpoints. From this point of view, we came up with a new practice to achieve excellent customer service. In the insurance sector, customer satisfaction is typically measured after a certain service has been received. We spearheaded a novel and different perspective against the traditional approach. In collaboration with our business partner Mondial Assistance, we focused on the replacement car practice which is the most needed service by the insured. We take quick actions in line with the process using the input we receive from our customers via a short questionnaire where they can rate their experience about every step from replacement car delivery personnel to vehicle equipment and even vehicle delivery duration along with other different topics; we thus provided replacement car service to more than 30 customers within a month, thereby boosting customer satisfaction.

Throughout 2022, we made regular NPS calls on a monthly basis to the insured who purchased service in the previous month and the insured who received service from different units via the call center. The results and comments were distributed among and evaluated together with both business units and suppliers.

### **Product and Business Development**

Product and Business Development Department carries out activities for effective product management and development of existing products by presenting products matching the needs and expectations of each relevant life cycle of customers, closely monitoring customers’ satisfaction, and by developing its product range in a way that contributes to profitability based on the received feedback and analyses.

The product Emergency Health Plus introduced in the first month of 2022 includes rich assistance services such as online dietician, online psychologist, mindfulness, couple therapy-stress-conflict management counseling, COVID-19 PCR and antibody test, counseling for newborn care, smoking and alcohol cessation counseling, eye check-up, and sports course in addition to Emergency Medical Treatment and Personal Accident coverages. Enriched with online services due to the consideration of changing consumer behaviors because of the COVID-19 pandemic, our product is also budget-friendly with a reasonable premium advantage.

Launched in 2021, our product called IMM TAMAM was improved in response to the observed need in 2022; it now provides towing service and rescue service with a crane in case of an accident.

Without overlooking the factors such as the rapid increase in the exchange rate and inflation in 2022 and the consideration of insurance as a luxury, we performed feasibility studies for products such as motor own damage, health, housing, personal accident, and SME with our understanding of needs-oriented insurance. In 2022, we examined our SME product and had a comprehensive preparation process. It is ready to meet our customers in 2023 with its varied coverages and assistance services, quick and smart screen processes, different alternatives for different budgets, and modular structure. Ray Sigorta also thought about the insured who did not want to purchase motor own damage insurance in 2022 due to economic reasons.

In 2023, we will also launch products with low premiums and rich assistance services that will have a complementary role in traffic insurance. In 2023, we will continue to develop our products with budget-friendly, needs-oriented modular coverages and add new products to our product range.

#### Awards

##### • A.C.E -Achievement in Customer Excellence- Awards

Acting as a bridge between the customer and the brand in terms of customer satisfaction, Şikayetvar.com, the first and largest complaint platform of Türkiye, measures the customer experience index score using many criteria such as customer satisfaction score, appreciation ratios, complaint response and resolution times every year across the country. As a result, awards are given in various categories. Ranking among the top three in non-life insurance category, Ray Sigorta once again won the A.C.E (Achievement in Customer Excellence) Award.

##### • Smart Insurance Awards

Ray Sigorta received the silver award in the Innovative Customer Experience and Interaction category of the Smart Insurance Awards which is organized to further develop the insurance industry and distinguish innovative projects.

##### • The ONE Awards Integrated Marketing Awards

“The ONE Awards Integrated Marketing Awards” which is organized with the cooperation of Marketing Türkiye and the market research company AKADEMETRE is based on the “Reputation and Brand Value Performance Measurement” study conducted face to face with 1200 people in 12 Turkish provinces. Ray Sigorta was one of the top 3 brands in the “Insurance” category, one of almost 70 categories of the “Reputation and Brand Value Performance Measurement”.

##### • W3 Awards – Silver Winner

At the 17th international w3 Awards held this year, 3000 projects submitted from all over the world were reviewed by The Academy of Interactive & Visual Arts, which includes the best digital content professionals in the internet world. Ray Sigorta’s renewed website won the Silver Award upon evaluations based on different criteria from visual design to navigation, from content and text usage to mobile device compatibility to which the participants in the website category were subjected.



## ACTIVITIES OF SALES DIRECTORATE

We, as the sales team, have formulated and defined our top priority goal as facilitation of lives of our policyholders, and making them feel safe against potential covered risks. We are carrying out intensive joint works with our business partners in order to achieve this goal. In order to issue and launch new products and covers, we are regularly following up the needs of policyholders, and continuing to make effective use of technology for innovative solutions.

We believe that satisfaction of our policyholders is first based upon satisfaction of our business partners. That is why in order to provide our business partners with perfect services, we, as sales team, are trying to develop ourselves continuously, and regularly following up our sales processes for the sake of operational efficiency.

During 2022, a lot of initiatives are completed and many important decisions and actions are taken with the intention of increasing the efficiency of sales sources and sales teams, and at the same time, achieving our Company’s strategic goals. In all of these processes, our Company has effectively used the business intelligence detailed analysis reports.

We, as sales team, feel appreciation in reaching the targeted budget production figures with a growth rate in excess of the insurance industry’s average in 2022.

#### OUR SALES ORGANIZATION

Ray Sigorta Sales Organization is manned by a total of 53 salespersons, comprised of 8 regions, 3 provincial representation offices, and Corporate Sales and Sales Coordination Directorate seated in the Head Offices, in tandem with overall objectives of our Company. For the sake of production of sustainable, profitable and collectible policies, all our employees are in continuous communication with both our production sources and our customers. All data are instantly tracked, and all process analyses are carefully reviewed, and all required actions are taken.

- 1- İstanbul Anatolian Side Regional Directorate
- 2- İstanbul European Side Regional Directorate
- 3- Ankara (Central Anatolia) Regional Directorate
- 4- İzmir (Aegean) Regional Directorate
  - Denizli Provincial Representation Office
- 5- Bursa (Marmara) Regional Directorate
- 6- Adana (South Eastern Anatolia) Regional Directorate
- 7- Antalya (Mediterranean) Regional Directorate
- 8- Malatya (East Anatolia) Regional Directorate
  - Trabzon Provincial Representation Office
  - Kayseri Provincial Representation Office
- 9- Corporate Sales Department
- 10- Sales Coordination Department

#### OUR DISTRIBUTION CHANNELS

Through our distribution channels actively operating in a total of 75 provinces, we are continuing to offer our top quality services to our policyholders. Thanks to the sources preferring our Company every year, we are expanding and extending our service network. Accordingly, we started to work with around 637 new sources during the recent three years.

Distribution Channels:

- Agencies 1.725
- Broker 90
- Bank 1
- Leasing Company 1

Included among our basic strategies is to increase the numbers of our agencies and distribution channels in line with our growth goals.

## ACTIVITIES REGARDING THE DISTRIBUTION CHANNELS

### • Regional Agency Visits and Agency Meetings

In 2022, our senior management, supported by our Regional Directorates, has actively engaged in intensive meetings and negotiations with our production sources in the field..



Particularly in 2022, our senior management has paid many visits to our regions and agencies (more than 100 agencies in 9 provinces). In such meetings, new developments in our Company are shared, and regional issues and demands are brought to the table, and their demands are received, and actions required for more effective operation of our agencies are taken.

### Co-Crowing Club

Performance criteria and scoring system determined according to our corporate strategies, and segmentation system offering special privileges to our agencies under the name of “Co-growing Club” are continued and further developed. With this structure built on togetherness and success themes, the performance and career developments of our agencies are supported, and their revenues are aimed to be increased through some incentives offered to them. Our agencies are allowed to make use of service quality differentiation and some additional privileges depending on their segment, because **“We are walking together and growing together”** with our agencies.

## NEW PRODUCTS AND APPLICATIONS

In 2022, our works and initiatives focused on new products and services are continued uninterruptedly for the sake of increasing the sales power of our distribution channels.

### The First Automation Project of the Insurance Industry in Cargo Policies:

#### RAY FAST CARGO

We are putting our signature on a first in the insurance industry via our Innovative Freight (Cargo) Insurance solutions! After our quick offer screens, we are continuing to support you in all of your operational processes with our RAY FAST CARGO project. Upon identification in the system of our customers holding a Cargo subscription (floating) policy, our customers will be able to issue their own policies and to reach their policies on 7/24 basis wherever they are.



By adapting the technology to our business manners and digitalizing our business processes, we are saving time and giving support to customer satisfaction in your operational processes.

## OUR CAMPAIGNS

In 2022, through campaigns and applications realized parallel to our Company’s growth strategies, our business partners’ additional revenues, satisfaction and sales motivation have been raised to fairly high levels.

• **Ray Miles Campaign:** It is planned for the last 4 months of 2022, and Kenya – Tanzania – Zanzibar Travel is designed as a prize in the year 2023 for agencies who reach their goals and contribute to production growth in certain products between the specified dates.

• **Freight Flexible Commission Campaign:** Targets are determined for insurance products in Freight branch. Our business partners have the chance to maximize their freight insurance commissions by reaching their goals and contributing to production growth as envisaged throughout the year.

• **Voluntary Financial Liability Insurance – Kars Travel Campaign:** Targets are determined over 308 voluntary financial liability (IMM) Tamam products. This travel of our senior management with our agencies who won our campaign organized for the initial 2 months of 2022 has already been completed with pleasure

• **Special Discount for Complementary Health Insurance Campaign:** We have provided our policyholders with a totally 20% premium advantage through 10% discount campaign in addition to our 10% new business discount identified specifically for those who buy an insurance cover for the first time.

• **DASK Quarter Campaigns:** With DASK Insurance, a non-voluntary insurance in our country situated on seismic belt, we are not only providing the houses with an insurance cover, but also providing our business partners with an additional commission income through this special commission campaign organised for them.

## SUPPORTS PROVIDED TO SALES CHANNELS

### Training Activities for Distribution Channels

We introduced to our agencies the last versions of our screens developed in line with the needs of our agencies, and especially the last versions of our new collection screens. This activity is held in 11 separate sessions with participation of 1051 agency employees and all our sales team members between August 15 and October 22, 2022.

We, as Ray Sigorta, are continuing to share with our business partners our technical know-how with a focus on sustainable efficiency and development. We are intending to further increase our added value training activities in the coming periods.

## SALES MANAGEMENT ACTIVITIES

### Activity Follow-up System (ATS)

As a result of analyses made via Activity Management System put into use for the sake of efficient and effective management of sales activities and creation of corporate memory, in 2022, we have had more than 20,000 contacts with our existing agencies, and 8,500 of these contacts have been realized in the form of visit to agency offices. In addition, out of 1,654 contacts with candidate agencies, 1,075 contacts have been held through office visits.

Furthermore, in 2022, our Company’s agencies have been started to be analyzed under 8 different working groups according to their production composition and profiles. For effective and efficient use of sources, the numbers of routine contacts / visits have been predetermined for each working group. For instance, minimum 2 contacts per month are suggested for an agency which basically has a non-auto insurance profile. Monthly and weekly visits and contacts are planned within the frame of this set of rules.

9 success criteria (KPIs) are determined for each agency. Each agency is scored monthly and quarterly depending on its KPI weights, and the scores are tracked. For agencies which remain below the average as a result of this scoring system, the development areas are determined, and action plans are prepared for resolution of these problematic areas, and developments are regularly tracked and reported.

### Sales Performance Incentive System

A dynamic and traceable incentive system wherein individual performance of each salesperson can be measured, and which is usable as input data in the human resources applications and can be quickly converted into actions is being continued to be applied.

The aim is to build a dynamic structure wherein the performance criteria (KPI-Key Performans Indicators) overlap the Company's overall goals and objectives, and which provides a positive contribution to production increase, and wherein individual performance of each salesperson can be measured over sales results, and which is usable as input data in such human resources applications as scoring system, promotion, bonus, etc. for use for the sales team throughout the year, and can be quickly converted into actions. This system aims to raise the efficiency by creating a competition atmosphere among sales teams. Success grades calculated over 8 different KPIs are tracked systematically on monthly and quarterly bases, and premiums are granted according to results of each quarterly period. Furthermore, development of each salesperson is followed up closely through regular feedbacks on KPI basis.

### Regional Directorates Performance Assessment Meetings

At the end of each quarterly period, performance assessment meetings are held with our Regional Directorates. In these meetings, in accordance with our Company's strategic goals, mutual analyses are performed under certain predetermined headings (**Sector development, Budget/Production, Renewal rates, campaign achievements, production protocol performance, new agency efficiency, profitability, insurance offer performance, agency production extensity, etc.**). As a result of these meetings, the development rates of regions are tracked, and actions are taken on the basis of regions.

### Sales Coordination Activities

Sales coordination activities are regularly carried out with a view to effective and efficient use of sales power. It is aimed to assure successful organization of operations between head offices units and regions, and to create a more effective and efficient system of operations.

To this end, the reports and analyses prepared by the head offices units are shared with regions and sales teams, thereby creating a focus with a view to achieving better results, and the progress is regularly tracked.

### General Sales Meetings

Every month, Online Sales Agenda meetings are held with participation of all sales team members in certain days of each month. Information is given about the recent developments, and feedbacks are received from regions. Then, action plans are determined accordingly.



### Insurance Days

In order to raise motivation of our sales team and encourage production, "**Traditional Insurance Days**" activities are organised with each regional directorate over daily targets determined separately at certain predetermined dates during the year, and great achievements are attained through.

- 18.08.2022 - 0.35 million TL production in Emergency Health Insurance Day
  - 13.10.2022 - 1.5 million TL production in Personal Accident Insurance Day
  - 08.11.202 - 5.3 million TL production in House Insurance Day
- Certificates of Achievement are sent to our most successful salespersons and distribution channels in these insurance days.

## AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING OF YEAR 2022 OF RAY SIGORTA A.Ş.

1. Opening of the General Assembly Meeting and election of the Chairman of the Meeting,
2. Reading and discussing Independent Audit Report which were prepared for the year 2022,
3. Reading, discussing and approval of the Annual Report of the Board of Directors and the Financial Statements of the year 2022,
4. Release of each of the members of the Board of Directors from their liabilities with respect to the activities and accounts of 2022,
5. Discussing and resolving on the proposal of the Board of Directors pertaining to dividend distribution for the year 2022,
6. Appointment of the independent auditor for year 2023,
7. Disclosing the general assembly about donations in 2022,
8. Appointing an upper limit for donations and aids for 2023,
9. As per Corporate Governance Principles, submitting information to the General Assembly regarding significant transactions of (i) Controlling Shareholders, (ii) Board Members, (iii) Senior Executives, (iv) their spouses and their relatives by blood and marriage up to the second degree executed with the Company and with the subsidiaries of the Company in 2022 in a manner that may cause conflict of interest; submitting information to the General Assembly regarding transactions falling under the scope of activity of the Company or of the subsidiaries of the Company executed by the abovementioned persons for their own accounts and for the account of third parties in 2022, and submitting information to the General Assembly on whether or not abovementioned persons participate in other companies dealing with similar business as unlimited liability shareholders,
10. Submission of the "Remuneration Policy" to the information of the General Assembly,
11. Determination of the remuneration to be paid to members of the Board of Directors in the year 2023,
12. Wishes and Closing.





## RAY SİGORTA A.Ş. DIVIDEND DISTRIBUTION POLICY

Principles regarding Dividend Distribution Policy of Ray Sigorta A.Ş. (the “Company”) are stated as follows:

1. Dividend distribution practices are subject to the relevant provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation and Articles of Association of the Company.
2. The dividend shall not be distributed so long as the portion of the accumulated losses, if any, exceeding the total amount of (i) legal reserves including share premiums, (ii) retained earnings, and (iii) equity inflation adjustments excluding inflation adjustment to share capital, are not deducted from the net profit amount.
3. As a principle, the Company distributes dividends. However, dividend distribution proposal to be submitted to the General Assembly shall be determined by taking into account financial conditions, liquidity, investment strategies, funding needs and net distributable profit amount of the Company and macro economic conditions and regulations affecting the dividend distribution. In the event that it is not proposed to conduct a dividend distribution, the reason behind shall be submitted to the information of shareholders at the General Assembly Meeting. In the event that a distribution is proposed to the General Assembly, the amount to be distributed shall not be less than 20% of the net distributable profit amount.
4. Dividends may be distributed as cash or as bonus shares or as a combination of cash and bonus shares. In the event that the dividend is decided to be distributed as cash, it may be paid in instalments in accordance with the provisions of the Capital Markets Legislation.
5. Dividend distribution dates shall be determined by the General Assembly in a manner to commence no later than the end of June of any given year in which the Company decides to distribute dividends.
6. Since there is no provision regarding the distribution of advance dividends in the Articles of Association, there won't be any advance dividend distribution.

This Dividend Distribution Policy enters into force upon approval of the General Assembly. Any amendments related to the Policy are subject to the approval of the General Assembly.

( \* ) Profit Distribution Policy has been approved at the Ordinary General Assembly Meeting held on 31.03.2014.



## INTERNAL SYSTEMS

The “Regulation on Internal Systems in Insurance and Private Pension Sectors”, no. 31670, dated 25 November 2021, published by the Republic of Turkey, Ministry of Treasury and Finance, Insurance and Private Pension Regulation and Supervision Agency, and the Circular on Implementation of Some Articles of the Regulation on Internal Systems in Insurance and Private Pension Sectors, no. 16-2022, dated 30 May 2022, issued as an attachment to the new Regulation have already entered into force.

This Regulation sets down and regulates the procedures and principles regarding “internal audit, internal control, risk management and actuary” systems, and their modus operandi, as will be established within the organization of insurance, reinsurance and pension companies, and specific corporations operating in insurance and private pension sectors, and insurance and reinsurance brokers having a separate legal personality. According to this Regulation, said companies are under obligation to build, run, operate and develop adequate and efficient internal systems fit to the scope, coverage and structure of their business operations, adaptable to the changing circumstances, in such manner to cover their regional directorates, branches, organization units, representation offices and consolidated group companies, if any, within the frame of procedures and principles specified in the pertinent regulations and directives, with a view to ensuring that all of their risk exposures are monitored, traced and controlled.

Within the frame of this Regulation, internal control activities aimed at effective, adequate and appropriate operation and development of internal control system are restructured by Internal Control Department, while risk management system activities ensuring the definition, identification, measurement, monitoring and control of risk exposures through policies, implementing procedures and limits determined in order to monitor, keep under control, and if needed, change or adjust the risk and return structure contained in the Company's future cash flows, and the kind, description and level of activities associated thereto are restructured by Risk Management Department. In addition, the actuary department is also restructuring its activities so as to provide assurance for follow-up and management to the Company's senior management and to Insurance and Private Pension Regulation and Supervision Agency, by preparing and publishing informative reports and analyses focused on the Company's general pricing policy, actuarial adequacy of reinsurance agreements, the Company's financial situation, reliability and adequacy of technical reserves and provisions, assets and liabilities risk management relating to insurance activities, and investment risks for investments based upon insurance policies.

Pursuant to the “Regulation on Internal Systems in Insurance and Private Pension Sectors”, the activities relating to Internal Systems are conducted by the units reporting to the audit committee. Audit Committee is liable to ensure that all duties and responsibilities of the Board of Directors relating to internal systems are performed in a healthy manner. At the same time, as per the “Communiqué on Determination and Implementation of Corporate Governance Principles”, the Early Detection of Risk Committee established under the Board of Directors is entrusted with the task of determining and identifying as early as possible the risks that may endanger the existence, development and continuity of the Company, and taking the required actions and measures in relation therewith. Internal Audit Department, Internal Control Department and Risk Management Department regularly issue and present reports and information thereon to the related committees.

### **Internal Audit Department's Activities**

Purpose, scope, standards, structure, duties, powers, responsibilities, activities and working principles of Internal Audit Department are regulated in the Internal Audit Regulation. Accordingly, the Internal Audit Department aims to give assurance as to performance of activities of our Company in compliance with both the applicable laws and regulations and the in-house strategies, policies, principles and goals, and to assess and further develop the efficiency of management, control and risk management processes.

In the Internal Audit Department, the internal works and activities are handled by an approach expected to make a contribution to increase of the Company's competitive power, beyond the requirement to comply with applicable laws. In accordance with this purpose, a systematic, continuous and disciplined approach has been adopted in accordance with the generally accepted international internal audit standards, aside from the existing applicable laws and regulations.

Established in 2004, Ray Sigorta Internal Audit Department is carrying out its activities within the frame of the pertinent laws. The Internal Audit Department holds internationally valid CIA and CRMA certificates and SMMM (CPA) certificates which are known as vocational professionalism indicators. The existing professional knowledge and skills are ensured to be kept and further developed through combination of business experiences gained specifically in insurance sector with the training and know-how provided by the aforesaid certification and directly applicable in all types of institutions or business circles. The Internal Audit Department is attending the training activities as a member of the Institute of Internal Auditing - Turkey (TİDE), and is also participating in "VIG Auditor" program equipped by the power to conduct audits in VIG Holding firms.

Pursuant to the Solvency requirements and the Internal Audit Principles published by VIG Holding, the Internal Audit Department is engaged in cooperation and coordination with VIG Holding in its internal audit activities such as risk assessment, planning, finding follow-up, documentation, organization of joint audits, etc. Accordingly, Ray Sigorta A.Ş. Internal Audit Department aims to give assurance to the Board of Directors as to efficiency of internal control and risk management system and makes recommendations for early diagnosis of risks. By doing so, it is intended to assure development through supervision and efficiency of internal control and risk management system in the course of implementation of corporate governance principles.

Internal Audit activities in Ray Sigorta A.Ş. are carried out as per yearly and three-years Internal Audit Plans prepared in coordination with VIG Holding Internal Audit Directorate and approved by the Board of Directors of our Company. The Internal Audit Department is linked directly to our Board of Directors and reports to the Audit Committee of our Board of Directors. Audit reports issued as a result of works conducted in line with the risk-based audit plan are presented to the Board of Directors and top management, and may be sent also to the Treasury Undersecretariat. The Internal Audit Department plays a role also in audits conducted by VIG Holding auditors in our Company and in follow-up of the resulting findings thereof.

Actions required to be taken by our Company in respect of audit opinions and suggestions presented in the Internal Audit reports are regularly followed up by the Internal Audit Department. Thus, the Internal Audit Department is trying to apply a systematic approach aiming to assess and further develop the efficiency of our Company's Internal Control and Risk Management system. The Internal Audit activity results and findings are assessed by our Company's Board of Directors and by VIG Holding through yearly internal audit activity report and findings follow-up list.

**Kubilay Bolayır, CIA, SMMM, CRMA**  
Internal Audit Manager

### **Internal Control Department's Activities**

Internal Control system is a dynamic process where all of the employees take and play a role and which cover all business processes and aim to ensure:

- That the Company carries out its activities in accordance with the laws and other regulations and the pertinent corporate policies; and
- That the activities are conducted in a cost effective manner, and the corporate assets are protected; and
- That fraud and corruption are prevented in all kinds of financial decisions and transactions; and
- That the financial reporting system and the systems employed for provision of main services are ensured to produce timely and accurate information; and
- That it is determined to which extent the corporate activities are performed in a controlled manner.

Internal control activities aim to ensure that the Company's assets are protected, and that reasonable assurance is provided as to the Company's control environment, and that its activities are carried out effectively and productively in compliance with the applicable laws, the Company's internal policies and the insurance customs and usage, and that reliability and integrity of both accounting and financial reporting system and all other systems employed for provision of main services are protected, and that all information are accessible in a timely manner.

Minimum controls employed in the course of internal control activities are as listed below:

- a. Control of transactions aimed at performance of activities, and
- b. Control of communication channels, all systems employed for provision of main services, information systems and financial reporting system, and
- c. Compliance controls, and
- d. Control of purchase of services which are an extension or integral part of main services.

Internal Control activities are coordinated by Internal Control Department.

A Business Processes and Quality Management team is established as a subunit of Internal Control Department in order to ensure that the activities focused on compliance of business processes and applications with laws are carried out effectively and efficiently. Performance of controls/revisions on the Company's internal regulations, policies and procedures and creation of work flow diagrams showing the business steps, controls and risks are under responsibility of the Business Processes and Quality Management Department, and designing of the processes in compliance with the Company's Internal Control System is also included in the activities of this Department. Processes identified as a result of information systems controls, risk assessment results and compliance controls within the Internal Control System are reviewed, revised, improved, and shared with other departments, and control mechanisms are established for correct application of them. Accordingly, through review of the processes, actions which add value to the business processes and make contribution to production of solutions of better quality paving the way for a strong control structure are also taken and applied.

### **Risk Management Department's Activities**

Risk management activities aim to ensure that risk management system is integrated into the Company's existing functions and processes and is applied integrally as a whole all over the Company, and to protect the Company's capital structure by installing a risk culture all over the Company, and to reach an effective and efficient capital management, and to further strengthen the planning and decision making processes and increase the added value of activities through correct management of risk identified in the process towards achievement of objectives of the Company.

Activities carried out as a part of risk management may be listed as follows:

- To design and implement the risk management system comprised of risk measurement, risk monitoring, risk control and reporting activities; and
- To determine and formulate risk management policies and implementing procedures on the basis of risk management strategies; and

- To ensure that risk management policies and implementing procedures are applied, and are complied with; and
- To ensure the compliance of new products and transactions and planned business activities with the applicable laws, the corporate policies and the insurance customs and usage, and to make sure that all risks, including fraud risk and loss of reputation of the Company and its employees, are fully understood and adequately assessed; and
- To participate in processes of design, selection, implementation and prior approval of risk measurement models, and regularly review and if needed, revise and modify these models; and
- To produce periodical reports out of risk measurement models employed by the Company, and to analyze these reports; and
- To ensure that the digitizable risks remain within the predetermined limits, and to monitor the use of these limits; and
- To build and operate a stress test program and to make scenario analyses with the intention of measuring potential risks and vulnerabilities that may arise out of specific conditions and circumstances of the Company or may be faced in financial markets, and of making a prospective assessment of risk profile; and
- To prepare and issue emergency plans by taking the stress test and scenario analysis results into consideration, or to furnish the analysis results to the related departments and units for preparation of emergency plans; and
- To build and operate early warning systems ensuring that risks are monitored and the required measures are taken in a timely manner; and
- To consolidate the limits determined for each risk on the basis of departments, and monitor the compliance of the Company as a whole with the determined limits; and
- To follow up the risks arising out of incentive structures and awarding regulations.

Risk Management activities are coordinated by Risk Management Department.

In the planning of activities towards Risk Management Systems, priority is given to the analyses needed for supporting the yearly goals and targets of the Company. Though our Company's risk management methodology is based on the process-based risk management modelling, the whole operational risk management process is handled and managed within our Company's Risk Control Matrix in accordance with its integrated risk control system structure. Accordingly, with participation of the related process owners, the operational risk scenarios relating to all of the processes included therein are assessed, and are then rated according to the Company's risk assessment methodology. Risk assessment process is comprised of the stages of testing of the existing key controls relating to operational risk, and evaluation of the control deficiencies and identification of new controls, and rating of the risks, and preparation of action plans for risks of high degree. According to results of risk assessment, the processes covered by assessment are determined and identified, and the related work flows are revised. Documents, findings and suggestions relating to each process are then shared with the related process owners and the Company Management.

### **Risk Types**

Risks assessed in measurements and modelling works within the frame of risk inventory employed in our Company's risk management process are as listed below.

Risk types constituting the risk management function are identified as minimum, and are as follows:

- Underwriting risk,
- Management of assets and liabilities outside the insurance activities,
- Investment risk, except for the investments made under insurance policies,
- Liquidity risk,
- Concentration risk,
- Operational and administrative risks,
- Software and information security risk,
- Counterparty and third party risk,

- Reassurance and other risk mitigation techniques,
- Compliance risk,
- Strategic risk, and
- Reputation risk.

Important actions are taken in respect of activities of risk management function. Included among them are participation in processes of design, selection, implementation and prior approval of risk measurement models, and regular review and if needed, revision and modification of these models; and establishment and operation of a stress test program, and performance of scenario analyses, and preparation and issuance of emergency plans by taking the stress test and scenario analysis results into consideration, or presentation of the analysis results to the related departments and units for preparation of emergency plans; and building and operation of early warning systems ensuring that risks are monitored and the required measures are taken in a timely manner.

### **Actuarial Unit's Activities**

The purpose of Actuarial Function is to provide assurance for follow-up and management to the Company's senior management and to Insurance and Private Pension Regulation and Supervision Agency, by preparing and publishing informative reports and analyses focused on the Company's general pricing policy, actuarial adequacy of reassurance agreements, the Company's financial situation, reliability and adequacy of technical reserves and provisions, assets and liabilities risk management relating to insurance activities, and investment risks for investments based upon insurance policies.

An actuarial unit reporting to the audit committee in administrative and functional terms has been established on 07.09.2022 in order to perform the actuarial functions defined in the "Regulation on Internal Systems in Insurance and Private Pension Sectors", promulgated in the Official Gazette edition 31670, on 25 November 2021. Basic duties of this actuarial function are to follow up and monitor the Company's applications and if needed, to provide regular reports to senior management and related departments for the required corrective actions and steps. In addition, an information systems infrastructure is established and information processing support is provided for the sake of effective performance of activities of the actuary department.

Ray Sigorta Actuarial Unit manager has been appointed by a management decision of 07.09.2022, as a trainee actuary meeting the past experience condition sought for use of actuary title pursuant to the Regulation on Actuaries promulgated in the Official Gazette edition 26614 on 15/8/2007. After completing the year 2022 only with a manager, the Actuarial Unit will continue to perform its duties and responsibilities with the support of 1 actuarial expert to be employed in 2023.

It is required to appoint a Responsible Actuary entrusted with the tasks of approving the actuarial reports, financial statements and tariff technical principles the scope and the method of delivery of which are determined by Insurance and Private Pension Regulation and Supervision Agency, and submitting other required reports relating to actuarial function to Insurance and Private Pension Regulation and Supervision Agency. Responsible actuary is a part of actuary department reporting to the audit committee, and is responsible jointly with the department for fulfilment of duties of actuary department and for performance of actuary function.

Responsible actuary is appointed through outsourcing by a decision of the Board of Directors dated 31.10.2022. The appointed Responsible Actuary is made public through Insurance Information and Monitoring Center on 01.11.2022 with effect from 31.10.2022.

Ray Sigorta organization also includes an actuarial department reporting to a manager being in charge of an executive unit, apart from the actuarial function reporting to the audit committee. This executive unit is carrying out its activities under management of a trainee actuary in accordance with the Regulation on Internal Systems in Insurance and Private Pension Sectors.

## MASAK COMPLIANCE

### Compliance With the Laws on Anti-money Laundering and Prevention of Financing of Terrorism

The required limits are updated in the damages and production processes and the systems used therein for by taking into consideration the transaction amount revised in the regulations pertaining to the identification obligation.

In 2022, in line with the regulations, a new compliance officer assistant is appointed so as to give support to the processes managed by the compliance officer. All activities and works needed for compliance of our internal processes and systems with applicable laws are carried out.

The Republic of Turkey, Ministry of Treasury and Finance, Financial Crimes Investigation Agency has determined some principles for the implementation of provisions of the “Law on Prevention of Laundering of Proceeds of Crime”, no. 5549 dated 11/10/2006, and of the “Regulation on Measures for Prevention of Laundering of Proceeds of Crime and of Financing of Terrorism” published as per the said Law, and the communiqués published in connection therewith.

Our corporate policy created in tandem with the established principles guides our Company’s activities and applications. Pursuant to the “Know-Your-Customer” principle, identity determination and identity confirmation obligations are all fulfilled for the insured, policyholders, and stakeholders or beneficiaries. Necessary limit updates have been introduced for damage and production processes and for the systems in use by taking into consideration the updated transaction amount in the legislation within the scope of the fulfillment of identity determination obligation.

In case of detection of any information or any doubt or doubtful finding indicating that the assets or moneys being the subject of transactions performed or attempted to be performed in our Company or through our business partners may have been obtained in illegal ways or are used for illegal purposes, said transactions are considered and treated as “suspicious transactions”, and are then reported in accordance with the established written processes via the system built therein for by the Republic of Turkey, Ministry of Treasury and Finance, Financial Crimes Investigation Agency.

Within the frame of our Corporate Policy, the results of our Company’s risk analysis have been made assessable through reporting. As per the “Program on Compliance with Obligations and Liabilities as to Prevention of Laundering of Proceeds of Crime and of Financing of Terrorism”, e-learning contents are shared with our personnel and agencies, and all our personnel and agencies are ensured to participate in the training and measurement process in relation therewith.

In 2022, the new deputy compliance officer was assigned in line with the existing legislation in order to provide support to processes carried out by the compliance officer. Required works were conducted to ensure the compliance of our internal processes and systems with the relevant legislation.

## OUTSOURCING OF SERVICES

| Supplier Title   | Outsourcing Area               |
|--|--------------------------------|
| D-SMART A.Ş.   | Network-communication          |
| SUPERONLINE İLETİŞİM HİZ. A.Ş.   | Network-communication          |
| TURKCELL İLETİŞİM HİZ. A.Ş   | Network-communication          |
| TÜRK TELEKOM A.Ş   | Network-communication          |
| AYDOĞAN DIŞ TİC. A.Ş ,   | Car Rental Service             |
| TEB ARVAL ARAÇ FİLO KİRALAMA A.Ş ,   | Car Rental Service             |
| GARANTİ FİLO YÖNETİM HİZ. A.Ş  | Car Rental Service             |
| BAYLAN MOBİL OTOMASYON ( ARVENTO ) A.Ş.  | Vehicle Monitoring Systems     |
| IRON MOUNTAIN ARŞİV HİZ. A.Ş   | Archive Service                |
| BUGA OTİS ASANSÖR SAN. VE TİC. A.Ş   | Maintenance And Repair Service |
| D KARE GÖZETİM TEST VE BELGELENDİRME TİC.LTD.ŞTİ.  | Maintenance And Repair Service |
| DANSUK MÜHENDİSLİK A.Ş.  | Maintenance And Repair Service |
| DOĞUŞ OTO A.Ş  | Maintenance And Repair Service |
| HUN OTOMOTİV DAYANIKLI TÜKETİM MAL.İNŞ.EMLAK.MÜH. MİMARLIK VE TASARIM SAN VE TİC LTD. ŞTİ. | Maintenance And Repair Service |
| İKLİM DETAY İSİTMA VE KLİMA MÜH.TİC.ĞLTD.ŞTİ   | Maintenance And Repair Service |
| ÖZKAN OTO LASTİK LTD.ŞTİ   | Maintenance And Repair Service |
| TEKSAN JENERATÖR ELEK. SAN. VE TİC. A.Ş  | Maintenance And Repair Service |
| COMODO A.Ş.  | Information Security Service   |
| CYBERWISE A.Ş.   | Information Security Service   |
| LOSTAR A.Ş.  | Information Security Service   |
| VODAFONE A.Ş.  | Information Security Service   |
| ERGOSİS GÜVENLİK SİSTEMLERİ BİL.SAN. VE TİC.A.Ş  | Building Management Services   |
| KILINÇ GRUP LTD. ŞTİ.  | Building Management Services   |
| KLUH ÖZEL GÜVENLİK HİZ. TİC. A.Ş   | Building Management Services   |
| KLUH PROFESYONEL HİZ.TİC. A.Ş  | Building Management Services   |
| NESPRESSO TURKEY GIDA TİCARET A.Ş.   | Building Management Services   |
| ADEN GAYRİMENKUL DEĞERLEME VE DANIŞMANLIK A.Ş.   | Consultancy Service            |
| ALERTA KURUMSAL SAĞLIK YÖN.DAN.HİZ.A.Ş.  | Consultancy Service            |
| AS ÖLÇME DEĞERLENDİRME HİZMETLERİ A.Ş  | Consultancy Service            |
| BİR MÜHENDİSLİK TİCARET LTD.ŞTİ  | Consultancy Service            |
| BİR ORTAK SAĞLIK GÜVENLİK BİRİMİ SAN. TİC. LTD. ŞTİ.                                       | Consultancy Service            |
| DATAMİND A.Ş.  | Consultancy Service            |
| DIGITAILOR DİJİTAL HİZMETLER LIMITED SİRKETİ   | Consultancy Service            |
| DİGİTALİOR DİJİTAL HİZMETLER LİMİTED ŞİRKETİ   | Consultancy Service            |
| DOĞUŞ BİLGİ İŞLEM HİZ. A.Ş.  | Consultancy Service            |
| ECK SAĞLIK VE ASİSTANS HİZ.SAN.TİC.A.Ş.  | Consultancy Service            |
| E-İMZA TR BİLGİ GÜVENLİĞİ HİZMETLERİ A.Ş.  | Consultancy Service            |
| ESNEK YAN HAKLAR DAN HİZ LTD.ŞTİ   | Consultancy Service            |

## OUTSOURCING OF SERVICES

|  |                      |
|--|----------------------|
| FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.  | Consultancy Service  |
| GFK ARAŞTIRMA HİZMETLERİ A.Ş.  | Consultancy Service  |
| GRAND YMM A.Ş.   | Consultancy Service  |
| İLETİ YÖNETİM SİSTEMİ A.Ş.   | Consultancy Service  |
| İNOVATECH - AR-GE VE PROJE DANIŞMANLIK HİZMETLERİ LTD. ŞTİ.                                | Consultancy Service  |
| KOÇ SİSTEM A.Ş.  | Consultancy Service  |
| KP VERİ DANIŞMANLIĞI A.Ş.  | Consultancy Service  |
| KUZEY BAĞIMSIZ DENETİM YMM A.Ş.  | Consultancy Service  |
| LENORA BİLİŞİM LTD.ŞTİ.  | Consultancy Service  |
| MAKRO GAYRİMENKUL DEĞERLEME A.Ş.   | Consultancy Service  |
| MILLİMAN AKTUERYAL VE STRATEJİK DANIŞMANLIK LİMİTED ŞİRKETİ                                | Consultancy Service  |
| OPINMED - YÖNETİM DANIŞMANLIĞI TİC.LTD.ŞTİ.  | Consultancy Service  |
| PC İLETİŞİM VE MEDYA HİZMETLERİ SAN. TİC. A.Ş.   | Consultancy Service  |
| PINT DİJİTAL REKLAMCILIK LTD.ŞTİ   | Consultancy Service  |
| PİNAPS REKLAM ORGANİZASYON VE KONGRE HİZMETLERİ TİC. LTD. ŞTİ.                             | Consultancy Service  |
| PREFUS DANIŞMANLIK A.Ş.  | Consultancy Service  |
| PROVENTUS DANİŞMANLIK LTD.ŞTİ.   | Consultancy Service  |
| PWC YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.   | Consultancy Service  |
| REMED ULUSLAR ARASI. DESTEK VE DAN.HİZ.A.Ş.  | Consultancy Service  |
| SABANCI DİJİTAL TEKNOLOJİ HİZMETLERİ A.Ş.  | Consultancy Service  |
| SEREBRAL ASİSTANS TIBBİ DAN.TİC.LTD.ŞTİ.   | Consultancy Service  |
| Sİ-DA SİGORTA DANIŞMANLIK A.Ş.   | Consultancy Service  |
| SÜMER OFİS PATENT VE MARKA DANIŞMANLIĞI LTD.ŞTİ  | Consultancy Service  |
| TEM YÖNETİM GELİŞTİRME HİZM.A.Ş.   | Consultancy Service  |
| BAHATTİN KILIÇASLAN - KILIÇASLAN MÜHENDİSLİK LTD. ŞTİ                                      | Danışmanlık Hizmeti  |
| DELTA V ARAŞTIRMA A.Ş. - HASAN ELBİR   | Consultancy Service  |
| MOMENTUM SİG.EKS.HİZ.LTD.ŞTİ.  | Consultancy Service  |
| WESOLVE ULUSLARARASI MÜHENDİSLİK MÜŞAVİRLİK EĞİTİM İNŞAAT İTH. İHR. SAN. VE TİC. LTD. ŞTİ. | Consultancy Service  |
| GÜNEY BAĞIMSIZ DENETİM YMM A.Ş.  | Audit Service        |
| ARTI VE ARTI TEKNOLOJİ HİZMETLERİ SANAYİ VE TİCARET A.Ş. MERKEZ                            | Equipment Service    |
| TURKUAZ BİLGİSAYAR DANIŞMANLIK VE YAZILIM SAN. VE TİC. LTD. ŞTİ.                           | Equipment Service    |
| TÜRK SİGORTA ENSTİTÜSÜ VAKFI İKTİSADİ İŞLETMESİ  | Training Service     |
| HEDEF MEDYA TANITIM İNTERAKTİF MEDYA PAZARLAMA A.Ş.  | E-marketing          |
| BHM OTELCİLİK A.Ş.   | Event / Organization |
| BORNOVALI YAPI VE TUR.TİC.LTD.ŞTİ  | Event / Organization |

## OUTSOURCING OF SERVICES

|  |   |
|--|---|
| GÜMÜŞ RAKET RESTORAN TURİZM SAN. VE TİC. LTD. ŞTİ.               | Event / Organization                    |
| İSTANBUL TURİZM VE OTELCİLİK A.Ş.                                | Event / Organization                    |
| KEMER TAŞIMACILIK OTO KİRALAMA TURİZM VE TİCARET LİMİTED ŞİRKETİ | Event / Organization                    |
| ONTUR TURİZM SEYAHAT LTD.ŞTİ                                     | Event / Organization                    |
| TİGRİS TURİZM VE TİC A.Ş.  | Event / Organization                    |
| TİM YÖNETİM DANIŞMANLIĞI   | Event / Organization                    |
| İGA PASS EXTRA   | Airport Services                        |
| SMART TRAVELS A.Ş.   | Airport Services                        |
| Bİ BİZİM ONLINE KURYE HİZMETLERİ LTD.ŞTİ                         | Cargo-delivery Service                  |
| DHL WORLDWIDE EXPRESS TAŞ.TİC.A.Ş.                               | Cargo-delivery Service                  |
| MNG KARGO A.Ş.   | Cargo-delivery Service                  |
| POSTA VE TELGRAF TEŞKİLATI A.Ş.                                  | Cargo-delivery Service                  |
| KIRSAN TURİZM A.Ş.   | Pension - Transportation                |
| TAYA YOLCU HİZMETLERİ A.Ş.                                       | Pension - Transportation                |
| BORSA İSTANBUL A.Ş.  | Annual Listing Fee Service              |
| BİLİR BASIM A.Ş.   | Printing Service                        |
| MOMENTO A.Ş.   | Gift Card                               |
| ŞİKAYETVAR BİLİŞİM A.Ş.  | Customer Services Management            |
| TELEPERFORMANCE(METİS BİLGİSAYAR) A.Ş.                           | Customer Services Management            |
| COMPUGROUP MEDICAL BİLGİ SİSTEMLERİ A.Ş (CGM)                    | Private Healthcare Service              |
| EDENRED KURUMSAL ÇÖZÜMLER A.Ş.                                   | Food Card Service                       |
| AKALİTAS LTD.ŞTİ   | Services Offered Under The Policy Cover |
| AWP SERVİS HİZMETLERİ A.Ş.                                       | Services Offered Under The Policy Cover |
| REMO ASİSTANS A.Ş.   | Services Offered Under The Policy Cover |
| SMART ASİSTANS A.Ş.  | Services Offered Under The Policy Cover |
| RS SERVİS OTO HİZMETLERİ SANAYİ VE DİŞ TİCARET A.Ş.              | Services Offered Under The Policy Cover |
| STANDART PARTNERS A.Ş.   | Services Offered Under The Policy Cover |
| BEYMEN PERAKENDE VE TESKİL YAT.AŞ.                               | Promotional Products Service            |
| PAŞABAHÇE MAĞAZALARI A.Ş.  | Promotional Products Service            |
| SİR AMBALAJ PROMOSYON LTD.ŞTİ                                    | Promotional Products Service            |
| ATÖLYE AÇIKHAVA REKLAMCILIK LTD.ŞTİ                              | Advertisement Service                   |
| BEST YAYINCILIK REKL.PROD.DAN.T.LTD                              | Advertisement Service                   |
| DOĞAN BURDA DERGİ YAYINCILIK A.Ş.                                | Advertisement Service                   |
| ERİŞİM MEDYA RADYO TELEVİZYON VE DERGİ YAYINCILIK A.Ş.           | Advertisement Service                   |
| GÜNEŞ REKLAMCILIK SAN.VE TİC.LTD.ŞT                              | Advertisement Service                   |
| REAKTÖR REKLAM VE YAZILIM HİZMETLERİ LTD. ŞTİ                    | Advertisement Service                   |
| SERDESİN REKLAM PRODÜKSİYON MENAJERLİK TİC. LTD. ŞTİ.            | Advertisement Service                   |
| SİGORTA MEDYA YAYINCILIK A.Ş.                                    | Advertisement Service                   |
| CORİSTÜRKiYE A.Ş.  | Travel Insurance Services               |

## OUTSOURCING OF SERVICES

|  |                        |
|--|------------------------|
| CPP A.Ş.   | Salvage Management     |
| AKSAM OTOGONG İÇ VE DIŞ TİC. A.Ş.                                    | Salvage Management     |
| AUTO ONLINE OTOM. BİLGİ İŞLEM A.Ş.                                   | Salvage Management     |
| CESAR GRUP OTOM. BİLGİ TEK. A.Ş.                                     | Salvage Management     |
| ENKA MOTORLU ARAÇLAR A.Ş.  | Salvage Management     |
| ZİRVEM OTOM. İTH.İHR.SAN.TİC.LTD.ŞTİ.                                | Salvage Management     |
| ARKPET PETROL A.Ş.   | Supply Service         |
| CEBSAN YANGIN LTD.ŞTİ  | Supply Service         |
| FNV ELEKTRONİK VE BİLGİSAYAR LTD.ŞTİ                                 | Supply Service         |
| KOPİTAŞ DOKÜMAN ÇÖZÜMLERİ SAN.TİC. LTD. ŞTİ.                         | Supply Service         |
| NİLÜFER PETROL AKARYAKIT ÜRÜNLERİ A.Ş.                               | Supply Service         |
| PROMOSTAR PROMOSYON LTD.ŞTİ  | Supply Service         |
| TÜPAŞ SANAYİ TİCARET A.Ş.  | Supply Service         |
| EPC A.Ş.   | Supply Service         |
| AYAZ TEKNOLOJİ SİSTEM. DIŞ TİC A.Ş.                                  | Technological Products |
| ARES TERCÜME REK VE TUR.TİC.LTD.ŞTİ                                  | Translation Service    |
| BARTU ÇEVİRİ LTD.ŞTİ   | Translation Service    |
| ENGİN TERCÜME DIS TİCARET LTD. STİ.                                  | Translation Service    |
| ULUSLARARASI DİL HİZMETLERİ TERCÜMANLIK VE DANIŞMANLIK LTD.ŞTİ.      | Translation Service    |
| AKSİS A.Ş.   | Application License    |
| INFINITY A.Ş.  | Application License    |
| INFORMA A.Ş.   | Application License    |
| MDSAP LTD.ŞTİ  | Application License    |
| T.C. ÇEVRE VE ŞEHİRCİLİK BAKANLIĞI                                   | Application License    |
| 32BİT LTD ŞTİ  | Database Management    |
| AGİTO A.Ş.   | Software               |
| BVF BİLGİ TEKNOLOJİLERİ YAPI VE DANIŞMANLIK LTD. ŞTİ.                | Software               |
| DORUK BİLİŞİM TEKNOLOJİLERİ LTD.ŞTİ                                  | Software               |
| EFİNANS ELEKTRONİK TİCARET VE BİLİŞİM HİZM. A.Ş.                     | Software               |
| EİMZATR BİLGİ GÜVENLİĞİ HİZMETLERİ ANONİM ŞİRKETİ                    | Software               |
| ABRACADABRA BİLİŞİM SİSTEMLERİ VE TİC.LTD.ŞTİ.                       | Software               |
| JFORCE BİLİŞİM TEK.A.Ş.  | Software               |
| KAVİ BİLGİSAYAR SİSTEMLERİ DANIŞMANLIK SAN.VE TİC. LTD.ŞTİ.          | Software               |
| KAZANCI ELEKTRONİK VE BASILI YAYIMCILIK A.Ş.                         | Software               |
| KREDİ KAYIT BÜROSU (KKB)   | Software               |
| NETLINE LTD.ŞTİ  | Software               |
| OTOANALİZ YAZILIM A.Ş.   | Software               |
| RÜZGAR YAZILIM HİZMETLERİ A.Ş. (INFINITY ELEARING YAZILIM HİZ. A.Ş.) | Software               |
| SAS INSTITUTE BİLGİSAYAR SİS.LTD.ŞT                                  | Software               |

## OUTSOURCING OF SERVICES

|                                 |          |
|---------------------------------|----------|
| SFS A.Ş.                        | Software |
| SMARTIQ A.Ş.                    | Software |
| SOFTWAREONE TURKEY BİLİŞİM A.Ş. | Software |
| TÜRKKEP KAYITLI ELEKT.TİC.AŞ.   | Software |
| URBANSTAT,INC.                  | Software |
| WILLIS TOWER WATSON LTD.ŞTİ     | Software |
| YAZ BİLGİ SIST.TİC.A.Ş.         | Software |
| YCP LTD.ŞTİ                     | Software |
| İSNET A.Ş.                      | Software |
| SYMPRO LTD.ŞTİ                  | Software |

# CORPORATE GOVERNANCE AND SUSTAINABILITY PRINCIPLES COMPLIANCE REPORTS

## CORPORATE GOVERNANCE COMPLIANCE REPORT AND CORPORATE GOVERNANCE INFORMATION FORM

Ray Sigorta A.Ş. shows great care in order to make sure that the Corporate Governance Principles are complied with. All of the mandatory principles included in the Corporate Governance Communiqué, no. II-17.1, are being strictly complied with, and a great part of the non-mandatory principles are also abided by. And actions for assuring compliance with the principles not put into practice yet are also ongoing. These principles are as follows:

- a. Principle no. 1.5:** The Articles of Association does not contain a specific provision on Minority Interests and Rights.
- b. Principle no. 3.2:** Supporting the Stakeholders in Participation in the Company Management. The Articles of Association does not contain a clause in connection therewith.
- c. Principle no. 4.2.8:** The provision requiring the Company to take out an insurance cover equal to 25% of the share capital of the Company against faults that may be committed by the Directors during performance of their duties is not applied.
- d. Principle no. 4.3.9:** Female Directors Quota. The Company determines a target rate and timing not being less than 25% for rate of female directors in the Board of Directors, and produces a policy for achievement of this objective. However, for now, we do not have any female director in our Board of Directors.
- e. Principle no. 4.5.5:** A Director should not principally be elected to more than one committee. This rule is being abided by, save for the Independent Directors.
- f. Principle no. 4.6.5:** Remunerations paid and all other benefits provided to the Directors and other managers and executives with managerial responsibilities are made public through the annual report. This disclosure is required to be made on the basis of persons. However, this disclosure is not made on person basis in our Company.

As for the non-mandatory principles, disclosures are made in the following sections of this report. To date, no conflict of interests has been faced due to non-mandatory principles not put into practice. Some certain in-house arrangements are made for avoidance of the conflicts of interests.

You can reach Corporate Governance Compliance Report and Corporate Governance Information Form which have been arranged by our firm at the below addresses

**Public Disclosure Platform:** Located in the “Corporate Governance Principles Compliance Report” section of <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1063-ray-sigorta-a-s>

**Company’s official internet site:** Located under the “Corporate Governance Compliance Reports” section the “Reports” tab on <https://www.raysigorta.com.tr/en/about-us/investor-relations>

## SUSTAINABILITY PRINCIPLES

The Communiqué Amending the Corporate Governance Communiqué (II-17.1) of the Capital Markets Board (“Board”), dated 02.10.2020 and numbered 31262, was published in the Official Gazette on 02.10.2020, and its implementation is voluntary. Carrying out the Environmental, Social, and Corporate Governance (ESG) studies in our Company in accordance with the Sustainability Principles Harmonization Framework announced by the Board, establishing the necessary policies, executing and adhering to the policies, ensuring that the necessary studies in the Sustainability Principles Harmonization Framework are carried out in accordance with our Company’s activities. Ray Sigorta A.Ş. operates under the principle of full compliance with environmental laws and other regulations to the extent that it touches the field of activity in which its business processes are carried out. In this context, the Climate Change Strategy Regulation has approved our published ESG policies (Human Resources Policy, Remuneration Policy (for Board Members), Ethical Principles Policy, Anti-Bribery and Anti-Corruption Policy) at the Board of Directors level. Work on developing new policies or procedures continues. For your convenience, we have included a summary of our Sustainability Principles Compliance efforts below.


| Ray Sigorta A.Ş.<br>Sustainability Principles Compliance Report 2022 |   | COMPLIANCE STATUS |    |         |                | EXPLANATION  | REPORT / LINK REGARDING THE PUBLICLY DISCLOSED INFORMATION   |
|--|---|-------------------|----|---------|----------------|--|--|
|  |   | YES               | NO | PARTIAL | NOT APPLICABLE |  |  |
| <b>A. General Principles</b>   |   |                   |    |         |                |  |  |
| <b>A1. Strategy, Policy and Goals</b>                                |   |                   |    |         |                |  |  |
| A1.1   | The preferred environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Board of Directors.  |                   |    | X       |                | Some of the principles under the headings of Social Principles and Corporate Governance Principles included in the Sustainability Principles Compliance Framework are already covered by the existing Corporate Governance Principles of the Capital Markets Board, and our Company's compliance with these principles is presently disclosed in URF - Corporate Governance Compliance Report, and KYBF - Corporate Governance Information Form, and under the title of Explanations as per Article 8-(1) of the Corporate Governance Communiqué no. 1.17 included in our Activity Report, all of which are published through PDP Platform | <a href="https://www.kap.org.tr/en/sirket-bilgileri/ozet/1063-ray-sigorta-a-s">https://www.kap.org.tr/en/sirket-bilgileri/ozet/1063-ray-sigorta-a-s</a>  |
|  | The ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Labour Rights Policy) have been set out by the Board of Directors and disclosed to public.                                       |                   |    | X       |                | Our policies published in the ESG field (Information Policy, Human Resources Policy, Wage Policy (for members of the Board of Directors), Ethical Principles Policy, Policy on Fight Against Bribery and Corruption) are approved by our Board of Directors. Additional policies and procedures shall be developed as needed.  | <a href="https://www.raysigorta.com.tr/en/aboutus/investor-relations">https://www.raysigorta.com.tr/en/aboutus/investor-relations</a>  |
| A1.2   | The short-term and long-term ESG goals have been disclosed to public.   |                   |    | X       |                | Some of the principles under the headings of Social Principles and Corporate Governance Principles included in the Sustainability Principles Compliance Framework are already covered by the existing Corporate Governance Principles of the Capital Markets Board, and our Company's compliance with these principles is presently disclosed in URF - Corporate Governance Compliance Report, and KYBF - Corporate Governance Information Form, and under the title of Explanations as per Article 8-(1) of the Corporate Governance Communiqué no. 1.17 included in our Activity Report, all of which are published through PDP Platform | <a href="https://www.kap.org.tr/en/sirket-bilgileri/ozet/1063-ray-sigorta-a-s">https://www.kap.org.tr/en/sirket-bilgileri/ozet/1063-ray-sigorta-a-s</a><br><a href="https://www.kap.org.tr/tr/cgi/4028e4a241733d4201417ddf678288c">https://www.kap.org.tr/tr/cgi/4028e4a241733d4201417ddf678288c</a> |
|  |   |                   |    |         |                |  |  |
| <b>A2. Execution/Supervision</b>                                     |   |                   |    |         |                |  |  |
| A2.1   | The committees and/or boards responsible for the supervision of ESG policies and the seniors directors to execute the ESG issues have been disclosed to public including their duties.                        |                   |    | X       |                | It is planned that the works required under the Sustainability Principles Compliance Framework are monitored by the Investor Relations Department to ensure they are performed in accordance with the activities of our Company and such works are reported to senior management   | Annual Report Corporate Governance and Sustainability Principles Compliance Reports  |
|  | The activities carried out within the scope of the policies by the responsible committee and/or department have been reported to the Board of Directors at least once a year                                  | X                 |    |         |                | It is planned that these are monitored by the Investor Relations Department and are submitted to senior management.  | Annual Report Corporate Governance and Sustainability Principles Compliance Reports  |
| A2.2   | The action plan in accordance with the ESG goals have been formed and disclosed to public.  |                   | X  |         |                | Thanks to the awareness of this issue, maximum effort will be put to comply with these goals as our company's principal shareholder VIG has been publishing Sustainability Reports since 2016.   |  |
| A2.3   | The key performance indicators regarding the ESG and the achievement rates per years have been disclosed to public.   |                   | X  |         |                | ESG key performance indicators have not been defined.  |  |
| A2.4   | The improvement activities for sustainability performance regarding business processes or product and services have been disclosed to public.   |                   | X  |         |                | Company departments conduct activities to improve sustainability performance of business processes or product and services, and they plan solutions in line with existing conditions.  |  |
| <b>A3. Reporting</b>   |   |                   |    |         |                |  |  |
| A3.1   | The annual report covers the sustainability performance, KPIs and actions understandable, right and qualified.  |                   | X  |         |                | It is intended to publish the disclosures relating to compliance with the principles set down in Sustainability Principles Compliance Framework in the annual activity report, and if any material change occurs in the aforesaid disclosures during the relevant period, to disclose said changes in the interim activity periods.  |  |
| A3.2   | The information on the activities implemented in line with the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to public.  |                   | X  |         |                | Works on information about which of the United Nations 2030 Sustainable Development Goals are related to the sustainability activities are ongoing.  |  |
| A3.3   | The lawsuits in progress against the Company regarding the ESG issues that affect the material business lines and the legal sanctions in regard of the sustainability policies have been disclosed to public. |                   |    | X       |                | There is no lawsuit commenced against the Company regarding the ESG issues.  |  |
| <b>A4. Verification</b>  |   |                   |    |         |                |  |  |
| A4.1   | The KPI measurements have been verified by an independent third and disclosed to public.  |                   | X  |         |                | No verification service is received in relation to sustainability. Procurement of verification service is planned upon systematization of sustainability activities and works.   |  |
| <b>B. Environmental Principles</b>                                   |   |                   |    |         |                |  |  |

|     |   |  |  |   |   |   |  |
|-----|---|--|--|---|---|---|--|
| B1  | The company has disclosed its policies and practices on environmental management, action plans, environmental management systems (known as ISO 14001 standard) and programmes.  |  |  | X |   | Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, with a view to assuring compliance with the environmental management practices, a waste management policy is created and being applied. In accordance with zero waste regulation, paper, plastic, metal, glass, battery and electrical-electronic wastes are segregated at their sources and are delivered to recycling firms.   | Annual Report Strategy and Communication Directorate |
| B2  | The scope, period, date and the constraints of conditions of the environmental reporting regarding environmental management have been disclosed to public.  |  |  | X |   | Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, it is conducting its insurance and underwriting policies in strict compliance with its "Climate Change Strategy Regulation" document approved also by the Company's Board of Directors. Through projects conducted jointly with WWF, actions are taken in order to raise awareness of employees on the use of natural resources. | Annual Report Strategy and Communication Directorate |
| B3  | Given in A2.1.  |  |  |   |   |   |  |
| B4  | The environmental KPIs counted for remuneration criteria for stakeholders (e.g. board members, executives and employees) within frame of the performance incentives have been disclosed to public.  |  |  | X |   | Currently, there is no such activity.   |  |
| B5  | The integration of the environmental difficulties, which are preferably determined, with the business goals and strategy have been disclosed to public.   |  |  | X |   | Our environmental activities are implemented by remaining loyal to the principle of efficiency and in parallel with all our goals and objectives; process planning is carried out in a manner that ensures minimum impact to the environment  |  |
| B6  | Given A2.4.   |  |  |   |   |   |  |
| B7  | The integration of environmental management issues covering the customers and suppliers throughout the value chain of the company including the operational process with the business model and strategy have been disclosed to public.   |  |  | X |   | Our environmental activities are implemented by remaining loyal to the principle of efficiency and in parallel with all our goals and objectives; process planning is carried out in a manner that ensures minimum impact to the environment.   |  |
| B8  | The cooperation with the non-governmental organizations and the environmental institutions and taking (or not) a part of the policy-making processes with those institutions have been disclosed to public.   |  |  | X |   | While the company does not directly take part in policy-making processes in environmental issues, it complies with national policies.   | Annual Report Strategy and Communication Directorate |
| B9  | The environmental figures (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and waste water management, waste management, biodiversity impacts) and the environmental impacts have been disclosed to public with periodic comparison. |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B10 | The standard, protocol, methodology and the base year details for collection and calculation of the data have been disclosed to public.   |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B11 | The comparable increase or decrease rates with the previous years have been disclosed to public in the current period's report.   |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B12 | The short-term and long-term targets are determined to decrease the environmental impacts; the called targets and the progress status in comparison to the previous years' targets have been disclosed to public.   |  |  | X |   | Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, a Climate Change Strategy Policy is prepared, and then approved by our Company's Board of Directors.   |  |
| B13 | The strategy for fight against climate crises is set out and the action plan has been disclosed to public.  |  |  | X |   | Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, a Climate Change Strategy Policy is prepared, and then approved by our Company's Board of Directors.   |  |
| B14 | The programmes or procedures to prevent or to decrease to the minimum level of the negative environmental effects of the products and/or services have been disclosed to public.  |  |  |   | X | Ray Sigorta A.Ş. acts in full compliance with the laws and other regulations pertaining to environment to the extent they are related to its fields of activity and its business processes. To this end, a Climate Change Strategy Policy is prepared, and then approved by our Company's Board of Directors.   |  |
|     | The actions taken to make the third parties' (e.g. supplier, subcontractor, dealer, etc.) decrease their greenhouse gas emission figures have been disclosed to public.   |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B15 | The environmental benefits/gainings and cost savings provided by the initiatives/projects to decrease the environmental impacts have been disclosed to public.  |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B16 | Energy consumption (natural gas, diesel, gas, LPG, coal, electricity, heating, cooling, etc.) figures as Scope-1 and Scope-2 have been disclosed to public.   |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B17 | The information about the produced electricity, heat, steam and cooling for the reporting period have been disclosed to public.   |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B18 | The actions taken to increase renewable energy consumption, transit to zero or low carbon electricity have been disclosed to public.  |  |  |   | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |



|   |   |   |   |  |   |   |  |
|---|---|---|---|--|---|---|--|
| B19                                       | The renewable energy production and consumption figures have been disclosed to public.  |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B20                                       | Energy productivity projects have been carried out and the decrease rates on energy consumption and emission based on those projects have been disclosed to public.   |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B21                                       | Water consumption, underground or aboveground drawn water, recycled or discharged water figures, sources and procedures have been disclosed to public.  |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B22                                       | It has been disclosed to public if the operations or activities included to any carbon pricing system (Emission Trading System,   |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B23                                       | The information on accumulated or purchased carbon credit in the reporting period has been disclosed to public.   |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B24                                       | The details have been disclosed to public if there is a carbon pricing mechanism at the company.  |   |   |  | X | In terms of its fields of business, our Company is not directly related to the standards on environmental issues.   |  |
| B25                                       | The platforms, which the environmental figures of the company are announced, have been disclosed to public.   |   | X |  |   |   |  |
| <b>C. Social Principles</b>               |   |   |   |  |   |   |  |
| <b>C1. Human Rights and Labour Rights</b> |   |   |   |  |   |   |  |
| C1.1                                      | The Human Rights and Labour Rights Policy has been set out covering the United Nations Universal Declaration of Human Rights and the International Labour Organization principles, the responsible directors for execution of the policy are assigned and disclosed to public.  | X |   |  |   | The Company acts in full compliance with the Labor Act. It has procedures and practices in accordance with the Labor Act.   | Annual Report Human Resources  |
| C1.2                                      | The labour rights policy covers the fair workforce, improving work conditions, women's employment and inclusion (no discrimination on gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, trade union activities, political view, disability, social and cultural differences, etc.) considering the supply and value chain impacts. | X |   |  |   | Equality of opportunity is provided in recruitment processes. Our Companies KPIs also include goal/goals with regards to equality at work.  | Annual Report Human Resources  |
| C1.3                                      | The measures taken throughout the value chain to watch over the susceptible segments to certain economic, environmental, social factors (e.g. low income group, women, etc.) or minority rights/opportunity equality.   | X |   |  |   | Diversity and equality of opportunity is achieved by placing an emphasis on the employment of women and youth and observing their rights.   | Annual Report Human Resources  |
| C1.4                                      | The preventive and improver practices on discrimination, inequality, human rights violation, forced labour, and child labour have been disclosed to public.   | X |   |  |   | Equality of opportunity is provided in recruitment processes. Our Companies KPIs also include goal/goals with regards to equality at work.  | Annual Report Human Resources  |
| C1.5                                      | The labour rights policy covers investment in employees (training, improvement policies), remuneration, side rights, right to unionize, work/life balance and skill management issues.  | X |   |  |   | As a result of an evaluation of strong corporate culture and employee satisfaction conducted by the Great Place to Work Institute in 2019, the Company obtained the Great Place to Work Certificate. Additionally, in 2020, our Company was included in the List of Best Employers of Türkiye also prepared by Great Place to Work Institute.   | Annual Report Human Resources Marketing and Business Development Directorate |
|   | The mechanism regarding the employee complaints and the dispute resolution process is determined.   |   |   |  | X | As a result of 'trust index' analysis measuring the trust of employees to the Company, and 'workplace culture' analysis covering the human resources applications adopted by the Company, both performed in 2019 by Great Place to Work Institute, which conducts studies and researches for reinforcement of corporate culture and formation of best workplaces all over the world since more than 30 years, our Company is found eligible to be named as "Great Place To Work Certified" on 18.11.2019. In the "Best Employers of Turkey" Survey organised for the eighth time in 2019, our Company has been selected as one of the best employers, and in the survey which it participated for the first time, it has been named as the "Best Employer of Turkey" as of 21.04.2020.  | Annual Report Human Resources Strategy and Communication Directorate         |
|   | The reported employee satisfaction activities in the period have been disclosed to public.  | X |   |  |   | Through its Flexible Fringe Benefits Program Allray't, various different fringe benefits from private pension to health insurance, from shopping to travel are presented in the choice of our employees. Through its Employee Support Program Avita, 7/24 consulting and information services are provided by specialists to employees and their family members sharing the same home with them on various issues and subjects such as healthy nutrition, psychological counseling and guidance, technologic support, social life, and lumbago, neck and back pains which may create stress on individuals and may be needed to be researched and learned. Taking the periodical needs of employees into consideration, special gift boxes are sent to employees so as to raise their motivations in their busy work schedules. | Annual Report Human Resources Strategy and Communication Directorate         |

|  |  |   |   |  |   |   |   |
|--|--|---|---|--|---|---|---|
| C1.6   | Occupational Health and Safety Policy has been set out and disclosed to public.  | X |   |  |   | Occupational Health and Safety policies are formed and issued. Within our Company's organization, an Occupational Health and Safety Committee is established, and this Committee regularly meets with participation of Occupational Health and Safety Advisor, Employer's Representative and in-house doctor of our Company, in order to review the practices. Measures taken for protection against work accidents and for protection of health, as well as accident statistics are recorded and documented.   | Annual Report Human Resources Strategy and Communication Directorate  |
|  | The measures taken to prevent the work accidents, health protection and accident statistics have been disclosed to public.                                 |   | X |  |   | Occupational Health and Safety policies are formed and issued. The measures taken to prevent work accidents and to protect health are recorded along with accident statistics.  |   |
| C1.7   | Protection of the personal data and information security policy has been disclosed to public.  |   |   |  | X | Personal data protection and Information Security Management System policies have been established. Our company has ISO 27001 certificate. The processes regulated by these policies are redesigned to the extent required by business processes and additional documentation is required when necessary  | <a href="https://www.raysigorta.com.tr/en/about-us/legalinformation">https://www.raysigorta.com.tr/en/about-us/legalinformation</a>                             |
| C1.8   | Code of Ethics has been set out and disclosed to public.   | X |   |  |   | An ethics policy is formulated. It is both shared with our customers, suppliers and employees, and published in our internet site.  | <a href="https://www.raysigorta.com.tr/en/about-us/investorrelations/CodeofEthics">https://www.raysigorta.com.tr/en/about-us/investorrelations/CodeofEthics</a> |
| C1.9   |  |   |   |  |   |   |   |
| C1.10  | The informative meetings and training programmes on ESG practices organised for the employees  |   |   |  | X | It is planned that informative meetings and training programs are organized to inform employees about the ESG policies and practices  | Annual Report Human Resources   |
| <b>C2. Stakeholders, International Standards and Initiatives</b> |  |   |   |  |   |   |   |
| C2.1   | Customer satisfaction policy covering the management and solution of the customer complaints has been set out and disclosed to public.                     | X |   |  |   | Our Company attaches utmost importance to this issue. It ranked among the top three in non-life insurance category in the customer experience index study of Şikayetvar.com in 2020 and won the A.C.E (Achievement in Customer Excellence) Award.   | Annual Report Marketing and Business Development Directorate  |
| C2.2   | The information on communication with the stakeholders (whom, topic ve frequency) has been disclosed to public.  |   |   |  | X | Our Company handles its communications with its stakeholders continuously and transparently within the frame of its Corporate Governance Principles. In line with the development of its business activities, our Company will formulate and publish policies for communication with other stakeholders as well, within the frame of same principles.   |   |
| C2.3   | The international reporting standards adopted have been disclosed to public.   |   |   |  | X | It is irrelevant in terms of the current situation and coverage of our Company's activities.  |   |
| C2.4   | The adopted principles, being a signatory or a member of an international institution, or committee on sustainability have been disclosed to public.       |   |   |  | X | It is irrelevant in terms of the current situation and coverage of our Company's activities.  |   |
| C2.5   | Improvement activities have been realized to be included Borsa İstanbul Sustainability Index and/or international index providers' sustainability indices. |   |   |  | X | It is irrelevant in terms of the current situation and coverage of our Company's activities.  |   |
| <b>D. Corporate Governance Principles</b>                        |  |   |   |  |   |   |   |
| D1   | It has been consulted with the stakeholders regarding the determination of the sustainability measures and strategy.                                       |   |   |  | X | Within the frame of reporting of compliance with the Corporate Governance Principles, information on relations with stakeholders is included in our activity report, URF- Corporate Governance Compliance Report, and KYBF- Corporate Governance Information Form.  | Annual Report Corporate Governance and Sustainability Principles Compliance Reports   |
| D2   | CSR projects, awareness activities and training programs have been realized to increase awareness of sustainability.                                       | X |   |  |   | We continued providing both physical and online support to social issues in 2022; we value and encourage individual participation in social support and aid projects. We continued to show the importance attached to the equality of opportunity in education with our support given to Darüşşafaka Society for long years. We said, "If it is for education, we run to help", and we took our place in the 44th İstanbul Marathon to support quality education for our brothers and sisters at Darüşşafaka! At the end of the donation campaign, our General Manager Koray Erdoğan became the top fundraiser while Ray Sigorta was the 2nd institution collecting the highest donation. Having won 4 medals at the marathon, we took justified pride in being able to meet the education expenses of a total of 9 students. | Annual Report Strategy and Communication Directorate  |



RAY SİGORTA A.Ş.  
CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022  
AND THE INDEPENDENT AUDITOR'S REPORT  
(ORIGINALLY ISSUED IN TURKISH)

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

## INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of Ray Sigorta A.Ş.**

### **A) Report on the Audit of the Financial Statements**

#### **1) Opinion**

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

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

#### **2) Basis for Opinion**

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

#### **3) Other Matter**

The financial statements of the Company as at December 31, 2021 were audited by another audit firm, which expressed an unqualified opinion in their reports issued on February 22, 2022.

#### **4) Key Audit Matters**

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

| Key audit matter   | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Incurred But Not Reported Outstanding Claims Reserve</b></p> <p>As of December 31, 2022, the Company has insurance liabilities of TL 2.403.883.934 representing 44% of the Company's total liabilities. The Company has reflected a net provision of TL 563.105.609 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions, net amount of TL 417.873.152 which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p> | <p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team.</p> <p>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.</p> <p>In this context, we have performed the audit procedures related to the recording of the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p> |

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

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

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

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

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

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

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

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

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

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

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

#### **B) Report on Other Legal and Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 28, 2023.
- 2) 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.
- 3) 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  
Associate Partner

February 28, 2023  
Istanbul, Turkey

**RAY SİGORTA ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS**

**AT AND FOR THE YEAR ENDED 31 DECEMBER 2022**

We confirm that the financial statements and related disclosures and footnotes as at 31 December 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.

İstanbul, 28 February 2023

**Koray ERDOĞAN**  
Member of Board of Directors  
General Manager

**Derya ÖZTÜRK**  
Member of the Management Board  
Financial Affairs  
Deputy General Manager

**Mustafa ÖNDER**  
Finance Manager

**Halil KOLBAŞI**  
Actuary

# List of In- dex

- BALANCE SHEET
- STATEMENT OF INCOME
- STATEMENT OF CASH FLOW
- STATEMENT OF CHANGES IN EQUITY
- STATEMENT OF PROFIT DISTRIBUTION
- NOTES TO THE FINANCIAL STATEMENTS

| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                |              |  |  |
|   |              |  |  |
| <b>I- Current Assets</b>  | <b>Notes</b> | <b>Audited Current Period 31 December 2022</b> | <b>Audited Prior Period 31 December 2021</b> |
| <b>A- Cash and Cash Equivalents</b>   | <b>14</b>    | <b>2.125.138.630</b>                           | <b>742.104.725</b>                           |
| 1- Cash   | 14           | 42.408   | 30.944                                       |
| 2- Cheques Received   | 14           | 12   | 12   |
| 3- Banks  | 14           | 1.110.306.817                                  | 504.121.991                                  |
| 4- Cheques Given and Payment Orders   |              | -  | -  |
| 5- Bank Guaranteed Credit Card Receivables with Maturities Less Than Three Months     | 14           | 1.014.789.393                                  | 237.951.779                                  |
| 6- Other Cash and Cash Equivalents  |              | -  | -  |
| <b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>      |              | <b>495.361.532</b>                             | <b>412.485.127</b>                           |
| 1- Available-for-Sale Financial Assets  | 11           | 288.957.497                                    | 137.912.350                                  |
| 2- Held to Maturity Investments   | 11           | 150.206.918                                    | 274.572.777                                  |
| 3- Financial Assets Held for Trading  | 11           | 56.197.117                                     | -  |
| 4- Loans and Receivables  |              | -  | -  |
| 5- Provision for Loans and Receivables  |              | -  | -  |
| 6- Financial Investments with Risks on Saving Life Policyholders                      |              | -  | -  |
| 7- Company's Own Equity Shares  |              | -  | -  |
| 8- Diminution in Value of Financial Investments                                       |              | -  | -  |
| <b>C- Receivables from Main Operations</b>  |              | <b>1.865.257.463</b>                           | <b>796.243.084</b>                           |
| 1- Receivables from Insurance Operations  | 12           | 1.865.037.442                                  | 796.537.297                                  |
| 2- Provision for Receivables from Insurance Operations                                | 12           | -626.895                                       | -1.161.561                                   |
| 3- Receivables from Reinsurance Operations  |              | -  | -  |
| 4- Provision for Receivables from Reinsurance Operations                              |              | -  | -  |
| 5- Cash Deposited to Insurance and Reinsurance Companies                              |              | -  | -  |
| 6- Loans to the Policyholders   |              | -  | -  |
| 7- Provision for Loans to the Policyholders   |              | -  | -  |
| 8- Receivables from Individual Pension Operations                                     |              | -  | -  |
| 9- Doubtful Receivables from Main Operations  | 12           | 185.609.342                                    | 121.482.219                                  |
| 10- Provision for Doubtful Receivables from Main Operations                           | 12           | -184.762.426                                   | -120.614.871                                 |
| <b>D- Due from Related Parties</b>  |              | <b>125.269</b>                                 | <b>-</b>                                     |
| 1- Due from Shareholders  |              | -  | -  |
| 2- Due from Associates  |              | -  | -  |
| 3- Due from Subsidiaries  |              | -  | -  |
| 4- Due from Joint Ventures  |              | -  | -  |
| 5- Due from Personnel   | 45           | 125.269  | -  |
| 6- Due from Other Related Parties   |              | -  | -  |
| 7- Rediscount on Receivables from Related Parties                                     |              | -  | -  |
| 8- Doubtful Receivables from Related Parties  |              | -  | -  |
| 9- Provision for Doubtful Receivables from Related Parties                            |              | -  | -  |

|  |                  |                      |                      |
|--|------------------|----------------------|----------------------|
| <b>E- Other Receivables</b>                      | <b>12</b>        | <b>12.110.406</b>    | <b>3.309.686</b>     |
| 1- Finance Lease Receivables                     |                  | -                    | -                    |
| 2- Unearned Finance Lease Interest Income        |                  | -                    | -                    |
| 3- Deposits and Guarantees Given                 | 12               | 2.581.534            | 3.309.686            |
| 4- Other Miscellaneous Receivables               | 12               | 9.528.872            | -                    |
| 5- Rediscount on Other Miscellaneous Receivables |                  | -                    | -                    |
| 6- Other Doubtful Receivables                    |                  | -                    | -                    |
| 7- Provision for Other Doubtful Receivables      |                  | -                    | -                    |
| <b>F- Prepaid Expenses and Income Accruals</b>   | <b>17</b>        | <b>477.688.851</b>   | <b>163.311.029</b>   |
| 1- Deferred Acquisition Costs                    | 17               | 477.184.486          | 161.365.449          |
| 2- Accrued Interest and Rent Income              |                  | -                    | -                    |
| 3- Income Accruals                               |                  | -                    | -                    |
| 4- Other Prepaid Expenses                        | 17               | 504.365              | 1.945.580            |
| <b>G- Other Current Assets</b>                   | <b>12 and 19</b> | <b>1.066.563</b>     | <b>999.916</b>       |
| 1- Stocks to be Used in the Following Months     |                  | -                    | -                    |
| 2- Prepaid Taxes and Funds                       | 12 and 19        | -                    | 907.696              |
| 3- Deferred Tax Assets                           |                  | -                    | -                    |
| 4- Job Advances                                  |                  | -                    | -                    |
| 5- Advances Given to Personnel                   |                  | -                    | -                    |
| 6- Inventory Count Differences                   |                  | -                    | -                    |
| 7- Other Miscellaneous Current Assets            | 12 and 19        | 1.066.563            | 92.220               |
| 8- Provision for Other Current Assets            |                  | -                    | -                    |
| <b>I- Total Current Assets</b>                   | <b>12 and 19</b> | <b>4.976.748.714</b> | <b>2.118.453.565</b> |

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

| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                |              |  |  |
|   |              |  |  |
| <b>II- Non-Current Assets</b>   | <b>Notes</b> | <b>Audited Current Period 31 December 2022</b> | <b>Audited Prior Period 31 December 2021</b> |
| <b>A- Receivables from Main Operations</b>  | -            | -  | -  |
| 1- Receivables from Insurance Operations  | -            | -  | -  |
| 2- Provision for Receivables from Insurance Operations                                |              | -  | -  |
| 3- Receivables from Reinsurance Operations  |              | -  | -  |
| 4- Provision for Receivables from Reinsurance Operations                              |              | -  | -  |
| 5- Cash Deposited for Insurance and Reinsurance Companies                             |              | -  | -  |
| 6- Loans to the Policyholders   |              | -  | -  |
| 7- Provision for Loans to the Policyholders   |              | -  | -  |
| 8- Receivables from Individual Pension Business                                       |              | -  | -  |
| 9- Doubtful Receivables from Main Operations  | -            | -  | -  |
| 10- Provision for Doubtful Receivables from Main Operations                           | -            | -  | -  |
| <b>B- Due from Related Parties</b>  |              | -  | -  |
| 1- Due from Shareholders  |              | -  | -  |
| 2- Due from Associates  |              | -  | -  |
| 3- Due from Subsidiaries  |              | -  | -  |
| 4- Due from Joint Ventures  |              | -  | -  |
| 5- Due from Personnel   |              | -  | -  |
| 6- Due from Other Related Parties   |              | -  | -  |
| 7- Rediscount on Receivables from Related Parties                                     |              | -  | -  |
| 8- Doubtful Receivables from Related Parties  |              | -  | -  |
| 9- Provision for Doubtful Receivables from Related Parties                            |              | -  | -  |
| <b>C- Other Receivables</b>   |              | -  | -  |
| 1- Finance Lease Receivables  |              | -  | -  |
| 2- Unearned Finance Lease Interest Income   |              | -  | -  |
| 3- Deposits and Guarantees Given  |              | -  | -  |
| 4- Other Miscellaneous Receivables  |              | -  | -  |
| 5- Rediscount on Other Miscellaneous Receivables                                      |              | -  | -  |
| 6- Other Doubtful Receivables   |              | -  | -  |
| 7- Provision for Other Doubtful Receivables   |              | -  | -  |
| <b>D- Financial Assets</b>  | <b>9</b>     | <b>1.236.495</b>                               | <b>89.420</b>                                |
| 1- Investments in Equity Shares   | 9            | 1.221.495                                      | 875.420                                      |
| 2- Investments in Associates  | 9            | 15.000   | -  |
| 3- Capital Commitments to Associates  |              | -  | -  |
| 4- Investments in Subsidiaries  |              | -  | -  |
| 5- Capital Commitments to Subsidiaries  |              | -  | -  |
| 6- Investments in Joint Ventures  |              | -  | -  |
| 7- Capital Commitments to Joint Ventures  |              | -  | -  |
| 8- Financial Assets and Financial Investments with Risks on Policyholders             |              | -  | -  |
| 9- Other Financial Assets   |              | -  | -  |
| 10- Impairment in Value of Financial Assets   | 9            | -  | -  |

|  |                  |                      |                      |
|--|------------------|----------------------|----------------------|
| <b>E- Tangible Assets</b>  | <b>2.5 and 6</b> | <b>436.573.642</b>   | <b>139.138.846</b>   |
| 1- Investment Property   |                  | -                    | -                    |
| 2- Impairment on Investment Property                                       |                  | -                    | -                    |
| 3- Owner Occupied Property   | 6                | 408.605.701          | 128.440.701          |
| 4- Machinery and Equipment's   |                  | -                    | -                    |
| 5- Furniture and Fixtures  | 6                | 9.731.593            | 9.588.747            |
| 6- Motor Vehicles  | 6                | 24.366.177           | 4.270.049            |
| 7- Other Tangible Assets (Including Leasehold Improvements)                | 6                | 2.745.672            | 2.745.672            |
| 8- Tangible Assets Acquired Through Finance Leases                         | 6                | 15.197.694           | 11.111.926           |
| 9- Accumulated Depreciation  | 6                | -24.073.195          | -17.018.249          |
| 10- Advances Paid for Tangible Assets (Including Construction in Progress) |                  | -                    | -                    |
| <b>F- Intangible Assets</b>  | <b>8</b>         | <b>27.405.357</b>    | <b>22.451.118</b>    |
| 1- Rights  | 8                | 49.730.429           | 39.719.550           |
| 2- Goodwill  |                  | -                    | -                    |
| 3- Pre-operating Expenses  |                  | -                    | -                    |
| 4- Research and Development Costs  |                  | -                    | -                    |
| 5- Other Intangible Assets   |                  | -                    | -                    |
| 6- Accumulated Amortization  | 8                | -22.325.072          | -17.268.432          |
| 7- Advances Paid for Intangible Assets                                     |                  | -                    | -                    |
| <b>G-Prepaid Expenses and Income Accruals</b>                              | <b>4.2</b>       | <b>527.373</b>       | <b>11.562</b>        |
| 1- Deferred Acquisition Costs  |                  | -                    | -                    |
| 2- Income Accruals   |                  | -                    | -                    |
| 3- Other Prepaid Expenses  | 4.2              | 527.374              | 11.562               |
| <b>H-Other Non-Current Assets</b>  | <b>21</b>        | <b>-</b>             | <b>-</b>             |
| 1- Effective Foreign Currency Accounts                                     |                  | -                    | -                    |
| 2- Foreign Currency Accounts   |                  | -                    | -                    |
| 3- Stocks to be Used in the Following Years                                |                  | -                    | -                    |
| 4- Prepaid Taxes and Funds   |                  | -                    | -                    |
| 5- Deferred Tax Assets   | 21               | -                    | -                    |
| 6- Other Miscellaneous Non-Current Assets                                  |                  | -                    | -                    |
| 7- Amortization on Other Non-Current Assets                                |                  | -                    | -                    |
| 8- Provision for Other Non-Current Assets                                  |                  | -                    | -                    |
| <b>II- Total Non-Current Assets</b>  |                  | <b>465.742.867</b>   | <b>162.491.946</b>   |
| <b>TOTAL ASSETS</b>  |                  | <b>5.442.491.581</b> | <b>2.280.945.511</b> |

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

| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                |              |  |  |
|   |              |  |  |
| <b>III- Short-Term Liabilities</b>  | <b>Notes</b> | <b>Audited Current Period 31 December 2022</b> | <b>Audited Prior Period 31 December 2021</b> |
| <b>A- Financial Liabilities</b>   | <b>20</b>    | <b>3.565.295</b>                               | <b>2.774.472</b>                             |
| 1- Borrowings from Financial Institutions   |              | -  | -  |
| 2- Finance Lease Payables   |              | -  | -  |
| 3- Deferred Leasing Costs   |              | -  | -  |
| 4- Current Portion of Long-Term Debts   |              | -  | -  |
| 5- Principal Instalments and Interests on Bonds Issued                                |              | -  | -  |
| 6- Other Financial Assets Issued  |              | -  | -  |
| 7- Valuation Differences of Other Financial Assets Issued                             |              | -  | -  |
| 8- Other Financial Liabilities  | 20           | 3.565.295                                      | 2.774.472                                    |
| <b>B- Payables Arising from Main Operations</b>                                       | <b>19</b>    | <b>1.449.067.070</b>                           | <b>582.860.738</b>                           |
| 1- Payables Arising from Insurance Operations   | 19           | 1.449.067.070                                  | 582.860.738                                  |
| 2- Payables Arising from Reinsurance Operations                                       |              | -  | -  |
| 3- Cash Deposited by Insurance and Reinsurance Companies                              |              | -  | -  |
| 4- Payables Arising from Individual Pension Business                                  |              | -  | -  |
| 5- Payables Arising from Other Main Operations  |              | -  | -  |
| 6- Discount on Payables from Other Main Operations                                    |              | -  | -  |
| <b>C- Due to Related Parties</b>  | <b>19</b>    | <b>-</b>                                       | <b>24.492</b>                                |
| 1- Due to Shareholders  |              | -  | -  |
| 2- Due to Associates  |              | -  | -  |
| 3- Due to Subsidiaries  |              | -  | -  |
| 4- Due to Joint Ventures  |              | -  | -  |
| 5- Due to Personnel   | 19           | -  | 24.492                                       |
| 6- Due to Other Related Parties   |              | -  | -  |
| <b>D- Other Payables</b>  | <b>19</b>    | <b>172.581.893</b>                             | <b>61.213.633</b>                            |
| 1- Deposits and Guarantees Received   | 19           | 19.301.502                                     | 13.026.318                                   |
| 2- Payables to Social Security Institution  | 19           | 70.723.041                                     | 14.450.857                                   |
| 3- Other Miscellaneous Payables   | 19           | 82.557.350                                     | 33.736.458                                   |
| 4- Discount on Other Miscellaneous Payables   |              | -  | -  |
| <b>E- Insurance Technical Provisions</b>  | <b>17</b>    | <b>2.275.110.310</b>                           | <b>926.841.514</b>                           |
| 1- Reserve for Unearned Premiums - Net  | 17           | 1.711.415.490                                  | 494.505.602                                  |
| 2- Reserve for Unexpired Risks- Net   | 2.25 and 17  | 589.211  | 2.520.336                                    |
| 3- Life Mathematical Provisions - Net   |              | -  | -  |
| 4- Provision for Outstanding Claims - Net   | 17           | 563.105.609                                    | 429.815.576                                  |
| 5- Provision for Bonus and Discounts - Net  |              | -  | -  |
| 6- Other Technical Provisions - Net   |              | -  | -  |

|  |           |                      |                      |
|--|-----------|----------------------|----------------------|
| <b>F- Provisions for Taxes and Other Similar Obligations</b>           | <b>19</b> | <b>169.231.101</b>   | <b>34.916.454</b>    |
| 1- Taxes and Funds Payable   | 19        | 140.315.215          | 33.643.532           |
| 2- Social Security Premiums Payable                                    | 19        | 2.344.546            | 1.272.922            |
| 3- Overdue, Deferred or By Instalment Taxes and Other Liabilities      |           | -                    | -                    |
| 4- Other Taxes and Similar Payables                                    |           | -                    | -                    |
| 5- Corporate Tax Payable   | 19        | 60.281.629           | 24.557.382           |
| 6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit | 19        | -33.710.289          | -24.557.382          |
| 7- Provisions for Other Taxes and Similar Liabilities                  |           | -                    | -                    |
| <b>G- Provisions for Other Risks</b>                                   | <b>23</b> | <b>38.818.380</b>    | <b>29.871.960</b>    |
| 1- Provision for Employee Termination Benefits                         |           | -                    | -                    |
| 2- Provision for Pension Fund Deficits                                 |           | -                    | -                    |
| 3- Provisions for Costs  | 23        | 38.818.380           | 29.871.960           |
| <b>H- Deferred Income and Expense Accruals</b>                         | <b>19</b> | <b>265.206.848</b>   | <b>112.848.202</b>   |
| 1- Deferred Commission Income  | 19        | 265.206.848          | 112.848.202          |
| 2- Expense Accruals  |           | -                    | -                    |
| 3- Other Deferred Income   |           | -                    | -                    |
| <b>I- Other Short-Term Liabilities</b>                                 |           | <b>-</b>             | <b>-</b>             |
| 1- Deferred Tax Liabilities  |           | -                    | -                    |
| 2- Inventory Count Differences   |           | -                    | -                    |
| 3- Other Various Short-Term Liabilities                                |           | -                    | -                    |
| <b>III - Total Short-Term Liabilities</b>                              |           | <b>4.373.580.897</b> | <b>1.751.351.465</b> |

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



| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                |              |  |  |
|   |              |  |  |
| <b>IV- Long-Term Liabilities</b>  | <b>Notes</b> | <b>Audited Current Period<br/>31 December 2022</b> | <b>Audited Prior Period<br/>31 December 2021</b> |
| <b>A- Financial Liabilities</b>   | <b>20</b>    | <b>4.075.342</b>                                   | <b>3.809.513</b>                                 |
| 1- Borrowings from Financial Institutions   |              | -  | -  |
| 2- Finance Lease Payables   |              | -  | -  |
| 3- Deferred Leasing Costs   |              | -  | -  |
| 4- Bonds Issued   |              | -  | -  |
| 5- Other Financial Assets Issued  |              | -  | -  |
| 6- Valuation Differences of Other Financial Assets Issued                             |              | -  | -  |
| 7- Other Financial Liabilities  | 20           | 4.075.342  | 3.809.513  |
| <b>B- Payables Arising from Main Operations</b>                                       |              | -  | -  |
| 1- Payables Arising from Insurance Operations   |              | -  | -  |
| 2- Payables Arising from Reinsurance Operations                                       |              | -  | -  |
| 3- Cash Deposited by Insurance and Reinsurance Companies                              |              | -  | -  |
| 4- Payables Arising from Individual Pension Business                                  |              | -  | -  |
| 5- Payables Arising from Other Operations   |              | -  | -  |
| 6- Discount on Payables from Other Operations   |              | -  | -  |
| <b>C- Due to Related Parties</b>  |              | -  | -  |
| 1- Due to Shareholders  |              | -  | -  |
| 2- Due to Associates  |              | -  | -  |
| 3- Due to Subsidiaries  |              | -  | -  |
| 4- Due to Joint Ventures  |              | -  | -  |
| 5- Due to Personnel   |              | -  | -  |
| 6- Due to Other Related Parties   |              | -  | -  |
| <b>D- Other Payables</b>  |              | -  | -  |
| 1- Deposits and Guarantees Received   |              | -  | -  |
| 2- Payables to Social Security Institution  |              | -  | -  |
| 3- Other Miscellaneous Payables   |              | -  | -  |
| 4- Discount on Other Miscellaneous Payables   |              | -  | -  |
| <b>E- Insurance Technical Provisions</b>  | <b>17</b>    | <b>128.773.624</b>                                 | <b>67.648.270</b>                                |
| 1- Reserve for Unearned Premiums - Net  | 17           | 53.579.892   | 20.562.198                                       |
| 2- Reserve for Unexpired Risks - Net  |              | -  | -  |
| 3- Life Mathematical Provisions - Net   |              | -  | -  |
| 4- Provision for Outstanding Claims - Net   |              | -  | -  |
| 5- Provision for Bonus and Discounts - Net  |              | -  | -  |
| 6- Other Technical Provisions - Net   | 17           | 75.193.732   | 47.086.072                                       |
| <b>F- Other Liabilities and Relevant Accruals</b>                                     |              | -  | -  |
| 1- Other Liabilities  |              | -  | -  |
| 2- Overdue, Deferred or By Instalment Taxes and Other Liabilities                     |              | -  | -  |
| 3- Other Liabilities and Expense Accruals   |              | -  | -  |

|   |           |                    |                   |
|---|-----------|--------------------|-------------------|
| <b>G- Provisions for Other Risks</b>              | <b>23</b> | <b>16.173.694</b>  | <b>7.947.861</b>  |
| 1- Provisions for Employment Termination Benefits | 23        | 16.173.694         | 7.947.861         |
| 2- Provisions for Employee Pension Funds Deficits |           | -                  | -                 |
| <b>H- Deferred Income and Expense Accruals</b>    |           | -                  | -                 |
| 1- Deferred Commission Income                     |           | -                  | -                 |
| 2- Expense Accruals                               |           | -                  | -                 |
| 3- Other Deferred Income                          |           | -                  | -                 |
| <b>I- Other Long-Term Liabilities</b>             | <b>21</b> | <b>29.010.149</b>  | <b>10.444.472</b> |
| 1- Deferred Tax Liabilities                       | 21        | 29.010.149         | 10.444.472        |
| 2- Other Long-Term Liabilities                    |           | -                  | -                 |
| <b>IV- Total Long-Term Liabilities</b>            |           | <b>178.032.809</b> | <b>89.850.116</b> |

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

| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                |              |  |  |
| <b>V- SHAREHOLDERS' EQUITY</b>  | <b>Notes</b> | <b>Audited Current Period 31 December 2022</b> | <b>Audited Prior Period 31 December 2021</b> |
| <b>A- Paid in Capital</b>   |              | <b>163.069.856</b>                             | <b>163.069.856</b>                           |
| 1- (Nominal) Capital  | 2,13,15      | 163.069.856                                    | 163.069.856                                  |
| 2- Unpaid Capital   |              | -  | -  |
| 3- Positive Capital Restatement Differences   |              | -  | -  |
| 4- Negative Capital Restatement Differences   |              | -  | -  |
| 5- Unregistered Capital   |              | -  | -  |
| <b>B- Capital Reserves</b>  | <b>15</b>    | <b>2.070.152</b>                               | <b>2.070.152</b>                             |
| 1- Share Premium  | 15           | 2.070.152                                      | 2.070.152                                    |
| 2- Cancellation Profits of Equity Shares  |              | -  | -  |
| 3- Profit on Asset Sales That Will Be Transferred to Capital                          |              | -  | -  |
| 4- Currency Translation Adjustments   |              | -  | -  |
| 5- Other Capital Reserves   |              | -  | -  |
| <b>C- Profit Reserves</b>   | <b>15</b>    | <b>370.465.246</b>                             | <b>95.634.588</b>                            |
| 1- Legal Reserves   | 15           | 8.959.142                                      | 5.543.354                                    |
| 2- Statutory Reserves   |              | -  | -  |
| 3- Extraordinary Reserves   |              | -  | -  |
| 4- Special Funds (Reserves)   |              | -  | -  |
| 5- Revaluation of Financial Assets  | 15           | 14.915.971                                     | -8.558.741                                   |
| 6- Other Profit Reserves  | 15           | 346.590.133                                    | 98.649.975                                   |
| <b>D- Retained Earnings</b>   |              | <b>175.553.546</b>                             | <b>110.653.506</b>                           |
| 1- Retained Earnings  | 15           | 175.553.546                                    | 110.653.506                                  |
| <b>E- Retained Earnings</b>   |              | <b>-</b>                                       | <b>-</b>                                     |
| 1- Accumulated Losses   |              | -  | -  |
| <b>F- Net Profit for the Period</b>   |              | <b>179.719.075</b>                             | <b>68.315.828</b>                            |
| 1- Net Profit for the Year  |              | 179.719.075                                    | 68.315.828                                   |
| 2- Net Loss for the Year  |              | -  | -  |
| 3- Net Profit for the Period not Subject to Distribution                              |              | -  | -  |
| <b>Total Equity</b>   |              | <b>890.877.875</b>                             | <b>439.743.930</b>                           |
| <b>Total Equity and Liabilities</b>   |              | <b>5.442.491.581</b>                           | <b>2.280.945.511</b>                         |

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

| <b>RAY SİGORTA A.Ş.</b>  |              |  |  |
|--|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE INCOME FOR THE PERIODS DECEMBER 31, 2022 AND 2021</b>                        |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)   |              |  |  |
| <b>I-TECHNICAL SECTION (*)</b>   | <b>Notes</b> | <b>Audited Current Period 31 December 2022</b> | <b>Audited Prior Period 31 December 2021</b> |
| <b>A- Non-Life Technical Income</b>  |              | <b>1.683.972.504</b>                           | <b>973.290.171</b>                           |
| 1- Earned Premiums (Net of Reinsurer Share)  |              | 1.486.715.710                                  | 800.378.161                                  |
| 1.1- Written Premiums (Net of Reinsurer Share)   | 17           | 2.734.712.167                                  | 923.236.788                                  |
| 1.1.1- Written Premiums, gross   | 17           | 6.148.770.094                                  | 2.220.372.315                                |
| 1.1.2- Written Premiums, ceded   | 10 and 17    | -3.273.405.788                                 | -1.259.253.830                               |
| 1.1.3- Premiums Transferred to Social Security Institutions  | 17           | -140.652.139                                   | -37.881.697                                  |
| 1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)    | 17 and 29    | -1.249.927.582                                 | -122.043.549                                 |
| 1.2.1- Reserve for Unearned Premiums, gross  | 17           | -2.618.804.294                                 | -295.968.159                                 |
| 1.2.2- Reserve for Unearned Premiums, ceded  | 17           | 1.307.909.516                                  | 171.544.100                                  |
| 1.2.3 - Reserve for Unearned Premiums, Social Security Institution Share                                       | 17           | 60.967.196                                     | 2.380.510                                    |
| 1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)       | 17 and 29    | 1.931.125                                      | -815.078                                     |
| 1.3.1- Reserve for Unexpired Risks, gross  | 10 and 17    | 27.987.564                                     | -20.921.034                                  |
| 1.3.2- Reserve for Unexpired Risks, ceded  | 10 and 17    | -26.056.439                                    | 20.105.956                                   |
| 2- Investment Income - Transferred from Non-Technical Section  |              | 209.194.393                                    | 187.354.074                                  |
| 3- Other Technical Income (Net of Reinsurer Share)   |              | -70.446.127                                    | -40.031.332                                  |
| 3.1- Other Technical Income, gross   |              | -70.446.127                                    | -40.031.332                                  |
| 3.2- Other Technical Income, ceded   |              | -  | -  |
| 4- Accrued Salvage and Subrogation Income  |              | 58.508.528                                     | 25.589.268                                   |
| <b>B- Non-Life Technical Expense</b>   |              | <b>-1.426.253.088</b>                          | <b>-875.331.650</b>                          |
| 1- Incurred Losses (Net of Reinsurer Share)  | 17           | -1.006.548.944                                 | -626.194.991                                 |
| 1.1- Claims Paid (Net of Reinsurer Share)  | 17 and 29    | -873.258.911                                   | -529.070.708                                 |
| 1.1.1- Claims Paid, gross  | 17           | -1.831.882.385                                 | -996.403.560                                 |
| 1.1.2- Claims Paid, ceded  | 10 and 17    | 958.623.474                                    | 467.332.852                                  |
| 1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward) | 17 and 29    | -133.290.033                                   | -97.124.283                                  |
| 1.2.1- Change in Provisions for Outstanding Claims, gross  | 17           | -753.103.243                                   | -417.787.519                                 |
| 1.2.2- Change in Provisions for Outstanding Claims, ceded  | 17           | 619.813.210                                    | 320.663.236                                  |
| 2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)         |              | -  | -  |
| 2.1- Provision for Bonus and Discounts, gross  |              | -  | -  |
| 2.2- Provision for Bonus and Discounts, ceded  |              | -  | -  |
| 3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)            | 29           | -28.107.660                                    | -15.040.810                                  |
| 4- Operating Expenses  | 32           | -391.596.484                                   | -234.095.849                                 |
| 5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)             |              | -  | -  |
| 5.1- Change in Mathematical Provisions, gross  |              | -  | -  |
| 5.2 - Change in Mathematical Provisions, ceded   |              | -  | -  |
| 6- Change in Other Technical Provisions (Net of Reinsurer and Less the Amounts Carried Forward)                |              | -  | -  |
| 6.1- Change in Other Technical Provisions, gross   |              | -  | -  |
| 6.2- Change in Other Technical Provisions, ceded   |              | -  | -  |
| <b>C- Net Technical Income-Non-Life (A - B)</b>  |              | <b>257.719.416</b>                             | <b>97.958.521</b>                            |

| <b>RAY SİGORTA A.Ş.</b>  |              |  |  |
|--|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE INCOME FOR THE PERIODS DECEMBER 31, 2022 AND 2021</b>                        |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)   |              |  |  |
| <b>I-TECHNICAL SECTION</b>   | <b>Notes</b> | <b>Audited Current Period<br/>31 December 2022</b> | <b>Audited Prior Period<br/>31 December 2021</b> |
| <b>D- Life Technical Income</b>  |              | -  | -  |
| 1- Earned Premiums (Net of Reinsurer Share)  |              | -  | -  |
| 1.1- Written Premiums (Net of Reinsurer Share)   |              | -  | -  |
| 1.1.1- Written Premiums. gross   |              | -  | -  |
| 1.1.2- Written Premiums. ceded   |              | -  | -  |
| 1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)    |              | -  | -  |
| 1.2.1- Reserve for Unearned Premiums. gross  |              | -  | -  |
| 1.2.2- Reserve for Unearned Premiums. ceded  |              | -  | -  |
| 1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)       |              | -  | -  |
| 1.3.1- Reserve for Unexpired Risks. gross  |              | -  | -  |
| 1.3.2- Reserve for Unexpired Risks. ceded  |              | -  | -  |
| 2- Investment Income   |              | -  | -  |
| 3- Unrealized Gains on Investments   |              | -  | -  |
| 4- Other Technical Income (Net of Reinsurer Share)   |              | -  | -  |
| 4.1- Other Technical Income. gross   |              | -  | -  |
| 4.2- Other Technical Income. ceded   |              | -  | -  |
| 5- Accrued Salvage Income  |              | -  | -  |
| <b>E- Life Technical Expense</b>   |              | -  | -  |
| 1- Incurred Losses (Net of Reinsurer Share)  |              | -  | -  |
| 1.1- Claims Paid (Net of Reinsurer Share)  |              | -  | -  |
| 1.1.1- Claims Paid, gross  |              | -  | -  |
| 1.1.2- Claims Paid, ceded  |              | -  | -  |
| 1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward) |              | -  | -  |
| 1.2.1- Change in Provisions for Outstanding Claims, gross  |              | -  | -  |
| 1.2.2- Change in Provisions for Outstanding Claims, ceded  |              | -  | -  |
| 2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)         |              | -  | -  |
| 2.1- Provision for Bonus and Discounts, gross  |              | -  | -  |
| 2.2- Provision for Bonus and Discounts, ceded  |              | -  | -  |
| 3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)        |              | -  | -  |
| 3.1- Change in Life Mathematical Provisions  |              | -  | -  |
| 3.1.1- Actuarial Mathematical Provisions   |              | -  | -  |
| 3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)                         |              | -  | -  |
| 3.2- Reinsurance Share for Math  |              | -  | -  |
| 3.2.1- Reinsurance Share in Actuarial Mathematics Provisions   |              | -  | -  |

|  |  |   |   |
|--|--|---|---|
| 3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)    |  | - | - |
| 4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) |  | - | - |
| 5- Operating Expenses (-)  |  | - | - |
| 6- Investment Expenses (-)   |  | - | - |
| 7- Unrealized Losses from Investments (-)  |  | - | - |
| 8- Investment Income Transferred to Non-Technical Part (-)   |  | - | - |
| <b>F- Net Technical Income- Life (D - E)</b>   |  | - | - |
| <b>G- Pension Business Technical Income</b>  |  | - | - |
| 1- Fund Management Income  |  | - | - |
| 2- Management Fee  |  | - | - |
| 3- Entrance Fee Income   |  | - | - |
| 4- Management Expense Charge in case of Suspension   |  | - | - |
| 5- Income from Individual Service Charges  |  | - | - |
| 6- Increase in Value of Capital Allowances Given as Advance  |  | - | - |
| 7- Other Technical Expense   |  | - | - |
| <b>H- Pension Business Technical Expense</b>   |  | - | - |
| 1- Fund Management Expense   |  | - | - |
| 2- Decrease in Value of Capital Allowances Given as Advance  |  | - | - |
| 3- Operating Expenses  |  | - | - |
| 4- Other Technical Expenses  |  | - | - |
| <b>I- Net Technical Income - Pension Business (G - H)</b>  |  | - | - |

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

| <b>RAY SİGORTA A.Ş.</b>   |              |  |  |
|---|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE INCOME FOR THE PERIODS DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                  |              |  |  |
| <b>II-NON-TECHNICAL SECTION</b>   | <b>Notes</b> | <b>Audited<br/>Current Period<br/>31 December 2022</b> | <b>Audited<br/>Prior Period<br/>31 December 2021</b> |
| <b>C- Net Technical Income - Non-Life (A-B)</b>   |              | <b>257.719.416</b>                                     | <b>97.958.521</b>                                    |
| <b>F- Net Technical Income - Life (D-E)</b>   |              | -  | -  |
| <b>I - Net Technical Income - Pension Business (G-H)</b>                                |              | -  | -  |
| <b>J- Total Net Technical Income (C+F+I)</b>  |              | <b>257.719.416</b>                                     | <b>97.958.521</b>                                    |
| <b>K- Investment Income</b>   |              | <b>558.725.340</b>                                     | <b>408.895.011</b>                                   |
| 1- Income from Financial Assets   | 4.2          | 197.979.991  | 140.268.336  |
| 2- Income from Disposal of Financial Assets   |              | -  | -  |
| 3- Valuation of Financial Assets  |              | 3.052.100  | 2.619.934  |
| 4- Foreign Exchange Gains   | 4.2          | 357.693.249  | 266.006.741  |
| 5- Income from Associates   |              | -  | -  |
| 6- Income from Subsidiaries and Joint Ventures  |              | -  | -  |
| 7- Income from Property, Plant and Equipment  |              | -  | -  |
| 8- Income from Derivative Transactions  |              | -  | -  |
| 9- Other Investments  |              | -  | -  |
| 10- Income Transferred from Life Section  |              | -  | -  |
| <b>L- Investment Expense</b>  |              | <b>-526.147.930</b>                                    | <b>-370.237.115</b>                                  |
| 1- Investment Management Expenses (including interest)                                  | 4.2          | -21.004.840  | -11.929.180  |
| 2- Diminution in Value of Investments   | 4.2          | -1.591.269   | -2.944.612   |
| 3- Loss from Disposal of Financial Assets   |              | -  | -  |
| 4- Investment Income Transferred to Non-Life Technical Section                          | 26           | -209.194.393   | -187.354.074   |
| 5- Loss from Derivative Transactions  |              | -  | -  |
| 6- Foreign Exchange Losses  | 4.2          | -274.492.104   | -156.515.056   |
| 7- Depreciation and Amortisation Expenses   | 6 and 8      | -19.865.324  | -11.494.193  |
| 8- Other Investment Expenses  |              | -  | -  |
| <b>M- Income and Expenses from Other and Extraordinary Operation</b>                    |              | <b>-50.296.122</b>                                     | <b>-43.743.207</b>                                   |
| 1- Provisions   | 47           | -68.286.610  | -23.876.695  |
| 2- Rediscounts  |              | -  | -  |
| 3- Specified Insurance Accounts   |              | -  | -  |
| 4- Inflation Adjustment Account   |              | -  | -  |
| 5- Deferred Taxation (Deferred Tax Assets)  | 21 and 35    | 21.020.787   | 2.412.506  |
| 6- Deferred Taxation (Deferred Tax Liabilities)   |              | -  | -  |
| 7- Other Income   |              | 3.001.892  | 1.730.643  |
| 8- Other Expenses and Losses  | 47           | -6.032.191   | -24.009.661  |
| 9- Prior Year's Income  |              | -  | -  |
| 10- Prior Year's Expenses and Losses  |              | -  | -  |
| <b>N- Net Profit for the Period</b>   |              | <b>179.719.075</b>                                     | <b>68.315.828</b>                                    |
| 1- Profit for the Period  |              | 240.000.704  | 92.873.210   |
| 2- Corporate Tax Provision and Other Fiscal Liabilities                                 | 35           | -60.281.629  | -24.557.382  |
| 3- Net Profit for the Period  |              | 179.719.075  | 68.315.828   |
| 4- Inflation Adjustment Account   |              | -  | -  |

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

| <b>RAY SİGORTA A.Ş.</b>  |              |  |  |
|--|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE CASH FLOW FOR THE PERIODS DECEMBER 31, 2022 AND 2021</b> |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)                     |              |  |  |
| <b>Cash Flows</b>  | <b>Notes</b> | <b>Audited<br/>Current Period<br/>31 December 2022</b> | <b>Audited<br/>Prior Period<br/>31 December 2021</b> |
| <b>A. Cash Flows From Operating Activities</b>   |              | <b>4.968.340.098</b>                                   | <b>1.914.546.487</b>                                 |
| 1. Cash provided from insurance activities   |              | -  | -  |
| 2. Cash provided from reinsurance activities   |              | -  | -  |
| 3. Cash provided from pension business   |              | -  | -  |
| 4. Cash used in insurance activities   |              | -3.472.947.236   | -1.807.851.152                                       |
| 5. Cash used in reinsurance activities   |              | -  | -  |
| 6. Cash used in pension business   |              | -  | -  |
| 7. Cash provided from operating activities   |              | 1.495.392.862  | 106.695.333  |
| 8. Interest paid   |              | -753.392   | -536.198   |
| 9. Income taxes paid   |              | -60.751.699  | -40.705.094  |
| 10. Other cash inflows   |              | 15.810.525   | 3.607.452  |
| 11. Other cash outflows  |              | -336.665.958   | -133.873.498   |
| 12. Net cash provided from operating activities  |              | 1.113.032.338  | -64.812.005  |
| <b>B. Cash Flows From Investing Activities</b>   |              |  |  |
| 1. Disposal of tangible assets   | 6            | 0  | 35.241   |
| 2. Acquisition of tangible assets  | 6 and 8      | -30.249.853  | -9.060.389   |
| 3. Acquisition of financial assets   | 11           | -496.899.890   | -376.732.967   |
| 4. Disposal of financial assets  | 11           | 450.674.744  | -  |
| 5. Interests received  |              | 192.757.563  | 115.686.748  |
| 6. Dividends received  |              | -  | -  |
| 7. Other cash inflows  |              | -  | -  |
| 8. Other cash outflows   |              | -  | -  |
| 9. Net cash provided by investing activities   |              | 116.282.564  | -270.071.367   |
| <b>C. Cash Used in Financing Activities</b>  |              |  |  |
| 1. Equity shares issued  |              | -  | -  |
| 2. Cash provided from loans and borrowings   |              | -  | -  |
| 3. Finance lease payments  | 20           | -4.705.520   | -2.686.556   |
| 4. Dividends paid  |              | -  | -  |
| 5. Other cash inflows  |              | -  | -  |
| 6. Other cash outflows   |              | -  | -  |
| 7. Net cash used in financing activities   |              | -4.705.520   | -2.686.556   |
| <b>D. Impact of Currency Differences on Cash and Cash Equivalents</b>                      |              | <b>83.201.146</b>                                      | <b>109,491,686</b>                                   |
| <b>E. Net increase/(decrease) in cash and cash equivalents</b>                             |              | <b>1.307.810.528</b>                                   | <b>-228.078.243</b>                                  |
| <b>F. Cash and cash equivalents at the beginning of the period</b>                         | <b>14</b>    | <b>577.770.319</b>                                     | <b>805,848,563</b>                                   |
| <b>G. Cash and cash equivalents at the end of the period</b>                               | <b>14</b>    | <b>1.885.580.847</b>                                   | <b>577.770.319</b>                                   |

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

**RAY SİGORTA A.Ş.**  
**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS**  
**DECEMBER 31, 2022 AND 2021**  
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

| EQUITY CHANGE (*)  | Notes    | Share Capital      | Treasury Shares | Value Increase in Assets | Inflation Adjustments |
|--|----------|--------------------|-----------------|--------------------------|-----------------------|
| <b>I - Balance at 31 December 2020</b>                       |          | <b>163.069.856</b> | -               | <b>54.392.161</b>        | -                     |
| <b>II- Changes in Accounting Policy (*)</b>                  |          | -                  | -               | -                        | -                     |
| <b>III - New balance (I + II) (1 January 2021)</b>           |          | <b>163.069.856</b> | -               | <b>54.392.161</b>        | -                     |
| A- Capital increase  |          | -                  | -               | -                        | -                     |
| 1 - In cash  |          | -                  | -               | -                        | -                     |
| 2 - From reserves  |          | -                  | -               | -                        | -                     |
| B- Treasury shares   |          | -                  | -               | -                        | -                     |
| C- Gain and losses not recognized in the statement of income | 15       | -                  | -               | -                        | -                     |
| D- Change in the value of financial assets                   | 6 and 15 | -                  | -               | 32.240.327               | -                     |
| E- Currency translation adjustments                          |          | -                  | -               | -                        | -                     |
| F- Other gains or losses                                     |          | -                  | -               | -                        | -                     |
| G- Inflation adjustment differences                          |          | -                  | -               | -                        | -                     |
| H- Net profit for the period                                 |          | -                  | -               | -                        | -                     |
| I- Dividends paid  |          | -                  | -               | -                        | -                     |
| J - Transfers  | 15       | -                  | -               | -                        | -                     |
| <b>II - Balance at 31 December 2021</b>                      |          | <b>163.069.856</b> | -               | <b>86.632.488</b>        | -                     |

**Shareholder's Equity - 31 December 2022- Audited**

| EQUITY CHANGE (*)  | Notes | Share Capital      | Treasury Shares | Value Increase in Assets | Inflation Adjustments |
|--|-------|--------------------|-----------------|--------------------------|-----------------------|
| <b>I - Balance at 31 December 2021</b>                       |       | <b>163.069.856</b> | -               | <b>86.632.488</b>        | -                     |
| <b>II- Changes in Accounting Policy (*)</b>                  |       | -                  | -               | -                        | -                     |
| <b>III - New balance (I + II) (1 January 2022)</b>           |       | <b>163.069.856</b> | -               | <b>86.632.488</b>        | -                     |
| A- Capital increase  |       | -                  | -               | -                        | -                     |
| 1 - In cash  |       | -                  | -               | -                        | -                     |
| 2 - From reserves  |       | -                  | -               | -                        | -                     |
| B- Treasury shares   |       | -                  | -               | -                        | -                     |
| C- Gain and losses not recognized in the statement of income |       | -                  | -               | -                        | -                     |
| D- Change in the value of financial assets                   | 15    | -                  | -               | 275.916.893              | -                     |
| E- Currency translation adjustments                          |       | -                  | -               | -                        | -                     |
| F- Other gains or losses                                     |       | -                  | -               | -                        | -                     |
| G- Inflation adjustment differences                          |       | -                  | -               | -                        | -                     |
| H- Net profit for the period                                 |       | -                  | -               | -                        | -                     |
| I - Dividends paid   |       | -                  | -               | -                        | -                     |
| J- Transfers   | 15    | -                  | -               | -                        | -                     |
| <b>II - Balance at 31 December 2022</b>                      |       | <b>163.069.856</b> | -               | <b>362.549.381</b>       | -                     |

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

| Currency Translation Adjustments | Legal Reserves | Statutory Reserves | Other Reserves and Retained Profit | Net Profit for the Period | Retained Earnings / Previous Years' Losses | Total       |
|----------------------------------|----------------|--------------------|------------------------------------|---------------------------|--|-------------|
| -                                | 2.597.170      | -                  | 6.619.711                          | 58.923.677                | 52.300.131                                 | 337.902.706 |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | 2.597.170      | -                  | 6.619.711                          | 58.923.677                | 52.300.131                                 | 337.902.706 |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -1.090.813                         | -                         | -  | -1.090.813  |
| -                                | -              | -                  | -                                  | -                         | 2.375.882                                  | 34.616.209  |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | 68.315.828                | -  | 68.315.828  |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | 2.946.184      | -                  | -                                  | -58.923.677               | 55.977.493                                 | -           |
| -                                | 5.543.354      | -                  | 5.528.898                          | 68.315.828                | 110.653.506                                | 439.743.930 |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -4.502.023                         | -                         | -  | -4.502.023  |
| -                                | -              | -                  | -                                  | -                         | 275.916.893                                | 275.916.893 |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | -              | -                  | -                                  | 179.719.075               | -  | 179.719.075 |
| -                                | -              | -                  | -                                  | -                         | -  | -           |
| -                                | 3.415.788      | -                  | -                                  | -68.315.828               | 64.900.040                                 | -           |
| -                                | 8.959.142      | -                  | 1.026.185                          | 179.719.075               | 175.553.546                                | 890.877.875 |

| <b>RAY SİGORTA A.Ş.</b>  |              |  |  |
|--|--------------|--|--|
| <b>CONVENIENCE TRANSLATION OF THE DISTRIBUTION OF PROFIT FOR THE PERIODS</b> |              |  |  |
| <b>DECEMBER 31, 2022 AND 2021</b>  |              |  |  |
| Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)       |              |  |  |
|  | <b>Notes</b> | <b>Audited<br/>Current Period<br/>31 December<br/>2022</b> | <b>Audited<br/>Prior Period<br/>31 December<br/>2021</b> |
| <b>I. DISTRIBUTION OF PERIOD PROFIT</b>                                      |              |  |  |
| 1.1. PERIOD PROFIT/(LOSS)  | 35           | 240.000.704  | 92.873.210   |
| 1.2. PAYABLE TAXES AND LEGAL LIABILITIES                                     | 35           | -60.281.629  | -24.557.382  |
| 1.2.1. Corporate Tax (Income Tax)  |              | -60.281.629  | -24.557.382  |
| 1.2.2. Income Tax Deduction  |              | -  | -  |
| 1.2.3. Other Tax and Legal Liabilities                                       |              | -  | -  |
| <b>A. NET PERIOD PROFIT/(LOSS) (1.1 - 1.2)</b>                               |              | <b>179.719.075</b>   | <b>68.315.828</b>  |
| 1.3. RETAINING LOSS (-)  |              | -  | -  |
| 1.4. PRIMARY RESERVE   |              | -8.985.954   | -3.415.791   |
| 1.5. COMPULSORY LEGAL FUNDS (-)  |              | -35.753.379  | -  |
| <b>B. DISTRIBUTABLE NET PERIOD PROFIT [(A)-(1.3 + 1.4 + 1.5)]</b>            |              | <b>134.979.742</b>   | <b>64.900.037</b>  |
| 1.6. FIRST DIVIDEND TO SHAREHOLDERS  |              | -  | -  |
| 1.6.1. To Shareholders   |              | -  | -  |
| 1.6.2. To Privileged Shareholders  |              | -  | -  |
| 1.6.3. To Participating Shareholders   |              | -  | -  |
| 1.6.4. To Participating Bond Shareholders                                    |              | -  | -  |
| 1.6.5. To Profit and Loss Sharing Certificate Holders                        |              | -  | -  |
| 1.7. DIVIDEND TO PERSONNEL   |              | -  | -  |
| 1.8. DIVIDEND TO BOARD OF DIRECTORS  |              | -  | -  |
| 1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)                                     |              | -  | -  |
| 1.9.1. To Shareholders   |              | -  | -  |
| 1.9.2. To Privileged Shareholders  |              | -  | -  |
| 1.9.3. To Participating Shareholders   |              | -  | -  |
| 1.9.4. To Participating Bond Shareholders                                    |              | -  | -  |
| 1.9.5. To Profit and Loss Sharing Certificate Holders                        |              | -  | -  |
| 1.10. SECOND LEGAL RESERVE (-)   |              | -  | -  |
| 1.11. STATUS RESERVE (-)   |              | -  | -  |
| 1.12. EXTRAORDINARY RESERVES   |              | -  | -  |
| 1.13. OTHER RESERVES   |              | -  | -  |
| 1.14. SPECIAL FUNDS  |              | -  | -  |
| <b>2.1. DISTRIBUTED RESERVES</b>   |              | <b>-</b>   | <b>-</b>   |
| 2.2. SECOND DIVIDEND TO SHAREHOLDERS (-)                                     |              | -  | -  |
| 2.3. SHARE TO PARTNERS   |              | -  | -  |
| 2.3.1. To Shareholders   |              | -  | -  |
| 2.3.2. To Privileged Shareholders  |              | -  | -  |
| 2.3.3. To Participating Shareholders   |              | -  | -  |
| 2.3.4. To Participating Bond Shareholders                                    |              | -  | -  |
| 2.3.5. To Profit and Loss Sharing Certificate Holders                        |              | -  | -  |
| 2.4. SHARE TO PERSONNEL (-)  |              | -  | -  |
| 2.5. SHARE TO BOARD OF DIRECTORS (-)   |              | -  | -  |

| <b>III. EARNINGS PER SHARE</b>      |  | <b>0,0109</b> | <b>0,0042</b> |
|-------------------------------------|--|---------------|---------------|
| 3.1. TO SHAREHOLDERS                |  | 0,0109        | 0,0042        |
| 3.2. TO SHAREHOLDERS (%)            |  | 0,09          | 0,42          |
| 3.3. TO PRIVILEGED SHAREHOLDERS     |  | -             | -             |
| 3.4. TO PRIVILEGED SHAREHOLDERS (%) |  | -             | -             |
| <b>IV. DIVIDEND PER SHARE</b>       |  | <b>-</b>      | <b>-</b>      |
| 4.1. TO SHAREHOLDERS                |  | -             | -             |
| 4.2. TO SHAREHOLDERS (%)            |  | -             | -             |
| 4.3. TO PRIVILEGED SHAREHOLDERS     |  | -             | -             |
| 4.4. TO PRIVILEGED SHAREHOLDERS (%) |  | -             | -             |

(\*) The authorized body of the Company regarding the distribution of the profit for the period is the General Assembly. Since there is no profit distribution for the accounting period of 1 January - 31 December 2022, the profit distribution table has not been prepared.

(\*\*) The positive difference that may arise due to the change in the calculation method in accordance with the circular numbered 2022/27 on the provision for continuing risks and the regulations made by the company actuary in order to eliminate the misleading effect, cannot be used in profit distribution without obtaining the approval of the institution.

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**1 GENERAL INFORMATION**

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

The shareholding structure of Ray Sigorta Anonim Şirketi ('the Company') is presented below. As at 31 December 2022 and 31 December 2021, the shareholder having direct control over the shares of Ray Sigorta Anonim Şirketi ('the Company') is ATBIH GmbH and the ultimate parent company is Vienna Insurance Group AG ('VIG'). 5,04% (31 December 2021: 5.04%) of shares are being traded at Borsa İstanbul A.Ş. ('BİST').

| Adı                    | 31/December/2022         |                       | 31/December/2021         |                       |
|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                        | Shareholding Amount (TL) | Shareholding Rate (%) | Shareholding Amount (TL) | Shareholding Rate (%) |
| ATBIH GmbH             | 133.048.627              | 81,59                 | 133.048.627              | 81,59                 |
| Vienna Insurance Group | 20.663.528               | 12,67                 | 20.663.528               | 12,67                 |
| LVP Holding GmbH       | 1.145.734                | 0,70                  | 1.145.734                | 0,70                  |
| Other                  | 8.211.967                | 5,04                  | 8.211.967                | 5,04                  |
| <b>Paid in Capital</b> | <b>163.069.856</b>       | <b>100,00</b>         | <b>163.069.856</b>       | <b>100,00</b>         |

**1.2 Residence and the legal structure of the Company, country of incorporation and the address of the registered office (address of the operating centre if it is different from the registered office)**

The Company was registered in Turkey and has the status of 'Incorporated Company'. The Company's address is 'Cumhuriyet Mahallesi Haydar Aliyev Caddesi No:28 Tarabya-İstanbul' and the Company has eight regional offices; two of them established in İstanbul (Anatolia and Europe) and others established in Antalya, İzmir, Adana, Ankara, Malatya (Eastern Anatolia) and Bursa.

**1.3 Business of the Company**

The Company operates in almost all non-life insurance branches consisting of mainly accident, health, motor vehicles, air vehicles, water vehicles, transportation, fire and natural disasters, general loss, credit, financial losses, and legal protection.

As at 31 December 2022, the Company serves through, 1.712 authorized agencies, 127 agency branches, 91 broker, 9 broker branches, 1 leasing, 1 bank (31 December 2021: 1.633 authorized agencies, 128 agency branches, 93 broker, 10 broker branches, 1 leasing, 1 bank) of which, 1.941 agencies (31 December 2021: 1.866 authorized).

**1.4 Description of the main operations of the Company**

The Company conducts its operations in accordance with the Insurance Law No.5684 (the 'Insurance Law') issued in 14 June 2007 dated and 26552 numbered Official Gazette and on the basis of this law and within the framework of other regulations and regulations published by Insurance and Insurance and Private Pension Regulation and Supervision Agency ('SEDDK') established by the Presidential Decree of 18 October 2019; The Company operates in insurance branches as mentioned above Note 1.3 Business of the Company. The insurance legislation before the establishment of SEDDK and its regulation activities regarding the insurance sector was published by the TR Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

The Company's shares have been listed on the Istanbul Stock Exchange ('ISE'). The Company operates in their own specific laws and regulations for the matters of establishment, auditing, supervision/oversight, accounting and financial reporting in accordance Capital Market Law No:6362, part of VIII and paragraph of 5 of Article 136.

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**1 GENERAL INFORMATION (Continued)**

**1.5 The average number of the personnel during the period in consideration of their categories**

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

|                                  | 31/December/2022 | 31/December/2021 |
|----------------------------------|------------------|------------------|
| Senior and middle level managers | 60               | 60               |
| Other                            | 260              | 251              |
| <b>Total</b>                     | <b>320</b>       | <b>311</b>       |

**1.6 Wages and similar benefits provided to the senior management**

For the year ended 31 December 2022, wages and similar benefits provided to the senior and middle level management including chairman is amounting to TRY27,658,605 (31 December 2021: TRY18,215,294).

**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 4 January 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 Turkish Republic Ministry of Treasury and Finance.

In accordance with the above mentioned Communiqué, insurance companies are allowed to transfer technical section operating expense to insurance section through methods determined by Turkish Republic Ministry of Treasury and Finance or by the Company itself. Methods determined by the Company should be approved by the Turkish Republic Ministry of Treasury and Finance, known and exactly distinguishable operating expenses are distributed to related branches directly, while operating expenses are distributed to the sub-branches in accordance with the average of 3 ratios calculated by dividing 'number of the policies produced within the last three years', 'gross premium written within the last three years', and 'number of the claims reported within the last three years' to the 'total number of the policies', 'total gross written premiums' and the 'total number of the claims reported', respectively.

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.

**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 financial information of the Company.

**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 : Ray Sigorta Anonim Şirketi  
Registered address of the head office : Haydar Aliyev Caddesi No:28 Tarabya 34457 Sarıyer / İstanbul  
The web page of the Company : www.raysigorta.com.tr

The information presented above has not any change since the end of the previous reporting period.

**1.10 Events After the Reporting Date**

Explanations on events after the balance sheet date are presented in detail in the note '46 - Events after the balance sheet date'.

The financial statements as at 31 December 2022 have been approved by the Board of Directors of the Company on 28 February 2023.

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**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 insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. The Company prepares its financial statements in accordance with the Insurance Law and regulations published by the SEDDK. The insurance legislation on financial reporting before the establishment of SEDDK and its regulation activities regarding the insurance sector was published by the Ministry of Treasury and Finance. Therefore, the Company prepares its financial statements in accordance with the Turkish Financial Reporting Standards ('TFRS') in accordance with the provisions of the 'Regulation on Financial Reporting of Insurance and Reinsurance and Pension Companies' published by the TR Ministry of Treasury and Finance, based on Article 18 of the Insurance Law, and other regulations, explanations and circulars (all 'Reporting Standards') published by the TR Ministry of Treasury and Finance on accounting and financial reporting principles.

Communiqué Related to Presentation of Financial Statements published in Official Gazette dated 18 April 2008 and numbered 26851 by ensuring the comparison of the prior period financial statements and the financial statements of other companies regulated the form and content of the financial statements that are prepared by companies.

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.

**Other Accounting Policies**

Information regarding other accounting policies 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.

**2.1.2 Functional and presentation Currency**

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

**2.1.3 Rounding of the amounts presented in the financial Statements**

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

**2.1.4 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 31 December 2004, except for the financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments and associates which are measured at their fair values unless reliable measures are available.

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

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**2.1.5 Accounting Policies, Changes and Mistakes in Accounting Estimates**

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the last annual financial statements. In the current period, there is no change in accounting policy and no significant accounting error has been identified.

**2.1.6 Changes in Accounting Estimates**

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods if they are related to future periods. The accounting estimates have not been changed in the current period.

The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

**2.2 Consolidation**

The Company has not any associate or subsidiary to be consolidated as of the reporting period, so consolidated financial statements have not been prepared.

**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. Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented. A business segment reporting of the Company is presented in Note 5 in accordance with TFRS 8 - Operating Segments standard.

**2.4 Foreign Currency Transactions**

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates ruling at the reporting date and foreign currency exchange differences are offset and all exchange differences are recognized in the statement of income.

**2.5 Tangible Assets**

Except for buildings in use, tangible assets of the Company are recorded at their historical costs that have been adjusted for the effects of inflation until the end of 31 December 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 31 December 2004. Tangible assets that have been purchased after 1 January 2005 have been recorded at their costs after deducting any exchange rate differences and finance expenses.



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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.5 Tangible Assets (Continued)**

The Company measures its properties for use through fair value. For the properties measured at fair value that subject to amortization, the amortization started to be calculated by taking into consideration the rest of lives of related properties as of the date of the fair value determined.

Revaluation surplus arising from fair value measurement in buildings is recorded in 'Other Capital Reserves' under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets 'Other Capital Reserves' under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in 'Other Capital Reserves' under Shareholders' Equity is associated with profit/loss accounts.

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.

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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation rates and estimated useful lives are as follows:

| <b>Tangible Assets</b>                                   | <b>Estimated Useful Lives (years)</b> | <b>Depreciation Rates (%)</b> |
|--|---------------------------------------|-------------------------------|
| Buildings  | 50                                    | 2                             |
| Machinery and equipments                                 | 3 - 16                                | 6,3 - 33,3                    |
| Furniture and fixtures                                   | 4 - 16                                | 6,3 - 25                      |
| Vehicles   | 5                                     | 20                            |
| Other tangible assets (including leasehold improvements) | 5 - 10                                | 10 - 20                       |
| Leased tangible assets                                   | 4 - 10                                | 10 - 25                       |

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.6 Investment Properties**

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

Investment properties are measured initially at cost including transaction costs.

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. 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.

The Company does not have investment properties as of the reporting period (31 December 2021: None).

**2.7 Intangible Assets**

The Company's intangible assets consist of computer softwares and rights.

Intangible assets are recorded at cost in compliance with 'TAS 38 - Accounting for intangible assets'. The cost of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs.

Amortization is charged on a straight-line basis over their estimated useful lives over the cost of the asset.

Intangible assets' useful lives are 3 and 15 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.

Financial assets are classified in four categories; as financial assets fair value through profit or loss, held to maturity financial assets, available for sale financial assets and loans and receivables.

Available for sale financial assets, It consists of financial assets classified under Investments in Associates. Financial assets available for sale are initially recorded at cost, and in subsequent periods, their valuation is made over the fair value of the relevant financial assets. For investments whose shares are traded on the stock exchange, the prices formed in the stock exchange as of the balance sheet date are taken into account. For investments that are not traded in an active market, the fair value is calculated using valuation methods; The fair value is determined based on the market prices of similar securities traded in the same quality markets in terms of interest, maturity and other similar conditions. Unrealized gains or losses, which represent the difference between the amortized cost of the securities calculated using the effective interest rate method and the fair value, arising from the changes in the fair values of the available for sale financial assets, are shown in the 'Revaluation of Financial Assets' account under equity items. In case of disposal of available for sale financial assets, the value created in the equity accounts as a result of the fair value application is reflected in the income statement. During the initial recognition of financial assets available for sale, transaction costs directly attributable to the acquisition of the relevant financial asset are added to the subject fair value.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.8 Financial Assets (Continued)**

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Purchase and sale transactions of marketable securities are accounted on delivery date.

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. Subsidiaries are reflected in financial statements at their costs after deducting impairment losses, if any.

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.

**2.9 Impairment on Assets**

**Impairment on Financial Assets**

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired 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 operations. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.9 Impairment on Assets (Continued)**

**Impairment on Intangible Assets**

On each reporting date, the Company evaluates whether there is an indication of impairment of tangible and intangible 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 period are detailed in Note 47-Other.

**2.10 Derivative Financial Instruments**

As of the reporting date, the Company does not have any 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.

As of December 31,2022, the Company does not hold any derivative financial instruments (December 31, 2021: None).

**2.11 Offsetting of Financial Assets**

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

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

**2.12 Cash and Cash Equivalents**

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.13 Capital**

As at 31 December 2022 and 31 December 2021, the shareholder having direct control over the shares of Ray Sigorta Anonim Şirketi ('the Company') is ATBIH GmbH and the ultimate parent company is VIG. As at 31 December 2022 and 31 December 2021, the share capital and ownership structure of the Company are as follows:

| Name                   | 31/December/2022         |                       | 31/December/2021         |                       |
|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                        | Shareholding Amount(TRY) | Shareholding Rate (%) | Shareholding Amount(TRY) | Shareholding Rate (%) |
| ATBIH GmbH             | 133.048.627              | 81,59                 | 133.048.627              | 81,59                 |
| Vienna Insurance Group | 20.663.528               | 12,67                 | 20.663.528               | 12,67                 |
| LVP Holding GmbH       | 1.145.734                | 0,70                  | 1.145.734                | 0,70                  |
| Other                  | 8.211.967                | 5,04                  | 8.211.967                | 5,04                  |
| <b>Paid in Capital</b> | <b>163.069.856</b>       | <b>100,00</b>         | <b>163.069.856</b>       | <b>100,00</b>         |

**Capital increases and sources during the period**

None (31 December 2021: None).

**Privileges on Common Shares Representing Share Capital**

As at 31 December 2022, the issued share capital of the Company is TRY163.069.856 (31 December 2021: TRY163.069.856) and the share capital of the Company consists of 16,306,985,600 (31 December 2021: 16,306,985,600 shares) issued shares with TRY0.01 nominal value each.

**Registered Capital System in the Company**

The Company has accepted the registered capital system. As of 31 December 2022, the Company's registered capital is TRY200.000.000 (31 December 2021: TRY200.000.000).

**Repurchased own shares by the Company**

None (31 December 2021: None).

**2.14 Insurance and Investments 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.

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

**2.16 Investment contracts without DPF**

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

**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 taxes**

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 1 July 2022 and being valid for corporate earnings for the taxation period starting from 1 February 2022.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.18 Income Taxes (Continued)**

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

In accordance with Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years. The Company has not deductible tax losses.

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.

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

**Deferred taxes**

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

Deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity. In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Since the effective corporate tax rate is 25% as of 31 December 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 31 December 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).

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.18 Income Taxes (Continued)**

**Transfer pricing**

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

In accordance with the General Communiqué, if a taxpayer enters 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 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**

**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 at 31 December 2022 is TRY15.371 (31 December 2021: TRY8.284).

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

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 - Employee Benefits, The major actuarial assumptions used in the calculation of the total liability as at 31 December 2022 and 31 December 2021 are as follows:

|                                   | 31/December/2022 | 31/December/2021 |
|-----------------------------------|------------------|------------------|
| Discount rate                     | 3,05%            | 2,98%            |
| Expected retirement turnover rate | 91,05%           | 90,71%           |

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 period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.20 Provisions**

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is 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 and claims paid**

Written premiums represent premiums on policies written during the period net of taxes, premiums of the cancelled policies which were produced in prior periods and premium ceded to reinsurance companies,. Premiums ceded to reinsurance companies are accounted as 'written premiums, ceded' in the statement of income.

Claims are recognized as expense as they are paid. Outstanding claims provision 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 provisions are off-set against these reserves.

**Recourse, salvage and quasi incomes**

Pursuant to the "Circular No. 2010/13 on Recourse and Salvage Revenues" of the TR Ministry of Treasury and Finance dated 20 September 2010; the Company may account for income accrual for subrogation receivables without any voucher after the completion of the claim payments made to the insure. 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 Communiqué the Company provided TRY 22,949,130 (31 December 2021: TRY 20,894,850) subrogation receivables and recorded TRY 23,032,488 (31 December 2021: TRY 20,900,396) (Note 12) net subrogation and salvage receivables under receivables from main operations. The Company provided allowance for uncollected subrogation receivables amounting to TRY 598,776 (31 December 2021: TRY549,315) (Note 12) in accordance with Communiqué.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.21 Revenue recognition (Continued)**

**Recourse, salvage and quasi incomes (Continued)**

| For the years ended 1 January - 31 December 2022 and 2021, salvage and recourse collected are as follows:    |                         |                         |
|--|-------------------------|-------------------------|
|  | <b>31/December/2022</b> | <b>31/December/2021</b> |
| Motor vehicles   | 213.628.656             | 107.554.353             |
| Third party liability for motor vehicles   | 8.616.708               | 5.139.270               |
| Transportation   | 3.003.147               | 1.920.925               |
| Fire and natural disaster  | 1.004.345               | 880.145                 |
| General losses   | 238.299                 | 442.323                 |
| Indemnification insurance  | 63.193                  | 24.063                  |
| Health   | 4.509                   | 8.340                   |
| General responsibility   | 73.466                  | 3.089                   |
| Legal protection   | 144                     | 1.841                   |
| Water vehicles   | 232.010                 | 1.117                   |
| Accident   | 218                     | 340                     |
| Financial losses   | 325                     | -                       |
| <b>Total</b>   | <b>226.865.020</b>      | <b>115.975.806</b>      |
| As at 31 December 2022 and 31 December 2021, accrued recourse and salvage income per branches is as follows: |                         |                         |
|  | <b>31/December/2022</b> | <b>31/December/2021</b> |
| Motor vehicles   | 19,531,449              | 18,918,958              |
| Third party liability for motor vehicles   | 881,442                 | 1,112,958               |
| Transportation   | 803,389                 | 598,667                 |
| Fire and natural disaster  | 1,726,443               | 255,770                 |
| General losses   | 36,669                  | 13,405                  |
| Health   | 148                     | 148                     |
| Accident   | 1,611                   | 100                     |
| Bonding  | -                       | 390                     |
| General Responsibility   | 51,237                  | -                       |
| Water Vehicles   | 100                     | -                       |
| <b>Total</b>   | <b>23.032.488</b>       | <b>20.900.396</b>       |

**Commission income and expense**

As further disclosed in Note 2.24 - Reserve for unearned premiums, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded 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 1 January 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after 1 January 2008.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.21 Revenue recognition (Continued)**

**Interest income and expense**

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 financial statements.

**Dividends**

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

**2.22 Leasing transactions**

The Company has applied TFRS 16 for leases with more than 12 months of lease term.

The Company recognises the lease payments as an expense on a straight-line basis lower than 12 months of lease term.

The Company leases many assets including real estates, vehicles and IT equipment's. The maximum period of the financial lease contracts is 10 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate. If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Lease liability is measured at fair value of rent payments that have not been paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing rate. Company uses its incremental borrowing rate as the discount rate.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.22 Leasing transactions (Continued)**

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

**2.23 Dividend distribution**

The principles that are stated in the declaration of profit sharing, titled II-19.1, which were published in the federal register in 23 Jan 2014 by the Capital Market Board should be executed according to the decrees that are stated in the core contract between the partners and the profit sharing policies that were announced by the companies to the public. The Company's 'Dividend Policy' was approved at the Annual General Meeting held on March 31,2014.

Additionally, as stated within the aforementioned decision of CMB, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

The Company did not perform dividend distribution in 2022. According to Company's General Assembly meeting on 29 March 2022, since the net profit of period amount TRY68,315,828 is not distributed on the grounds of preserving the existing Equity structure "when considering 'distributable amount per share' in accordance with the policy of the profit distribution of the Company.Assembly decided to transfer the TRY64,900,040 portion of net profit amount of 2021 to 'retained earnings' after allocation of TRY3,415,788 legal reserves.

**2.24 Reserve for unearned premiums**

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.24 Reserve for unearned premiums (Continued)**

Reserve for unearned premiums 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 1 January 2008, the Turkish Treasury issued 4 July 2007 dated and 2007/3 numbered 'Communiqué to Assure the Compliance of the Technical Reserves of Insurance, Reinsurance and Pension Companies With the Insurance Law No,5684' ('Compliance Communiqué') to regulate the technical provisions between the issuance date and enactment date of the Communiqué on Technical Reserves. In accordance with the Compliance Communiqué, it is stated that companies should consider earthquake premiums written after 14 June 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 14 June 2007, while the Company had not calculated reserve for unearned premiums for the earthquake premiums written before 14 June 2007.

According to the 2009/9 Numbered Communiqué Related to Application of Technical Reserves issued on 27 March 2009 reserve for unearned premiums is calculated by taking into account that all policies 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 considered, unless there is a specified exchange rate in the agreement.

As at the reporting date, the Company has booked reserve for unearned premiums amounting to TRY 3,902,392,800 (31 December 2021: TRY1,283,588,506) and reinsurer share in reserve for unearned premiums amounting TRY2,059,486,812 (31 December 2021: TRY751,577,297). Furthermore, reserve for unearned premiums includes Social Security Institution ('SSI') share amounting to TRY77,910,606 (31 December 2021:TRY16,943,409) as at 31 December 2022.

**2.25 Reserve for unexpired risks**

In accordance with the Communiqué on Technical Reserves, while providing reserve for unearned premiums, 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 reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net - provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period - reserve for unearned premiums, net at the end of the period). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.25 Reserve for unexpired risks (Continued)**

In accordance with Treasury Communiqué numbered 2012/15, unexpired risk reserve started to be calculated over main branches as of December 31, 2012. The test is performed on branch basis and in case where the expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that specific branch is added to the reserves of that branch.

In addition, in accordance with the "Circular on the Unexpired Risk Reserve in Motor Crafts Liability Branch" dated 30 December 2021 and numbered 2021/31, calculations that will affect the financial statements for the accounting period of 1 January - 31 December 2022 are made. The Technical Provisions of Insurance, Reinsurance and Pension Companies and if the ratio used for the Unexpired Risk Reserve calculation method in the third paragraph of the 6th article of the Regulation on Assets to be Invested Provisions is used as 100% instead of 95% and in case of the Unexpired Risk Reserve calculation method specified in the Circular on the Unexpired Risk Reserve No. 2019/5 is used, in the 4th article of the same Circular gross loss premium rates; It was allowed to use 105% instead of 100%, where all of the direct production was transferred to the pools established in Turkey, and 90% instead of 85% used for other works. It has been stated that the differences between the periods due to the mentioned rate changes should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes.

In the calculation of the Unexpired Risk Reserve made according to the Circular No. 2019/5 for the Motor Vehicles Liability branch, the use of the loss premium rate as 100% instead of 95% in accordance with the Circular No. 2021/31 has a decreasing effect amounting TRY 6,375,739 over the net reserve for the unexpired risk reserve recorded as of 31 December 2021.

The Company allocates a Provision for Ongoing Risks (DERK) in accordance with the Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies and Assets to be Invested in These Reserves. DERK calculation is made by the method specified in the relevant regulation. In addition, the Circular on Continuing Risks Provision No 2022/27, dated 24 November 2022, published by the Insurance and Private Pensions Regulation and Supervision Agency, states that "inflation, exchange rate, In case of significant fluctuations due to unforeseen changes in the minimum wage increase and similar issues, it is possible to make adjustments by taking into account the best estimation principles by the company actuarial, reflecting the results of each quarter within itself, in order to eliminate the misleading effect of this fluctuation, provided that it has an actuarial basis. Pursuant to the 8th clause of the article, the calculation of the loss premium ratio subject to the 31 December 2022 DERK calculation has been adjusted by the best estimation principles in order to eliminate the misleading effects that cause fluctuations. Accordingly, as a result of the related adjustment, a positive effect of TL 110,696.496 in gross and TL 35,753,379 in net has occurred.

According to the Communiqué numbered 2011/18, the Company excluded both the premiums transferred to SSI and claims related to treatment costs from calculation of reserve for unexpired risks in motor third party liability, compulsory transportation financial liability and compulsory personal accident for bus transportation branches.

Accordingly, as at the reporting date, the Company has provided net reserve for unexpired risk amounting to TRY4,529,730 (31 December 2021: TRY32,517,294) and unexpired risk amounting of reinsurance to TRY3,940,519 (31 December 2021: TRY29,996,958) in the accompanying financial statements.

| Branch  | Damage/<br>Bonus | 31/December/2022 |                | 31/December/2021 |                  |
|---|------------------|------------------|----------------|------------------|------------------|
|   |                  | Gross DERK       | Net DERK       | Gross DERK       | Net DERK         |
| Third Party Liability For Motor Vehicles (MTPL) | -                | -                | -              | 613,903          | 243,085          |
| General Responsibility                          | -                | -                | -              | 29,674,088       | 2,020,099        |
| Fidelity  | 301%             | 4,529,730        | 589,211        | 1,680,604        | 226,756          |
| Financial Losses                                | -                | -                | -              | 548,699          | 30,396           |
| <b>Total</b>                                    |                  | <b>4,529,730</b> | <b>589.211</b> | <b>32,517,24</b> | <b>2,520,336</b> |

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.26 Provisions for outstanding claims**

According to Article 7 of Provision for Outstanding Claims titled of the Communiqué Related to Technical Reserves of Insurance and Reinsurance Companies and the Technical Reserves Invested to Assets dated 7 August 2007 and numbered 26606 entered into force by publishing in the Official Gazette, the Company allocates the provision for outstanding claims for incurred and identified but the actual unpaid claims amounts in the prior accounting periods or current period or for the claims realized with its expected amounts but not be reported when the cost could not be calculated.

Claims incurred before the accounting periods but reported subsequent to those dates are considered as incurred but not reported ('IBNR') claims.

In accordance with the Regulation on the amendment of the relevant Regulation published in the Official Gazette dated July 17, 2012 and numbered 28356, 'Inquired but not reported compensation amount, principles of content and implementation shall be calculated by the actuarial chain ladder method determined by the Undersecretariat or by other calculation methods to be determined by the Undersecretariat.'

Claims incurred before the accounting periods but reported after these dates are accepted as the claims incurred but not reported. In accordance with the Communiqué Related to Provision for Outstanding Claims that entered into force in January 1, 2015 by publishing in December 5, 2014 and numbered 2014/16, IBNR account in non-life branches can be made calculation of Actuarial Chain Ladder Method (ACLM) with its six different methods as Standart Chain, Claim/Premium, Cape Code, Frequency/Volume, Munich Chain Method or BornhuetterFerguson.

The difference between the amount of accrued and outstanding claims provision determined using the actuarial chain ladder methods determined as IBNR, calculated negative IBNR results are reflected in the financial reports as 100% in the direction of Communiqué of the Republic of Turkey Ministry of Treasury and Finance numbered with 2011/23 on 'Explanations Regarding the Calculation of Inquired But Not Reported (IBNR)'.

The Company has applied the IBNR Test method for assessing the Company actuary for branches with insufficient number of files and has not made a major damage claim for these branches.

According to the method explained above, the amount calculated (included subrogation accrual) by the Company is amounting to TRY1,232,859,549 (31 December 2021: TRY697,035,351) and re-share is amounting TRY814,986,397 (31 December 2021: TRY460,663,437) in financial statements.

The company has made a major damage item election in the fire branch with the Box-Plot method as same as last year and no major damage item has been elected in other branches. Major damage elimination limit in Fire and Natural Disasters branch has been determined as TRY532,426 (31 December 2021 elimination limit: TRY563,431).

According to Turkey Insurance, Reinsurance and Pension Companies Association ('MTI') dated September 6, 2017 numbered 2017/4 on 'Medical Compulsory Liability Insurance About the Sector Announcement Related to Bad Ideas' reported, it took the lead sharing premium and claims in the respective sub-branches General Liability branch not included in IBNR account.

The Company transfers to the Risky Insured Pool, which was announced in the Regulation on the Amendment of the Regulation on Tariff Implementation Principles in Highways Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette on July 11, 2017. The additional reserves allocated for the claims received from the Risky Insured Pool and transferred to the Risky Insured Pool are determined in the 'Summary Actuarial Valuation Report of the Risky Insured Pool Final Damage/Premium Ratio Estimation as of September 30, 2022, sent by the Motor Vehicles Bureau. It is calculated on the basis of the damage/premium ratio. In the Mandatory Traffic branch, the IBNR amount is calculated by separating the material and physical according to the cause of the damage, and by excluding the works transferred to the Risky Insured Pool from the company data.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.26 Provision for outstanding claims (Continued)**

In addition, the minimum wage to be applied between January 01, 2023 and December 31, 2023 was increased by 54.66%, pursuant to the decision of the Minimum Wage Determination Commission, dated December 22, 2022 and numbered 2022/2, published in the Official Gazette dated 29 December 2022 and numbered 32058. For this reason, in order to eliminate the IBNR and IBNER effects that may arise from the possible retrospective provision increases for the Compulsory Traffic main branch, a total gross effect of 129,501,398 TL, net 64,839,990 TL has been calculated for the relevant period IBNR amount calculated with file pending and has been reflected in the financial statement results. At the same time, 30.841.807 TL gross and 4.719.974 TL net effect were added to the results of the financial statements in order to eliminate the effect of possible increase in the minimum wage for the General Responsibility branch.

In addition to these, in the Land Vehicles branch, portfolio growth was observed above the average in the last quarter of 2022. The portfolio growth was evaluated together with the economic uncertainties that may occur in 2023, and the gross 15,789,393 TL and net 15,789,393 TL impact, calculated in order to eliminate the effects of IBNR and IBNER, was reflected in the financial statement results. Parallel to the above-average portfolio growth in the Compulsory Traffic main branch, the company's share in the Risky Insured Pool is expected to increase in 2023. As a precaution, the effect of gross 24.882.032 TL and net 12.861.257 TL has been reflected in the financial statement results for the possible effects of the company share growth.

Net IBNR amount calculated by using actual reinsurance transfer ratios determined on agreements in branch basis. Net-off working were carried out on a damage period basis for the Compulsory Traffic branch and on a cumulative basis for other branches. Accordingly, the gross and net additional reserve amounts allocated by the Company as of 31 December 2022, 31 December 2021 are given below;

| Branch                       | 31 December 2022    |                        |                      | 31 December 2021    |                        |                      |
|------------------------------|---------------------|------------------------|----------------------|---------------------|------------------------|----------------------|
|                              | Winning Ratios Used | Gross Amount Decreased | Net Amount Decreased | Winning Ratios Used | Gross Amount Decreased | Net Amount Decreased |
| MOTOR VEHICLES               | Standard            | -21,174,133            | -21,174,133          | Standard            | -1,894,789             | -1,894,789           |
| ACCIDENT                     | Standard            | 747,468                | 393,784              | Standard            | 1,012,216              | 540,264              |
| LEGAL PROTECTION             | Test IBNR           | 315,555                | 314,504              | Test IBNR           | 95,590                 | 95,590               |
| WATER VEHICLES               | Standard            | 3,034,340              | 455,026              | Standard            | 1,124,824              | 118,162              |
| TRANSPORTATION               | Standard            | 9,142,398              | 2,208,533            | Standard            | 5,880,707              | 1,529,483            |
| GENERAL LOSSES               | Standard            | 25,957,770             | 3,424,176            | Standard            | 15,264,206             | 2,193,224            |
| BONDING                      | Test IBNR           | 2,622,589              | 388,674              | Test IBNR           | 1,473,189              | 234,654              |
| GENERAL LIABILITY            | Damage Bonus        | 149,402,282            | 22,864,448           | Damage Bonus        | 108,317,795            | 16,675,343           |
| AIR CRAFTS                   | Test IBNR           | -                      | -                    | Test IBNR           | 65                     | -                    |
| FINANCIAL LOSSES             | Test IBNR           | 19,037,129             | 943,473              | Test IBNR           | 3,858,757              | 149,534              |
| FIRE AND NATURAL DISASTERS   | Standard            | 16,864,234             | 4,064,967            | Standard            | 4,819,249              | 1,756,858            |
| HEALTH                       | Standard            | 1,550,318              | 538,577              | Standard            | 1,616,617              | 556,111              |
| COMPULSORY TRAFFIC           | Standard            | 1,009,164,141          | 395,023,729          | Standard            | 542,401,583            | 207,108,312          |
| FACULTATIVE PUBLIC LIABILITY | Standard            | 16,195,458             | 8,427,394            | Standard            | 13,065,342             | 7,309,168            |
| <b>Total</b>                 |                     | <b>1.232.859.549</b>   | <b>417.873.152</b>   |                     | <b>697.035.351</b>     | <b>236.371.914</b>   |



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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.26 Provision for outstanding claims (Continued)**

At the end of each period, an outstanding claim adequacy table is prepared by the Company in order to measure the adequacy of the outstanding claims provision for the branches where the new activity has been started and for which there is not sufficient data. During the preparation of the adequacy table and in the calculation of the outstanding claims reserve; outstanding claims that are accrued and accounted for, realized but not reported are taken into consideration. Proportion of outstanding claims to total outstanding claims reserve, including all expense amounts related to the file subject to outstanding claims provision in this framework, represents the outstanding claim adequacy ratio. If the outstanding claim adequacy ratio for these branches is more than 100%, the difference between this ratio and 100% rate is multiplied by the provision for outstanding claims reserve in the current period, and the difference in the adequacy ratio is found.

The adequacy ratio difference amount is added separately for each branch and the provision for outstanding outstanding claims to be set aside in the current year is calculated. In this framework, the Company has calculated the outstanding claims reserve adequacy ratio calculated for the branches that have started the new activity and not enough data as of December 31, 2022 to be, which is calculated for the branches with the outstanding claim adequacy ratio above 100% in the accompanying financial statements.

"Circular on the Discounting of Net Cash Flows Arising from Unpaid Compensation Provisions", numbered 2016/22, published by the Ministry of Treasury and Finance and dated 30 December 2021 and numbered 2021/30, published by the Insurance and Private Pension Regulation and Supervision Agency. In accordance with the Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Compensation Provisions, 14% is allowed to be taken into account in the calculation of discount. It has been stated that the differences between the periods due to the mentioned rate change should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes. Accordingly, as of 31 December 2021, a gross discount of TRY 973,367,114 and a net of TRY 317,172,202 has been recognized in the financial statements. (Gross TRY364,268,462 , net TRY122,319,078 as of 31 December 2021).

The discounting process, as stated in the circular, was made using the standard formulation in the Table 57-AZMM file. In branches that do not have sufficient number of files, the Company used its own cash flow estimates..

**2.27 Equalization provision**

In accordance with the Communiqué on Technical Reserves put into effect starting from 1 January 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 premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-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. Equalization provisions are presented under 'other technical reserves' in the accompanying financial statements. As at the reporting date, the Company provided equalization provision amounting to TRY75,193,732 in the accompanying financial statements (31 December 2021: TRY47,086,072).

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.27 Equalization provision (Continued)**

Net losses 31 December 2022 resulted from earthquake occurred in several cities amounting to TRY482,103 (31 December 2021: TRY528,942) are decreased from prior periods' equalization provision.

|   | <b>31/December/2022</b> | <b>31/December/2021</b> |
|---|-------------------------|-------------------------|
| Opening Balance                         | 47.086.072              | 32.045.262              |
| Provisions during the year              | 28.589.763              | 15.569.752              |
| Discounted from equalization earthquake | -482.103                | -528.942                |
| <b>Total</b>                            | <b>75.193.732</b>       | <b>47.086.072</b>       |

**2.28 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.

**2.29 Earnings 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.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.30 Events After The Reporting Date**

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

**2.31 New standards and comments**

The accounting policies adopted in preparation of the financial statements as of 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 1 January 2022 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

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

**Amendments to IFRS 3 – Reference to the Conceptual Framework**

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

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

**Amendments to IAS 16 – Proceeds before intended use**

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibit 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 amendment did not have a significant impact on the financial position or performance of the Company.

**Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

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

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

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.31 New standards and comments(Continued)**

**Annual Improvements – 2018–2020 Cycle**

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 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.
- IFRS 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.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41. The amendment did not have a significant impact on the financial position or performance of the Company.

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

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

**Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2015, IASB 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.

**IFRS 17 - The new Standard for insurance contracts**

IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 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. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

In accordance with amendments issued 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 IFRS 17. The effects of this standard on the financial position and performance of the Company are evaluated.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.31 New standards and comments (Continued)**

**Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

In January 2020 and October 2022, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in October 2022 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, October 2022 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 IAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2022 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 IAS 8 - Definition of Accounting Estimates**

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to IAS 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 Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.31 New standards and comments (Continued)**

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

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

**Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued amendments to IFRS 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 IFRS 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 IFRS 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 IAS 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 IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Generally, the Company does not expect a material impact on the financial statements.

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**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

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

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

Estimates and underlying assumptions are 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 10 - Reinsurance assets/liabilities
- Note 11 - Financial assets
- Note 12 - Loans and receivables
- Note 17 - Insurance liabilities and reinsurance assets
- Note 17 - Deferred acquisition costs
- Note 19 - Trade and other payables, deferred income
- Note 21 - Deferred income taxes
- Note 23 - Provisions for other liabilities and charges

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK**

**4.1 Management of insurance risk**

Insurance risk is defined as coverage for exposures that exhibit a possibility of financial loss due to applying inappropriate and insufficient insurance techniques. Main reasons of insurance risk exposure result from the risk selection and inaccurate calculation of insurance coverage, policy terms and fee or inaccurate calculation of coverage portion kept within the company and coverage portion transfers to policyholders and transfer conditions.

**Objective of managing risks arising from insurance contracts and policies used to minimize such risks**

Potential risks that may be exposed in transactions are managed based on the requirements set out in the Company's 'Risk Management Policies' issued by the approval of the Board of Directors. The main objective of risk management policies 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.

Risk tolerance is determined by the Company's Board of Directors by considering the Company's 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 Company 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 company's financial structure, company transfers the exceeding portion of risks assumed over the Company'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.

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.1 Management of insurance risk (Continued)**

**Reinsurance**

The Company works with reinsurance companies in order to afford reinsurance assurance related to other collateral guarantee given under the life insurance and non-life insurance branches for preservation of financial structure and allocation of professional risk considering the existing and varying product structure. In this context, Company's job acceptance capacity and elasticity are increased with the reinsurance agreements and it is provided that the risk is spreaded to different reinsurers by working with different reinsurance companies. Serving to customers with different product structures is intended by working with varying reinsurers.

Recent ratings of these companies given by international institutions are as follows:

| Reinsurer   | S&P | Outlook | AM BEST | Outlook  |
|---|-----|---------|---------|----------|
| Milli Reasürans T.A.S.                            | -   | -       | C       | Negative |
| VIG RE zajišťovna a.s.                            | A+  | Stable  | -       | -        |
| Vienna Insurance Group AG                         | A+  | Stable  | -       | -        |
| Hannover Rück SE                                  | AA- | Stable  | A+      | Stable   |
| Everest Reinsurance Company                       | A+  | Stable  | A+      | Stable   |
| Barents Re Reinsurance Company, Inc. (CS)         | -   | -       | A       | Negative |
| Polish Re (Polskie Towarzystwo Reasekuracji S.A.) | -   | -       | A-      | Negative |
| China Reinsurance (Group) Corporation             | A   | Stable  | A       | Stable   |
| MAPFRE RE, Compañía de Reaseguros, S.A.           | A+  | Stable  | A       | Stable   |
| Odyssey Re Europe S.A.                            | A   | Stable  | A       | Stable   |

**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 that Istanbul might be exposed to in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models. The total amount of protection for catastrophic risks of the company is identified taking into the compensation amount for an earthquake will occur in a 1000 years.

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.1 Management of insurance risk (Continued)**

**Insurance risk concentration**

The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

| Total claims liability<br>31 December 2022 | Gross total<br>claims liability | Reinsurance share of<br>total claims liability | Net total<br>claims liability |
|--|---------------------------------|--|-------------------------------|
| Motor vehicles liability (MTPL)            | 917.814.676                     | -527.945.263                                   | 389.869.413                   |
| Fire and natural disasters                 | 575.512.221                     | -553.382.621                                   | 22.129.600                    |
| General Liability                          | 181.860.509                     | -150.381.268                                   | 31.479.241                    |
| General Losses                             | 139.696.148                     | -121.738.231                                   | 17.957.917                    |
| Motor vehicles                             | 71.013.105                      | -513.308                                       | 70.499.797                    |
| Transportation                             | 60.039.260                      | -52.077.446                                    | 7.961.814                     |
| Financial Losses                           | 134.292.835                     | -129.822.159                                   | 4.470.676                     |
| Water Vehicles                             | 81.933.569                      | -80.098.112                                    | 1.835.457                     |
| Health                                     | 26.480.565                      | -16.341.728                                    | 10.138.837                    |
| Bonding                                    | 25.001.916                      | -21.059.514                                    | 3.942.402                     |
| Accident                                   | 4.374.212                       | -1.988.869                                     | 2.385.343                     |
| Legal protection                           | 436.231                         | -1.119   | 435.112                       |
| Aircrafts                                  | -                               | -  | -                             |
| <b>Total</b>                               | <b>2.218.455.247</b>            | <b>-1.655.349.638</b>                          | <b>563.105.609</b>            |
| Total claims liability<br>31 December 2021 | Gross total<br>claims liability | Reinsurance share of<br>total claims liability | Net total<br>claims liability |
| Motor vehicles liability (MTPL)            | 597.268.798                     | -336.467.710                                   | 260.801.088                   |
| Fire and natural disasters                 | 321.058.182                     | -307.310.122                                   | 13.748.060                    |
| General Liability                          | 176.370.596                     | -140.494.226                                   | 35.876.370                    |
| General Losses                             | 117.128.810                     | -102.448.224                                   | 14.680.586                    |
| Motor vehicles                             | 85.628.283                      | -478.387                                       | 85.149.896                    |
| Transportation                             | 52.410.690                      | -46.257.945                                    | 6.152.745                     |
| Financial Losses                           | 45.371.965                      | -43.967.621                                    | 1.404.344                     |
| Water Vehicles                             | 36.706.807                      | -35.971.588                                    | 735.219                       |
| Health                                     | 16.997.478                      | -9.976.536                                     | 7.020.942                     |
| Bonding                                    | 12.796.077                      | -10.702.119                                    | 2.093.958                     |
| Accident                                   | 3.316.403                       | -1.461.887                                     | 1.854.516                     |
| Legal protection                           | 297.852                         | -  | 297.852                       |
| Aircrafts                                  | 64                              | -64  | -                             |
| <b>Total</b>                               | <b>1.465.352.005</b>            | <b>-1.035.536.429</b>                          | <b>429.815.576</b>            |

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.1 Management of insurance risk (Continued)**

**Amount of insurance coverage given by branches**

|                                 | <b>31/December/2022</b>  | <b>31/December/2021</b>  |
|---------------------------------|--------------------------|--------------------------|
| Motor vehicles liability (MTPL) | 7.344.935.965.000        | 2.265.565.999.801        |
| Fire and natural disasters      | 676.559.663.928          | 357.679.441.492          |
| Transportation                  | 513.888.086.970          | 234.741.364.583          |
| General Losses                  | 447.233.081.364          | 166.003.619.419          |
| General Liability               | 82.711.152.157           | 70.084.517.839           |
| Motor vehicles                  | 513.428.803.691          | 265.423.541.872          |
| Accident                        | 83.191.332.490           | 49.725.387.846           |
| Health                          | 64.066.227.395           | 74.790.053.483           |
| Financial Losses                | 62.529.118.263           | 26.334.111.397           |
| Water Vehicles                  | 10.646.080.430           | 5.728.787.640            |
| Aircrafts Liability             | 2.989.455.600            | 1.795.751.001            |
| Legal Protection                | 2.633.804.000            | 2.679.332.501            |
| Aircrafts                       | 214.261.100              | 95.126.051               |
| Bonding                         | 1.394.379.349            | 679.620.692              |
| Loans                           | 422.758.751              | 153.769.189              |
| <b>Total</b>                    | <b>9.806.844.170.488</b> | <b>3.521.480.424.791</b> |

**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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Duties and responsibilities of the Risk Management and Internal Control Department include design and implementation of risk management system and identification and implementation of risk management policies. It is also responsible for ensuring that the Company implements all necessary risk management techniques. Activities of the Risk Management and Internal Control Department are managed directly by General Manager. The Board of Directors monitors the effectiveness of the risk management system through company's chairman of the supervisory board.

Risk management policies and guidelines are set by the Board of Directors and applied by the top management. These policies include organisation and scope of the risk management function, risk measurement and assessment methods, duties and responsibilities of the Board of Directors, top management and all of the employees, procedures followed in the case of limit extension and compulsory approval and confirmation processes for certain situations.

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

**Credit Risk**

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The balance sheet items that the Company is exposed to credit risks are as follows:

- cash at banks
- other cash and cash equivalents
- available for sale financial assets (except equity-shares)
- premium receivables from policyholders
- receivables from intermediaries (agencies)
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company 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.

Net carrying value of the assets that is exposed to credit risk is shown in the table below:

|  | <b>31/December/2022</b> | <b>31/December/2021</b> |
|--|-------------------------|-------------------------|
| Cash and cash equivalents (Note 14)(*)                                   | 2.125.096.222           | 742.073.781             |
| Reinsurer share in provision for outstanding claims (Note 10), (Note 17) | 1.655.349.638           | 1.035.536.429           |
| Receivables from main operations (Note 12)                               | 1.865.257.463           | 796.243.083             |
| Other prepaid expenses (Not 17)  | 478.216.225             | 163.322.590             |
| Financial assets (Note 11)   | 495.361.532             | 412.485.127             |
| Prepaid taxes and funds (Note 12)  | -                       | 907.696                 |
| Other receivables (Note 12)  | 13.176.969              | 3.401.906               |
| Due from related parties (Note 12)                                       | 125.269                 | -                       |
| <b>Total</b>   | <b>6.632.583.318</b>    | <b>3.153.970.612</b>    |

(\*) Cash balance accounting to TRY42,408 are not included (31 December 2021: TRY30,944).

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

|                     | <b>31/December/2022</b> |                    | <b>31/December/2021</b> |                    |
|---------------------|-------------------------|--------------------|-------------------------|--------------------|
|                     | <b>Gross Amount</b>     | <b>Provision</b>   | <b>Gross Amount</b>     | <b>Provision</b>   |
| Not past due        | 1.576.876.256           | -                  | 698.984.328             | -                  |
| Past due 0-30 days  | 252.510.786             | -                  | 71.179.317              | -                  |
| Past due 31-60 days | 26.168.344              | -                  | 16.211.155              | -                  |
| Past due 61-90 days | 195.091.398             | 185.389.321        | 131.644.715             | 121.776.432        |
| <b>Total</b>        | <b>2.050.646.784</b>    | <b>185.389.321</b> | <b>918.019.515</b>      | <b>121.776.432</b> |

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

The movements of the allowances for impairment losses for receivables from insurance and main operations during the period are as follows:

|   | <b>2022</b>             | <b>2021</b>             |
|---|-------------------------|-------------------------|
| <b>At the beginning of the period - 1 January</b>                                     | -1.161.561              | -1.023.339              |
| Change in recovery and premium receivables provision's under administrative follow-up | 584.126                 | 300.863                 |
| Change in claim premium receivables provision's under legal follow-up                 | -280.312                | -211.380                |
| Change in claim recovery receivables provision's under legal follow-up                | 230.852                 | -227.705                |
|   |                         |                         |
| <b>At the end of the period - 31 December</b>   | <b>-626.895</b>         | <b>-1.161.561</b>       |
|   |                         |                         |
|   | <b>31/December/2022</b> | <b>31/December/2021</b> |
| Provision for receivables from insurance operations at the beginning of the period    | 121.776.432             | 104.396.062             |
| Collections and additions during the period, net                                      | 63.612.889              | 17.380.370              |
|   |                         |                         |
| <b>Provision for receivables from insurance operations at the end of the period</b>   | <b>185.389.321</b>      | <b>121.776.432</b>      |

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

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:

| <b>31/December/2022</b>                            | <b>Carrying amount</b> | <b>Up to 1 month</b> | <b>1 to 3 months</b> | <b>3 to 6 months</b> | <b>6 to 12 months</b> | <b>Over 1 year</b> | <b>Unallocated</b> |
|--|------------------------|----------------------|----------------------|----------------------|-----------------------|--------------------|--------------------|
| Cash and cash equivalents                          | 2.125.138.630          | 1.034.312.776        | 1.090.825.854        | -                    | -                     | -                  | -                  |
| Financial assets                                   | 495.361.532            | -                    | 56.197.117           | 150.206.917          | 288.957.498           | -                  | -                  |
| Receivable from main operation                     | 1.865.257.463          | 143.418.185          | 338.708.867          | 625.041.130          | 469.737.074           | -                  | 288.381.207        |
| Receivables from related parties                   | 125.269                | 125.269              | -                    | -                    | -                     | -                  | -                  |
| Other receivables and current assets               | 13.176.969             | -                    | -                    | 1.066.562            | 12.110.407            | -                  | -                  |
| Other prepaid expenses                             | 1.031.738              | -                    | -                    | -                    | 504.365               | 527.373            | -                  |
| <b>Total monetary assets</b>                       | <b>4.500.091.601</b>   | <b>1.177.827.230</b> | <b>1.485.731.838</b> | <b>776.314.609</b>   | <b>771.280.344</b>    | <b>527.373</b>     | <b>288.381.207</b> |
| Liabilities from financial leases                  | 7.640.637              | -                    | -                    | -                    | 7.640.637             | -                  | -                  |
| Liabilities from main operations                   | 1.449.067.070          | 208.206.865          | 340.385.765          | 493.703.493          | 72.835.284            | -                  | 333.935.663        |
| Other liabilities                                  | 172.581.893            | 96.600.688           | 56.092.472           | 587.231              | 19.301.502            | -                  | -                  |
| Insurance technical provisions (*)                 | 563.105.609            | 114.255.572          | 65.847.929           | 47.012.729           | 207.215.755           | 128.773.624        | -                  |
| Provisions for taxes and other similar obligations | 169.231.101            | 142.659.761          | 26.571.340           | -                    | -                     | -                  | -                  |
| Provisions for other risks and expense accruals    | 54.992.074             | -                    | -                    | 24.850.000           | 30.142.074            | -                  | -                  |
| <b>Total monetary liabilities</b>                  | <b>2.416.618.384</b>   | <b>561.722.886</b>   | <b>488.897.506</b>   | <b>566.153.453</b>   | <b>337.135.252</b>    | <b>128.773.624</b> | <b>333.935.663</b> |

(\*) Provision for outstanding claims is presented as short-term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

| 31/December/2021                                   | Carrying amount      | Up to 1 month      | 1 to 3 months      | 3 to 6 months      | 6 to 12 months     | Over 1 year        | Unallocated       |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Cash and cash equivalents                          | 1.016.677.502        | 471.137.052        | 456.855.716        | 45.411.981         | 43.272.753         | -                  | -                 |
| Financial assets(*)                                | 137.912.350          | -                  | -                  | -                  | 89.087.350         | 48.825.000         | -                 |
| Receivable from main operations                    | 796.243.083          | 60.229.786         | 202.100.097        | 280.073.039        | 123.512.968        | 33.068.438         | 97.258.755        |
| Other receivables and current assets               | 4.309.602            |                    |                    | 92.220             | 4.036.080          | 181.302            |                   |
| Other prepaid expenses                             | 1.957.142            |                    |                    |                    | 1.945.580          | 11.562             |                   |
| <b>Total monetary assets</b>                       | <b>1.957.099.679</b> | <b>531.366.838</b> | <b>658.955.813</b> | <b>325.577.240</b> | <b>261.854.731</b> | <b>82.086.302</b>  | <b>97.258.755</b> |
| Liabilities from financial leases                  | 6.583.985            |                    |                    |                    | 2.774.472          | 3.809.513          |                   |
| Liabilities from main operations                   | 582.860.738          | 48.556.337         | 431.209.862        | 16.576.088         | 35.215.422         | -                  | 51.303.029        |
| Other liabilities                                  | 61.213.633           | 37.083.936         | 9.930.711          | 1.172.667          | -                  | 13.026.319         |                   |
| Insurance technical provisions(**)                 | 429.815.577          | 100.662.096        | 38.832.930         | 19.726.933         | 28.247.430         | 242.346.188        |                   |
| Provisions for taxes and other similar obligations | 34.916.454           | 34.916.454         |                    |                    |                    |                    |                   |
| Provisions for other risks and expense accruals    | 37.819.821           |                    |                    | 21.091.850         | 8.780.110          | 7.947.861          |                   |
| <b>Total monetary liabilities</b>                  | <b>1.153.210.208</b> | <b>221.218.823</b> | <b>479.973.503</b> | <b>58.567.538</b>  | <b>75.017.434</b>  | <b>267.129.881</b> | <b>51.303.029</b> |

(\*) Provision for outstanding claims is presented as short-term liabilities in the accompanying financial statements whereas maturity distribution is presented according to projected payment dated in the above table.

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, 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.

*Currency Risk*

The Company is exposed to 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 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 income.

The Company's exposure to foreign currency risk is as follows:

| 31/December/2022                          | US Dollar          | Euro               | Other Currencies        | Total                |
|---|--------------------|--------------------|-------------------------|----------------------|
| Cash and cash equivalents                 | 44.051.007         | 60.628.090         | -                       | 104.679.097          |
| Financial assets                          | 35.920.182         | -                  | -                       | 35.920.182           |
| Receivables from main operations          | 336.503.635        | 517.312.624        | 18.526.688              | 872.342.947          |
| <b>Total foreign currency assets</b>      | <b>416.474.824</b> | <b>577.940.714</b> | <b>18.526.688</b>       | <b>1.012.942.226</b> |
| Liabilities from main operations          | 165.740.096        | 299.898.129        | 14.545.518              | 480.183.743          |
| Insurance technical provisions            | 20.116.670         | 22.177.338         | 707                     | 42.294.715           |
| <b>Total foreign currency liabilities</b> | <b>185.856.766</b> | <b>322.075.467</b> | <b>14.546.225</b>       | <b>522.478.458</b>   |
| <b>Net financial position</b>             | <b>230.618.058</b> | <b>255.865.247</b> | <b>3.980.463</b>        | <b>490.463.768</b>   |
| <b>31/December/2021</b>                   | <b>US Dollar</b>   | <b>Euro</b>        | <b>Other Currencies</b> | <b>Total</b>         |
| Cash and cash equivalents                 | 41.257.220         | 31.441.835         | 177757                  | 72.876.812           |
| Receivables from main operations          | 211.910.571        | 148.764.686        | 2.067.331               | 362.742.588          |
| <b>Total foreign currency assets</b>      | <b>253.167.791</b> | <b>180.206.521</b> | <b>2.245.088</b>        | <b>435.619.400</b>   |
| Liabilities from main operations          | 128.986.482        | 61.343.122         | 2.047.819               | 192.377.423          |
| Insurance technical provisions            | 9.009.085          | 13.177.247         | -                       | 22.186.332           |
| <b>Total foreign currency liabilities</b> | <b>137.995.567</b> | <b>74.520.369</b>  | <b>2.047.819</b>        | <b>214.563.755</b>   |
| <b>Net financial position</b>             | <b>115.172.224</b> | <b>105.686.152</b> | <b>197.269</b>          | <b>221.055.645</b>   |

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented in the above table.



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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

If technical provision denominated in any currency not specified, it is evaluated are evaluated by the Central Bank of the Republic of Turkey's spot sales rates as at 31 December 2022 and as at 31 December 2021 foreign currency transactions are recorded at the foreign exchange rates ruling at the dates of the transactions and foreign currency denominated monetary items are evaluated by the Central Bank of the Republic of Turkey's spot purchase rates as at 31 December 2022 and as at 31 December 2021.

*Exposure to currency risk*

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

|                            | US Dollar | Euro    |
|----------------------------|-----------|---------|
| 31 December 2022 (Buying)  | 18,6983   | 19,9349 |
| 31 December 2022 (Selling) | 18,7320   | 19,9708 |
| 31 December 2021 (Buying)  | 13,3290   | 15,0867 |
| 31 December 2021 (Selling) | 13,3530   | 15,1139 |

A 10 percent depreciation of the TRY against the following currencies as at 31 December 2022 and 31 December 2021 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TRY against the following currencies, the effect will be in opposite direction.

|                   | 31/December/2022  |                   | 31/December/2021  |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|
|                   | Profit or loss    | Equity (*)        | Profit or loss    | Equity (*)        |
| US Dollar         | 23.061.806        | 23.061.806        | 11.517.222        | 11.517.222        |
| Euro              | 25.586.525        | 25.586.525        | 10.568.616        | 10.568.616        |
| Other             | 398.046           | 398.046           | 19.727            | 19.727            |
| <b>Total, net</b> | <b>49.046.377</b> | <b>49.046.377</b> | <b>22.105.565</b> | <b>22.105.565</b> |

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

*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 at reporting date; the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed as below:

|  | 31/December/2022 | 31/December/2021 |
|--|------------------|------------------|
| <b>Financial assets with fixed interest rates:</b>   |                  |                  |
| Cash at banks (Note 14)  | 982.001.988      | 703.223.406      |
| Financial liabilities (Note 20)  | 7.640.637        | 6.583.985        |
| Available for sale financial assets - Government bonds (Note 11)                             | 288.957.497      | 137.912.350      |
| Held to maturity financial assets - deposits with a maturity of more than 3 months (Note 11) | 150.206.918      | 274.572.777      |
| Financial assets held for trading - Currency Protected Deposits                              | 56.197.118       | -                |

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

*Interest rate sensitivity of the financial instruments*

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income for the trading financial assets and financial liabilities held at 31 December 2022 and 2021. This analysis assumes that all other variables remain constant. Tax effect of changes in interest rate is not taken into consideration in the calculations.

As of 31 December 2022 (31 December 2021: None), the financial assets of the company held for trading are as follows:

|  | 31/December/2022  |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | Cost              | Fair value        | Net book value    |
| <b>Other Financial Assets:</b>                   |                   |                   |                   |
| Currency Protected Deposit - TL                  | 54.171.260        | 56.197.117        | 56.197.117        |
| <b>Total available-for-sale financial assets</b> | <b>54.171.260</b> | <b>56.197.117</b> | <b>56.197.117</b> |

*Fair value information*

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

The Company has classified its financial assets as financial assets held for trading. As at the reporting date, 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 financial statements. Equity shares not traded in active markets are measured at cost less impairment losses if any.

The Company management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying amounts.

*Fair value sensitivity of the equities*

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

The effect of the changes in the fair values of the stocks traded in the BIST and measured with their fair values as a result of possible fluctuations in the index (all other variables being constant) on the profit/loss of the Company (excluding the tax effect) is as follows:

As at 31 December 2022 and 31 December 2021, the Company has no financial asset held for trading.

*Classification of fair value measurements*

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

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

*Classification of fair value measurements (Continued)*

|         |  |
|---------|--|
| 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.

As at 31 December 2022 and 31 December 2021 the Company's available-for-sale financial assets are detailed as follows:

|  | 31/December/2022   |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Nominal value      | Cost               | Fair value         | Net book value     |
| <b>Debt instruments:</b>                         |                    |                    |                    |                    |
| Government bonds - TL                            | 232.000.000        | 264.359.629        | 288.957.497        | 288.957.497        |
| <b>Total available-for-sale financial assets</b> | <b>232.000.000</b> | <b>264.359.629</b> | <b>288.957.497</b> | <b>288.957.497</b> |
|  | 31/December/2021   |                    |                    |                    |
|  | Nominal value      | Cost               | Fair value         | Net book value     |
| <b>Debt instruments:</b>                         |                    |                    |                    |                    |
| Government bonds - TL                            | 145.000.000        | 147.158.764        | 137.912.350        | 137.912.350        |
| <b>Total available-for-sale financial assets</b> | <b>145.000.000</b> | <b>147.158.764</b> | <b>137.912.350</b> | <b>137.912.350</b> |
|  | 31/December/2022   |                    |                    |                    |
|  | Level 1            | Level 2            | Level 3            | Total              |
| <b>Debt instruments:</b>                         |                    |                    |                    |                    |
| Available-for-sale financial assets (Note 11)    | 288.957.497        | -                  | -                  | 288.957.497        |
| Financial assets held for trading                | -                  | 56.197.117         | -                  | 56.197.117         |
| Held-to-maturity financial assets (Note 11)      | 150.206.918        | -                  | -                  | 150.206.918        |
| <b>Total available-for-sale financial assets</b> | <b>439.164.415</b> | <b>56.197.117</b>  | <b>-</b>           | <b>495.361.532</b> |
|  | 31/December/2021   |                    |                    |                    |
|  | Level 1            | Level 2            | Level 3            | Total              |
| <b>Debt instruments:</b>                         |                    |                    |                    |                    |
| Available-for-sale financial assets (Note 11)    | 137.912.350        | -                  | -                  | 137.912.350        |
| Held-to-maturity financial assets (Note 11)      | 274.572.777        | -                  | -                  | 274.572.777        |
| <b>Total available-for-sale financial assets</b> | <b>412.485.127</b> | <b>-</b>           | <b>-</b>           | <b>412.485.127</b> |

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**4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**

**4.2 Management of insurance risk (Continued)**

**Gains and losses from financial assets**

| <b>Gains and losses recognized in the statement of income:</b>                 | <b>1 January -</b>  | <b>1 January -</b>  |
|--|---------------------|---------------------|
|  | <b>31 December</b>  | <b>31 December</b>  |
|  | <b>2022</b>         | <b>2021</b>         |
| Interest income from time deposit  | 132.383.266         | 127.668.336         |
| Foreign exchange gains   | 357.693.249         | 266.006.741         |
| Current account exchange differences   | 334.137.835         | 219.289.633         |
| Bank deposit exchange differences  | 23.555.414          | 46.717.108          |
| Income from government bonds classified as available for sale financial assets | 41.238.175          | 12.600.000          |
| Income from other financial assets classified as trading financial assets      | 24.358.550          | -                   |
| Valuation of available for sale financial instruments                          | 3.052.100           | 2.619.934           |
| <b>Investment income</b>   | <b>558.725.340</b>  | <b>408.895.011</b>  |
| Foreign exchange losses  | -274.492.104        | -156.515.056        |
| Investment expenses - including interest                                       | -21.004.840         | -11.929.180         |
| Valuation Allowance of Investments   | -1.591.269          | -2.944.612          |
| <b>Investment expenses</b>   | <b>-297.088.213</b> | <b>-171.388.848</b> |
| <b>Financial gains and losses recognized in the statement of income, net</b>   | <b>261.637.127</b>  | <b>237.506.163</b>  |

**Capital management**

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Turkish Treasury,
- 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 Turkish Treasury on 23 August 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TRY908,686,959 as at 31 December 2022. As at 31 December 2022, the capital amount of the Company presented in financial statements is TRY966,071,607 and it has capital surplus amounting to TRY57,384,648 (31 December 2021: TRY50,512,409) according to the communiqué.

**5 SEGMENT REPORTING**

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.

**Business segment**

A business segment reporting of the Company is presented in accordance with IFRS 8 - Operating Segments standard in this section.

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**5 SEGMENT REPORTING (Continued)**

**Insurance Fire and Natural Disaster**

Insurance on fire and natural disasters covers material damages occurred due to fire, lightning, explosion or smoke, steam and temperature resulted from fire, lightning and explosion up to insurance policy limits

**Motor Third Party Liability Insurance**

According to the Motorway Traffic Code numbered 2918, Motor Third Party Liability Insurance covers vehicle owner's legal liability for all bodily damages to third persons and financial damages to other vehicles.

Damages caused by the trailer or semi-trailers (included light trailers) or the vehicles pulled is covered by the insurance of the trailer. However, the trailers used for transportation of people should be included in an additional liability insurance in order to obtain coverage.

In order to reduce and prevent the damage in the accident happened, reasonable and necessary expenses of the policyholder is compensated by the Company. This insurance also covers unfair claims against the policyholders.

**Motor Vehicles (Casco)**

Insurance on motor vehicles covers the following dangers related with vehicles. It is possible to widen policy scope for accessories or audio, display and communication devices which are not included in standard version of the vehicle by specifying on the insurance policy.

- Accident with the motorized or non-motorized vehicles which used in high-ways,
- Crash with fixed or moving items without desire of the driver or accidents due to crash, capsize, fall or tumble
- The actions of third parties resulted from bad intention or mischief,
- Burn,
- Theft or attempted theft

**Health-illness Insurance**

Insurance on health compensates treatment costs of illnesses or accidental injuries during the period of insurance and, if any, daily allowances in this general framework with special conditions up to the amount written in the policy. Geographical limits of the insurance are stated in the policy.

**Geographical segment**

The main geographical segment which the Company operates is Turkey. Hence, the Company has not disclosed report on geographical segments.

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**5 SEGMENT REPORTING (Continued)**

|  | Fire               | Transportation     | Accident              | Engineering       | Other              | Unallocated  | Total                 |
|--|--------------------|--------------------|-----------------------|-------------------|--------------------|--------------|-----------------------|
| <b>1 January - 31 December 2022</b>  |                    |                    |                       |                   |                    |              |                       |
| 1- Earned Premiums (Net of Reinsurer Share)  | 170.322.614        | 111.728.437        | 1.080.619.048         | 19.575.433        | 104.470.178        | -            | 1.486.715.710         |
| 1.1- Written Premiums (Net of Reinsurer Share)   | 250.872.379        | 121.225.110        | 2.182.651.591         | 35.331.533        | 144.631.554        | -            | 2.734.712.167         |
| 1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)    | -80.580.161        | -9.496.673         | -1.103.933.272        | -15.756.100       | -40.161.376        | -            | -1.249.927.582        |
| 1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)       | 30.396             | -                  | 1.900.729             | -                 | -                  | -            | 1.931.125             |
| 2- Other Technical Income (Net of Reinsurer Share)   | 5.338.622          | 12.118.767         | -23.880.629           | 1.884.615         | -7.398.972         | -            | -11.937.597           |
| <b>Technical Income (*)</b>  | <b>175.661.236</b> | <b>123.847.204</b> | <b>1.056.738.419</b>  | <b>21.460.048</b> | <b>97.071.206</b>  | <b>-</b>     | <b>1.474.778.113</b>  |
| 1- Incurred Losses (Net of Reinsurer Share)  | -63.123.996        | -16.806.958        | -847.338.958          | -15.957.401       | -63.321.836        | -            | -1.006.548.944        |
| 1.1- Claims Paid (Net of Reinsurer Share)  | -51.676.125        | -13.897.652        | -734.557.631          | -14.657.896       | -58.469.607        | -            | -873.258.911          |
| 1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward) | -11.447.871        | -2.909.306         | -112.781.122          | -1.299.505        | -4.852.229         | -            | -133.290.033          |
| 2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)            | -30.996.323        | -62.711.502        | -165.611.576          | 55.669.296        | 354.658            | -            | -203.295.447          |
| <b>Technical Expense</b>   | <b>-94.120.319</b> | <b>-79.518.460</b> | <b>-1.012.950.534</b> | <b>39.711.895</b> | <b>-62.967.178</b> | <b>-</b>     | <b>-1.209.844.391</b> |
| Investment Income  |                    |                    |                       |                   |                    | 558.725.340  | 558.725.340           |
| Personnel Expenses   |                    |                    |                       |                   |                    | -127.138.206 | -127.138.206          |
| Administrative Expense   |                    |                    |                       |                   |                    | -89.270.491  | -89.270.491           |
| Other and Investment Expense (*)   |                    |                    |                       |                   |                    | -388.270.446 | -388.270.446          |
| <b>Profit Before Tax</b>   |                    |                    |                       |                   |                    |              | <b>218.979.917</b>    |
| <b>Tax Expense</b>   |                    |                    |                       |                   |                    |              | <b>-39.260.842</b>    |
| <b>Net Profit</b>  |                    |                    |                       |                   |                    |              | <b>179.719.075</b>    |

(\*) The investment incomes transferred from non-technical branches amounting to TRY158,375,721 has not been included.

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**5 SEGMENT REPORTING (Continued)**

|  | 1 January - 31 December 2021 | Fire               | Transportation      | Accident           | Engineering        | Other        | Unallocated         | Total |
|--|------------------------------|--------------------|---------------------|--------------------|--------------------|--------------|---------------------|-------|
| 1- Earned Premiums (Net of Reinsurer Share)  | 113.438.189                  | 39.689.769         | 555.652.821         | 15.176.747         | 76.420.635         | -            | 800.378.161         |       |
| 1.1- Written Premiums (Net of Reinsurer Share)   | 127.169.572                  | 42.762.205         | 645.430.286         | 16.756.070         | 91.118.655         | -            | 923.236.788         |       |
| 1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)    | -13.700.987                  | -3.072.436         | -88.992.783         | -1.579.323         | -14.698.020        | -            | -122.043.549        |       |
| 1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)       | -30.396                      | -                  | -784.682            | -                  | -                  | -            | -815.078            |       |
| 2- Other Technical Income (Net of Reinsurer Share)   | -3.686.910                   | 4.225.902          | -12.287.407         | 654.887            | -3.348.536         | -            | -14.442.064         |       |
| <b>Technical Income (*)</b>  | <b>109.751.279</b>           | <b>43.915.671</b>  | <b>543.365.414</b>  | <b>15.831.634</b>  | <b>73.072.099</b>  | <b>-</b>     | <b>785.936.097</b>  |       |
| 1- Incurred Losses (Net of Reinsurer Share)  | -39.266.980                  | -9.388.859         | -506.769.072        | -15.714.724        | -55.055.356        | -            | -626.194.991        |       |
| 1.1- Claims Paid (Net of Reinsurer Share)  | -32.822.133                  | -7.111.521         | -422.503.581        | -12.810.312        | -53.823.161        | -            | -529.070.708        |       |
| 1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward) | -6.444.847                   | -2.277.338         | -84.265.491         | -2.904.412         | -1.232.195         | -            | -97.124.283         |       |
| 2- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)            | -27.683.386                  | -12.820.503        | -68.057.247         | -11.331.575        | -8.940.463         | -            | -128.833.174        |       |
| <b>Technical Expense</b>   | <b>-66.950.366</b>           | <b>-22.209.362</b> | <b>-574.826.319</b> | <b>-27.046.299</b> | <b>-63.995.819</b> | <b>-</b>     | <b>-755.028.165</b> |       |
| Investment Income  |                              |                    |                     |                    |                    | 144.429.446  | 144.429.446         |       |
| Personnel Expenses   |                              |                    |                     |                    |                    | -83.909.542  | -83.909.542         |       |
| Administrative Expense   |                              |                    |                     |                    |                    | -36.393.943  | -36.393.943         |       |
| Other and Investment Expense (*)   |                              |                    |                     |                    |                    | -229.038.754 | -229.038.754        |       |
| <b>Profit Before Tax</b>   |                              |                    |                     |                    |                    |              | <b>90.460.704</b>   |       |
| <b>Tax Expense</b>   |                              |                    |                     |                    |                    |              | <b>-22.144.876</b>  |       |
| <b>Net Profit</b>  |                              |                    |                     |                    |                    |              | <b>68.315.828</b>   |       |

(\*) The investment incomes transferred from non-technical branches amounting to TRY187,354,074 has not been included.

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**6 TANGIBLE ASSETS**

Movements in tangible assets in the period from 1 January to 31 December 2022 are presented below:

|  | 1 January 2022     | Additions          | Disposals | Valuation Difference | 31 December 2022   |
|--|--------------------|--------------------|-----------|----------------------|--------------------|
| <b>Cost:</b>   |                    |                    |           |                      |                    |
| Buildings for own use                                    | 128.440.701        | -                  | -         | 280.165.000          | 408.605.701        |
| Furniture and fixtures                                   | 9.588.747          | 142.846            | -         | -                    | 9.731.593          |
| Motor vehicles   | 4.270.049          | 20.096.128         | -         | -                    | 24.366.177         |
| Other tangible assets (including leasehold improvements) | 2.745.672          | -                  | -         | -                    | 2.745.672          |
| Leased tangible assets                                   | 140.695            | -                  | -         | -                    | 140.695            |
| Right-of-use assets                                      | 10.971.231         | 4.085.768          | -         | -                    | 15.056.999         |
|  | <b>156.157.095</b> | <b>24.324.742</b>  | <b>-</b>  | <b>280.165.000</b>   | <b>460.646.837</b> |
| <b>Accumulated depreciation:</b>                         |                    |                    |           |                      |                    |
| Buildings for operational use                            | -239.021           | -8.936.563         | -         | 6.736.532            | -2.439.052         |
| Furniture and fixtures                                   | -5.641.246         | -1.139.726         | -         | -                    | -6.780.972         |
| Motor vehicles   | -3.816.869         | -574.997           | -         | -                    | -4.391.866         |
| Other tangible assets (including leasehold improvements) | -2.318.111         | -216.575           | -         | -                    | -2.534.686         |
| Leased tangible assets                                   | -140.694           | -                  | -         | -                    | -140.694           |
| Right-of-use assets                                      | -4.862.308         | -2.923.617         | -         | -                    | -7.785.925         |
|  | <b>-17.018.249</b> | <b>-13.791.478</b> | <b>-</b>  | <b>6.736.532</b>     | <b>-24.073.195</b> |
| <b>Carrying amounts</b>                                  | <b>139.138.846</b> |                    |           |                      | <b>436.573.642</b> |

(\*) As of 31 December 2022, right-of-use assets comprises from leased buildings, office equipments, vehicles and IT equipments.

The Company's buildings for own use are revalued. "Headquarter Building" located in İstanbul and İzmir Office" buildings are presented in financial statements at the amounts determined in the expertise report dated April, May and November 2022, is appraised by independent appraisal experts authorized by Capital Markets Board of Turkey using sales comparison method.

The Company's buildings for own use are designated as "Level 2" as fair value.

|   | 31/December/2022   | 31/December/2021   |
|---|--------------------|--------------------|
|   | Net book value     | Net book value     |
| Headquarter building                            | 402.360.000        | 126.000.000        |
| İzmir office                                    | 6.155.000          | 2.350.000          |
| Other buildings                                 | 88.844             | 88.845             |
| Land  | 1.857              | 1.856              |
| Depreciation                                    | -2.439.052         | -239.021           |
| <b>Net book value after increasing in value</b> | <b>406.166.649</b> | <b>128.201.680</b> |

Revaluation surplus arising from fair value measurement in buildings is recorded in "Other Capital Reserves" under equity by taking into account the effects of deferred tax. Decreases after revaluation arising from fair value measurement in buildings is subtracted from related assets "Other Capital Reserves" under Shareholders' Equity by comparing on the basis of account. Decreases after revaluation of the assets with no balances in "Other Capital Reserves" under Shareholders' Equity is associated with profit / loss accounts.

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**6 TANGIBLE ASSETS (Continued)**

Movements in tangible assets in the period from 1 January to 31 December 2021 are presented below:

|  | 1 January 2021     | Additions         | Disposals      | Valuation         | 31 December 2021   |
|--|--------------------|-------------------|----------------|-------------------|--------------------|
| <b>Cost:</b>   |                    |                   |                |                   |                    |
| Buildings for own use                                    | 81.360.701         | -                 | -              | 47.080.000        | 128.440.701        |
| Furniture and fixtures                                   | 8.640.732          | 983.256           | -35.241        | -                 | 9.588.747          |
| Motor vehicles   | 4.270.049          | -                 | -              | -                 | 4.270.049          |
| Other tangible assets (including leasehold improvements) | 2.720.026          | 25.646            | -              | -                 | 2.745.672          |
| Leased tangible assets                                   | 140.695            | -                 | -              | -                 | 140.695            |
| Right-of-use assets*                                     | 8.726.296          | 2.244.935         | -              | -                 | 10.971.231         |
|  | <b>105.858.499</b> | <b>3.253.837</b>  | <b>-35.241</b> | <b>47.080.000</b> | <b>156.157.095</b> |
| <b>Accumulated depreciation:</b>                         |                    |                   |                |                   |                    |
| Buildings for operational use                            | -347.193           | -3.313.034        | -              | 3.421.206         | -239.021           |
| Furniture and fixtures                                   | -4.581.406         | -1.089.767        | 29.927         | -                 | -5.641.246         |
| Motor vehicles   | -2.664.271         | -1.152.598        | -              | -                 | -3.816.869         |
| Other tangible assets (including leasehold improvements) | -2.088.748         | -229.363          | -              | -                 | -2.318.111         |
| Leased tangible assets                                   | -140.694           | -                 | -              | -                 | -140.694           |
| Right-of-use assets*                                     | -3.677.447         | -1.184.861        | -              | -                 | -4.862.308         |
|  | <b>-13.499.759</b> | <b>-6.969.623</b> | <b>29.927</b>  | <b>3.421.206</b>  | <b>-17.018.249</b> |
| <b>Carrying amounts</b>                                  | <b>92.358.740</b>  |                   |                |                   | <b>139.138.846</b> |

(\*) As of 31 December 2021, right-of-use assets comprises from leased buildings, office equipments, vehicles and IT equipments.

There is not any change in depreciation method in the current period.

There is not any mortgage over tangible assets of the Company as at 31 December 2022 and 31 December 2021.

As of 31 December 2022 and 2021, details of buildings for own use below:

|                                       | 31/December/2022   | 31/December/2021   | Expert Date | Expert Value       | Cost Value        |
|---------------------------------------|--------------------|--------------------|-------------|--------------------|-------------------|
|                                       | Net Book Value     | Net Book Value     |             |                    |                   |
| İstanbul - Sarıyer, building          | 400.229.108        | 125.835.584        | 28-Nov-22   | 402.360.000        | 16.148.867        |
| İzmir - Konak, building               | 5.877.782          | 2.304.560          | 24-May-22   | 6.155.000          | 874.708           |
| <b>Net book value after valuation</b> | <b>406.106.890</b> | <b>128.140.144</b> |             | <b>408.515.000</b> | <b>17.023.575</b> |

As of 31 December 2022 and 31 December 2021, the cost values of the buildings that belongs to Company which remeasured with market approach presented below:

|                                     | 31/December/2022  |                          |                  | 31/December/2021  |                          |                  |
|-------------------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                                     | Cost              | Accumulated Depreciation | Net Book Value   | Cost              | Accumulated Depreciation | Net Book Value   |
| İstanbul - Sarıyer, building        | 16.148.867        | -7.582.316               | 8.566.551        | 16.148.867        | -7.258.411               | 8.890.456        |
| İzmir - Konak, building             | 874.708           | -629.695                 | 245.013          | 874.708           | -612.201                 | 262.507          |
| <b>Net book value at cost value</b> | <b>17.023.575</b> | <b>-8.212.011</b>        | <b>8.811.564</b> | <b>17.023.575</b> | <b>-7.870.612</b>        | <b>9.152.963</b> |

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**7 INVESTMENT PROPERTIES**

There is no investment property (31 December 2021: None).

**8 INTANGIBLE ASSETS**

Movements in intangible assets in the period from 1 January to 31 December 2022 are presented below:

|                           | 1 January 2022     | Additions         | Disposals | 31 December 2022   |
|---------------------------|--------------------|-------------------|-----------|--------------------|
| <b>Cost:</b>              |                    |                   |           |                    |
| Rights                    | 39.719.550         | 10.010.879        | -         | 49.730.429         |
|                           | <b>39.719.550</b>  | <b>10.010.879</b> | <b>-</b>  | <b>49.730.429</b>  |
| Accumulated amortization: |                    |                   |           |                    |
| Rights                    | -17.268.432        | -5.056.640        | -         | -22.325.072        |
|                           | <b>-17.268.432</b> | <b>-5.056.640</b> | <b>-</b>  | <b>-22.325.072</b> |
| <b>Carrying amounts</b>   | <b>22.451.118</b>  | <b>4.954.239</b>  |           | <b>27.405.357</b>  |

Movements in intangible assets in the period from 1 January to 31 December 2021 are presented below:

|                           | 1 January 2021     | Additions         | Disposals | 31 December 2021   |
|---------------------------|--------------------|-------------------|-----------|--------------------|
| <b>Cost:</b>              |                    |                   |           |                    |
| Rights                    | 31.668.063         | 8.051.487         | -         | 39.719.550         |
|                           | <b>31.668.063</b>  | <b>8.051.487</b>  | <b>-</b>  | <b>39.719.550</b>  |
| Accumulated amortization: |                    |                   |           |                    |
| Rights                    | -13.825.160        | -3.443.272        | -         | -17.268.432        |
|                           | <b>-13.825.160</b> | <b>-3.443.272</b> | <b>-</b>  | <b>-17.268.432</b> |
| <b>Carrying amounts</b>   | <b>17.842.903</b>  |                   |           | <b>22.451.118</b>  |

**9 INVESTMENTS IN ASSOCIATES**

In 7 June 2012, Risk Ekspert Risk Danışmanlık Hizmetleri Limited Company has been founded with 30% partnership of the Company as it was registered in "Ticari Sicil Gazetesi". As of 31 December 2022 and 2021, the Company's share amount is accounted with acquisition cost as it has been predicted in accordance with Consolidation Communiqué. Since the mentioned affiliate's total asset amount is lower than 1% of the Company's total asset amount.

|  | 31/December/2022 |                    | 31/December/2021 |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | Carrying value   | Participation rate | Carrying value   | Participation rate |
| Tarım Sigortaları Havuz İşlt. A.Ş.                   | 1.221.495        | 4,167%             | 875.420          | 4,35%              |
| Risk Ekspert Risk ve HasarDanışmanlık Hiz. Ltd. Şti. | 15.000           | 30,00%             | 15.000           | 30,00%             |
| <b>Investments in associates, net</b>                | <b>1.236.495</b> |                    | <b>890.420</b>   |                    |

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**10 REINSURANCE ASSETS AND LIABILITIES**

As at 31 December 2022 and 31 December 2021, reinsurance assets and liabilities of the Company in accordance with existing reinsurance contracts are as follows:

| Reinsurance assets   | 31 December 2022     | 31 December 2021     |
|--|----------------------|----------------------|
| Reserve for unearned premiums, ceded (Note 17)   | 2.059.486.812        | 751.577.297          |
| Provision for outstanding claims, ceded (Note 4.2), (Note 17)                          | 1.655.349.638        | 1.035.536.429        |
| Receivables from reinsurance companies (Note 12)                                       | 19.241.803           | 19.382.148           |
| Commission income accrual from reinsurers and receivables due to paid claims (Note 17) | 3.940.519            | 29.996.958           |
| <b>Total</b>   | <b>3.738.018.772</b> | <b>1.836.492.832</b> |

There is no value decrease for reinsurance assets.

| Reinsurance Liabilities   | 31 December 2022     | 31 December 2021   |
|---|----------------------|--------------------|
| Commission debts related to written premiums to reinsurance companies (Note 19) | 1.368.326.411        | 572.742.664        |
| Depository from reinsurance company (Note 19)                                   | -                    | -                  |
| <b>Total</b>  | <b>1.368.326.411</b> | <b>572.742.664</b> |

Gains and losses recognized in the statement of income in accordance with existing reinsurance contracts are as follows:

|  | 31 December 2022      | 31 December 2021      |
|--|-----------------------|-----------------------|
| Premiums ceded during the period (Note 17)                                       | -3.273.405.788        | -1.259.253.830        |
| Reserve for unearned premiums, ceded at the beginning of the period (Note 17)    | -751.577.296          | -580.033.197          |
| Reserve for unearned premiums, ceded at the end of the period (Note 17)          | 2.059.486.812         | 751.577.297           |
| <b>Premiums earned, ceded (Note 17)</b>  | <b>-1.965.496.272</b> | <b>-1.087.709.730</b> |
| Claims paid, ceded during the period (Note 17)                                   | 958.623.474           | 467.332.852           |
| Provision for outstanding claims, ceded at the beginning of the period (Note 17) | -1.035.536.428        | -714.873.193          |
| Provision for outstanding claims, ceded at the end of the period (Note 17)       | 1.655.349.638         | 1.035.536.429         |
| <b>Claims incurred, ceded (Note 17)</b>  | <b>1.578.436.684</b>  | <b>787.996.088</b>    |
| Commission income accrued from reinsurers during the period                      | 478.138.030           | 186.731.785           |
| Deferred commission income at the beginning of the period (Note 19)              | 112.848.202           | 81.034.175            |
| Deferred commission income at the end of the period (Note 19)                    | -265.206.848          | -112.848.202          |
| <b>Commission income earned from reinsurers (Note 32)</b>                        | <b>325.779.384</b>    | <b>154.917.758</b>    |
| <b>Total, net</b>  | <b>-61.280.204</b>    | <b>-144.795.884</b>   |

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**11 FINANCIAL ASSETS**

As at 31 December 2022 and 31 December 2021 the Company's financial asset portfolio are detailed as follows:

|  | 31/December/2022   |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Nominal value      | Cost               | Fair value         | Net book value     |
| <i>Debt instruments:</i>                         |                    |                    |                    |                    |
| Government bonds - TRY                           | 232.000.000        | 264.359.629        | 288.957.497        | 288.957.497        |
| <b>Total available for sale financial assets</b> | <b>232.000.000</b> | <b>264.359.629</b> | <b>288.957.497</b> | <b>288.957.497</b> |

|  | 31/December/2021   |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Nominal value      | Cost               | Fair value         | Net book value     |
| <i>Debt instruments:</i>                         |                    |                    |                    |                    |
| Government bonds - TRY                           | 145.000.000        | 147.158.764        | 137.912.350        | 137.912.350        |
| <b>Total available for sale financial assets</b> | <b>145.000.000</b> | <b>147.158.764</b> | <b>137.912.350</b> | <b>137.912.350</b> |

| Financial Assets Held for Trading   | 31 December 2022  |                   |                   |
|-------------------------------------|-------------------|-------------------|-------------------|
|                                     | Cost              | Fair value        | Net book value    |
| <i>Other tools:</i>                 |                   |                   |                   |
| Currency Protected Deposit - TL     | 54.171.260        | 56.197.117        | 56.197.117        |
| <b>Total other financial assets</b> | <b>54.171.260</b> | <b>56.197.117</b> | <b>56.197.117</b> |

| Financial Assets Held to Maturity             | 31 December 2022   |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | Cost               | Fair value         | Net book value     |
| <i>Other tools:</i>                           |                    |                    |                    |
| Long-Term Deposits of More than 3 Months - TL | 150.000.000        | 150.206.918        | 150.206.918        |
| <b>Total other financial assets</b>           | <b>150.000.000</b> | <b>150.206.918</b> | <b>150.206.918</b> |

| Financial Assets Held to Maturity             | 31 December 2021   |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | Cost               | Fair value         | Net book value     |
| <i>Other tools:</i>                           |                    |                    |                    |
| Long-Term Deposits of More than 3 Months - TL | 274.000.000        | 274.572.777        | 274.572.777        |
| <b>Total other financial assets</b>           | <b>274.000.000</b> | <b>274.572.777</b> | <b>274.572.777</b> |

There is no debt security issued during the period or issued before and paid during the period by the Company.

There is no financial asset that is overdue but not impaired among the Company's financial investments portfolio.

As at 31 December 2022 and 31 December 2021, movements of the financial assets during the period are presented below:

|   | 31 December 2022   |                   |                                   |                    |
|---|--------------------|-------------------|-----------------------------------|--------------------|
|   | Trading            | Until Maturity    | Financial Assets Held to Maturity | Total              |
| <b>Balance at the beginning of the period</b> | <b>137.912.350</b> | <b>-</b>          | <b>274.572.777</b>                | <b>412.485.127</b> |
| Acquisitions during the period                | 161.626.663        | 185.273.227       | 150.000.000                       | 496.899.890        |
| Disposals (sale and redemption)               | -45.000.000        | -131.101.967      | -274.572.777                      | -450.674.744       |
| Change in the fair value of financial assets  | 34.418.484         | 2.025.857         | 206.918                           | 36.651.259         |
| <b>Balance at the end of the period</b>       | <b>288.957.497</b> | <b>56.197.117</b> | <b>150.206.918</b>                | <b>495.361.532</b> |

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**11 FINANCIAL ASSETS(Continued)**

|   | 31 December 2021   |                |                                   |                    |
|---|--------------------|----------------|-----------------------------------|--------------------|
|   | Trading            | Until Maturity | Financial Assets Held to Maturity | Total              |
| <b>Balance at the beginning of the period</b> | <b>42.735.000</b>  | -              | -                                 | <b>42.735.000</b>  |
| Acquisitions during the period                | 102.732.967        | -              | 274.000.000                       | 376.732.967        |
| Disposals (sale and redemption)               | -                  | -              | -                                 | -                  |
| Change in the fair value of financial assets  | -7.555.617         | -              | 572.777                           | -6.982.840         |
| <b>Balance at the end of the period</b>       | <b>137.912.350</b> | <b>0</b>       | <b>274.572.777</b>                | <b>412.485.127</b> |

As of 31 December 2022, the Company does not have any financial assets given as deposit for the Republic of Turkey Ministry of Treasury and Finance due its insurance activities (31 December 2021: None).

**12 LOANS AND RECEIVABLES**

|   | 31/December/2022     | 31/December/2021   |
|---|----------------------|--------------------|
| Receivables from main operations (Note 4.2) | 1.865.257.463        | 796.243.083        |
| Other receivables (Note 4.2)                | 13.176.969           | 3.401.906          |
| Prepaid taxes and funds (Note 4.2)          | -                    | 907.696            |
| Receivables from related parties (Note 4.2) | 125.269              | -                  |
| <b>Total</b>                                | <b>1.878.559.701</b> | <b>800.552.685</b> |

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

|  | 31/December/2022     | 31/December/2021   |
|--|----------------------|--------------------|
| Receivables from agencies, brokers and intermediaries                        | 1.167.093.683        | 503.807.989        |
| Receivables from guaranteed credit card                                      | 463.135.772          | 164.741.820        |
| Receivables from insurance companies   | 163.200.024          | 58.566.184         |
| Receivables from reinsurance companies (Note 10)                             | 19.241.803           | 19.382.148         |
| Receivables from policyholders   | 29.333.672           | 29.138.759         |
| Receivables from subrogations (Note 2.21)                                    | 23.032.488           | 20.900.396         |
| Provision from doubtful receivables from insurance operations (Note 4.2) (*) | -626.895             | -1.161.561         |
| <b>Total receivables from insurance operations, net</b>                      | <b>1.864.410.547</b> | <b>795.375.735</b> |

(\*) Receivables from insurance operations includes TRY(28,119) provision from agencies receivables and the rest of receivables comprises from salvage and subrogation receivable provisions (31 December 2021: TRY438,694).

|   | 31/December/2022     | 31/December/2021   |
|---|----------------------|--------------------|
| Doubtful receivables from main operations                           | 185.609.342          | 121.482.219        |
| Provisions for doubtful receivables from main operations (Note 4.2) | -184.762.426         | -120.614.871       |
| <b>Receivables from main operations (Note 4.2)</b>                  | <b>1.865.257.463</b> | <b>796.243.083</b> |

As at 31 December 2022 and 31 December 2021, the details of mortgages and other guarantees for the Company's receivables are presented below:

|                       | 31/December/2022  | 31/December/2021  |
|-----------------------|-------------------|-------------------|
| Letters of guarantees | 22.160.753        | 18.404.997        |
| Mortgage notes        | 13.622.703        | 14.152.703        |
| Collateral cheques    | 2.466.167         | 5.170.210         |
| Collateral bills      | 17.681.734        | 1.205.000         |
| Public securities     | 6.000             | 6.000             |
| Other guarantees      | 34.877.237        | 10.820.501        |
| <b>Total</b>          | <b>90.814.594</b> | <b>49.759.411</b> |

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**12 LOANS AND RECEIVABLES (Continued)**

Subrogation receivables are presented below:

|   | 31/December/2022  | 31/December/2021  |
|---|-------------------|-------------------|
| Subrogation receivables - gross             | 34.270.662        | 23.439.854        |
| Subrogation receivables - reinsurance share | -11.238.174       | -2.539.458        |
| <b>Subrogation receivables</b>              | <b>23.032.488</b> | <b>20.900.396</b> |

**Provisions for overdue receivables and receivables not due yet**

- Receivables under legal and administrative follow up (due): TRY9,180,544 (31 December 2021: TRY9,415,159).
- Provision for subrogation receivables under legal and administrative follow up: TRY175,581,881 (31 December 2021: TRY111,199,712.) (Note 47).
- Receivables from insurance operations: TRY626,895 (31 December 2021: TRY1,161,561).

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 INSTRUMENTS**

As at 31 December 2022, the Company does not have derivative financial instruments (31 December 2021: None).

**14 CASH AND CASH EQUIVALENTS**

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

|   | 31/December/2022         |                                | 31/December/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  | 42.408                   | 30.944                         | 30.944                   | 22.023                         |
| Cheques received  | 12                       | 12                             | 12                       | 12                             |
| Banks   | 1.110.306.817            | 504.121.991                    | 504.121.991              | 745.863.919                    |
| Other cash and cash equivalents                                 | 1.014.789.393            | 237.951.778                    | 237.951.778              | 165.965.723                    |
| <b>Cash and cash equivalents in the balance sheet</b>           | <b>2.125.138.630</b>     | <b>742.104.725</b>             | <b>742.104.725</b>       | <b>911.851.677</b>             |
| Interest accruals on banks deposits                             | -20.057.783              | -21.334.406                    | -21.334.406              | -3.003.115                     |
| Bank deposits - blocked (*) (Note 17)                           | -219.500.000             | -143.000.000                   | -143.000.000             | -103.000.000                   |
| <b>Cash and cash equivalents in the statement of cash flows</b> | <b>1.885.580.847</b>     | <b>577.770.319</b>             | <b>577.770.319</b>       | <b>805.848.562</b>             |

As at 31 December 2022 and 31 December 2021 cash collateral kept in favour of the Insurance and Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") and TARSIM as a guarantee for the insurance activities.

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**14 CASH AND CASH EQUIVALENTS (Continued)**

As of 31 December 2022, the maturity distribution of the Company's time deposits is between 2-84 days (31 December 2021: 2-124 days). The interest rates of time deposits are given below.

|     | 31/December/2022 | 31/December/2021 |
|-----|------------------|------------------|
| TRY | 17,00%-27,00%    | 15.70%-25.75%    |
|     |                  |                  |

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

|  | 31/December/2022     | 31/December/2021   |
|--|----------------------|--------------------|
| Foreign currency denominated bank deposits |                      |                    |
| - demand deposit                           | 104.679.097          | 72.876.812         |
| - time deposit                             | -                    | -                  |
| Bank deposits in Turkish Lira              |                      |                    |
| - demand deposit                           | 23.625.732           | 2.594.550          |
| - time deposit                             | 982.001.988          | 428.650.629        |
| <b>Bank deposit</b>                        | <b>1.110.306.817</b> | <b>504.121.991</b> |

**15 EQUITY**

**Paid in capital**

The shareholder having direct or indirect control over the shares of the Vienna Insurance Group. The Company does not increase its share capital in the period ended at 31 December 2022.

As at 31 December 2022, the issued share capital of the Company is TRY163,069,856 (31 December 2021: TRY163,069,856). The share capital of the Company consists of 16,306,985,600 (31 December 2021: 16,306,985,600 shares) issued shares with TRY0.01 nominal value each

**Other Capital Reserves**

In accordance with "TAS 16 - Tangible Assets", the Company accounts for property for operational use using the revaluation model. Increases in the carrying amounts arising on revaluation of properties, net of tax, are accounted for in "Other profit reserves" under shareholders' equity. At each accounting period, the difference between depreciation based on the revalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's original cost is transferred revaluation increases arising from the revaluation of property for operational use are not allowed to be used in capital increases.

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**15 EQUITY (Continued)**

**Other Capital Reserves (Continued)**

In accordance with the 4 July 2007 dated and 2007/3 numbered Compliance Communiqué issued by the Turkish Treasury, 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 31 December 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 31 December 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 1 September 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.

Other capital reserves distribution is presented below:

|  | 31/December/2022   | 31/December/2021  |
|--|--------------------|-------------------|
| Revaluation fund                                       | 347.633.410        | 95.191.229        |
| Earthquake provision transferred to profit reserve     | 9.265.404          | 9.265.404         |
| Transfer to legal reserves (*)                         | 8.959.142          | 5.543.354         |
| Valuation of financial assets                          | 14.915.971         | -8.558.741        |
| Actuarial losses, net                                  | -10.308.681        | -5.806.658        |
| <b>Other capital reserves at the end of the period</b> | <b>370.465.246</b> | <b>95.634.588</b> |

(\*) According to Company's General Assembly meeting on 29 March 2021, Company transferred TRY68,315,828 of the net profit of period amount TRY3,415,788 to legal reserves as primary reserves in accordance with the policy of the profit distribution of the Company, Capital Market Board regulations and Turkish Commercial Code article 519.



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**15 EQUITY (Continued)**

**Accumulated Losses**

As of 1 January - 31 December 2022 and 2021, the movement table of the Accumulated Losses are presented below:

|  | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|--|---------------------------------|---------------------------------|
| Beginning of period 1 January                | 110.653.506                     | 52.300.131                      |
| Transfer of net profit for the previous year | 68.315.828                      | 58.923.677                      |
| Transfer to legal reserves                   | -3.415.788                      | -2.946.184                      |
| Other transfers, net                         | -                               | 2.375.882                       |
| <b>End of the period 31 December</b>         | <b>175.553.546</b>              | <b>110.653.506</b>              |

**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.

|                | 31/December/2022 | 31/December/2021 |
|----------------|------------------|------------------|
| Legal reserves | 8.959.142        | 5.543.354        |

**Valuation of financial assets**

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by using 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 profit or loss.

As of the reporting date, the unrealized gains and losses arising from the changes in the fair values of financial assets are recognized in "Valuation of Financial Assets" under the equity as follows:

|   | 31/December/2022  | 31/December/2021 |
|---|-------------------|------------------|
| Valuation of financial assets at the beginning of period  | -8.558.741        | -2.773.990       |
| Change in current year                                    | 30.586.387        | 7.230.939        |
| Deferred tax effect                                       | -7.111.675        | -1.446.188       |
| <b>Valuation of financial assets at the end of period</b> | <b>14.915.971</b> | <b>8.558.741</b> |

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**16 OTHER RESERVES AND EQUITY COMPONENT OF DPF**

As at 31 December 2022 and 31 December 2021, change in fair values of available-for-sale financial assets which is presented as "valuation of financial assets" and earthquake provisions provided in the previous years presented under "other profit reserves" are explained in detail in Note 15 - Equity above. As at 31 December 2022 and 31 December 2021, the Company does not hold any insurance or investment contracts which contain a DPF.

**17 INSURANCE CONTRACT AND REINSURANCE ASSETS**

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

As at 31 December 2022 and 31 December 2021, details of the technical reserves of the Company are as follows:

|   | 31/December/2022     | 31/December/2021   |
|---|----------------------|--------------------|
| Reserve for unearned premiums, gross              | 3.902.392.800        | 1.283.588.506      |
| Reserve for unearned premiums, ceded (Note 10)    | -2.059.486.812       | -751.577.297       |
| Reserve for unearned premiums, SSI share          | -77.910.606          | -16.943.409        |
| <b>Reserves for unearned premiums, net</b>        | <b>1.764.995.382</b> | <b>515.067.800</b> |
| Reserve for unexpired risks, gross                | 4.529.730            | 32.517.294         |
| Reserve for unexpired risks, ceded (Note 10)      | -3.940.519           | -29.996.958        |
| <b>Provision for unexpired risks, net</b>         | <b>589.211</b>       | <b>2.520.336</b>   |
| Provision for outstanding claims, gross           | 2.218.455.247        | 1.465.352.005      |
| Provision for outstanding claims, ceded (Note 10) | -1.655.349.638       | -1.035.536.429     |
| <b>Provision for outstanding claims, net</b>      | <b>563.105.609</b>   | <b>429.815.576</b> |
| Equalization provision, net                       | 75.193.732           | 47.086.072         |
| <b>Other technical provisions, net</b>            | <b>75.193.732</b>    | <b>47.086.072</b>  |
| <b>Total technical provisions, net</b>            | <b>2.403.883.934</b> | <b>994.489.784</b> |
| Short-term  | 2.275.110.310        | 926.841.514        |
| Medium and long-term                              | 128.773.624          | 67.648.270         |
| <b>Total technical provisions, net</b>            | <b>2.403.883.934</b> | <b>994.489.784</b> |

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**INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)**

As at 31 December 2022 and 31 December 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

| Reserved for unearned premiums  | 31/December/2022     |                       |                    |                      |
|---|----------------------|-----------------------|--------------------|----------------------|
|   | Gross                | Reinsurer Share       | SSI Share          | Net                  |
| Reserve for unearned premiums at the beginning of the period  | 1.283.588.506        | -751.577.296          | -16.943.410        | 515.067.800          |
| Premiums written during the period  | 6.148.770.094        | -3.273.405.788        | -140.652.139       | 2.734.712.167        |
| Premiums earned during the period   | -3.529.965.800       | 1.965.496.272         | 79.684.943         | -1.484.784.585       |
| <b>Reserve for unearned premiums at the end of the period</b>   | <b>3.902.392.800</b> | <b>-2.059.486.812</b> | <b>-77.910.606</b> | <b>1.764.995.382</b> |
| Reserve for unearned premiums   | 31/December/2021     |                       |                    |                      |
|   | Gross                | Reinsurer share       | SSI Share          | Net                  |
| Reserve for unearned premiums at the beginning of the period  | 987.620.347          | -580.033.197          | -14.562.899        | 393.024.251          |
| Premiums written during the period  | 2.220.372.315        | -1.259.253.830        | -37.881.697        | 923.236.788          |
| Premiums earned during the period   | -1.924.404.156       | 1.087.709.730         | 35.501.187         | -801.193.239         |
| <b>Reserve for unearned premiums at the end of the period</b>   | <b>1.283.588.506</b> | <b>-751.577.297</b>   | <b>-16.943.409</b> | <b>515.067.800</b>   |
| Provision for outstanding claims  | 31/December/2022     |                       |                    |                      |
|   | Gross                | Reinsurer share       | Net                |                      |
| Provision for outstanding claims at the beginning of the period   | 1.465.352.004        | -1.035.536.428        | 429.815.576        |                      |
| Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period | 2.584.985.628        | -1.578.436.684        | 1.006.548.944      |                      |
| Claims paid during the period   | -1.831.882.385       | 958.623.474           | -873.258.911       |                      |
| <b>Provision for outstanding claims at the end of the period</b>  | <b>2.218.455.247</b> | <b>-1.655.349.638</b> | <b>563.105.609</b> |                      |
| Provision for outstanding claims  | 31/December/2021     |                       |                    |                      |
|   | Gross                | Reinsurer share       | Net                |                      |
| Provision for outstanding claims at the beginning of the period   | 1.047.564.486        | -714.873.193          | 332.691.293        |                      |
| Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period | 1.059.589.812        | -711.154.896          | 348.434.916        |                      |
| Claims paid during the period   | -996.403.560         | 467.332.852           | -529.070.708       |                      |
| <b>Provision for outstanding claims at the end of the period</b>  | <b>1.110.750.738</b> | <b>-958.695.237</b>   | <b>152.055.501</b> |                      |
| Provision for unexpired risks, net  | 31/December/2022     |                       |                    |                      |
|   | Gross                | Reinsurer share       | Net                |                      |
| Beginning of the period - 1 January   | 32.517.294           | -29.996.958           | 2.520.336          |                      |
| Net change  | -27.987.564          | 26.056.439            | -1.931.125         |                      |
| <b>End of the period - 31 December</b>  | <b>4.529.730</b>     | <b>-3.940.519</b>     | <b>589.211</b>     |                      |
| Provision for unexpired risks, net  | 31/December/2021     |                       |                    |                      |
|   | Gross                | Reinsurer share       | Net                |                      |
| Beginning of the period - 1 January   | 11.596.260           | -9.891.002            | 1.705.258          |                      |
| Net change  | 20.921.034           | -20.105.956           | 815.078            |                      |
| <b>End of the period - 31 December</b>  | <b>32.517.294</b>    | <b>-29.996.958</b>    | <b>2.520.336</b>   |                      |

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| Equalisation provision                 | 31/December/2022 Net | 31/December/2021 Net |
|--|----------------------|----------------------|
| Beginning of the period - 1 January    | 47.086.072           | 32.045.262           |
| Net change                             | 28.107.660           | 15.040.810           |
| <b>End of the period - 31 December</b> | <b>75.193.732</b>    | <b>47.086.072</b>    |

**Claim development tables**

The basic assumption used in the estimation of provisions for outstanding claims is the Company's past experience on claim developments. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

Development of insurance liabilities enables to measure the performance of the Company in estimation of its ultimate claim losses. The amounts presented on the top of the below tables show the changes in estimations of the Company for the claims in subsequent years after claim years. The amounts presented on the below of the below tables give the reconciliation of total liabilities with provision for outstanding claims presented in the accompanying financial statements.

| Claim year                         | 31/December/2022     |                      |                    |                    |                    |                      |                      | Total gross incurred claims |
|------------------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|----------------------|----------------------|-----------------------------|
|                                    | 2016                 | 2017                 | 2018               | 2019               | 2020               | 2021                 | 2022                 |                             |
| Claim incurred in accident period  | 222.836.981          | 294.375.434          | 423.400.165        | 459.592.782        | 513.355.858        | 1.040.614.960        | 2.388.425.315        | 5.342.601.495               |
| 1 year later                       | 151.741.951          | 151.687.284          | 197.143.381        | 186.172.040        | 244.636.945        | 574.380.068          |                      | 1.505.762.209               |
| 2 years later                      | 191.815.876          | 72.465.539           | 96.598.500         | 116.883.631        | 145.940.168        |                      |                      | 623.703.714                 |
| 3 years later                      | 198.270.565          | 65.938.747           | 94.834.304         | 113.365.364        |                    |                      |                      | 472.408.980                 |
| 4 years later                      | 273.365.014          | 69.852.425           | 95.821.094         |                    |                    |                      |                      | 439.038.533                 |
| 5 years later                      | 345.753.357          | 83.234.818           |                    |                    |                    |                      |                      | 428.988.175                 |
| 6 years later                      | 60.681.196           |                      |                    |                    |                    |                      |                      | 60.681.196                  |
| <b>Total gross incurred claims</b> | <b>1.444.464.940</b> | <b>737.554.247</b>   | <b>907.797.444</b> | <b>876.013.817</b> | <b>903.932.971</b> | <b>1.614.995.568</b> | <b>2.388.425.315</b> | <b>8.873.184.302</b>        |
| Claim year                         | 31/December/2021     |                      |                    |                    |                    |                      |                      | Total gross incurred claims |
|                                    | 2015                 | 2016                 | 2017               | 2018               | 2019               | 2020                 | 2021                 |                             |
| Claim incurred in accident period  | 226.201.820          | 222.836.979          | 294.375.434        | 423.400.165        | 459.592.783        | 513.355.858          | 1.040.614.960        | 3.180.377.999               |
| 1 year later                       | 83.069.944           | 151.741.951          | 151.687.284        | 197.143.382        | 186.172.040        | 244.636.945          |                      | 1.014.451.546               |
| 2 years later                      | 50.730.602           | 191.815.876          | 72.465.539         | 96.598.500         | 116.883.630        |                      |                      | 528.494.147                 |
| 3 years later                      | 46.620.903           | 198.270.565          | 65.938.747         | 94.834.303         |                    |                      |                      | 405.664.518                 |
| 4 years later                      | 46.309.326           | 273.365.014          | 69.852.426         |                    |                    |                      |                      | 389.526.766                 |
| 5 years later                      | 46.226.988           | 345.753.358          |                    |                    |                    |                      |                      | 391.980.346                 |
| 6 years later                      | 45.512.236           |                      |                    |                    |                    |                      |                      | 45.512.236                  |
| <b>Total gross incurred claims</b> | <b>544.671.819</b>   | <b>1.383.783.743</b> | <b>654.319.430</b> | <b>811.976.350</b> | <b>762.648.453</b> | <b>757.992.803</b>   | <b>1.040.614.960</b> | <b>5.956.007.558</b>        |

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**17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)**

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

|                              | 31/December/2022     |                    |                    |
|------------------------------|----------------------|--------------------|--------------------|
|                              | Should be placed (*) | Placed (*)         | Carrying amount    |
| Non-life:                    |                      |                    |                    |
| Bank deposits (Note 14) (**) | 302.895.653          | 219.500.000        | 219.500.000        |
| <b>Total</b>                 | <b>302.895.653</b>   | <b>219.500.000</b> | <b>219.500.000</b> |
|                              | 31/December/2021     |                    |                    |
|                              | Should be placed (*) | Placed (*)         | Carrying amount    |
| Non-life:                    |                      |                    |                    |
| Bank deposits (Note 14)(**)  | 145.438.963          | 143.000.000        | 143.000.000        |
| <b>Total</b>                 | <b>145.438.963</b>   | <b>143.000.000</b> | <b>143.000.000</b> |

(\*)"According to the 10th article of the "Communiqué Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months.

(\*\*) The company has calculated the amount of collateral to be established, determined by using the financial data for the 31 December 2022 accounting period, in the following period from the balance sheet date, and it is TRY302,895,653.

The company will take the necessary actions within the legal period and bring it to the blocked amount to be established.

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**17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)**

**Company's number of life insurance policies, additions, disposals during the period 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.

**Deferred commission expenses**

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As at 31 December 2022, short-term prepaid expenses amounting to TRY478,216,225 (31 December 2021: TRY163,322,590) consist of deferred commission expenses amounting to TRY477,184,486 (31 December 2021: TRY161,365,448) and other prepaid expenses amounting to TRY1,031,739 (31 December 2021: TRY1,945,580).

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**17 INSURANCE CONTRACT AND REINSURANCE ASSETS (Continued)**

As at 31 December 2022 and 31 December 2021, the movements of deferred commission expenses are presented below:

|  | 31/December/2022   | 31/December/2021   |
|--|--------------------|--------------------|
| Deferred commission expenses at the beginning of the period  | 161.365.448        | 120.316.017        |
| Commissions accrued during the period (Note 32)              | 504.168.345        | 269.628.212        |
| Commissions expensed during the period                       | -188.349.307       | -228.578.781       |
| <b>Deferred commission expenses at the end of the period</b> | <b>477.184.486</b> | <b>161.365.448</b> |

**18 INVESTMENT CONTRACT LIABILITIES**

None.

**19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME**

|   | 31/December/2022     | 31/December/2021   |
|---|----------------------|--------------------|
| Payables from main operations                         | 1.449.067.070        | 582.860.738        |
| Short-term deferred income (Note 10)                  | 265.206.848          | 112.848.202        |
| Other payables  | 101.858.852          | 46.762.776         |
| Taxes and funds payable and other similar obligations | 169.231.101          | 34.916.454         |
| Payables to SSI                                       | 70.723.041           | 14.450.857         |
| Payable to personnels                                 | -                    | 24.492             |
| <b>Total</b>  | <b>2.056.086.912</b> | <b>791.863.519</b> |
| Short-term liabilities                                | 2.056.086.912        | 791.863.519        |
| <b>Total</b>  | <b>2.056.086.912</b> | <b>791.863.519</b> |

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**19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME (Continued)**

Payables arising from main operations of the Company as at 31 December 2022 and 31 December 2021 are as follows:

|   | 31/December/2022     | 31/December/2021   |
|---|----------------------|--------------------|
| Payables to reinsurance companies (Note 10)             | 1.368.326.411        | 572.742.664        |
| Payables to agencies, brokers and intermediaries        | 80.740.659           | 10.118.074         |
| <b>Total payables arising from insurance operations</b> | <b>1.449.067.070</b> | <b>582.860.738</b> |

Corporate tax liabilities and prepaid taxes are disclosed below:

|                                       | 31/December/2022   | 31/December/2021 |
|---------------------------------------|--------------------|------------------|
| Prepaid Taxes                         | 33.710.289         | 25.465.078       |
| Provision of calculated corporate tax | -60.281.629        | -24.557.382      |
| <b>Corporate tax assets, net</b>      | <b>-26.571.340</b> | <b>907.696</b>   |

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

None.

**20 FINANCIAL LIABILITIES**

IFRS 16 "Leases" has been issued by POA at 16 April 2018 and the Company has initially adopted IFRS 16 Leases from 1 January 2019. The Company presents lease liabilities under Other Financial Liabilities. The Company has no financial liabilities as at 31 December 2020 apart from lease liabilities.

As of 31 December 2022, the company has TRY7,640,637 financial liabilities under IFRS 16 Leases standard (31 December 2021: TRY6,583,985).

As of 31 December 2022 and 31 December 2021, the movement table of the total lease obligation and lease obligations that the Company is as follows:

|  | 31/December/2022 | 31/December/2021 |
|--|------------------|------------------|
| Short-term lease liabilities                   | 4.190.307        | 3.321.439        |
| Long-term lease liabilities                    | 4.963.115        | 4.640.766        |
| Alternative borrowing rate and discount amount | -1.512.785       | -1.378.220       |
| <b>Total lease liabilities</b>                 | <b>7.640.637</b> | <b>6.583.985</b> |

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**20 FINANCIAL LIABILITIES (Continued)**

|  | <b>2022</b>      | <b>2021</b>      |
|--|------------------|------------------|
| Total lease liabilities as of January 1          | 6.583.985        | 5.408.284        |
| Rent payments                                    | -4.705.520       | -2.686.556       |
| Interest cost                                    | 753.393          | 1.617.322        |
| Additions  | 5.008.779        | 2.244.935        |
| <b>Total lease liabilities as of December 31</b> | <b>7.640.637</b> | <b>6.583.985</b> |

**21 DEFERRED TAX**

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

|   | <b>31/December/2022<br/>Deferred tax<br/>assets(liabilities)</b> | <b>31/December/2021<br/>Deferred tax<br/>assets(liabilities)</b> |
|---|--|--|
| Equalization Provision                        | 11.771.518   | 6.409.053  |
| Benefit Severance and unused leave provision  | 6.986.958  | 3.163.985  |
| Provision for lawsuits                        | 548.560  | 386.968  |
| Provision for unexpired risks                 | 147.303  | 504.067  |
| Temporary differences from IFRS 16            | 92.390   | 95.012   |
| Provision for receivables                     | 7.030  | 140.817  |
| Actuarial chain difference                    | 273.743  | 1.398.434  |
| Other   | 1.495.466  | 526.998  |
| Subrogation provisions                        | 149.694  | 126.342  |
| Depreciation adjustments for TAS              | -50.482.811  | -23.196.148  |
| <b>Deferred tax assets/(liabilities), net</b> | <b>-29.010.149</b>   | <b>-10.444.472</b>   |

As at 31 December 2022 and 2021, the movements of deferred tax assets are presented below:

|   | <b>31/December/2022</b> | <b>31/December/2021</b> |
|---|-------------------------|-------------------------|
| Beginning of period - 1 January                   | -10.444.472             | -4.475.629              |
| Deferred tax income/expense                       | 21.020.787              | 2.412.506               |
| Deferred tax effect of items recognised in equity | -39.586.462             | -8.381.349              |
| <b>End of period - 31 December</b>                | <b>-29.010.147</b>      | <b>-10.444.472</b>      |

31 December 2022 financial statements, it has previously been determined that it will be recovered in the period after 2021 deferred temporary differences that are probable, calculated using the rates of 20% and 23%. Tax assets and liabilities are calculated over 25% in the related period

Deferred tax assets are recognized in the records provided that it is highly probable that future taxable profit will be available against which the temporary differences can be utilized. The Company does not have any deductible financial losses as of the balance sheet date (31 December 2021: None).

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**22 RETIREMENT BENEFIT OBLIGATIONS**

None.

**23 OTHER LIABILITIES AND PROVISIONS**

As at 31 December 2022 and 31 December 2021 the details of the provisions for expense accruals are as follows:

|   | <b>31/December/2022</b> | <b>31/December/2021</b> |
|---|-------------------------|-------------------------|
| Personnel bonus provision                   | 20.000.000              | 14.037.515              |
| Provision for unused vacation pay liability | 11.774.139              | 6.845.271               |
| Provision for lawsuits                      | 2.194.241               | 1.934.839               |
| Other expense provisions                    | 4.850.000               | 7.054.335               |
| <b>Provision for expense accruals</b>       | <b>38.818.380</b>       | <b>29.871.960</b>       |

Movements of provision for employee termination benefits during the period are presented below:

|   | <b>31/December/2022</b> | <b>31/December/2021</b> |
|---|-------------------------|-------------------------|
| Provision at the beginning of the period  | 7.947.861               | 6.026.032               |
| Interest and service cost                 | 2.626.272               | 1.753.812               |
| Payments made during the period           | -887.024                | -1.195.500              |
| Actuarial gain or loss (Note 15)          | 6.486.585               | 1.363.517               |
| <b>Provision at the end of the period</b> | <b>16.173.694</b>       | <b>7.947.861</b>        |

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**24 NET INSURANCE PREMIUM**

As at 31 December 2022 and 31 December 2021, written premiums are distribution to the following:

|                               | 1 January - 31 December 2022 |                       |                      | 1 January - 31 December 2021 |                       |                    |
|-------------------------------|------------------------------|-----------------------|----------------------|------------------------------|-----------------------|--------------------|
|                               | Gross                        | Reinsurance Share     | Net                  | Gross                        | Reinsurance Share     | Net                |
| Fire and Natural Disasters    | 1.387.508.976                | -1.142.423.526        | 245.085.450          | 592.962.569                  | -467.166.889          | 125.795.680        |
| Financial Losses              | 109.512.340                  | -103.725.411          | 5.786.929            | 30.089.753                   | -28.715.860           | 1.373.893          |
| Transportation                | 239.154.167                  | -122.488.603          | 116.665.564          | 85.230.651                   | -45.316.939           | 39.913.712         |
| Water vehicles                | 50.635.809                   | -46.076.263           | 4.559.546            | 26.675.147                   | -23.826.654           | 2.848.493          |
| Land vehicles liability       | 1.814.661.658                | -1.031.812.935        | 782.848.723          | 537.177.849                  | -332.495.576          | 204.682.273        |
| Land vehicles                 | 1.349.734.847                | -2.288.640            | 1.347.446.207        | 418.046.736                  | -786.069              | 417.260.667        |
| Accident                      | 29.799.409                   | -11.163.799           | 18.635.610           | 13.577.742                   | -5.913.957            | 7.663.785          |
| General liability             | 272.589.112                  | -254.984.495          | 17.604.617           | 134.332.497                  | -125.021.253          | 9.311.244          |
| General Damages               | 724.714.658                  | -596.592.794          | 128.121.864          | 308.857.827                  | -219.637.456          | 89.220.371         |
| Aircraft                      | 1.450.588                    | -1.450.588            | -                    | 630.903                      | -630.903              | -                  |
| Aircraft liability            | 331.763                      | -331.763              | -                    | 147.359                      | -147.359              | -                  |
| Bonding                       | 5.363.410                    | -4.797.947            | 565.463              | 2.325.262                    | -2.027.541            | 297.721            |
| Legal protection              | 12.520.086                   | -                     | 12.520.086           | 3.929.923                    | -                     | 3.929.923          |
| Health                        | 148.445.619                  | -93.573.511           | 54.872.108           | 65.475.427                   | -44.536.401           | 20.939.026         |
| Loans                         | 2.347.652                    | -2.347.652            | -                    | 912.670                      | -912.670              | -                  |
| <b>Total written premiums</b> | <b>6.148.770.094</b>         | <b>-3.414.057.927</b> | <b>2.734.712.167</b> | <b>2.220.372.315</b>         | <b>-1.297.135.527</b> | <b>923.236.788</b> |

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**25 FEE REVENUE**

None.

**26 INVESTMENT INCOME**

|                                       | 31/December/2022   | 31/December/2021   |
|---------------------------------------|--------------------|--------------------|
| Income from financial investments     | 197.979.991        | 140.268.336        |
| Interest income from time deposits    | 132.383.266        | 127.668.336        |
| Interest income from debt instruments | 65.596.725         | 12.600.000         |
| Foreign exchange gains                | 357.693.249        | 266.006.741        |
| Current account exchange differences  | 334.137.835        | 219.289.633        |
| Currency differences on bank deposits | 23.555.414         | 46.717.108         |
| Financial investment valuation        | 3.052.100          | 2.619.934          |
|                                       |                    |                    |
|                                       | <b>558.725.340</b> | <b>408.895.011</b> |

**27 NET INCOME ACCRUAL ON FINANCIAL ASSETS**

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".

**29 INSURANCE RIGHTS AND CLAIMS**

|  | 1 January - 31 December | 1 January - 31 December |
|--|-------------------------|-------------------------|
|  | 2022                    | 2021                    |
| Claims paid, net off reinsurers' share                                 | -873.258.911            | -529.070.708            |
| Changes in reserve for unearned premiums, net off reinsurers' share    | -1.249.927.582          | -122.043.549            |
| Changes in provision for outstanding claims, net off reinsurers' share | -133.290.033            | -97.124.283             |
| Change in equalization provisions                                      | -28.107.660             | -15.040.810             |
| Changes in reserve for unexpired risks, net off reinsurers' share      | 1.931.125               | -815.078                |
| <b>Total</b>   | <b>-2.282.653.061</b>   | <b>-764.094.428</b>     |

**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.

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**32 OPERATING EXPENSES**

As at 31 December 2022 and 31 December 2021; the details of the operating expenses are disclosed as follows:

|   | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|---|---------------------------------|---------------------------------|
| Commission expenses (Note 17)                       | 504.168.345                     | 269.628.212                     |
| Employee benefit expenses (Note 33)                 | 127.138.206                     | 83.909.542                      |
| Communication and information technologies expenses | 9.513.135                       | 14.234.072                      |
| Other expenses                                      | 26.376.239                      | 11.263.871                      |
| Administration expenses                             | 38.840.121                      | 5.660.054                       |
| Advertising and marketing expenses                  | 11.339.822                      | 4.317.856                       |
| Commission income from reinsurers (Note 10)         | -325.779.384                    | -154.917.758                    |
| <b>Total</b>  | <b>391.596.484</b>              | <b>234.095.849</b>              |

**33 EMPLOYEE BENEFIT EXPENSES**

|   | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|---|---------------------------------|---------------------------------|
| Wages and salaries                          | 86.924.566                      | 51.513.305                      |
| Bonus payments                              | 18.847.192                      | 15.399.533                      |
| Employer's share of social security premium | 13.770.035                      | 8.364.660                       |
| Social Benefits                             | 6.519.990                       | 7.389.466                       |
| Severance and notice payments               | 1.076.423                       | 1.242.578                       |
| <b>Total</b>                                | <b>127.138.206</b>              | <b>83.909.542</b>               |

**34 FINANCIAL COSTS**

Finance costs of the period are presented in "Note 4.2 - Financial Risk Management" above. As of 31 December 2022, the interest expense incurred on right of use assets is TRY753,392 (31 December 2021: TRY1,617,322).

**35 INCOME TAX**

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

|  | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|--|---------------------------------|---------------------------------|
| <b>Current tax expense provision:</b>                        |                                 |                                 |
| Corporate tax provision                                      | -60.281.629                     | -24.557.382                     |
| <b>Deferred taxes:</b>                                       |                                 |                                 |
| Origination and reversal of temporary differences            | 21.020.787                      | 2.412.506                       |
| <b>Total income tax expense recognised in profit or loss</b> | <b>-39.260.842</b>              | <b>-22.144.876</b>              |

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**35 INCOME TAX (Continued)**

As at 31 December 2022 and 31 December 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:

|   | 1 January -<br>31 December<br>2022 | Tax Rate (%) | 1 January -<br>31 December<br>2021 | Tax Rate (%) |
|---|------------------------------------|--------------|------------------------------------|--------------|
| Ordinary profit / (loss) before tax                                   | 218.979.917                        |              | 90.460.704                         |              |
| Income tax provision according to the legal tax rate                  | -54.744.979                        | 25,00        | -22.615.176                        | 25,00        |
| Other   | 15.484.137                         | -7,07        | 470.300                            | -0,52        |
| <b>Total tax income / (expense) reflected in the income statement</b> | <b>-39.260.842</b>                 | <b>17,93</b> | <b>-22.144.876</b>                 | <b>24,48</b> |

**36 NET FOREIGN EXCHANGE GAINS**

Net foreign exchange gains are presented in "Note 4.2 - Financial Risk Management" above.

**37 EARNINGS PER SHARE**

Earnings per share are calculated by dividing net profit of the period to the weighted average number of shares.

|                                    | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|------------------------------------|---------------------------------|---------------------------------|
| Net profit / (loss) for the period | 179.719.075                     | 68.315.828                      |
| Weighted average number of shares  | 16.306.985.600                  | 16.306.985.600                  |
| <b>Earning per share (TRY)</b>     | <b>0,0110</b>                   | <b>0,0042</b>                   |

**38 DIVIDENDS PER SHARE**

None.

**39 CASH GENERATED FROM OPERATIONS**

The cash flows from operating activities are presented in the accompanying statement of cash flows.

**40 CONVERTIBLE BONDS**

None.

**41 REDEEMABLE PREFERENCE SHARES**

None.

**42 RISKS**

In the normal course of its operations, the Company 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 Company are provided under provision for outstanding claims in the accompanying financial statements.

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**42 RISKS (Continued)**

As at 31 December 2022, total amount of the claims that the Company face is TRY863,123,174 in gross (31 December 2021: TRY802,867,243). The Company provided provision for outstanding claims in the financial statements by considering collateral amounts.

As a result of the full examination of the accounts and transactions of the year 2018, initiated by the Ministry of Treasury and Finance, Turkish Tax Inspection Board, with the Company on 19 August 2020, the salvage income obtained as a result of the sale of scrap vehicles was paid to the Company for 2018, on the grounds that they were not subject to insurance transactions tax. A total of TRY3,759,980 tax and tax penalty, including tax and TRY1,879,990 tax penalty, has been imposed. For the relevant amount, the company has submitted a declaration of abandonment of the settlement request before the assessment and will use its right to file a lawsuit against the Tax Office.

As at 31 December 2022, ongoing law suits prosecuted by the Company against the third parties amounting TRY185,609,342 (31 December 2021: TRY121,482,219).

**43 COMMITMENTS**

The details of the guarantees that are given by the Company for the operations in non-life branches are presented in Note 17.

**44 BUSINESS COMBINATIONS**

None.

**45 RELATED PARTY TRANSACTIONS**

The ultimate controlling party of the Company is VIG Group and the affiliates and associates of VIG Group are defined as related parties of the Company.

The related party balances as of 31 December 2022 and 31 December 2021 are as follows:

|                                      | 31/December/2022   | 31/December/2021   |
|--------------------------------------|--------------------|--------------------|
| VIG Re                               | 373.313.796        | 157.050.498        |
| VIG Holding                          | 355.748.475        | 165.965.419        |
| Other                                | 7.295.026          | 600.395            |
| <b>Payables from main operations</b> | <b>736.357.297</b> | <b>323.616.312</b> |
| VIG Holding                          | 262.380.550        | 418.358.626        |
| VIG Re                               | 463.325.664        | 304.588.722        |
| Kooperativa                          | 4.091.595          | 1.622.318          |
| VIG WST                              | 4.366.295          | -                  |
| Other                                | 22.281             | 5.595.605          |
| <b>Technical provisions</b>          | <b>734.186.385</b> | <b>730.165.271</b> |
| VIG Re                               | 52.017.144         | 24.287.420         |
| VIG Holding                          | 7.645.788          | 3.139.203          |
| Other                                | 797.500            | 369.562            |
| <b>Deferred commission income</b>    | <b>60.460.432</b>  | <b>27.796.185</b>  |

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**45 RELATED PARTY TRANSACTIONS (Continued)**

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

No guarantees, commitments, guarantee letters, advances and endorsements given in favour of shareholders, associates and subsidiaries.

The transactions with related parties during the year ended 31 December 2022 and 2021 are as follows:

|   | 1 January - 31 December<br>2022 | 1 January - 31 December<br>2021 |
|---|---------------------------------|---------------------------------|
| VIG Re                                  | 752.383.372                     | 265.209.311                     |
| VIG Holding                             | 432.791.050                     | 119.421.789                     |
| Other                                   | 29.417.268                      | 13.193.636                      |
| <b>Premiums written</b>                 | <b>1.214.591.690</b>            | <b>397.824.736</b>              |
| VIG Re                                  | 106.127.737                     | 40.260.340                      |
| VIG Holding                             | 5.825.269                       | 8.449.497                       |
| Other                                   | 4.026.568                       | 1.852.380                       |
| <b>Commissions received</b>             | <b>115.979.574</b>              | <b>50.562.217</b>               |
| VIG Re                                  | 133.654.563                     | 143.481.023                     |
| VIG Holding                             | 280.044.077                     | 73.352.769                      |
| Other                                   | 5.670.138                       | 2.612.169                       |
| <b>Reinsurers' share on paid claims</b> | <b>419.368.778</b>              | <b>219.445.961</b>              |
| VIG Holding                             | 6.969.845                       | 3.154.266                       |
| <b>Operational Expenses, net</b>        | <b>6.969.845</b>                | <b>3.154.266</b>                |

**46 EVENTS AFTER THE REPORTING DATE**

An earthquake occurred in the southeastern part of Turkey, affecting many of our provinces and causing thousands of deaths and injuries. The Company Management made a preliminary assessment of the effects of the disaster on the Company's operations and financial condition. The Company, in its notification to SEDDK as of February 22, 2023, anticipates that it will not have a negative impact on the Company's equity.

**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.



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**47 OTHER (Continued)**

**“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.

**For the years ended 31 December 2022 and 2021, details of discount and provision expenses are as follows:**

|   | <b>1 January - 31 December</b> | <b>1 January - 31 December</b> |
|---|--------------------------------|--------------------------------|
|   | <b>2022</b>                    | <b>2021</b>                    |
| Subrogation receivables provision under legal follow-up                     | -64.382.169                    | 18.149.227                     |
| Provision for unused vacation   | -4.928.868                     | 2.834.716                      |
| Provision for employment termination benefits                               | -1.739.248                     | 558.309                        |
| Provision for receivables from policyholder and intermediaries              | 584.127                        | 211.380                        |
| Provision for lawsuits  | -259.402                       | 125.661                        |
| Provision for personnel bonuses   | -                              | -                              |
| Provision for doubtful receivables from main operations                     | 234.615                        | -907.079                       |
| Other provision expense   | 2.204.335                      | 2.904.481                      |
| <b>Provisions</b>   | <b>-68.286.610</b>             | <b>23.876.695</b>              |
|   |                                |                                |
|   |                                |                                |
| Fees for services acquired from independent auditor/independent audit firm; |                                |                                |
|   |                                |                                |
|   | <b>1 January - 31 December</b> | <b>1 January - 31 December</b> |
|   | <b>2022</b>                    | <b>2021</b>                    |
|   |                                |                                |
| Independent audit fee for the reporting period*                             | 1.237.249                      | 358.000                        |
| Fees for other assurance services*  | 839.760                        | 65.000                         |
| <b>Total</b>  | <b>2.077.009</b>               | <b>423.000</b>                 |
| (*) Fees are excluding VAT.   |                                |                                |
|   |                                |                                |





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