



Annual
Report **2023**



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As a subsidiary of Sompo Holdings, a global giant operating in more than 46 countries with approximately 75 thousand employees, we reinforce our sustainable growth momentum day by day with the strength we derive from our roots.

We adapt in step with our rapidly changing world, always focusing on the satisfaction of our customers. We identify customers' potential expectations and needs and offer a distinctive service approach to everyone we reach.

As an entrepreneurial and innovative company that constantly moves forward, we consistently contribute to our customers, to our planet, and to our nation's economy through products and services that differentiate us in the sector.

SUPPORT FIRST

As an insurance company possessing nearly a quarter-century of experience, we are well aware that it is important to be a reliable friend in times of need. We initiated assistance efforts in the first hours following the February earthquakes in Kahramanmaraş, rapidly undertaking the damage assessment processes and damage payments that are our most important functions as an insurance company. We were in constant coordination with AFAD (Disaster and Emergency Management Presidency) and other NGOs to provide earthquake victims with the materials they need.



FUTURE FIRST

The fluctuating global balances have a direct impact on our sector and, consequently, on our customers. The energy challenges created by the ongoing wars are priorities that need to be addressed. Accordingly, we are focusing on renewable energy to offer environmental and economic benefits to our customers; for example, our support for SMEs includes our SPP Insurance product, which provides a wide range of coverage for power plants.



ENVIRONMENT FIRST

We are committed to designing our products and services in accordance with the changing needs of our customers. We pay utmost attention to ensuring that our products and services are environment-and budget-friendly. To encourage the use of electric and hybrid vehicles, which play a major role in combating the climate change, we introduced Environment-Friendly Motor Insurance.

76,092

**Number of customers
reached with
Environment-Friendly
Motor Insurance**



SUCCESS FIRST

Recent economic uncertainties have expanded the need for new products offering different types of coverage. Sampo Sigorta introduced the “Budget-Friendly Motor Insurance” product, offering numerous coverage options in extended motor insurance products at affordable costs, with a wide network of contracted private services based on a customer satisfaction-oriented model. With our competitive premiums, we will continue to be the preferred choice for motor insurance customers, adapting to all conditions and formulating new products tailored to meet the changing demands and needs of our customers.

2,737,801

**Number of customers
reached with Budget-Friendly
Motor Insurance**



HEALTH FIRST

We focus on healthcare and we care about the lifelong well-being of our customers. We listen to our customers' feedback, and offer products and services with a "We understand you" approach. "Complementary Health Insurance for You," our robust Complementary Health Insurance service, offers customizable plans tailored to meet the need and budget of every customer.

87,279

**Number of customers reached
with Complementary Health
Insurance services**



About Sampo Sigorta

Sampo Sigorta offers services in all non-life insurance branches by combining its profound knowledge and local market experience with its innovative vision.

Founded in 2001 under the name Fiba Sigorta, Sampo Sigorta was renamed as Finans Sigorta in 2002 and initiated its operations. After Fiba Group sold its shares in QNB Finansbank to NBG Group in 2006, the company was renamed as Fiba Sigorta A.Ş.

Since 2006, Sampo Insurance, Japan's largest insurance group, has become interested in the Company, which has attracted attention in the sector with its constantly increasing success rate and stable growth strategy. As a result of these developments, Fiba Sigorta's shares were transferred to Sampo Insurance Inc. in 2010.

After being renamed as Sampo Japan Sigorta, the Company continued its rising success rate and achieved significant international success by being selected as the Group's "Center of Excellence" in the motor insurance among Sampo Group companies.

On October 31, 2016, Sampo Japan Nipponkoa Insurance Inc. has become the sole shareholder. On May 15, 2019, the Company was renamed as Sampo Sigorta Anonim Şirketi and all shares of the Company were transferred to Sampo International Holdings Ltd. on November 7, 2019.

Towards the future with confident steps

Sustaining its operations to provide the best experience to its customers, Sampo Sigorta takes firm steps forward with the strength and support of its main shareholder.

190
TL Million
Paid-in Capital

The Company's 19,000,000,000 lots of share with a total value of TL 190,000,000 in Sampo International Holdings Ltd. were transferred first to Endurance Specialty Insurance Ltd. and then from Endurance Specialty Insurance Ltd. to Sampo Holdings (Asia) Pte Ltd. in accordance with the provisions of the Subsidiary Agreement concluded between Endurance Specialty Insurance Ltd. and Sampo Holdings (Asia) Pte Ltd. on May 17, 2023, and the resolutions of the Board of Directors dated May 17, 2023. This was published in the Trade Registry Gazette of Türkiye numbered 10844 and dated June 2, 2023.

Sustaining its operations to provide the best experience to its customers, Sampo Sigorta takes firm steps forward with the strength and support of its main shareholder.

One step ahead with strong competitive advantage

Sampo Sigorta offers services in all non-life insurance branches by combining its profound knowledge accumulated so far and local market experience with its innovative vision in the international insurance business. It has strong competitive advantages with its team of experienced professionals, customer-oriented approach, stable pricing policy, effective claims process management, and competence in digital transformation.

Sampo Sigorta sustains its operations with a philosophy of contributing to the safety, health, and satisfaction of its customers and society as a whole, offering a wide range of products and services that respond to changing needs and consumer behaviors.



Holistic contribution to the safety, health and satisfaction of society

Sompo Sigorta operates in accordance with a commitment to providing a holistic contribution to the safety, health and happiness of its policyholders and society through a wide range of products and services.

Capital and Shareholding Structure

Shareholder' Name	Share Amount (TL)	Number of Shares	Share Ratio (%)
Sompo Holdings (Asia) Pte. Ltd.	190,000,000	19,000,000,000	100.00
Paid-in Capital	190,000,000	19,000,000,000	100.00

The company's paid-in capital is TL 190 million.

Shareholders do not hold any privileged shares.

No shares are held by the Chairman or Members of the Board of Directors, the CEO or the deputy general managers.

Our company does not hold any repurchased own shares.





SOMPO SIGORTA

Strong competitive advantages

Sompo Sigorta holds strong competitive advantages, thanks to its team of experienced professionals and its customer-oriented approach, as well as the Company's stable pricing policy, effective claims process management, and competence in digital transformation.

About Sampo Group

With its financial strength, product diversity, rich distribution channel, and technological solutions, Sampo is a preferred business partner for customers across the world.

Sampo Group in Brief

The roots of Sampo Japan Insurance Inc. and Nipponkoa Insurance Company Limited date back to the late 1800s. The two companies merged under the name of Sampo Japan Nipponkoa Insurance Inc. in September 2014 and the Group was renamed as Sampo Holdings in October 2016.

Following the transfer of shares of Endurance Specialty Holdings Ltd to Sampo Japan Nipponkoa Insurance Inc., Sampo International Holdings Ltd. was established in March 2017, and following the liquidation of Sampo Japan Nipponkoa Insurance Inc., this company and its subsidiaries have become the subsidiaries of Sampo Holdings, Inc.

As a group of companies, acting with a global and competitive perspective, Sampo Holdings demonstrates sustainable and profitable growth. Sampo Holdings' core areas of operation are Real Estate and Liability Insurance, Life Insurance, Care and Health Care Services, International Insurance Operations, Asset Management, Home Renovations, etc.

Sampo Holdings, one of the leading insurance groups in Japan, the world's second largest insurance market, has one of the biggest property and casualty insurance groups in the Japanese domestic market.

Sustainable and profitable growth

**As a group of companies,
acting with a global and
competitive perspective,
Sampo Holdings
demonstrates sustainable
and profitable growth.**

**Over 46
Countries of operation**

**Approximately
75,000
Employees**

Sampo Holdings, demonstrating a stable growth worldwide by incorporating different insurance companies with its capital investments in many countries as well as Türkiye, has an extensive global footprint with approximately 75,000 employees across 46 countries.

With its financial strength, extensive licensing capabilities, product diversity, rich distribution channels, and Market-leading technological solutions, Sampo is a preferred business partner for customers across the world.

- Sampo International's subsidiaries offer financial statements with high quality assets and strong liquidity.
- The group maintains excellent financial strength, being awarded an A+ (superior) rating by A.M and an A+ (Strong) rating from Standard & Poor's.
- The Group operates with a strong presence and specialist teams in private markets. The Group, which effectively directs actuaries and claim experts with in-depth knowledge and experience working with its insurers in the category and business lines they specialize in, provides management services to its customers with special solutions for risk management.
- As an accessible and reliable partner, the group operates within a culture based on ethics and dignity, focusing on accountability, cooperation and agility among its core values.

Overall Information About Sampo Holdings

The key data for Sampo Holdings pertains to the April-December period ending on December 31, 2023. The financial results for the most recent reporting period are presented.

Establishment	April 2010
Total Assets (*)	JPY 14,460 billion
Net Premium Production	JPY 1,647 billion
Gross Premium Production	JPY 1,858 billion
Headquarters	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo Japan

Credit Ratings

A.M. Best	A+ (SUPERIOR)
Standard & Poor's	A+ (STRONG)
Moody's	A1

(*) Relates to the current year-end as of 2022 ending on March 31, 2023.



A hand is shown holding a magnifying glass, focusing on a circular graphic. The background is a warm, golden-brown gradient. The circular graphic has a light gray border and contains the text 'Our Vision' and 'The Best Service' in bold, followed by a descriptive sentence.

Our Vision

The Best Service

To provide the
best service to our
customers anytime &
anywhere

Our Principles

In order to provide the highest quality of service to our customers:

We treat our customers with sincerity. As an individual, we know that every move of ours, shapes our company's reputation.

We take initiative, set high goals for ourselves, and learn lessons from our actions.

We always act transparently and rapidly.

We act in accordance with high moral values.

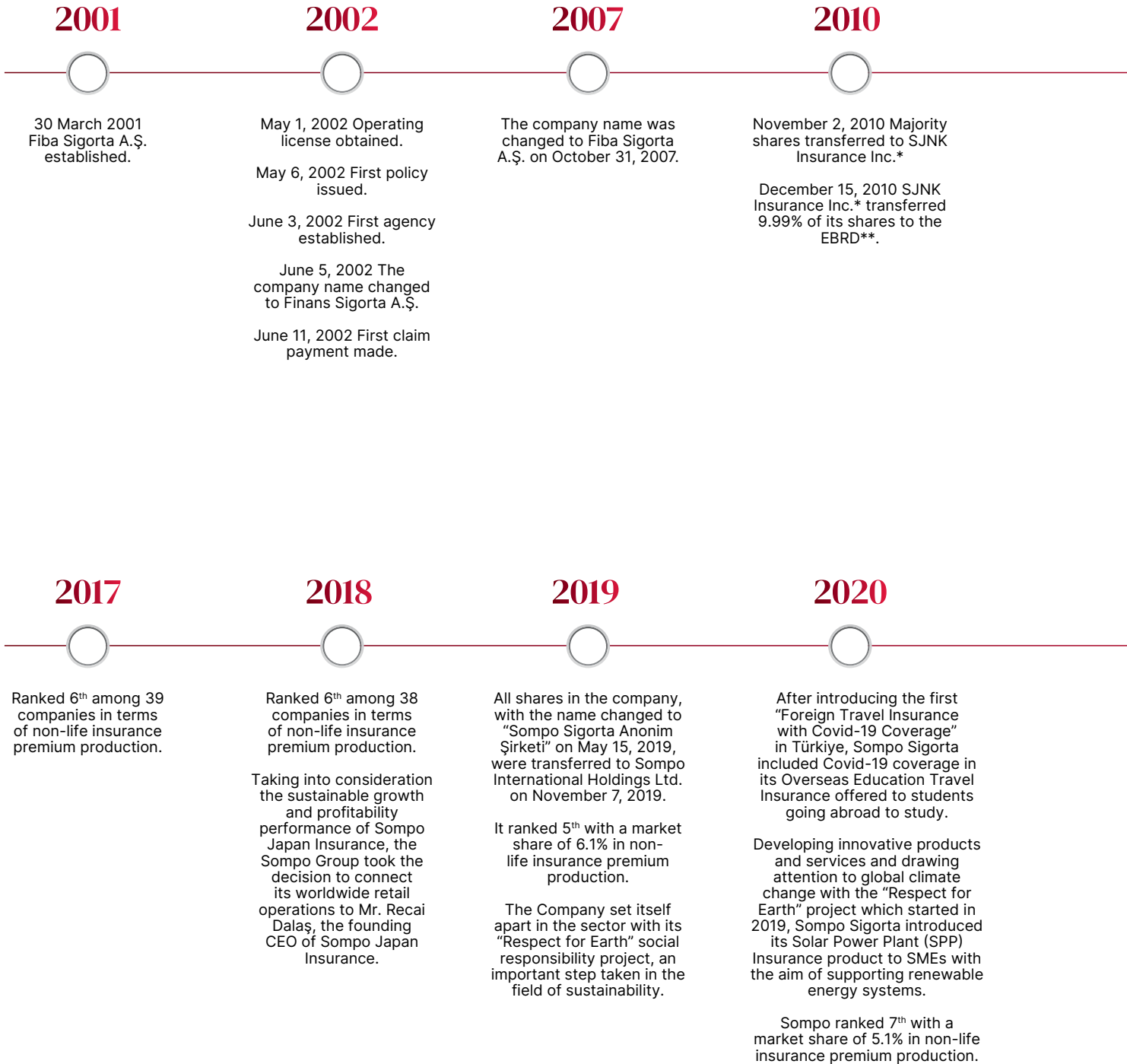
Our Management Philosophy

We always pay close attention to the interests of our customers, while making decisions to serve as a guide for our business.

We strive to contribute to the health, safety and happiness of our customers and the society as a whole by providing the highest quality insurance products and services.

We strive to raise standards in the insurance sector in Türkiye and to be the pioneer of innovation in the sector.

Milestones



* Sompo Japan Nipponkoa Insurance Incorporated: Sompo Japan Insurance Inc. and Nipponkoa Insurance Co. Ltd. merged, and the name changed to Sompo Japan Nipponkoa Insurance Inc. in September 2014. On October 1, 2016, it became known with the name Sompo Holdings.

** European Bank for Reconstruction and Development

2011

The company name was changed to Sompo Japan Sigorta A.Ş. on February 28, 2011.

2013

January 30, 2013 Each of the following companies transferred 0.02% of their shares to SJNK Insurance Inc. Sompo Japan Asia Holdings Pte. Ltd., Sompo Japan Insurance (Singapore) Pte. Ltd., Sompo Japan Insurance Company of America, Sompo Japan Insurance Company of Europe.

In the Annual General Meeting dated 28 March 2013, the company's articles of association were amended in order to comply with the Turkish Commercial Code no. 6102. The company's amended articles of association were published in the trade registry gazette dated June 7, 2013.

2015

Sompo Holdings received the Center of Excellence award in the motor branch.

Ranked 8th among 38 companies in terms of non-life insurance premium production.

2016

October 31, 2016 EBRD shares were transferred to SJNK Insurance Inc.

SJNK Insurance Inc. became the sole shareholder.

2021

In April 2021, Sompo Sigorta moved to its new head office building with the LEED green building certification. The new head office building was designed according to employee responses in the surveys, with the needs and expectations of the employees comprehensively taken into consideration.

2022

With its new "Budget Friendly Motor Insurance" product, designed to meet the needs of its customers, Sompo Sigorta offered its customers a wide range of policies within its expanded range of motor insurance products at more affordable rates through its extensive private service network.

2023

The entire Company's shares were transferred from Endurance Specialty Insurance Ltd. to Sompo Holdings (Asia) Pte. Ltd. based on the resolutions of the Board of Directors dated May 17, 2023.

In addition to the "Complementary Health for You" product, which provides services to customers with different coverages and practices, "Environment-Friendly Motor Insurance" was included in the product pool in line with the intense demand for electric and hybrid vehicles in line with the developing new vehicle technologies and increasing environmental awareness.

Ranked 8th with a market share of 4.1% in non-life insurance premium production.

Focal Points of Sompo Sigorta's Strength

Since its establishment, Sompo Sigorta has demonstrated a notable growth acceleration with its consistent management team and superior service approach.

International Experience and Financial Strength

Together with its subsidiaries in more than 46 countries, Sompo Holdings represents a well-established service culture and experience. Long-standing insurance knowledge, strong financial structure and reinsurance support give the Company a strong competitive advantage.

Innovative Company Vision

With its innovative vision, Sompo Sigorta adopts the goal of being a company that not only keeps pace with change but also leads its initiation. Having accomplished many industry-firsts, the Company aims to become a leading player in the insurance industry in the long term by continuing its pioneering practices.

Stability of Management and Trust

Sompo Sigorta is among the companies leading the sector with its rising performance. Since its establishment, the company has been revealing a successful growth momentum with its stable management team and superior service understanding, further strengthening customer confidence.



Stable Price Policy

Adopting a stable and competitive pricing policy, Sompo Sigorta demonstrates an attitude beyond the usual approaches in the insurance sector by protecting not only its agencies but also its customers in the long term.

Experience and Expertise

Sompo Sigorta continues its journey with the goal of continuously improving customer experience. In this context, the company continues to operate with its experienced expert staff, professional service approach, and solution-oriented systematic service model.

Effective Claims Management Processes

Sompo Sigorta operates with specialized claims desks in both the motor and non-motor branches to manage quickly and effectively its customers' claims files. This approach ensures that claims are resolved quickly.

Fast and Effective Communication

Sompo Sigorta focuses on providing the right solutions with its ability to communicate quickly and effectively with its customers, business partners, and employees.

Agency and Customer Oriented Sales Management

Sompo Sigorta accurately identifies the requirements of its agents and customers, allowing agencies to develop alternative solutions suitable for their customer portfolio with effective sales management.



Product Diversity and Campaign Management

By shaping its comprehensive product range with experience and expertise, Sompo Sigorta provides more added value and benefits to its customers through cross-selling, up-selling opportunities and campaigns offered to agencies.

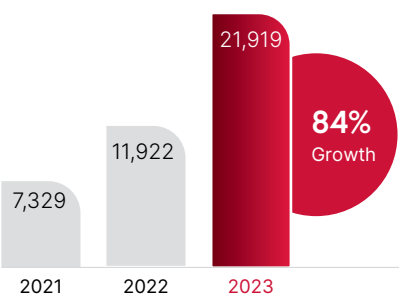
Pioneer of Digital Change

Sompo Sigorta is rapidly adapting to the global digital transformation. It integrates its superior technological capabilities, attaching priority to simplicity and rapid solution creation, which have come to the forefront through digitalization, into the use of agencies, online platforms, and system infrastructure.

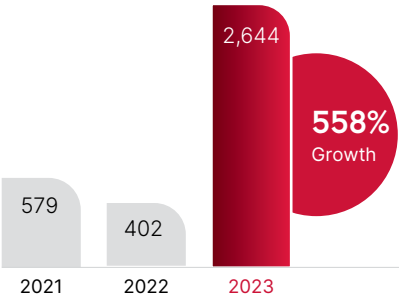
Key Financial and Operational Indicators

Sompo Sigorta’s profit before tax for 2023 was recorded as TL 2,644 million.

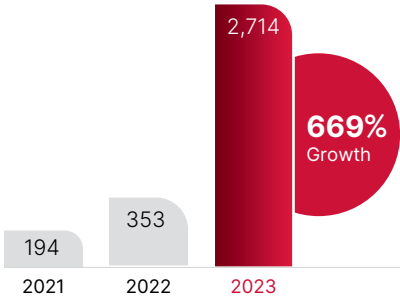
Total Assets (TL million)



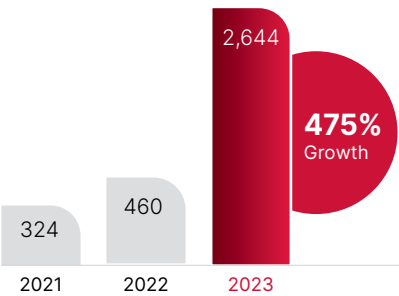
Profit Before Tax (TL million)



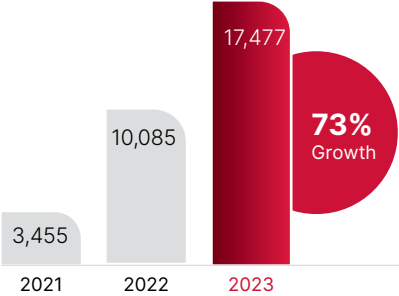
Technical Part Balance (TL million)



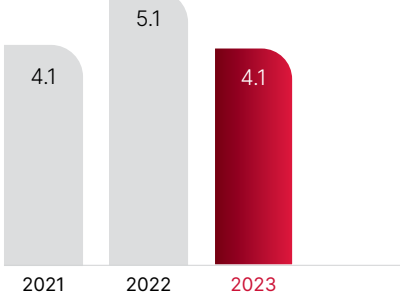
Net Profit (TL million)



Gross Written Premiums (TL million)



Market Share (TL Million)



Summary Financial Information on the 2023 Operation Results

(TL Thousand)	2021	2022	2023
Gross Written Premiums	3,455,290	10,085,237	17,477,394
Technical Balance	193,943	353,456	2,713,778
Profit Before Tax	578,963	401,714	2,644,412
Net Profit	323,549	460,157	2,644,412
Shareholders' Equity	2,064,293	2,422,864	5,186,033
Total Assets	7,329,146	11,921,619	21,918,724

Gross Written Premiums by Branch

(TL Thousand)	2021	2022	2023
Turkish Catastrophe Insurance Pool (TCIP)	47,811	66,263	128,408
General Support	50	233	252
Surety Bond	17,762	40,214	49,584
Financial Losses	24,896	62,231	91,665
General Liability	83,685	191,262	368,667
General Damages	372,142	686,743	1,210,949
Illness/Health	128,358	489,725	668,713
Air Vehicles	-	-	-
Legal Protection	11,960	20,374	121,833
Motor Vehicles	884,684	3,539,146	5,334,201
Motor Vehicles Liability	1,236,241	3,564,329	6,745,837
Accident	16,722	31,669	61,733
Marine	77,874	158,564	280,090
Marine Vehicles	9,421	56,443	96,339
Sea Vehicles Liability	8,985	1,049	621
Fire and Natural Disasters	534,701	1,176,991	2,318,501
Total	3,455,290	10,085,237	17,477,394

Annotations on Private and Public Audits Carried Out During the Accounting Period

In our Company, a tax audit was carried out by Yetkin Yeminli Mali Müşavirlik A.Ş. (KPMG) on a quarterly basis, and an independent audit was carried out by Güney Bağımsız ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young) at the end of June and the end of the year.



Number of Employees, Number of Regional Offices, Liaison Offices and Branches, the Type of Service and Fields of Activity of the Company, and the Assessment of the Company's Position in the Sector on Their Basis

Number of Employees

As of year-end 2023, the number of our employees is 791.

Number of Regional Offices, Liaison Offices and Branches

The Company's Trade Registry Number is 455439. The Company's headquarters and General Directorate are located in Istanbul and operate at the address of Çam Pınarı Street, No: 10, Rüzgarlıbahçe, Beykoz Kavacık, Istanbul.

The sales organization of our Company consists of branches and regional offices throughout the country, and the number of these organizations has increased in line with our Company's growth needs.

We do operate with 10 regional directorates in

- Istanbul European Region,
- Istanbul Anatolian Region,
- Istanbul Anatolian Side East,
- Western Istanbul and Trakya Region,
- Mediterranean,
- Marmara,
- Black Sea,
- Aegean,
- Southeast Anatolia and
- Central Anatolia Region

and we have 3 branches in total in

- Denizli,
- Samsun and
- Gaziantep

The Company's Service Fields and Activity Areas

Our Company operates in all non-life branches (Fire and Natural Disasters, Financial Losses, Marine, Sea Vehicles, Sea Vehicles Liability, Motor Vehicles, Motor Vehicles Liability, Accident, Railway Vehicles, Air Vehicles, Air Vehicles Liability, General Damages, General Liability, Surety Bond, Legal Protection, Credit, Illness/Health, Support).



Message from the Chairman

In 2023, we continued to take the right actions on behalf of our customers and employees in the face of rapidly changing conditions.

World economy slows down.

In 2023, the world economy concluded a year in which central banks raised interest rates to historic highs in order to control inflation, which has become globally prevalent in recent years, and economic activity remained stagnant due to aggressive tightening policies. After the pandemic period in 2020, strong growth and geopolitical tensions—along with subsequent supply chain issues—caused a worldwide spike in inflation. Current economic indicators point to a “soft landing” scenario for the global economy, coinciding with a decline in inflation resulting from the implementation of tightening policies.

In the IMF's January 2024 report, the global economic growth rate was estimated as 3.1% in 2023; this rate is expected to remain at a similar level in 2024, as downside risks, along with tightening policies on a global scale and rising geopolitical tensions, put pressure on economic growth. Interest rates, which have peaked all around the world, are contributing to the decline in inflation, but shrinking demand is causing economic activity to remain weak. During this period, when interest rate hikes are coming to an end, even as inflation declines on a global scale due to the implementation of aggressive fiscal policies, it is expected to remain above pre-pandemic levels and central bank targets for some time to come. In addition to these developments, that 2024 is an important election year heightens the downside risks in world economies.

Financial conditions are tightening in Türkiye.

Despite the effects of the devastating earthquake in February, the Turkish economy recorded strong growth thanks to fiscal and monetary policies supporting domestic demand. In the last year, household consumption grew rapidly, and the unemployment rate fell to single digits. The Turkish economy grew by 4.5% in 2023, with economic indicators showing a slowdown in the second half of the year.

Increase in sector premium production

In Türkiye, the total premium produced by non-life insurance companies reached TL 424.7 billion, rising 116% compared to the previous year according to 2023 data released by the Insurance Association of Türkiye.

4.5%

Growth rate of Türkiye's economy in 2023

In 2023, inflation remained consistently high at 65% annually, driven by strong demand, high input costs, and the Turkish lira, which lost about a third of its value against the US dollar over the year. Signaling a return to conventional economic policies after May, policy rates were raised significantly, moving gradually from 8.5% in May to 45% in January 2024.

Following the new steps taken in the economy, international rating agencies commenced upward revisions in the country's credit rating; foreign currency reserves increased in concurrence with rising credibility.

While inflation is estimated to remain high in the first half of 2024, it is expected to decline gradually starting from the second half of the year. Interest rate hikes have also reduced credit expansion and continue to have a restrictive effect on economic growth. However, inflation worldwide is projected to normalize next year, and this increased purchasing power is anticipated to improve the general global economic outlook, thus potentially driving a positive impact on exports in the Turkish economy.

Rising geopolitical tensions and uncertainties, along with global developments, the aggressive fiscal tightening policies in advanced economies, and the pressure of post-earthquake restructuring on fiscal discipline continue to pose a risk to the Turkish economic outlook this year. However, considering developments in the Turkish economy, the IMF, in its October 2023 report, issued a revised forecast for Türkiye, upgrading the country forecast from the nineteenth-largest economy in 2023 to the seventeenth largest; and predicted that this ranking would remain unchanged in the next five years.

The insurance sector continues to grow under the influence of various factors.

High inflation, geopolitical tensions, and economic stagnation and uncertainty continued to pose a significant risk to the insurance sector in 2023. While the increase in average premiums boosted total premium production, the rise in the exchange rate and higher claim costs due to high inflation continued to apply pressure on the sector's profitability. Although tightening measures were implemented in the monetary policy after May, negative real interest rates remained a major problem in 2023. In addition to the macroeconomic conditions, the insurance industry was faced with a significant amount of claim payment obligations due to the earthquakes in Kahramanmaraş, which affected more than 13 million people across 11 provinces in Türkiye. Mounting efforts and costs in finding reinsurance capacity in the aftermath of the earthquakes will continue to be among the key issues for the sector in the coming years.

In this period of accelerated change and uncertainty, the insurance industry has weighty responsibilities. Shifting consumer behavior and expectations, intensified competition and technological developments continue to shape the sector in a less predictable market environment. In these market conditions, rapid developments in artificial intelligence and its applications will offer significant opportunities to companies; those that can adapt to dynamic conditions will come to the fore in this period. The progression of climate change and its impacts continue to be a source of concern in the sector; therefore companies' environmental, social and governance approaches have become paramount. Amid these global developments, innovative and far-sighted companies will gain an advantage, as always.

If we take a closer look at the 2023 developments in the Turkish insurance sector, total premium production by non-life insurance companies reached TL 424.7 billion, rising 116% compared to the previous year according to the 2023 data of the Insurance Association of Türkiye. The sector also grew in real terms compared to the rate of inflation. In terms of profitability, the total net profit of non-life companies soared by 817% to TL 33.9 billion as of the third quarter of 2023, thanks to the high increase in investment revenues.

After two major earthquakes in Kahramanmaraş on February 6, 2023, our priority as Sompö Sigorta was to support the victims of the disaster. We worked hard to heal the wounds of our policyholders, taking effective action to make claim payments quickly and resolve the insurance-related issues of our policyholders, as well as providing other assistance. Throughout this process, we fulfilled our responsibilities to support those affected by the earthquake with a tremendous spirit of solidarity.

As in previous years, we continued to take the right actions on behalf of all our customers and employees during 2023 in the face of the rapidly changing conditions, and to prioritize our products and systems in line with our innovative vision. In 2024, we will maintain our investments in people, as well as our innovation and digitalization investments.

I would like to express my sincere thanks to all of our stakeholders, who trust us and stand by us.

Yours Sincerely,

Recal Dalaş
Chairman

817%

**Total net profit
growth rate of
non-life insurance
companies as of
the third quarter
of 2023**



Board of Directors



Recai Dalaş
Chairman of the Board

Mr. Recai Dalaş was born in 1956 and graduated from Istanbul University, Faculty of Business Administration. He completed his Master's degree in Accounting-Auditing in the same faculty. Mr. Dalaş joined Oyak Sigorta in 1985 and was appointed as General Manager in 1999. He served as the CEO of Sompo Sigorta A.Ş. (formerly Fiba Sigorta A.Ş.) between 2001 and 2023 and the Vice Chairman of the Board of Directors between 2019 and 2023. Mr. Recai Dalaş has been serving as the Chairman of the Board of Directors of Sompo Sigorta A.Ş. since January 2023.



Fahri Uğur
Vice Chairman of the Board

Born in 1977, Mr. Fahri Uğur graduated from the Department of Finance at Hacettepe University and completed his MBA in New York University. He started his career in 2002 as an Assistant Insurance Supervisor at the Insurance and Private Pensions Regulation and Supervision Agency and was appointed as the Insurance Supervisor in 2006.

He served as the Assistant General Manager responsible for Technical Affairs at Halk Sigorta and also as a Member of the Board of Directors of Türk P&I Sigorta between 2013 and 2015. In 2015, he joined the Sompo Sigorta family and served as the Deputy General Manager of Financial Affairs between 2015 and 2023 and Board Member between 2021 and 2023. Mr. Fahri Uğur has been serving as CEO and Vice Chairman of the Board since January 2023.



Besim Ergün
Member of the Board

Born in 1965, Mr. Besim Ergün graduated from the Department of Civil Engineering at Boğaziçi University. Served as Deputy General Manager at Axa Oyak Sigorta between 1991-2001 and as Deputy General Manager at Meteksan Sistem ve Bilgisayar Teknolojileri between 2001-2004, Mr. Ergün joined Sompo Sigorta A.Ş. in 2004 as Deputy General Manager between 2004-2013 and as a Member of the Board of Directors between 2010-2013. Serving as a Business Development Consultant since 2013, Mr. Besim Ergün was appointed as a Board Member of Sompo Sigorta Anonim Şirketi in March 2019.



Kemal Beceren
Member of the Board

Born in 1967, Mr. Kemal Beceren graduated from the Department of Computer Engineering at Boğaziçi University and completed his MBA at the same university. He worked as the IT Group Manager at QNB Finansbank between 1991 and 2000 and as the IT Group Manager at Carrefour SA between 2001 and 2007. Kemal Beceren joined Sompo Sigorta Anonim Şirketi group as a Coordinator in 2007 and has been serving as the Deputy General Manager since 2010. Mr. Beceren was appointed as a Board Member of Sompo Sigorta Anonim Şirketi in March 2019.



Uğur Özer
Member of the Board

Born in 1969, Mr. Uğur Özer graduated from Marmara University, Department of Economics and received his master's degree in Accounting and Financial Control in Management at Istanbul University, Faculty of Business Administration and in Development Economics at University of East Anglia, Norwich/UK. Mr. Özer received his PhD in Development Economics from the School of Development Studies, University of East Anglia, Norwich/UK.

He served as Insurance Supervision Specialist between 1991 and 2010, Risk Analyst at AON Re London Office between 2006 and 2008, and Deputy General Manager in charge of Corporate and Individual Technical, Reinsurance, and Corporate Sales at Generali Sigorta A.Ş. between 2010 and 2013. Mr. Özer joined the Sompo Sigorta A.Ş. family in 2013 and served as the Deputy General Manager responsible for Corporate Technical, Reinsurance, Corporate Sales, Claims, Legal and Customer Relations. He has been serving as the Deputy General Manager of Corporate Insurances since 2021. Mr. Özer was appointed as a Board Member of Sompo Sigorta A.Ş. as of the end of March, 2023.



Nicolas Anthony Burnet
Member of the Board

Born in 1968, Mr. Nicolas Anthony Burnet graduated from Saint Joseph's University and MBA Program at Cornell University. Mr. Burnet has more than 28 years of experience in the Financial Services Industry, including approximately 16 years at Zurich Insurance Group. Mr. Burnet has held executive roles in various geographies including New York, Zurich, Bermuda, and Philadelphia. Since March 2023, he has been serving as Chief Financial Officer of Sompo International Holdings and prior to taking up his role, he served as Chief Financial Officer of PartnerRe. Mr. Burnet was appointed as a Board Member of Sompo Sigorta A.Ş. as of July, 2023.

Message from the Chief Executive Officer

Sompo Sigorta is growing profitably and sustainably.

The positive results of predictable and rational economic policies started to emerge.

We concluded a year marked by ongoing pressure on the macroeconomic outlook, driven by global geopolitical tensions and tightening policies. During this period, we started to observe the impact of interest rate hikes around the world on inflation, which reached historic peaks, and the world economies continued to slow down. In this process, tightening policies began to be implemented in our country in order to control high inflation. The rise in exchange rates and the pressure of escalating costs continued to adversely affect the insurance sector. In addition, on February 6, 2023, an earthquake struck Türkiye, with its epicenter in Kahramanmaraş and impacting 11 provinces. Leading to the loss of thousands of lives and injuries to many, this disaster caused profound sorrow across our nation. Like many other institutions and sectors in Türkiye, the insurance sector also took prompt action from the first day to support our citizens in the earthquake-affected provinces. In the last 12 months, the insurance sector has played a major role in healing the wounds of this catastrophe, fulfilling its responsibilities promptly and effectively, and tackling a rigorous challenge capably and resourcefully.

In 2023, the insurance sector grew by 115.8% in non-life branches. Motor third party liability (MTPL), motor vehicles insurance, and non-motor branches accounted for 28%, 20% and 52% of premium production, respectively. Given the annual inflation rate of 64.8%, it can be said that the sector has grown in real terms. The rise in costs, due to high inflation and the negative real interest rate that persisted throughout the year, also caused an escalation in average premiums. In 2023, the sector not only saw growth in premium production, but also an increase in the number of policies. In addition to the increase in coverage ratios following the earthquakes, we noted expanded demand for fire insurance and an increase in the number of policies within this area.

17.5

TL Billion

Premium production

22.0

TL Billion

Total assets

Although the sector grew above inflation in 2023, the minimum wage increase continued to put pressure on the sector's profitability, as did movement in the exchange rate, and the rise in reinsurance costs due to the earthquake; these factors had an adverse impact on financial results. However, we are seeing more predictability in the economy and the negative real interest rate has fallen with the return to rational economic policies and favorable economic steps. We anticipate that 2024 will be a year in which we will continue to observe the positive outcomes of this predictability.

Sompo Sigorta is growing profitably and sustainably.

Expressing 2023 in figures for Sompo, our Company increased its premium production volume by 73.3% year-on-year with TL 17,477 million and ranked eighth in the non-life insurance sector with a 4.1% market share. In 2023, the after-tax profitability figure increased sixfold year-on-year, reaching TL 2.6 billion thanks to the high increase in investment income, and Sompo maintained its sustainable profitability strategy despite challenging conditions. Our return on equity was realized as 70%. In addition to profitability, Sompo continued to be among the leading companies in the sector in terms of both asset volume and equity size. The Company's asset volume expanded by 84%, reaching TL 22.0 billion while shareholders' equity rose by 114% to TL 5.2 billion.

In the motor insurance and MTPL insurance branches, which constituted 70% of our premium production in 2023, we generated TL 5,334 million of premium production in the motor insurance and TL 6,746 million in the MTPL branch. The rise in exchange rates and high inflation in vehicle and spare part prices remained the key factors exerting downward pressure on technical profitability in motor branches. Nevertheless, we concluded the year with a technical profit in the motor insurance branch, thanks to the increased average premiums.

In addition to higher claim costs, high inflation, negative real interest rates and minimum wage increases continued to

have a negative impact on the outlook in the MTPL branch and we concluded the year with a technical loss in the MTPL branch.

We diversify our product range and create alternatives for our customers.

Considering the non-motor branches, Sompco boosted its premium production volume by 81.0% compared to the previous year with TL 5,397 million. Of this production, TL 2,319 million was generated in the fire branch, where we increased production across all channels with our new business acquisitions, achieving a 97.0% increase in this branch compared to the previous year. We anticipate a continued increase in demand for Fire and Complementary Health Insurance in 2024, as we aim to expand our market share. In the fire branch, we aim to offer new products to fulfill changing customer requirements in the fire and household products. We had a strong start to 2024 by significantly increasing our capacity in terms of reinsurance. Having both robust capital and a strong reinsurance capacity backed by it, Sompco Sigorta will continue to support SMEs in 2024. Moreover, our endeavors continue on the Cyber Security Insurance for SMEs and Green Card products.

We took significant steps in health, a branch that we identified as a priority strategic area. In 2023, we launched a new product, the Complementary Health Insurance, designed to establish plans that our customers can choose at their discretion, based on their requirements and budgets.

In the upcoming years, we will maintain offering various services in line with our health branch expansion. We will also continue to enrich our product range with coverage and implementation principles, and we will uphold our sustainable profitable growth by creating value for all our stakeholders.

We continue to develop innovative products by focusing on sustainability.

At Sompco Sigorta, we consider sustainability in all its environmental, social and economic dimensions and we prioritize it across all our areas of operation. In 2023, we included Environment-Friendly Motor Insurance in our product pool, in line with elevated demand for electric and hybrid vehicles due to the development of new vehicle technologies and expanding environmental awareness. In addition, we introduced the Electric Vehicle Charging Stations Insurance product to customers in February 2024. By continuing to offer innovative products to our customers in the upcoming periods, we intend to deepen customer satisfaction and assume an exemplary role in the sector in terms of sustainability.

Another significant development in the new year is the brand consolidation for all companies affiliated with Sompco Holding- an entity with approximately 75,000 employees and operating in numerous countries-under the name "Sompco." Moving forward, all companies affiliated with the Holding, which embodies a deep-rooted, thoughtful service culture and profound experience, will continue their operations under a single company name and logo.

By integrating technology into all our business processes in 2024, we prioritize realizing our goals through a customer-oriented approach while working closely with our agencies and employees. We will continue to differentiate ourselves and create value for our customers and business partners by intensifying our focus and strength on the axis of people, technology and customers-which comprise the fundamental building blocks of our Company.

As I reflect on our successful year in 2023, I would like to extend my sincere thanks to all our customers, for the trust they have placed in us; to all our employees, who have worked so diligently; to all our business partners, who are progressing towards the same goals; and to all our shareholders and our distribution channels.

Yours Sincerely,

Fahri Uğur
CEO

Investment in new products

In 2023, we added Environment-Friendly Motor Insurance to our product pool in with the intense demand for electric and hybrid vehicles.



Executive Board

Recai Dalaş

**Chairman of the Board of Directors/
Chairman of Audit Committee
(Date of Appointment: 01.01.2023-
23.02.2023)**

Educational Background:

Istanbul University/Business
Administration
Istanbul University/Accounting Audit-
Master's Degree

Professional Experience:

1985-2001 Axa Oyak Sigorta
2001-2023 Sompö Sigorta-CEO
2023-Ongoing Sompö Sigorta-
Chairman of the Board of Directors/
Chairman of Audit Committee

Fahri Uğur

**Vice Chairman/CEO
(Date of Appointment: January 1,
2023)**

Educational Background:

Hacettepe University/Finance
New York University/MBA

Professional Experience:

2002-2013 Undersecretariat of
Treasury-Insurance Supervisor
2013-2014 Türk P&I Sigorta-Board
Member
2013-2015 Halk Sigorta-Deputy General
Manager (Technical)
2015-2023 Sompö Sigorta-Deputy
General Manager (Financial Affairs)
2023-Ongoing Sompö Sigorta-Deputy
Chairman of the Board of Directors/CEO

Besim Ergün

**Board Member/Member of the Audit
Committee
(Date of Appointment: 26.03.2019-
23.02.2023)**

Educational Background:

Boğaziçi University/Civil Engineering

Professional Experience:

1991-2001: Axa Oyak Sigorta-Deputy
General Manager
2001-2004: Meteksan Sistem ve
Bilgisayar Teknolojileri-Deputy General
Manager
2004-2013: Sompö Sigorta-Deputy
General Manager
2013-Ongoing Sompö Sigorta-Member
of the Board of Directors/Member of
Audit Committee

Kemal Beceren

**Deputy General Manager/Member
of the Board (Dates of appointment:
2.04.2010-26.03.2019)**

Educational Background:

Boğaziçi University/Computer
Engineering
Boğaziçi University/Business
Administration-Master's Degree

Professional Experience:

1991-2000 QNB Finansbank-IT Group
Manager
2001-2007 CarrefourSA-IT Group
Manager
2007-2010 Sompö Sigorta-Coordinator
2010-Ongoing Sompö Sigorta-
Deputy General Manager (Information
Technologies and Operations)

Uğur Özer

**Deputy General Manager/Member
of the Board (Date of appointment:
1.08.2013-30.03.2023)**

Educational Background:

Marmara University/Economics
İstanbul University/Accounting and
Financial Control-Post Graduate
University of East Anglia/Economics-
Masters and PhD

Professional Experience:

1991-2010: Undersecretariat of
Treasury-Insurance Supervisor
2010-2013 Generali Sigorta-Deputy
General Manager
2013-2021 Sompö Sigorta-Deputy
General Manager (Claims)
2021-Ongoing Sompö Sigorta-Deputy
General Manager (Corporate Lines
Insurance)

Işın Mengenli

**Deputy General Manager (Date of
appointment: 16.02.2015)**

Educational Background:

Boğaziçi University/Department of
English Teaching
New York University/Management and
Organization

Professional Experience:

1995-1998 Yapı Kredi Bank-Human
Resources Specialist
1998-2000 Dışbank-Human Resources
Manager
2000-2005 Deloitte-Human Resources
and Management Consultancy Manager
2005-2007 Deloitte-Human Resources

Director

2008-2010 Hay Group-Human
Resources Consultancy Director
2011-2014 Mercer-Human Resources
Consultancy Director
2015-Ongoing Sompö Sigorta-Deputy
General Manager (Human Resources
and Academy)

Hasan Bayata

**Deputy General Manager (Date of
appointment: 01.10.2021)**

Educational Background:

İstanbul University Political Science
Faculty/Public Administration

Professional Experience:

1998-2000 İnterbank A.Ş.-Sales
Manager
2001-2017 Ak Sigorta A.Ş.-Sales
Manager/ Regional Manager/Regional
Sales Group Manager
2017-2021 Sompö Sigorta-Sales
Coordinator of Regions
2021-2021 (October) Sompö Sigorta-
Deputy Assistant General Manager of
Sales
2021 (October)-Ongoing Sompö
Sigorta-Deputy General Manager
(Sales)

Ayhan Arslan

**Deputy General Manager (Date of
appointment: 01.10.2021)**

Educational Background:

Uludağ University Faculty of
Administrative and Economic Sciences /
Business Administration

Professional Experience:

1999-2009 Allianz Sigorta A.Ş.-Claims
Manager
2009-2010 Mapfre Sigorta A.Ş.-Motor
Claims Project Manager
2010-2013 Ergo Sigorta A.Ş.-Claims
Logistics Manager
2013-2016 Axa Sigorta A.Ş.-Claims
Deputy Director
2019-2021 Sompö Sigorta-Claims
Coordinator
2021 (February)-2021 (October) Sompö
Sigorta-Deputy Assistant General
Manager of Claims
2021 (October)-Ongoing Sompö
Sigorta-Deputy General Manager
(Claims)



Müjde Aslan

Deputy General Manager (Date of appointment: 20.03.2023)

Educational Background:

Istanbul University-Economics (English)

Professional Experience:

1998-2003 Deloitte Audit Supervisor
2003-2011 Deloitte-Audit Director
2017-2021 Özyeğin University-Lecturer
2011-2023 Deloitte-Insurance Sector Leader, Audit Partner
2023-Ongoing Sompo Sigorta-Deputy General Manager (Financial Affairs)

Şirzat Çetinkaya

Deputy General Manager (Date of appointment: 01.12.2023)

Educational Background:

Hacettepe University/Statistics
METU/Financial Mathematics-Master's Degree
Hacettepe University/Department of Actuarial Sciences-Master's Degree
Dogus University/Financial Economics-PhD

Professional Experience:

2004-2008 Hacettepe University-Research Associate
2010-2012 Ak Sigorta-Responsible Actuary
2012-2018 Güneş Sigorta-Motor Insurance Technical Manager
2018-2021 BNP Paribas Cardif-Director
2021-2023 Sompo Sigorta-Personal Lines Insurance Director
2023-Ongoing Sompo Sigorta-Deputy General Manager (Personal Technical Deputy General Manager)

Osman Yılmaz

Secretary General (Date of appointment: 01.04.2020)

Educational Background:

Ankara University/Public Administration-Bachelor's Degree
New York University/Public Administration-Master's Degree

Professional Experience:

1991-1993 Insurance Supervisory Board-Assistant Auditing Supervisor
1993-1997 State Planning Organization-Assistant Supervisor
1997-2001 State Planning Organization-Planning Specialist
2001-2006 State Planning Organization-Head of Department
2006-2009 State Planning Organization-Planning Specialist
2009-2010 Advisor to the Minister of State (Responsible for Development)-Minister
2010-2017 Ministry of Development-Planning Specialist
2017-2020 Sompo Sigorta-Legal Department Manager
2020-Ongoing Sompo Sigorta-Secretary General/Executive Board Member

Onat Dalaş

Head of Marketing (Appointment date: 01.02.2023)

Educational Background:

Istanbul Bilgi University/International Finance

Professional Experience:

2007-2009 Sompo Sigorta-Automobile Tariff and Analytics Specialist

2011-2017 Sompo Sigorta-Product Management Team Leader
2017-2018 Sompo Sigorta-Agency Sales Development Manager
2018-2021 Sompo Sigorta-Sales Strategies and Performance Management Manager
2021-2022 Sompo Sigorta-Sales Strategies Coordinator
2022-2023 Sompo Sigorta-Marketing Director
2023-Ongoing Sompo Sigorta-Head of Marketing/Executive Board Member

Enis Çağatay Çınar

Head of Health Insurance (Appointment Date: 01.02.2023)

Educational Background:

Istanbul Technical University/Control and Computer Engineering

Professional Experience:

1996-1997 Biltim A.Ş.-Software Specialist
1997-2005 Acıbadem Sigorta A.Ş.-Technical Group Manager
2005-2008 Aksigorta A.Ş.-Health Claims and Contracted Institutions Manager
2009-2012 Compugroup Medical A.Ş.-Operations Director
2012-2015 Aksigorta-Health Insurance Manager
2015-2023 Sompo Sigorta-Health Insurance Director
2023-Ongoing Sompo Sigorta-Head of Health Insurances/Executive Board Member

Fields of Activity and Products

Sompo Sigorta continues to diversify its product range every year. New products were introduced to the product pool in both personal and corporate lines insurance.

Enriching its product range year after year, Sompo Sigorta shall continue to offer new products to its customers in 2024 just like in 2023.

MOTOR INSURANCE

Sompo Sigorta's individual products include a wide range of product options to fulfill customer requirements in motor insurance. These products differ in a variety of coverages and premium contents, so that every customer is offered a suitable option.

In 2023, the Company has performed updates in its Mini Motor Insurance, Extended Motor Insurance, Environment-Friendly Motor Insurance, and Budget-Friendly Motor Insurance products. All these innovations were offered to customers by updating their coverage limits and content in consideration of the market

conditions. Having achieved many firsts in the sector since its establishment, Sompo Sigorta shall continue to focus on its goal of ranking first in product and coverage diversity in line with its market share targets in 2024. In today's world where customer requirements are changing rapidly, Sompo Sigorta shall continue to endeavor to provide the assurance needed in different areas of life and to make a difference in the eyes of its customers.

MOTOR THIRD PARTY LIABILITY (MTPL)

MTPL insurance offers additional coverage options based on customer requirements. These additional coverages include options such as facultative financial liability, assistance services, and legal protection. Sompo Sigorta customers can purchase these additional coverage options by

including them to their MTPL insurance policies. Moreover, in addition to MTPL, products such as Motor Vehicles Professional Activity, Compulsory Passenger Personal Accident, Facultative Personal Accident, and Facultative Financial Liability are also offered.

In 2023, a facultative financial liability product, which can be purchased on its own, was launched as part of new product developments. With this product, a special tariff infrastructure and comprehensive coverage were also offered in order to make a difference in the sector. In 2024, the Company plans to provide customers with coverage up to TL 5 million with the facultative financial liability policy offered standalone. Furthermore, it is aimed to offer the Green Card product, which was not previously included in the existing product options, to customers by including in the options. In 2024, a wide range of coverage options shall continue to be offered with new MTPL insurance packages to be established for customers.

HEALTH

In the Health branch, Sompo Sigorta continues its journey with the goal of becoming a robust and reliable health care service provider providing value to its stakeholders. Accordingly, it continuously develops and renews its entire products and practices in the field of health care.

High increases in the Turkish Medical Association's HUV (Physician's Practices Database) tariff and Health Implementation Instruction due to the rise in inflation have a significant impact on Health Insurance sector.





However, Sampo Sigorta achieved growth above the sector average in its entire products in the Health branch and proceeded with its endeavors to offer solutions tailored to the requirements of its customers.

Complementary Health Insurance product offers 2 separate plans as Inpatient and Inpatient + Outpatient. In addition to these plans, different limit alternatives have been made available for customers to comply with their requirements. Also, the Complementary Health Maternity Package product, which has no waiting period, offers 2 different plan options, namely 'Maternity' and 'Maternity + Pregnancy Routine Examination', enabling customers to obtain Maternity Coverage under the most favorable conditions and without a waiting period.

Sampo Sigorta continues to provide protection against 9 critical diseases with its Life Therapy product. In this product, customers can choose from among different coverage plans with fixed premiums that do not alter based on age and sex. Moreover, they can purchase this product independently or benefit from advantageous premiums when they purchase it together with the Complementary Health Insurance Product.

Complementary Health Product

Complementary Health Insurance product offers 2 separate plans as Inpatient and Inpatient + Outpatient. In addition to these plans, different limit alternatives have been made available for customers to comply with their requirements.

In 2023, Sampo Sigorta increased its market share in corporate health insurance in addition to personal health insurances. In 2024, the Company shall continue to enrich its product range with various services, guarantees, and implementation principles and maintain its profitable growth by creating value for all stakeholders.

SPECIALTY PRODUCTS

The products offered by Sampo Sigorta in the field of "Specialty Products" are as follows:

1. Travel Insurances
2. Complication Insurances
3. Foreign Health Insurance
4. Personal Accident Insurances
5. Natural Gas Conversion Package Policy
6. Agricultural Insurances
7. Transportation Total Loss

In 2023, a new option called the Eco Plan was introduced as part of the Health Insurance for Foreigners product, with lower premiums and a narrow-scoped list of contracted institutions. In addition to this new alternative, within the scope of travel insurance, a complication insurance product for tourists traveling to Türkiye for health tourism purposes was also introduced. Sampo Sigorta shall continue to serve its customers by offering innovative products in the upcoming years.

In non-motor personal products, Sompo Sigorta offers innovative products that include various coverages and services in line with the requirements of the Company and its customers.

HOUSEHOLD

In non-motor personal products, Sompo Sigorta offers innovative products that include various coverages and services in line with the requirements of the Company and its customers considering the changes in the sector. These products include housing insurances (with different options available such as Plus Household, Bank Household, Household Furniture Plan, Mini Household), Digital Security, and Climate Insurance.

After the earthquake on February 6, 2023 in Kahramanmaraş, a new period of raised awareness and increased demands has begun. In this period, the Sompo Special Package, created to provide additional coverage for home policies, was renewed and enriched with various coverage options by focusing more on customer requirements.

Sompo Sigorta shall continue to offer more competitive prices in line with the requirements of the sector and customers, develop coverage content in this direction, and perform improvements in every product with an innovative perspective by continuing to use the leading technologies in the sector more effectively in the upcoming years, just like today.

CORPORATE TECHNICAL AND

Customized solutions for different customer requirements

SPP Package for Solar Power Plants, Pharmacy Package for Pharmacies, Jewelry Store Package, Fuel Package, etc. have been designed and customized solutions have been offered to fulfill various customer requirements.

CORPORATE SALES

In the field of corporate insurances, the Company continued to offer the insurance products for following branches for customers and business lines of all sizes covering local and international risks:

- Fire (and also Machinery Breakdown, Electronic Equipment, Employer & 3rd Party Liability, Cash in Transit, Fidelity, and Personal Accident),
- Engineering (Machinery Breakdown, Electronic Devices, Leasing All Risk, Construction/Assembly All Risk),
- Liability (Employer's Liability, 3rd Party Liability, Personal Accident, Cash in Transit, Fidelity, Product Liability, Professional Liability, and all Compulsory Liability Products),
- Marine (Cargo and hull product groups) and
- Agriculture.

In addition to these products, it offered special solutions in line with different customer requirements by designing package products with a wide coverage for specific fields of activity (SPP Package for Solar Power Plants, Pharmacy Package for Pharmacies, Jeweler Package, Fuel Oil Package, etc.).

Since 2018, within the scope of the transformation process initiated in Corporate Insurances, significant steps have been taken to increase operational and process efficiency and support digitalization in line with the Company's objectives. In 2023, endeavors were carried out uninterruptedly to support this strategic approach. The development of business models continued with approaches focused on digitalization, automation, and machine learning. With all these endeavors, the

Company not only provided agencies and customers with fast and high-quality service, but also ensured increased operational efficiency, automated processes, and reduced risks. The focus of the implementation of these developments is on increasing the customer satisfaction.

Launched five years ago, the “Business Ownership Model” gained momentum in 2022 with intensive channel contacts and business development actions. In 2023, this process reached a stage where planned and focused visits to previously unexplored regions and business development activities were initiated.

After the February 6 earthquakes



in Kahramanmaraş, Sompö Sigorta immediately mobilized in the earthquake region to recover losses of its customers as quickly as possible. The Company with the priority of quickly making determinations and performing claim payments, immediately notified the Reinsurers of the relevant claims notifications and shared the requests for cash advance payments with the reinsurers. In this process, communication was maintained to ensure that payments were performed promptly and information flow between the relevant units within the Company was duly carried out.

With the Kahramanmaraş earthquake,

the importance of portfolio distribution and earthquake analysis was once again emphasized and tariff improvements were performed accordingly. The reports drawn up were presented to assist business owners in risk selection. The strategies have been reformed by the impact of both the earthquake and other damages experienced. In 2023, efforts have been made to further increase communication with channels to find solutions regarding adverse developments in the sector and new business acceptances. In this process, a guiding role was assumed by drawing attention to the start of a new and challenging period for the channels.

The impact of market developments on customers and distribution channels was meticulously monitored and a solution-oriented approach was adopted accordingly. Customer orientation and long-term cooperation have been prioritized as the basic principles and all activities have been reformed according to these principles. Accordingly, the requirements of Sompö Sigorta's business partners were fulfilled to a greater extent and opportunities for cooperation with newly opened brokers and captive sales channels were also created.

Sompö Sigorta aims to offer alternative solutions for its agencies and customers by increasing its product diversity in 2024. Operating with the understanding of improving the existing wide range of products and taking into account the possible requirements of agencies and customers, new projects shall be developed and the variety of products to be introduced to the market shall be increased. In order to achieve this goal, processes shall be accelerated by working in cooperation with other departments.

CLAIMS

Additional measures have been taken to ensure that damaged vehicles in the earthquake region can be quickly towed to contracted Express Damage Repair Centers.

Inflation, exchange rate, and minimum wage increases, as well as challenges in procurement of raw materials and high logistics costs, continued to have an adverse impact on the insurance sector in 2023.

After the earthquake hit Kahramanmaraş on February 6, 2023, we arrived at the earthquake zone and first visited the contracted services. The officials of the damaged services were contacted on-site and action was taken to compensate their damages. In addition, new contracted services were included within a few days to prevent disruption of services. Additional measures have been taken to ensure that damaged vehicles in the earthquake region can be quickly towed to contracted Express Damage Repair Centers. The Company established regular contact with the services and cooperated with the stakeholders reporting to the Deputy General Manager of Claims in order to finalize earthquake claims faster.

• Projects and operations in 2023

In the studies conducted at the Field and Research Unit, a system has been established using analytical modeling on motor insurance files. This system has been made operational with a learning structure and analyses have been performed on data related to motor insurance files. This increased efficiency and savings by focusing on the right files.

The risk engine for assessing abuse of non-motor damage files has been launched and some of the Company-wide studies have been completed. The Insurance Information and Monitoring Center (SBM) announced that non-motor files have been scored and a limited number of files have started to be shared with companies on a weekly basis. This process was defined as a rule in the risk engine, and the files sent by the SBM were enabled to fall into the Company's pools. Initiation of the analytic model studies was resolved to be done in 2024.

Economies of scale projects came to the fore, especially in 2023, and related developments were initiated. In this context, with pioneering structuring in the sector, legal entities operating in the field of severely damaged vehicles were incorporated into the Sompo Sigorta severely damaged vehicle auction platform as of the second quarter of 2023. Thanks to this integration, a significant improvement was achieved in terms of increasing additional salvage revenues for Severe Damage Projects. The activities in this regard shall continue in 2024 as well.

The activities in relation to the first two phases of the Vendor Management Project, launched in 2021, consisting of Contracted Service and Procurement processes, continued in 2023. The majority of the reporting processes and Contracted Service Scoring studies were completed during the year. The Vendor Platform is planned to be launched in the first half of 2024.



Within the scope of the Sompō Service Assistance project, we performed improvements in the system to automatically respond to questions submitted by contracted services via email and telephone. These improvements are expected to increase the operational efficiency. These improvements are planned to be commissioned in 2024.

- **Social Network Analysis Project**

The existence of complex relationship networks is acknowledged in organized fraud cases throughout the sector, and in order to identify and prevent these networks, fraud processes are continued and tried to be identified through different individuals and/or third and fourth parties with whom they are in contact. However, these review processes entail significant time and labor costs. Therefore, the Social Network Analysis Project was initiated to understand and identify the relationship networks of individuals. Thanks to this project, it is aimed to implement these processes more effectively by establishing a learning and faster systematic structure.

- **Non-Motor**

The “Non-Motor Transformation Projects,” launched in 2020, aim to continuously increase customer and channel satisfaction through advanced claims solutions and management. These projects continued in 2023. The second phase of the project, the “File Management Process,” was finalized in 2023. These achievements make a significant contribution to the improvement of processes related to the accurate and fast settlement of non-motor claims.

Launched last year, the Catastrophe Project aims to implement uninterrupted, fast, and accurate file management processes for claims that have been or may be made due to catastrophic events. Thanks to the rapid actions taken within the scope of the project, the damages of the customers in the relevant region were liquidated as quickly as possible and the suffering caused by the earthquake was eliminated to a significant extent.



Catastrophe Project

With the Catastrophe Project, launched in 2022, the grievances experienced in the catastrophe regions were resolved promptly.

This achievement is an important example of efforts to increase customer satisfaction by providing an effective and rapid response in the face of catastrophic events.

- **2024 Targets**

The activities aimed at creating more efficient processes and achieving a greater scale of Sompō Sigorta Digital Claims Department continue under the roof of the Digital Claims Project. This project is scheduled to be finalized in the first half of 2024. In this process, activities are underway to improve claims management processes and increase operational efficiency through using digital technologies. This aims to provide a more effective and user-oriented claims management. In addition to all these developments, activities will continue by increasing the number of projects on the more effective use of technology in claims processes. With these projects, Sompō Sigorta aims to further improve its performance orientation and introduce technological solutions for file management. Thus, customer satisfaction shall be further increased by enhancing efficiency in claims processes.

In 2023, a Digital Sales Experience Study and a Household Claims Experience Improvement Study were conducted to improve customer experience.

To optimize customer satisfaction...

Sompo Sigorta continues to carry out various studies to continuously improve the quality of service and improve the customer experience at the points where its customers establish contact and in related processes.

In 2023, a Digital Sales Experience Study and a Household Claims Experience Improvement Study were conducted to improve customer experience. As part of these efforts, policy formats were updated with a customer-oriented perspective and the content of the Motor Insurance policy was made simpler and more comprehensible. In addition, a communication map has been established for interaction points with customers and the content of SMS and emails sent were updated.

In terms of measuring, Customer Satisfaction Surveys continued and a survey was also conducted for the Ejento channel to measure agency user experience.

Sompo Sigorta aims to identify the areas of improvement to improve customer experience in all areas of operation and to carry out effective activities in these areas with a customer-oriented perspective.

Advertising campaigns and press communication

Sompo Sigorta uses TV, radio, and print media effectively to increase brand awareness, support sales, and promote its products to the target audience. The Company further continues to regularly share important developments that will be

of interest to agents and customers through printed and digital media channels.

In the post-pandemic period, there has been a global economic fluctuation and this uncertainty is still persistent. Therefore, the automotive sector in Türkiye has been adversely affected by rising costs, especially in motor insurance, and the decline in purchasing power.

In order to mitigate this impact, Sompo Sigorta launched the Budget-Friendly Motor Insurance product in 2022 and carried out intensive media communication on this product in 2023.

Sompo Sigorta launched the Complementary Health Insurance product and communication activities for this product were carried out in all channels. This product is one of the innovative efforts in the field of Complementary Health Insurance and provides services to customers through different coverages and practices.

More Efficient and Target-Oriented Customer Data

Sompo Sigorta continues to offer its customers the opportunity to purchase a new policy and renew their existing policies through the Sompo Mobilo mobile application and website.

The Company carries out activities to develop methods in order to create more efficient and target-oriented customer data through its Digital Channels and to increase premium production through performance

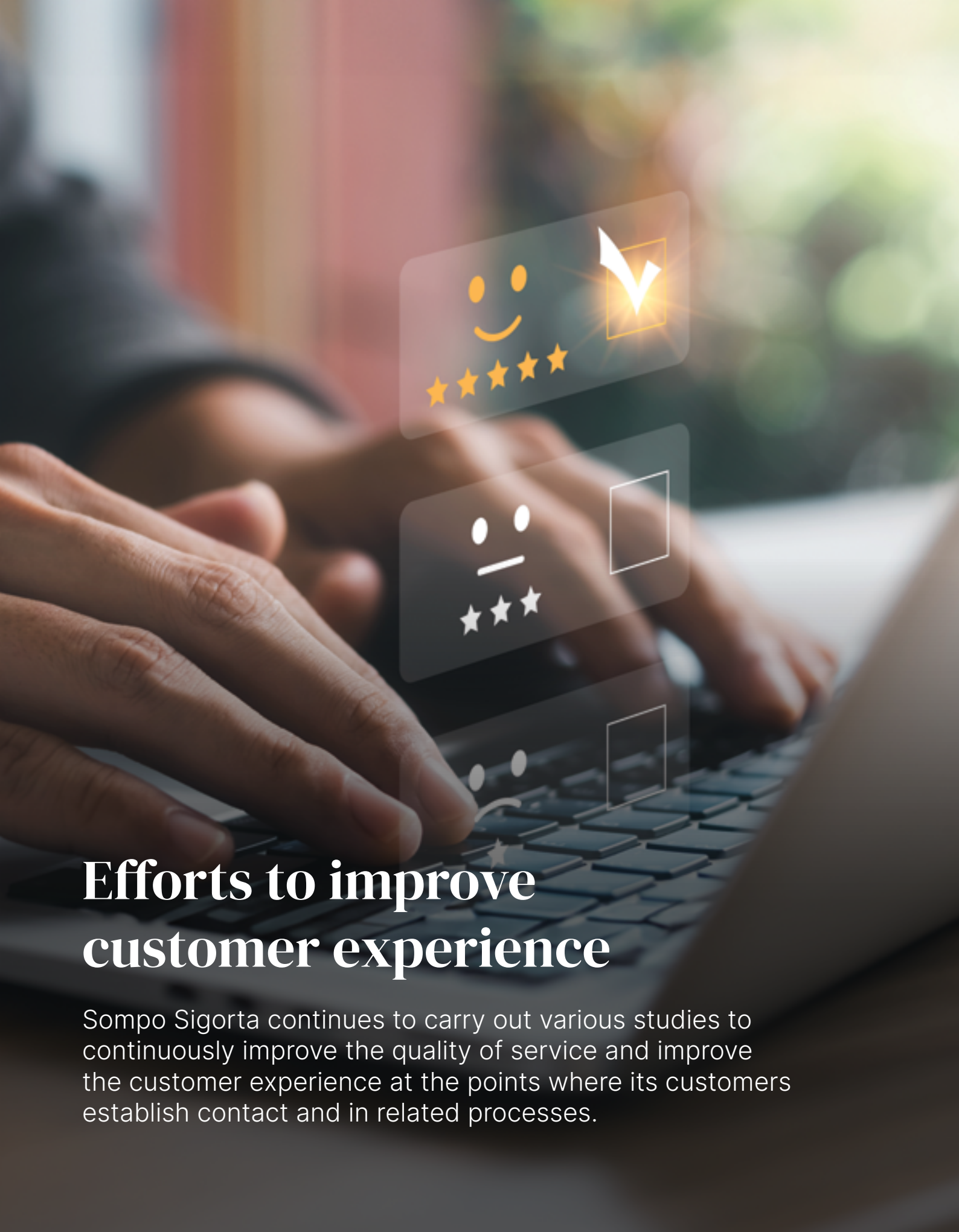
marketing. Thanks to these efforts, premium production was achieved through digital channels with products such as Motor Insurance, MTPL Insurance, Overseas Travel Insurance, and Complementary Health Insurance. Agencies were supported in acquiring new customers and were enabled to increase their commission revenues with minimum operational costs.

To increase the diversity of the products currently on sale, the efforts required for the Budget-Friendly Motor Insurance and Complementary Health Insurance Maternity Package products were completed. Thus, we have become one of the most customer-oriented companies in the sector with the ability to respond to requirements in the widest way.

Innovations to Increase Sales through Digital Channels

To improve the performance of customer platforms, we continue to make updates based on the data obtained as a result of regular analyses and surveys, taking into account customer purchasing habits and the feedback they provide. With the integration of artificial intelligence, the ability to better understand texts of the customers has been increased, further improving the quality of service.

With its new digital agency, Sompo Sigorta has started additional updates to increase sales through digital channels and attract organic traffic to its SEO-oriented website. The goal for the upcoming period is to increase sales at low cost by quickly reaching the top ranks in SEO with determined keywords.



Efforts to improve customer experience

Sompo Sigorta continues to carry out various studies to continuously improve the quality of service and improve the customer experience at the points where its customers establish contact and in related processes.

Distribution Channels

In 2023, Agency channel premium production was realized as TL 14,097 million.

Channel Distribution as of the End of 2023

Agency	2,988
QNB Finansbank	435
Anadolubank	116
Fibabanka	44
ICBC Bank	39
Broker	113
Captive	19

Production on a Channel Basis

(TL Thousand)	
Sales Channel	Premium Production
Agency	14,097,015
Anadolubank	1,239
Broker	1,341,966
Captive	426,733
Direct	898,141
Fibabanka	18,311
Finans Leasing	121,645
QNB Finansbank	567,901
ICBC Bank	4,444
Total	17,477,394



88.380

57.056

74.849

64.963

14.411

89.204

40.404

78.680

48.397

46.050

98.937

89.204

66.639

92.369

97.979

97.979

Information Technologies and Innovation Activities

The Ejento Platform, renewed both in terms of user experience and content, was launched by the end of 2023.

Digital Transformation and Innovation

In 2023, Sampo Sigorta's key focus was to review its operational methods and technological infrastructure to provide the highest level of experience to its customers and business partners.

Sampo Sigorta has started to redesign its processes in order to offer its customers and all business partners the highest level of experience from start to finish in the offer and policy processes, aiming to provide a fast, valuable, and standardized offer and policy process to all its stakeholders. To achieve this goal, it analyzes and restructures its processes in detail. It also strengthens and renews its production technology infrastructure in line with its processes.

In 2023, the Bank Insurance Transformation Program carried out by Sampo Sigorta together with its business partner QNB Finansbank continued intensively. Within the scope of this program, new products to be offered to the Bank's customers in ongoing projects were identified and first of all, endeavors were performed to offer these products to customers on the Bank's digital channels in the most convenient and fastest way possible. In addition, sales platforms for motor products, where Sampo Sigorta stands strong in the market, were successfully launched. These steps aim to offer customers a wider range of products and provide them with a more accessible service.

The web platforms of the Ejento application, where agencies perform their entire processes together with Sampo Sigorta, have been redesigned

Bancassurance Transformation Program

In 2023, the Bancassurance Transformation Program carried out by Sampo Sigorta together with its business partner QNB Finansbank continued intensively.

Implemented projects

In 2023, within the scope of the "Claims Transformation Program," the "Bodily Injury Claims Processes" and "Heavy Claims Processes" projects have been successfully implemented.

in terms of user experience. The Ejento Platform, renewed both in terms of user experience and content, was launched by the end of 2023.

Sampo Sensei, the AI-powered virtual assistant, has been constantly developed on all digital platforms, including the website, online insurance portal and mobile application, and currently continue to support customers.

In 2023, within the scope of the "Claims Transformation Program," the "Physical Damage Processes" and "Heavy Damage Processes" projects have been successfully implemented and made available to external business partners. With these projects, processes and ways of doing business were redesigned in line with customer expectations. In addition, digital file management processes were created and decision-making mechanisms were moved to the system by eliminating manual processes. As a result of these efforts, processes and systems have been implemented to ensure an excellent end-to-end experience for customers, business partners, and employees.

With the process changes performed, the traceability of the entire process will be ensured, the speed and quality of claim file assessment shall be improved, and necessary actions shall be taken by being informed in advance about risky issues with early warning mechanisms.

In 2024, we shall continue to improve processes on platforms that benefit customers and agencies (including the Claims Transformation Project) by adding new projects initiated with the aim of digitalization and providing a better end-to-end experience.



Fast, valuable, and standardized quotation and policy processes

Sompo Sigorta's goal is to provide all its stakeholders with a fast, valuable, and standardized quotation and policy process.

Sompo Sigorta offers more competitive prices to its customers by leveraging the impressive potential of AI.

Operations performed by using AI

Following developments around the world closely, Sompo Sigorta has made significant progress in the last few years by combining its expertise in information technologies with AI applications. These progresses improve the quality of services offered to customers and constantly enhance the Company's competitive power. Leveraging the impressive potential of AI to offer more competitive prices to its customers, Sompo Sigorta optimizes its pricing strategies by using machine learning models in this approach. This thus enables it to offer high-quality services to its customers at more affordable prices.

Customer satisfaction is among the top priorities of Sompo Sigorta. In this context, it supports its customer understanding with advanced analytical methods in order to better understand the customers and provide them with customized services. Therefore, it can respond to the requirements of its customers more quickly and effectively.



Integrating AI solutions into its processes to facilitate customer claims experiences and make service processes more efficient, the Company increases customer satisfaction by ensuring that claim processes are processed faster and more efficiently with this integration.

The Company also applies analytics to further strengthen its collaboration with its agents. Thus, their common goals are defined more effectively.

Sompo Sigorta transforms its habits of doing business into a more methodological and smooth structure with AI-supported analytical programs. This approach ensures that all business processes are performed more efficiently and effectively.

Data warehouse, which is constantly growing for data management optimization, is divided into two categories as hot and cold data, and this practice aims to further improve maintenance processes. This division makes the processes of periodic generation of existing structures and reports more effective and efficient, thus improving the quality of business processes.

Methodological and smooth structure

Sompo Sigorta transforms its habits of doing business into a more methodological and smooth structure with AI-supported analytical programs.

Our presence in the sector is strengthening

Sompo Sigorta strengthens its presence in the sector with each passing day by using AI and advanced technologies and takes important steps towards providing the best services to its customers.

In addition to the existing reporting systems, an analytical database environment where users can access data in detail has been established. In this environment, users can establish their own reports on the data they examine, customize the existing reports at their discretion, and exhibit them interactively in their presentations. In addition, we are working on the Self-BI environment where the customers shall be able to report to whomever they want at certain intervals.

Sompo Sigorta further strengthens its data infrastructure by integrating it with AI solutions. This integration significantly improves the data management and analysis capabilities of the Company, enhancing its overall performance and service quality.

Sompo Sigorta is in a rapidly rising position in the sector. It strengthens its presence in the sector with each passing day by using AI and advanced technologies and takes important steps towards providing the best services to its customers. In this process, investments have been done in innovation and technological developments, with the aim of laying a solid foundation for future achievements.

Sompo Sigorta has been successfully implementing the “As You Wish!” Flexible Benefits Program since 2020 to increase employee loyalty.

Human Resources

Sompo Sigorta's Human Resources Policy is to recruit qualified human resources in line with the Company's goals and strategies and to ensure that they are employed in the most efficient manner.

Sompo Sigorta Human Resources Department aims to create a participatory and collaborative system focusing on continuous improvement in line with the Company's culture and values. Within this framework, it aims to enhance internal communication by fostering the professional and personal development of employees. It also prioritizes being a solution partner to other departments by creating an environment that fosters innovation, leadership, and quality. With this approach, it is aimed to enhance the motivation and loyalty of employees, thereby increasing the success of Sompo Sigorta in a sustainable way.

The Company ranks among the top in employee engagement among Sompo companies worldwide. Human Resources activities and actions taken for the continuation of this success include the following;

A system focused on continuous improvement

Sompo Sigorta Human Resources Department aims to create a participatory and collaborative system focusing on continuous improvement in line with the Company's culture and values.

Sompo Sigorta believes that manager development has a significant impact on increasing employee loyalty and therefore attaches great importance to the development of managers. To this end, the Company has a performance system in which all managers are assessed based on their employees' goals, competencies, and development. In addition, there is a 360-degree assessment system for employees to evaluate their managers. This system has been successfully implemented since the establishment of the Company. These assessments play a key role in identifying development requirements and career planning.

The Company has been successfully implementing the “As You Wish!” Flexible Benefits Program since 2020 to increase employee loyalty. This program allows employees to determine their benefits based on their personal preferences. This fully customizable program offers all employees the opportunity to modify their existing benefits such as meal allowance, private health insurance, New Year's gift, and car and gas allowance, and to choose from alternative benefits. Thanks to this program, employees have the opportunity to benefit from additional health packages such as more comprehensive health insurance, critical diseases insurance, and dental treatment. With this practice, Sompo Sigorta aims to increase the satisfaction of its employees by fulfilling their requirements better.



Managers are assessed with a performance system

Sompo Sigorta has a performance system in which all managers are assessed based on their employees' goals, competencies and development.

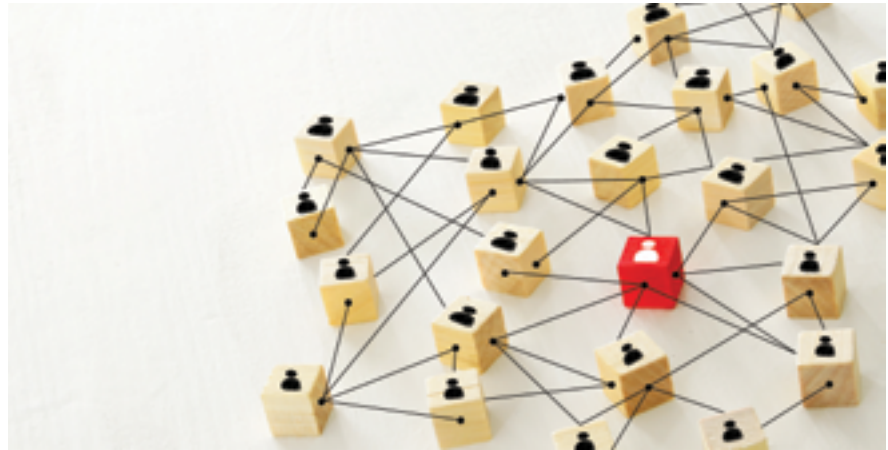
Sompo Sigorta adopts talent management practices focused on emphasizing strengths and increasing success by developing these strengths.

Further increased success with employee feedback

As of the end of 2023, the Company had a total of 791 employees, 149 of whom were executives.

Sompo Sigorta adopts the policy of recruiting candidates who align with the business culture, and possess the necessary competencies and high potential. To this end, assessment methods such as Competency Based Interview, Personality Inventory, General Aptitude Test, and English Proficiency Test are applied depending on the position requirements. These methods support the process of selecting qualified employees who shall contribute to the successful growth and development of the Company by assessing candidates' compatibility with the requirements of the job.

The Company has practices developed to monitor the compliance of employees after recruitment and to determine their satisfaction levels. As part of this program, a face-to-face "First Impression Interview" is conducted in the 5th month of employment to assess the employee's adaptation and discuss the satisfied areas and their requests for change. Furthermore, Sompo Sigorta has been organizing "We Listen to You" meetings for more than a year to gain a deeper insight into employees, listen to their opinions and feedback, and implement necessary actions.



Employee development practices to increase success

Sompo Sigorta adopts talent management practices focused on emphasizing strengths and increasing success by developing these strengths. In this context, horizontal or vertical transitions between departments are possible depending on the employee's qualifications.

In promotions and recruitments for positions of team management responsibility, we have the "Assessment Center" practice so that candidates can be assessed more objectively.

In addition, in line with the Company's value of transparency, training activities are organized for all employees to provide them with up-to-date information on Human Resources strategies and processes. These training activities aim to help employees better contribute to the Company's goals and support their career development.

Sompo Sigorta launched a practice called "My Customer Is You" to assess the services provided by employees to internal customers and to measure their satisfaction. This application aims to improve the quality of inter-departmental services. Feedback from internal customers plays a key role in identifying the areas of improvement. Based on the data obtained, necessary actions are taken to improve business processes and service quality. This ensures a more effective and efficient working environment by increasing the internal functioning of the Company and customer satisfaction.

The Company has started to implement the OKR (Objectives and Key Results) method to support its strategic goals set for the next four years. This method aims to ensure effective performance management at all levels by adopting a performance-based approach. It also aims to strengthen collaboration between teams, increase participation, and transparently manage the process.

The Academy and Internal Communication

The Sompo Academy is a training center operating based on Sompo Sigorta's core values and serving the Company's strategic goals. This academy aims to enhance the skills and knowledge of employees and business partners by providing them with professional and personal development opportunities. With training programs tailored to individual requirements, Sompo Academy offers a customized learning experience and supports the continuous development of participants.

Training programs delivered to employees

At Sompo Sigorta, training and development processes start from the first day of employment. Sompo Academy has various practices to accelerate the adaptation process of newly recruited employees and provide them with the information they need. First, the employees are introduced to their "buddies" in order not to leave them alone during the adaptation process. Also, in the first week of their employment, an online Orientation Program is offered to help them familiarize themselves with the Company, its services and products. They then have the opportunity to know the Company and departments better through a face-to-face orientation program. These practices support the rapid integration of new employees into the system, ensuring they internalize the Company's culture.

"My Customer Is You" practice

Sompo Sigorta launched a practice called "My Customer Is You" to assess the services provided by employees to internal customers and to measure their satisfaction.

791
Employees

In addition, a "Welcome and Introduction Program" is organized to ensure that newly hired managers are informed about the functioning of departments and acquaint them with other managers. As part of this program, new managers have the opportunity to thoroughly familiarize themselves with the various departments of the Company, as well as their respective operations. In addition, it is aimed that they communicate and collaborate with other managers through one-to-one meetings and quickly adapt to the business environment.

The executive development program, designed to improve the managerial competencies of managers, continued this year. All managers, whether newly recruited or promoted to managerial positions, undergo a 4-step management program.

In addition to the management training, the in-house "Mentoring Program" continues to support managerial development.

The Gallup's strengths survey is applied to all employees at Sompo Sigorta and activities are carried out to create teams focused on strengths. This is also supported by the "Gallup-Discover Your Strengths" training.

The Sampo Samurai Development Program was organized to recruit successful new graduates to Sampo Sigorta.

This year, the second Business Bootcamp program, organized in cooperation with Özyeğin University and designed specifically for Sampo Sigorta, was successfully completed. The aim of this program is to provide employees with both theoretical and practical knowledge enabling them to make effective decisions in a competitive global business environment and to encourage them to apply this knowledge. Through this program, participants were afforded the opportunity to gain in-depth knowledge of current business trends and strategies and had the chance to apply this knowledge to the Company's operations.

In 2023, another special program, the Sampo Samurai Development Program, was organized to recruit successful new graduates to the Company. As part of the program, successfully held for the second time this year, a special training program was created for 13 young insurance professional candidates with no experience in the business world and insurance. This year-long program, which started in September 2022, encompasses a comprehensive content of hands-on technical and personal development trainings. During this process, the young samurai had the opportunity to familiarize themselves with corporate life, the Company, and the insurance sector.

An Actuarial Exam Preparation Program was initiated in the Company for employees who want to add value to their work and career in the actuarial field. In addition to all these, professional and personal

Actuary Exam Preparation Program

An Actuarial Exam Preparation Program was initiated in Sampo Sigorta for employees who want to add value to their work and career in the actuarial field.

28,874
Total hours of training

development training programs tailored to personal, task-based, and department-based requirements, as determined in the needs analysis studies carried out which take account of the Company's goals and strategies, were continued to be provided.

Attaching great importance to employee safety, Sampo Sigorta organized "Earthquake Awareness" seminars in cooperation with Euro-Line and AKUT. All employees attended the two-stage seminars.

In 2023, refresher trainings for emergency teams were followed up and new trainings were conducted. Also, employees in emergency teams had the opportunity to experience a fire extinguishing drill using virtual reality technology for the first time.

In addition to these, Sampo Sigorta offers training opportunities abroad thanks to the advantages of being a global company. Employees have the opportunity to participate in the Mini-MBA program organized by the National University of Singapore (NUS) in cooperation with its shareholder, Sampo Holdings. Furthermore, executives are entitled to participate in programs organized for them such as "Emerging Leadership," "Next Leadership," "Future Leaders," "Leadership Accelerator" and "Executive Leadership." In 2023, the Company also participated in programs where different cultures come together, making significant contributions to both employees and the Company.

In 2023, training sessions were held using a combination of face-to-face interactions, digital methods, and virtual classrooms.

According to data of end-year of 2023, total training hours at Sampo Sigorta amounted to 28,874, with an average of 38 training hours per person. In 2023, the number of internal trainers was increased in order to enhance the transfer of know-how within the Company, and 37% of the training sessions were conducted with internal resources.

Training offered to business partners
The “Agency Development Journey” program, launched in July 2020, continued intensively in 2023 with the Concept of Every Week is Different.

The online learning platform named “Sampo Agency Academy” continued to be actively used by agencies in 2023. Through this platform, development opportunities are presented to agents in a more systematic and diversified way. This platform has made it possible to manage different learning processes, such as e-learning and in-class training, from a single point. In addition, the content was made accessible easily at any time with options such as the training catalog, video catalog, and document library. The trainings were ensured to be accessible via smart phones, tablets, and mobile devices, eliminating time and space constraints.

In 2024, in parallel with the Company's strategies, the Company aims to always stand by its employees

and business partners as their development consultants that produce training and development solutions that will contribute to their professional and personal development.

2023 INTERNAL COMMUNICATION ACTIVITIES

In-House Communication

In-house communication activities continued without slowing down in 2023 in order to increase communication, sharing, and collaboration within the Company.

In addition to the strategy and internal communication meeting held under the motto “There is Sharing at Sampo!”, Company parties were organized under the motto “There is Fun at Sampo!”.

In 2023, workshops, sports events, and tournaments were organized for employees to develop their talents and hobbies outside the working hours, as well as to have a favorable time together.

Art activities were organized under the motto “There is Art at Sampo!”. In the Sculpture and Painting workshops, employees discovered their manual skills and had the opportunity to create their own products. In addition, in-house sportive activities were organized under the motto “There is Sports at Sampo.”

The Sampo Football Team has prepared for corporate tournaments with the support of the Company and represented Sampo Sigorta with great success in the tournaments participated.



Collaboration with various non-governmental organizations and events organized on special occasions.

Webinars on various topics such as personal development, health, and social awareness continued to be organized. Agencies were also included in the webinars organized as joint events.

Social Responsibility

In 2023, all social responsibility activities were carried out under the motto "Benefaction Is at Sompol!".

As part of the tradition of celebrating the anniversary of employees' start of employment, a social responsibility project was initiated to donate saplings to TEMA for each employee's seniority year in 2019-2020, and a memorial forest was created by Sompol Sigorta. In 2021, this practice was continued with the Hope Foundation for Children with Cancer. A room in the KAÇUV Family House was adopted by Sompol Sigorta and the daily expenses of the room in the Family House were covered for each seniority year of employees. This practice continued with the Turkish Education Association in 2022 and with the Spinal Muscular Atrophy (SMA) Foundation of Türkiye in 2023.

Benefaction Is at Sompol!

**In 2023, all social
responsibility activities
were carried out under
the motto "Benefaction
Is at Sompol!".**

On special occasions, the Company collaborated with various non-governmental organizations (LÖSEV, KAÇUV, TOG, Kadın Emeği Destekleme Derneği (Women's Labor Support Association), Deniz Temiz Derneği (Turkish Marine Environment Protection Association), HAÇİKO (Animal Shelter)), organized events and made donations for those in need.

After the Kahramanmaraş earthquake, Sompol Sigorta carried out various relief activities to fulfill the requirements of the victims. With the support of employees, donations such as clothes, basic necessities, toys, stationery, etc. were collected and delivered to those in need.



Support for the requirements of earthquake victims

After the Kahramanmaraş earthquake, Sompo Sigorta carried out various relief activities to fulfill the requirements of the victims.

Communication and Sponsorship Activities

A prestige and loyalty club called “Samurai Club” was established for the agencies, and various organizations and activities were carried out during 2023.

Marketing Communication

In 2023, Sompo Sigorta maintained its vision of playing a leading role in the sector and making a difference by improving the quality of service it provides to its customers.

To this end, the Company strengthened its communication activities and effectively utilized all communication channels to carry out brand and product activities by offering customized content for customers and agencies. In addition to trainings, meetings, and campaigns for agencies, the Company also organized an event with approximately 500

agencies participating in the “2023 Agencies Meeting” held in Cyprus in September 2023 with the slogan “Towards Leadership Together.” Tours, panels, and events were organized as part of the program. Also, leading agencies that completed their 20th year of service and ranked first in premium production were rewarded. Furthermore, a prestige and loyalty club called “Samurai Club” was established for the agencies, and various organizations and activities were carried out during 2023.

Established by Sompo Sigorta in 2019, the Samurai Club not only focuses on commercial goals, but also aims to develop and strengthen the business partnership with a philosophical and long-term perspective. In 2023, Sompo Sigorta operated successfully in line with these goals and continued to organize various services offered to club members as well as special events such as trips abroad.



Sponsorships

To raise sports, culture, and insurance awareness in our country, Sompö Sigorta was involved in many important and popular organizations in 2023 as well. The events supported by Sompö Sigorta are as follows;

The main sponsorship for the 2023 PWA Youth & Junior Slalom World Cup competition, which attracted the participation of more than 100 athletes from 15 countries in the IQFoil and Finn categories in cooperation with the Ministry of Young People and Sports, the İzmir Metropolitan Municipality, the Turkish Sailing Federation hosted by the Çağla Kubat Windsurfing Academy and the Çeşme Municipality.

The main sponsorship for the event held in the format of Saturday Morning Concerts, attended by artists from different countries around the world exhibiting performances at the Pera Palace Hotel, witnessing a 130-year history and hosting famous guests for many years.

SASDER sponsored the 10th SASDER National Congress, where new dynamics and regulations in the health and insurance sector, recent developments in the light of economic developments, service

delivery for the coming period, and financing models and their effects on the parties were discussed. Sunay Akin's speech, which was organized as part of Sompö Sigorta's sponsorship of the congress, was well attended and highly appreciated.



Sompo Sigorta prioritizes its sustainability approach in all its fields of operation by addressing it along with its environmental, social, and economic dimensions.

In line with its sustainability goals, Sompo Sigorta considers the requirements and expectations of its customers and continues to develop innovative products in this regard.

The developments in vehicle technology and increased environmental awareness have led to the demand for electric and hybrid vehicles increasing day by day. In line with this demand, a new product called Eco-Friendly Motor Insurance was added to Sompo Sigorta's motor insurance product portfolio in 2023. This new product offers a wide range of coverage options to fulfill customers' expectations and emphasizes the importance Sompo Sigorta attaches to sustainability. With the introduction of this new product, the Company acts with the awareness of its responsibility to leave a livable world for the future, thereby distinguishing itself within the sector.

The Solar Power Plant (SPP) Insurance product, which Sompo Sigorta offered to SMEs in 2020, stood out as an important step in supporting investment in renewable energy systems. This product continued to be promoted through communication activities in 2023. Developed to support companies investing in renewable energy, this product has attracted great interest in the sector.

Environmental-Friendly Motor Insurance

A new product called Environment-Friendly Motor Insurance was included in Sompo Sigorta's motor insurance product portfolio in 2023.

Sompo Sigorta sponsored the International Insurance Fair and Congress, organized for the second time in 2023, aiming to strengthen the future of the insurance sector and collaborations. The Congress gathered insurance, reinsurance, life insurance, and pension companies, as well as insurance agencies, insurance and reinsurance brokers, insurance appraisers, suppliers, and insurtech companies. During the International Insurance Fair and Congress, many panels were held on important topics such as "Sustainable Insurance in the Future," "Leadership Role of Companies in the Future," "Development and Future of Agricultural Insurance in Türkiye," and "Sustainability and Aging in Health."

Fahri Uğur, CEO and Chairman of the Executive Board of Sompo Sigorta, mentioned sustainability steps and emphasized the Company's goal of assuming leadership in sustainable insurance and providing long-term solutions to the sector in the panel "Sustainable Insurance in the Future." Within the scope of the event, the stand we sponsored was visited by hundreds of visitors, contributing significantly to the sustainable brand perception.

A person in a blue shirt is working on a laptop at a wooden desk. The desk is cluttered with various items: a green cup filled with wooden pencils, a small green tree-shaped desk ornament, a white wind turbine model, a small green toy car, and several papers with charts and graphs. The background is a bright window with white curtains.

Innovative products tailored to customer requirements

In line with its sustainability goals, Sompo Sigorta considers the requirements and expectations of its customers and continues to develop innovative products in this regard.

Names and Surnames, Terms of Duty, Areas of Responsibility, Educational Background, Professional Experience of the Chairman and Members of the Board, General Manager and Deputy Managers, Managers of Departments under the Internal Audit Systems

Recai Dalaş	Chairman of the Board of Directors/Chairman of the Audit Committee (Date of appointment: 01.01.2023-23.02.2023)
Educational Background:	Istanbul University/Business Administration Istanbul University/Accounting Audit-Master's Degree
Professional Experience:	1985-2001 Axa Oyak Sigorta 2001-2023 Sompo Sigorta-CEO 2023-Ongoing Sompo Sigorta-Chairman of the Board of Directors/Chairman of Audit Committee
Fahri Uğur	Vice Chairman of the Board/CEO (Date of appointment: January 1, 2023)
Educational Background:	Hacettepe University/Finance New York University/MBA
Professional Experience:	2002-2013 Undersecretariat of Treasury-Insurance Supervisor 2013-2014 Türk P&I Sigorta-Board Member 2013-2015 Halk Sigorta-Deputy General Manager (Technical) 2015-2023 Sompo Sigorta-Deputy General Manager (Financial Affairs) 2023-Ongoing Sompo Sigorta-Deputy Chairman of the Board of Directors/CEO
Besim Ergün	Board Member/Audit Committee Member (Appointment date: 26.03.2019-23.02.2023)
Educational Background:	Boğaziçi University/Civil Engineering
Professional Experience:	1991-2001: Axa Oyak Sigorta-Deputy General Manager 2001-2004: Meteksan Sistem ve Bilgisayar Teknolojileri-Deputy General Manager 2004-2013: Sompo Sigorta-Deputy General Manager 2013-Ongoing Sompo Sigorta-Member of the Board of Directors/Member of Audit Committee
Kemal Beceren	Deputy General Manager/Member of the Board (Dates of appointment: 2.04.2010-26.03.2019)
Educational Background:	Boğaziçi University/Computer Engineering Boğaziçi University/Business Administration-Master's Degree
Professional Experience:	1991-2000 QNB Finansbank-IT Group Manager 2001-2007 CarrefourSA - IT Group Manager 2007-2010 Sompo Sigorta-Coordinator 2010-Ongoing Sompo Sigorta-Deputy General Manager (Information Technologies and Operations)
Uğur Özer	Deputy General Manager/Member of the Board (Date of appointment: 1.08.2013-30.03.2023)
Educational Background:	Marmara University/Economics İstanbul University/Accounting and Financial Control-Post Graduate University of East Anglia/Economics-Masters and PhD
Professional Experience:	1991-2010: Undersecretariat of Treasury-Insurance Supervisor 2010-2013 Generali Sigorta-Deputy General Manager 2013-2021 Sompo Sigorta-Deputy General Manager (Claims) 2021-Ongoing Sompo Sigorta-Deputy General Manager (Corporate Technical and Corporate Sales)

Işın Mengenli	Deputy General Manager (Date of appointment: 16.02.2015)
Educational Background:	Boğaziçi University/Department of English Teaching New York University/Management and Organization
Professional Experience:	1995-1998 Yapı Kredi Bank-Human Resources Specialist 1998-2000 Dışbank-Human Resources Manager 2000-2005 Deloitte-Human Resources and Management Consultancy Manager 2005-2007 Deloitte-Human Resources Director 2008-2010 Hay Group-Human Resources Consultancy Director 2011-2014 Mercer-Human Resources Consultancy Director 2015-Ongoing Sompo Sigorta-Deputy General Manager (Human Resources and Academy)
Hasan Bayata	Deputy General Manager (Date of appointment: 01.10.2021)
Educational Background:	Istanbul University Faculty of Political Sciences/Public Administration
Professional Experience:	1998-2000 İnterbank A.Ş.-Sales Manager 2001-2017 Ak Sigorta A.Ş.-Sales Manager/ Regional Manager/Regional Sales Group Manager 2017-2021 Sompo Sigorta-Sales Coordinator of Regions 2021-2021 (October) Sompo Sigorta-Deputy Assistant General Manager of Sales 2021 (October)-Ongoing Sompo Sigorta-Deputy General Manager (Sales)
Ayhan Arslan	Deputy General Manager (Date of appointment: 01.10.2021)
Educational Background:	Uludağ University Faculty of Economics and Administrative Sciences/ Business Administration
Professional Experience:	1999-2009 Allianz Sigorta A.Ş.-Claims Manager 2009-2010 Mapfre Sigorta A.Ş.-Motor Claims Project Manager 2010-2013 Ergo Sigorta A.Ş.-Claims Logistics Manager 2013-2016 Axa Sigorta A.Ş.-Claims Deputy Director 2019-2021 Sompo Sigorta-Claims Coordinator 2021 (February)-2021 (October) Sompo Sigorta-Deputy Assistant General Manager of Claims 2021 (October)-Ongoing Sompo Sigorta-Deputy General Manager (Claims)
Müjde Aslan	Deputy General Manager (Date of appointment: 20.03.2023)
Educational Background:	Istanbul University-Economics (English)
Professional Experience:	1998-2003 Deloitte-Audit Supervisor 2003-2011 Deloitte-Audit Director 2017-2021 Özyeğin University-Lecturer 2011-2023 Deloitte-Insurance Sector Leader, Audit Partner 2023-Ongoing Sompo Sigorta-Deputy General Manager (Financial Affairs)
Şirzat Çetinkaya	Deputy General Manager (Date of appointment: 01.12.2023)
Educational Background:	Hacettepe University/Statistics METU/Financial Mathematics-Master's Degree Hacettepe University/Department of Actuarial Sciences-Master's Degree Dogus University/Financial Economics-PhD
Professional Experience:	2004-2008 Hacettepe University-Research Associate 2010-2012 Ak Sigorta-Responsible Actuary 2012-2018 Güneş Sigorta-Motor Insurance Technical Manager 2018-2021 BNP Paribas Cardif-Director 2021-2023 Sompo Sigorta-Personal Lines Insurance Director 2023-Ongoing Sompo Sigorta-Deputy General Manager (Personal Technical Deputy General Manager)

Names and Surnames, Terms of Duty, Areas of Responsibility, Educational Background, Professional Experience of the Chairman and Members of the Board, General Manager and Deputy Managers, Managers of Departments under the Internal Audit Systems

Bilgin Okyay	Internal Audit Manager
Educational Background:	Ankara University Faculty of Political Sciences-Economics Galatasaray University-Financial Economics Master's Degree
Professional Experience:	2001-2006 Vakıf Emeklilik ve Hayat A.Ş.-Internal Auditor-Assistant Internal Auditor 2006-2009 Garanti BBVA Emeklilik ve Hayat A.Ş.-Audit Board-Auditor 2009-2013 Liberty Sigorta - Internal Control (SoX) and Risk Management Manager - Senior Auditor 2013-2015 ACE (Chubb) Insurance Group Lmt.-Internal Audit Manager 2015-2021 Garanti BBVA - Garanti BBVA Emeklilik ve Hayat A.Ş./Audit Board-1 st Degree Auditor (2 years) - Garanti BBVA Portföy Yönetimi A.Ş./Internal Audit Manager (2 years) - Garanti BBVA Audit Board/Agile Coach (2 years) 2021-Ongoing Sampo Sigorta-Internal Audit Manager
Olgu Gümüş	Head of Internal Systems
Educational Background:	Istanbul Technical University/Management Engineering
Professional Experience:	2007-2009 Ernst & Young, Technology and Information Security Risk Services - Auditor/Consultant 2009-2011 Ergo Sigorta - Senior Internal Auditor 2011-2020 Generali Sigorta -Internal Control, Risk & Compliance Manager (6 years) -Business Development Manager (2 year) -Compliance Manager (Generali Global Health Services - Toronto / Canada) (1 year) 2020-2022 Sampo Sigorta-Internal Control, Compliance & Risk Manager 2022-2023 Sampo Sigorta-Risk Coordinator 2023-Ongoing Sampo Sigorta - Head of Internal Systems
Deniz Çelik	Internal Control and Compliance Lead Manager
Educational Background:	Doğuş University/International Relations Marmara University/International Relations and the European Union-Master's Degree
Professional Experience:	2007-2008 Accounting and Finance Academy Association-Congress Secretary 2008-2012 Dubai Group Sigorta-Compliance, Internal Control & Risk Management Specialist 2013-2018 Sampo Sigorta-Executive Assistant 2018-2021 Sampo Sigorta-Senior Legal and Compliance Manager 2021-Ongoing Lead Internal Control, Compliance Manager
Bilge Şahin	Actuarial Manager/Responsible Actuary
Educational Background:	Middle East Technical University/Statistics Middle East Technical University / Economics Minor
Professional Experience:	2012-2018 Insurance and Private Pension Regulation and Supervision Agency-Insurance Supervision Actuary Assistant 2018-2020 Insurance and Private Pension Regulation and Supervision Agency-Insurance Supervision Actuary 2020-2021 Ministry of Treasury and Finance, General Directorate of Foreign Economic Relations-Treasury and Finance Specialist 2021-Ongoing Sampo Sigorta-Actuarial Manager
Registration No.:	199

Information on Members of the Board of Directors

Information Concerning Transactions Carried Out by Members of the Board of Directors with the Company or on Behalf of Others, and Their Activities Under the Prohibition of Competition within the Framework of the Permission Given by the General Assembly of the Company as of Year-End 2023.

None.

Explanations on Administrative and Judicial Sanctions Imposed Against the Company and Members of the Board due to any Actions Against the Legislative Provisions as of Year-End 2023

None.

Financial Rights Provided to Members of the Board and the Senior Executives as of Year-End 2023

Financial rights provided to members of the board and senior executives are set out in footnote 1.6 with the title “Remuneration and similar benefits provided to the senior management” in the audit report which is included in the 2023 annual report.

Information on the Attendance of Members of the Board of Directors to the Relevant Meetings Held During the Accounting Period as of Year-End 2023

During the accounting period, 23 Board meetings were held with the participation of the Chairman and members of the Board of Directors.

Information on the General Assembly

If an Extraordinary General Assembly Meeting is Held During the Year, Information on the Extraordinary General Assembly Meeting, Including the Date of the Meeting, the Decisions Taken at the Meeting and any Actions Taken

No extraordinary general assembly meeting was held in 2023.

Fulfillment of General Assembly Decisions

All resolutions from the 2022 General Assembly meeting held on March 30, 2023 have been implemented.

Summary Report of the Board of Directors Submitted to the General Assembly

Our Company realized a premium production of TL 17,477 million in 2023.

As a result of this year's activities, our Company achieved a net profit of TL 2,644 million.

Our shareholders' equity reached TL 5,186 million together with TL 190 million in paid-in capital, with our liquid assets reaching TL 5,154 million with our asset volume reaching TL 21,919 million.

With these results, our Company generated a Return on Equity of 70% in 2023.

Fahri Uğur
Vice Chairman and CEO

Annual Report Compliance Opinion



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(Convenience translation of a report originally issued in Turkish)

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

To the General Assembly of Sampo Sigorta Anonim Şirketi

1) Opinion

We have audited the annual report of Sampo Sigorta Anonim Şirketi ("the Company") for the period of January 1 – December 31, 2023.

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

2) Basis for Opinion

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

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

We have expressed an unqualified opinion in our auditor's report dated March 13, 2024 on the full set financial statements of the Company for the period of January 1 – December 31, 2023.

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

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

- 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, straightforward, true and honest manner. In this report, the financial position is assessed according to the financial statements. The development of the Company and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

(Convenience translation of a report originally issued in Turkish)

c) The annual report also includes the matters below:

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

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

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

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

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

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

March 13, 2024
İstanbul, Türkiye

Information on Transactions Carried Out by the Company with the Company's Risk Group

The Company's reinsurance transactions are carried out on an in-house basis, independently of the shareholder, under the terms and application principles applicable to third parties.

We carry out cooperation with the recognized reinsurance companies which have been serving in the Turkish insurance market for many years, and which have been rated as acceptable by the various rating agencies.

Information on the transactions that the company carried out with company's risk group is provided in footnote 45 with the title "transactions with related parties" in the audit report which is included in the 2023 annual report.

Information on Internal Audit Activities

Internal audit activities in the Company are carried out by the Internal Audit Department and under the Board of Directors, taking into account the international auditing standards and within the legal framework as specified in the relevant regulation.

An annual audit plan and program are prepared and submitted to the Board of Directors for approval and audits are carried out in line with this program.

In 2023, the risk assessment study was carried out, and the audit of the departments and processes were divided and has been concentrated in high-risk areas. In this framework, risk-based audit activities were carried out in 3 departments of the Head Office and five processes. The findings in the reports issued after the audit were continuously monitored with the Jira system established.

One of the five process audits conducted in 2023 (Claims and Settlement Transactions) was carried out in compliance with the principles set out by the Insurance Supervision and Regulatory Board in the letter dated 18.11.2021 and numbered E-97354901-606.99-1684998. The Board determined the scope of the audit and conducted an assessment for each sub-heading in accordance with the shared timetable. The audit aimed to recognize and communicate business processes in the specified areas and review the adequacy of the control environment where it was noted.

JSOX studies, which started in 2019, continued also in 2023 with the provision of information/documents from the relevant departments and with regular meetings with SIH. JSOX activities are carried out through a common system which is also used by the holding.

Recommendations regarding the findings identified during the audit activities are formulated, the necessary actions for solution are requested from the units to this end, and developments regarding the actions are monitored. The relevant business units are asked twice a month to provide updates on the status of open findings actions, which are then updated in the holding system based on the responses received. In addition to these activities, the current status of audits and open findings are presented to the Audit Committee convening quarterly. Consultancy services are provided to the senior management and company departments upon request.

The Internal Audit Department conducts internal audit activities to achieve the following objectives:

- Protection of company assets,
- Carrying out the company's activities in accordance with the laws, insurance legislation, the company's policies, procedures and instructions,
- Compliance of the accounting scheme with generally accepted accounting principles, accuracy and reliability of financial statements,
- Effective and efficient use of company resources

It employs compliance audit, operation audit, system evaluation methods and related control techniques while carrying out internal audit activities.

The Internal Audit Department functions to provide maximum benefit from the current IT system. Audit activities are supported by automation systems which are designed to ensure that operations such as job acceptance, pricing and payments are carried out in accordance with the company's policies within the framework of the authorizations and rules set out in the procedures of the company.

During the audit activities carried out in 2023, no significant issues were identified which could have a negative impact on the company's financial structure.

Information on Financial Statements and Financial Structure, and Assessments on Financial Status, Profitability and Indemnity Solvency

Capital Adequacy Ratios

	2023	2022
Gross Written Premiums/Shareholders' Equity	3.37	4.16
Shareholders' Equity / Total Assets (%)	23.7	20.3
Shareholders' Equity / Technical Reserves (%)	36.6	31.1

Assets Quality and Liquidity Ratios

	2023	2022
Liquid Assets/Total Assets (%)	23.5	17.7
Liquidity Ratio	4.1	5.4
Current Ratio	1.3	1.2
Premium and Reinsurance Receivables / Total Assets	14.0	16.7
Agency Receivables / Shareholders' Equity (%)	21.4	29.7

Operating Ratios (%)

	2023	2022
Claim Premium Ratio (net)	85.7	100.9
Expense Ratio	28.9	31.1
Combined Ratio	114.6	132.0
Profit Before Tax/Gross Written Premiums	15.1	4.0
Technical Balance/Gross Written Premiums	15.5	3.5
Return on Equity	69.5	20.5

Profitability Ratios (%)

	2023	2022
Conservation Ratio	69.3	63.4
Claims Payment Ratio, Net-New Calculation*	41.2	40.3

* Claims Paid, Net/(Claims Paid, Net + Term End Pending Claims Reserve, Net)

Determination of Whether the Company's Capital Is Unrequited or Not, or Indebted or Not, and the Assessments of the Managing Body

TL Thousand	2023 June ^(*)	2022
Required Equity Amount for the Company	2,662,962	1,789,956
Company Shareholder's Equity Amount	4,307,883	2,509,800
Capital Adequacy Result	1,644,921	719,844

(*) Endeavors are underway to calculate the figures for the year-end of 2023.

Achievement of Targets Set in Previous Periods

An analysis of the Company's financial status and operating results indicates that 2023 was a year in which the Company maintained its profitability and achieved its targets during a steady growth.

Information on Risk Management Policies Applied by Risk Type

In order to monitor and control the risks it is exposed to, the Company has established an adequate and effective internal systems structure within the framework of the procedures and principles stipulated in the Regulation on Internal Systems in the Insurance and Private Pension Sectors. The Company has put its Governance and Internal Systems Policy in place, which includes the responsibilities regarding the internal systems and the regulations on how the internal systems are structured within the organization.

Operations within Internal Systems are managed by different departments. Internal Control and Compliance operations are managed by the Internal Control and Compliance Department, Risk Management operations by the Risk Management Department, Actuarial operations by the Actuarial Department, and finally, Internal Audit operations by the Internal Audit Department.

The 2023 annual activity plans regarding Internal Control and Compliance and Risk Management activities were approved by the Board of Directors. The Internal Control and Compliance Department and the Risk Management Department submit quarterly reports regarding their operations carried out under the annual activity plans approved by the Board of Directors to the Board of Directors through the Audit Committee established by the resolution of the Board of Directors dated February 23, 2023. The Audit Committee is a committee established to assist the Board of Directors in effectively fulfilling its obligations regarding internal system operations.

The Company has established an Internal Audit System in order to protect its assets, provide reasonable assurance regarding the control environment and to ensure that activities are carried out effectively and efficiently in accordance with the legislation, internal policies and insurance practices. The Internal Control System Policy and Internal Control Procedure, which include the duties and responsibilities related to this system, have also been put into effect.

The Internal Control operation aims to provide reasonable assurance regarding the adequacy and effectiveness of the controls in place. Internal Control activity is primarily performed by the business departments themselves. An Internal Audit Function is available within the company to support the departments in the implementation of processes or controls used by the business departments, to evaluate the adequacy, effectiveness, and compliance of these processes and the controls together with these departments, and to carry out the Internal Control activities as defined in the Regulation on Internal Systems in the Insurance and Private Pension Sectors.

Internal audit activities are carried out in three different stages within the company:

- First-level audits are performed by the business departments within the scope of their own operational processes
- Risk and Control Self-Assessment: By using risk control matrices, with the support of Internal Audit function, business departments carry out self-assessment of their competence and effectiveness by defining their own risks and controls
- Internal Control Tests: Testing the adequacy and effectiveness of processes or controls that reduce risks by the Internal Control function

The Company presents the findings and corrective actions identified in the Internal Control test activities carried out in 2023 to the Board of Directors on a quarterly basis through the Audit Committee.

The Company also adopted the Compliance Management System Policy and determined the standards regarding the compliance activities carried out within the organization and the management of compliance risks. As part of the determined Compliance Management System, the processes of defining, evaluating, managing and reporting compliance risks are defined. In order to continuously monitor compliance risks within the scope of the reporting process, Key Compliance Risk Indicators are defined and reported to the Board of Directors on a quarterly basis through the Audit Committee. The Outsourcing Service Policy has been put in place in order to manage risks related to service procurement.

The company has established a suitable communication channel so personnel may confidentially report problems they encounter and any issues related to customary practices which they deem suspicious to the relevant departments, management levels, the Internal Control and Compliance Department, and the Internal Audit Department. In this context, the Code of Conduct and Ethics Policy, as well as the Policy for Reporting Concerns and Preventing Retaliation, have been established.

The company has reviewed and documented the authorization and approval limits for personnel. In addition, a system has been implemented in which the authorizations are periodically examined and necessary measures are taken to ensure that they do not pose a potential risk to the company.

The Company also performs an Internal Control activity by analyzing the legal requirements regarding Business Continuity Management and takes remedial actions related to the findings according to the determined schedule. In this context, a Business Continuity Policy has been established and the Business Continuity Plan has been updated. Within the scope of business continuity management, business impact analysis studies were conducted and various informative activities were carried out to raise awareness of employees.

The Company has established a compliance program in line with the relevant legislation to prevent money laundering, the financing of terrorism, and in the context of combating the proliferation of weapons of mass destruction. The Company performs risk management, monitoring and control, and training activities within the scope of this compliance program through the Compliance Department. In 2023, the Policy and Procedure on the Prevention of Laundering of Crime Proceeds the Financing of Terrorism were updated, primarily improvements were performed in the scope and controls of risky customers, a general training was allocated to all employees via e-learning, and boutique training sessions were organized for 314 employees in line with the characteristics and requirements of the group to be trained. In addition, Personal Data Protection Law E-training and Global Competition Law Compliance Training were allocated to all employees.

The Company has determined risk management policies in order to monitor the continuity of its activities and the risk and return structure of future cash flows, and accordingly to monitor the quality and level of activities, to keep them under control and to revise them where necessary. Through these policies, a risk management system was established to identify, measure, monitor and control the risks which it is exposed to.

Within the scope of risk management activities, a risk management system has been implemented in which operational and compliance risks are defined and measured and where mitigation activities are defined, monitored and reported periodically. In this context, the Company has put its Operational Risk Management Policy into effect. Within the scope of the Operational Risk Management methodology, the Internal Loss Data Reporting procedure was implemented in order to identify and report actual or potential operational losses.

In addition to these measures, certain processes have been implemented in order to ensure that the quantifiable risks remain within determined limits and to monitor the use of these limits. The Company has determined the Risk Appetite Framework for 2023 and documented the risk tolerance levels it can take on, the risk limits which it will observe, the risk indicators to be followed and the actions to be taken when the limits are exceeded. These are then presented to the Board of Directors for approval. The Board of Directors are informed of any incidences of excess or not according to the determined risk appetite framework and risk limits.

As part of risk management activities, stress tests and scenario analyses were also carried out in order to measure potential risks and vulnerabilities that may arise from company-specific situations or financial markets and to conduct a future assessment of the risk profile. Finally, as in every year, the main risks which may jeopardize the fulfilment of the company's strategic goals were reported to the Board of Directors by both evaluating and defining mitigation actions in 2023.

Summary Financial Information Pertaining to the 5-Year Period, Including the Reporting Period

(TL Thousand)	2019	2020	2021	2022	2023
Gross Written Premiums	3,363,088	3,332,713	3,455,290	10,085,237	17,477,394
Technical Section Balance	410,277	417,017	193,943	353,456	2,713,778
Profit Before Tax	596,755	516,955	578,963	401,714	2,644,412
Tax	-126,212	-134,363	-255,414	58,443	-
Net Profit	470,543	382,592	323,549	460,157	2,644,412
Paid-in Capital	190,000	190,000	190,000	190,000	190,000
Shareholders' Equity	1,617,305	1,968,442	2,064,293	2,422,864	5,186,033
Total Assets	5,178,935	5,999,685	7,329,146	11,921,619	21,918,724

Information on the Dividend Distribution Policy and Recommendation on Use of the Undistributed Dividend, If the Dividend Is Not Distributed, with Reasons Thereof

In line with the company goals and the company group strategy, Sompo Sigorta distributes its dividend in accordance with the Turkish Commercial Code, tax laws and insurance legislation.

During the dividend distribution process, the balance between the interests of shareholders and the interests of the company is maintained and the adequacy of the resources for the distribution, profitability, cash status, capital requirement and financing policies are taken into account in reaching the dividend distribution decisions.

Dividend distribution is decided upon the proposal of the Board of Directors at the discretion of the General Assembly. The annual profit of the Company is determined according to the annual balance sheet. The General Assembly is authorized to decide on the transfer of some or all of the annual net profit to the following year, or to direct some or all of the annual net profit to extraordinary reserves. It is also authorized to decide on whether the dividend will be distributed in cash or be added to the capital and distributed within the legal periods stipulated in the relevant legislation. The General Assembly reserves the right to hold the remaining Company earnings after carrying out the necessary allocations in accordance with the law and the Articles of Association, and is independent of the proposal of the Board of Directors.

Dividend distribution is carried out on the basis of the net profit for the period recorded in the independently audited financial statements prepared in accordance with the current legislation. The amount is determined after the legal and optional reserves have been deducted from the net profit for the period as well as any other retentions required by the provisions of the law and articles of association.

The distribution of dividends, retention of earnings or decisions regarding optional reserves are not permitted without retaining mandatory legal reserves.

The profit accrued during the dividend distribution process may be paid at once or in several instalments. Dividend distribution methods are again decided by the General Assembly upon the proposal of the Board of Directors.

Dividend distribution issues are presented to shareholders at the General Meeting and disclosed to the public in the annual report within the framework of Information Disclosure Policy.

The Company's dividend distribution information for 2023 is included in the dividend distribution table in the audit report contained in the annual report.

Substantial Legislative Changes in 2023

Communique Regarding Performing Amendments on the Coefficients Used in the Calculation of Capital Adequacy

With the circulars on capital adequacy calculation entering into force on 04.01.2023, 12.07.2023, and 07.02.2024, adjustments were made in underwriting, asset, and reinsurance risk coefficients. In the circular dated 04.01.2023, it was announced that the positive difference between the required equity amount calculated using the changing risk coefficients and the required equity amount calculated using the risk coefficients determined in the regulation will not be taken into account in the calculation of the minimum guarantee fund and in the calculation of the capital adequacy ratio to be taken as a basis for dividend distribution without obtaining approval from the Agency.

Other Provisions

Information on Investments Undertaken by the Company in the Relevant Accounting Period

Major IT investments consist of improvements which ensure business continuity, increase system security and operational efficiency, and license investments.

Information on the Company's Direct or Indirect Subsidiaries and Share Ratios

	December 31, 2023		31 December 2022	
	Registered Value	Share Ratio %	Registered Value	Share Ratio %
Tarım Sig. Havuz İřlt. A.ř.	1,793,115	3.70	1,221,495	4.17
Subsidiaries, net	1,793,115		1,221,495	

Information on Any Lawsuits Filed Against the Company that May Affect the Company's Financial Position and Operations and Their Potential Consequences

Information regarding the lawsuits that may affect the financial situation and activities of the Company is disclosed in footnote no. "42" in the audit report included in the 2023 annual report.

Affiliation Report

In all transactions carried out with the controlling partner of the Company and the subsidiaries of the controlling partner in 2023, in accordance with the circumstances and conditions that are known to us at the time when the transaction is carried out or the measure is taken or avoided to be taken, it was concluded that appropriate countermeasures were provided in each transaction and no actions which may cause harm to the Company were taken (or required actions not taken), and within this framework, there are no transactions or actions that would require equalization.

Sompo Sigorta Fund Holders	Sompo Sigorta Shareholders
Sompo Holdings (Asia) Pte. Ltd.	Sompo Holdings (Asia) Pte. LTD. 100%

Sompo Sigorta Anonim Şirketi

**December 31, 2023
Financial Statements
Together With
Independent Auditors' Report
Thereon**

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sompo Sigorta Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Sompo Sigorta Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance, its cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

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

3) Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Incurred but not reported outstanding claims reserve</p> <p>As of December 31, 2023, the Company has insurance liabilities of TL 14.185.166.776 representing 65% of the Company's total liabilities. The Company made net provision of TL 6.913.763.925 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 9.417.877.034) 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. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review the incurred case files which selected randomly; obtained the signed lawyer letter from the Company's attorney for litigated case files; assessed the average claim amount and opening claim amounts determined by the Company's actuary; have performed the audit procedures related to the completeness of the data used in the correct calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Fatih Polat, SMMM
Partner

March 13, 2024
İstanbul, Türkiye

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

We confirm that the financial statements and related disclosures and footnotes which were prepared as of 31 December 2023 in accordance with the accounting principles and standards in force as per the regulations of Prime Ministry Undersecretariat of Treasury are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Individual Pension Companies” and the financial records of our Company.

Istanbul, 13 March 2024

Recai Dalaş

Chairman of Board of Directors’,
Chairman of Audit Committee

Fahri Uğur

Vice Chairman of Board of
Directors’,
Chief Executive Officer

Besim Ergün

Board of Directors’
Member,
Audit Committee Member

Olgu Gümüş

Head of Internal Systems
Audit Committee Member

Müjde Aslan

Chief Financial Officer

Günay Özkömürcü

Finance and Administrative
Affairs Coordinator

Bilge Şahin

Actuary
(Registry No. 199)

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Sompo Sigorta Anonim Şirketi**Balance Sheet as of December 31, 2023**

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
I- Current Assets			
A- Cash and Cash Equivalents	2,12,14	5.153.866.714	2.013.719.168
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2,12,14	3.840.029.953	629.797.591
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2,12,14	1.313.836.761	1.383.921.577
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		11.027.175.873	6.242.823.910
1- Available-for-Sale Financial Assets	11	5.055.899.561	3.238.843.782
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	11	5.971.276.312	3.003.980.128
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations	12	3.058.728.442	1.994.811.069
1- Receivables from Insurance Operations	12	3.149.120.270	2.040.369.063
2- Provision for Receivables from Insurance Operations	4,2,12	(91.384.602)	(46.550.767)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	466.295.182	274.035.666
10- Provision for Doubtful Receivables from Main Operations	4,2,12	(465.302.408)	(273.042.893)
D- Due from Related Parties	12,45	6.109.643	3.179.791
1- Due from Shareholders	12,45	6.109.643	3.179.791
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
E- Other Receivables	4,2,12	369.341.237	139.678.983
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4,2,12	154.997	153.925
4- Other Miscellaneous Receivables	4,2,12	369.186.240	139.525.058
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		1.555.751.756	990.446.387
1- Deferred Acquisition Costs	17	1.445.514.738	929.783.885
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	2,10,13	-	6.040.183
4- Other Prepaid Expenses	17	110.237.018	54.622.319
G- Other Current Assets		88.154.903	10.732.209
1- Stocks to be Used in the Following Months		-	164.790
2- Prepaid Taxes and Funds	19	86.158.997	6.783.697
3- Deferred Tax Assets		-	-
4- Job Advances	12	610.671	621.062
5- Advances Given to Personnel	12	819.558	491.854
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		565.677	2.670.806
8- Provision for Other Current Assets		-	-
I- Total Current Assets		21.259.128.568	11.395.391.517

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

Sompo Sigorta Anonim Şirketi

Balance Sheet as of December 31, 2023

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
II- Non-Current Assets			
A- Receivables from Main Operations		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	9	1.793.115	1.221.495
1- Investments in Equity Shares		-	-
2- Investments in Associates	9	1.793.115	1.221.495
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	6	297.998.549	232.422.442
1- Investment Properties	6,7	1.895.545	2.884.718
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property	6	191.734.283	191.734.283
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	95.050.818	63.677.659
6- Motor Vehicles	6	3.847.738	3.848.638
7- Other Tangible Assets (Including Leasehold Improvements)	6	4.548.829	3.972.582
8- Tangible Assets Acquired Through Finance Leases	6	71.105.826	16.762.031
9- Accumulated Depreciation	6	(70.184.490)	(50.457.469)
10- Advances Paid for Tangible Assets (Including Construction in Progress)	6	-	-
F- Intangible Assets	8	45.445.476	19.666.348
1- Rights		-	-
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	126.620.539	79.186.140
6- Accumulated Amortization	8	(81.175.063)	(59.519.792)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		4.879.890	3.241.064
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		4.879.890	3.241.064
H- Other Non-Current Assets		309.478.837	269.676.509
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	309.478.837	269.676.509
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		659.595.867	526.227.858
Total Asset		21.918.724.435	11.921.619.375

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

Sompo Sigorta Anonim Şirketi

Balance Sheet as of December 31, 2023

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
III- Short-Term Liabilities			
A- Financial Liabilities	13,20	24.939.125	5.767.100
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	40.655.785	6.999.725
3- Deferred Leasing Costs	20	(15.716.660)	(1.232.625)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
B- Payables Arising from Main Operations	19	1.253.111.911	887.089.794
1- Payables Arising from Insurance Operations	19	1.078.253.990	832.407.056
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	174.857.921	54.682.738
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties	19	2.065.438	242.063
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	2.065.438	242.063
6- Due to Other Related Parties		-	-
D- Other Payables	19	254.822.828	178.887.457
1- Deposits and Guarantees Received	19	56.030.566	28.902.393
2- Payables to Social Security Institution Related to Treatment Expenses	19	151.774.170	117.477.333
3- Other Miscellaneous Payables	19,23	55.002.010	32.523.415
4- Discount on Other Miscellaneous Payables	19	(7.983.918)	(15.684)
E- Insurance Technical Provisions	17	14.132.879.338	7.705.013.698
1- Reserve for Unearned Premiums - Net	2,24,17	7.159.610.136	4.164.982.898
2- Reserve for Unexpired Risks- Net	2,27,17	57.678.795	1.111.299
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	2,25,17	6.913.763.925	3.533.330.618
5- Provision for Bonus and Discounts - Net	17	1.826.482	5.588.883
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	19	239.596.820	134.182.423
1- Taxes and Funds Payable		226.516.587	122.624.178
2- Social Security Premiums Payable		13.080.233	11.558.245
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	19,35	-	-
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	19	-	-
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks	23	163.261.639	67.812.011
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	163.261.639	67.812.011
H- Deferred Income and Expense Accruals	19	564.231.796	407.995.946
1- Deferred Commission Income	10	524.079.073	404.471.134
2- Expense Accruals		-	-
3- Other Deferred Income	19	40.152.723	3.524.812
I- Other Short-Term Liabilities		-	35.113
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	35.113
III – Total Short-Term Liabilities		16.634.908.895	9.387.025.605

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

Sompo Sigorta Anonim Şirketi**Balance Sheet as of December 31, 2023**

(Currency: Turkish Lira (TL))

LIABILITIES			
IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
A- Financial Liabilities	20	31.149.404	3.478.879
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	35.077.302	4.052.922
3- Deferred Leasing Costs	20	(3.927.898)	(574.043)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
4- Payables to Social Security Institution		-	-
E-Insurance Technical Provisions	17	52.287.438	86.935.452
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2,26,17	52.287.438	86.935.452
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	23	14.346.172	21.314.982
1- Provisions for Employment Termination Benefits	23	14.346.172	21.314.982
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV - Total Long-Term Liabilities		97.783.014	111.729.313

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

Sompo Sigorta Anonim Şirketi

Balance Sheet as of December 31, 2023

(Currency: Turkish Lira (TL))

EQUITY			
V- Equity	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
A- Paid in Capital		190.000.000	190.000.000
1- (Nominal) Capital	2.13,15	190.000.000	190.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		100.047	100.047
1- Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		100.047	100.047
C- Profit Reserves	15	2.351.520.926	1.772.607.317
1- Legal Reserves	15	77.714.458	77.714.458
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	2.128.473.397	1.668.316.304
4- Special Funds	15	(10.944.831)	(9.287.702)
5- Revaluation of Financial Assets	15	147.469.845	27.056.200
6- Other Profit Reserves	15	8.808.057	8.808.057
D- Retained Earnings		-	-
1- Retained Earnings		-	-
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Year		2.644.411.553	460.157.093
1- Net Profit for the Year		2.644.411.553	460.157.093
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		5.186.032.526	2.422.864.457
Total Equity And Liabilities		21.918.724.435	11.921.619.375

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

Sompo Sigorta Anonim Şirketi**Statement of Income for the Year Ended December 31, 2023**

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2023	Audited Prior Period January 1- December 31, 2022
I-TECHNICAL SECTION			
A- Non-Life Technical Income		13.513.320.279	4.894.091.341
1- Earned Premiums (Net of Reinsurer Share)	17	9.062.473.838	3.306.350.827
1.1- Written Premiums (Net of Reinsurer Share)	17	12.113.668.572	6.394.513.686
1.1.1- Written Premiums, gross	17,24	17.477.394.237	10.085.237.185
1.1.2- Written Premiums, ceded	10,17,24	(4.793.899.414)	(3.397.510.694)
1.1.3- Written Premiums, SSI share		(569.826.251)	(293.212.805)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(2.994.627.238)	(3.128.446.175)
1.2.1- Reserve for Unearned Premiums, gross	17	(3.529.381.110)	(4.424.573.788)
1.2.2- Reserve for Unearned Premiums, ceded	10,17	409.502.248	1.159.976.098
1.2.3- Reserve for Unearned Premiums, SSI share	17	125.251.624	136.151.515
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(56.567.496)	40.283.316
1.3.1- Reserve for Unexpired Risks, gross	17	(18.625.935)	43.890.506
1.3.2- Reserve for Unexpired Risks, ceded	17	(37.941.561)	(3.607.190)
2- Investment Income - Transferred from Non-Technical Section	17	4.000.290.097	1.445.507.178
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4- Accrued Salvage and Subrogation Income	17	450.556.344	142.233.336
B- Non-Life Technical Expense		(10.799.542.710)	(4.540.635.059)
1- Incurred Losses (Net of Reinsurer Share)	17	(8.220.137.007)	(3.477.290.165)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(4.839.703.700)	(2.389.335.260)
1.1.1- Claims Paid, gross	17	(11.334.833.343)	(3.822.139.324)
1.1.2- Claims Paid, ceded	10	6.495.129.643	1.432.804.064
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(3.380.433.307)	(1.087.954.905)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(4.729.879.433)	(2.049.259.470)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	1.349.446.126	961.304.565
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		3.762.401	(3.514.902)
2.1- Provision for Bonus and Discounts, gross	17	3.762.401	(3.514.902)
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	34.648.014	(30.989.181)
4- Operating Expenses	32	(2.260.112.440)	(871.017.160)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
6- Other Technical Expense	47	(357.703.678)	(157.823.651)
6.1- Other Technical Expense, gross	47	(357.703.678)	(157.823.651)
6.2- Other Technical Expense, ceded		-	-
C- Net Technical Income-Non-Life (A – B)		2.713.777.569	353.456.282
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-

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

Sompo Sigorta Anonim Şirketi

Statement of Income for the Year Ended December 31, 2023

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2023	Audited Prior Period January 1- December 31, 2022
I-TECHNICAL SECTION			
E- Life Technical Expense		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share 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 Mathematical Provisions, gross		-	-
3.1.1-Actuarial Mathematical Reserve		-	-
3.1.2- Profit Share Reserve (Provision for Policies Relating to Life Insurance Policyholders)		-	-
3.2- Change in Mathematical Provisions, ceded		-	-
3.2.1- Actuarial Mathematical Reserve, ceded		-	-
3.2.2- Profit Share Reserve, ceded (Provision for Policies Relating to Life Insurance Policyholders)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
F- Net Technical Income- Life (D – E)		-	-
G- Pension Business Technical Income		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G – H)		-	-

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

Sompo Sigorta Anonim Şirketi**Statement of Income for the Year Ended December 31, 2023**

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2023	Audited Prior Period January 1- December 31, 2022
II-NON-TECHNICAL SECTION			
C- Net Technical Income – Non-Life (A-B)		2.713.777.569	353.456.282
F- Net Technical Income – Life (D-E)		-	-
I - Net Technical Income – Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		2.713.777.569	353.456.282
K- Investment Income		4.889.659.215	1.885.090.097
1- Income from Financial Assets	4.2	2.833.190.943	721.925.844
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	11	666.172.715	194.876.335
4- Foreign Exchange Gains	4.2	1.385.550.815	953.757.035
5- Income from Associates	4.2	805.426	423.464
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	4.2	159.721	613.421
8- Income from Derivative Transactions	4.2	-	13.018.812
9- Other Investments	4.2	3.779.595	475.186
10- Income Transferred from Life Section		-	-
L- Investment Expense		(4.245.972.884)	(1.712.257.670)
1- Investment Management Expenses (inc. interest)		(189.747.194)	(48.028.689)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(4.000.290.097)	(1.445.507.178)
5- Loss from Derivative Transactions	4.2	(12.079.424)	(178.451.495)
6- Foreign Exchange Losses	4.2	-	-
7- Depreciation and Amortization Expenses	6,8	(43.856.169)	(40.270.308)
8- Other Investment Expenses		-	-
M- Income and Expenses From Other and Extraordinary Operations		(713.052.347)	(124.574.305)
1- Provisions	47	(203.514.052)	(77.320.225)
2- Rediscounts	47	(590.386.884)	(144.276.239)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	92.017.183	101.401.054
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income	47	4.903.103	3.077.250
8- Other Expenses and Losses	47	(16.071.697)	(7.456.145)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		2.644.411.553	460.157.093
1- Profit for the Year		2.644.411.553	401.714.404
2- Corporate Tax Provision and Other Fiscal Liabilities	35	-	58.442.689
3- Net Profit for the Year		2.644.411.553	460.157.093
4- Monetary Gains and Losses		-	-

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

Sompo Sigorta Anonim Şirketi

Statement of Cash Flows for the Year Ended December 31, 2023

(Currency: Turkish Lira (TL))

	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
A. Cash flows from operating activities			
1. Cash provided from insurance activities		25.111.458.058	12.510.632.385
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(21.133.116.703)	(9.353.839.946)
5. Cash used in reinsurance activities		-	-
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		3.978.341.355	3.156.792.439
8. Interest paid		-	-
9. Income taxes paid	21	(86.158.997)	(73.440.156)
10. Other cash inflows		376.446.357	189.193.743
11. Other cash outflows		(464.271.309)	(1.068.273.904)
12. Net cash provided from operating activities		3.804.357.406	2.204.272.122
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6,8	4.045.900	-
2. Acquisition of tangible assets	6,8	(81.507.482)	(51.237.994)
3. Acquisition of financial assets	11	(21.435.827.805)	(11.813.444.827)
4. Proceeds from disposal of financial assets	11	18.476.134.608	11.145.439.388
5. Interests received		2.756.999.129	721.598.106
6. Dividends received	4,2	805.426	423.464
7. Other cash inflows		247.749.048	1.088.607
8. Other cash outflows		(817.572.207)	(1.414.565.031)
9. Net cash provided by / (used in) investing activities		(849.173.383)	(1.410.698.287)
C. Cash flows from financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid	2,23	-	(156.577.787)
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash provided by financing activities		-	(156.577.787)
D. Effect of exchange rate fluctuations on cash and cash equivalents		149.011.711	25.619.176
E. Net increase /(decrease) in cash and cash equivalents		3.104.195.734	662.615.224
F. Cash and cash equivalents at the beginning of the year	2,12	2.028.820.387	1.366.205.163
G. Cash and cash equivalents at the end of the year	2,12	5.133.016.121	2.028.820.387

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

Sompo Sigorta Hakkında

Statement of Changes in Equity for the Year Ended December 31, 2023

(Currency: Turkish Lira (TL))

Audited Changes in Equity – December 31, 2023												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – December 31, 2022		190,000,000	-	27,056,200	-	-	77,714,458	-	1,667,936,706	460,157,093	-	2,422,864,457
II- Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III- New Balances January 1, 2023		190,000,000	-	27,056,200	-	-	77,714,458	-	1,667,936,706	460,157,093	-	2,422,864,457
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets		-	-	120,413,645	-	-	-	-	(1,657,129)	-	-	(1,657,129)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	120,413,645
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	2,644,411,553	-	2,644,411,553
I- Other reserves and transfers from retained earnings	2.23, 15	-	-	-	-	-	-	-	460,157,093	(460,157,093)	-	-
J - Dividends paid	2.23	-	-	-	-	-	-	-	-	-	-	-
II - Balance at the end of the year – December 31, 2023		190,000,000	-	147,469,845	-	-	77,714,458	-	2,126,436,670	2,644,411,553	-	5,186,032,526
Audited Changes in Equity – December 31, 2022												
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment	Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
I - Balance at the end of the previous year – December 31, 2021		190,000,000	-	(35,367,656)	-	-	63,006,679	-	1,577,455,303	323,548,748	(54,350,069)	2,064,293,005
II- Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-
III- New Balances January 1, 2022		190,000,000	-	(35,367,656)	-	-	63,006,679	-	1,577,455,303	323,548,748	(54,350,069)	2,064,293,005
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
1- In cash		-	-	-	-	-	-	-	-	-	-	-
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains or losses that are not included in the statement of income	23	-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	11	-	-	62,423,856	-	-	-	-	(7,431,710)	-	-	(7,431,710)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	62,423,856
F- Other gains or losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	460,157,093	-	460,157,093
I- Other reserves and transfers from retained earnings	2.23, 15	-	-	-	-	-	14,707,779	-	97,913,113	(166,970,961)	54,350,069	-
J - Dividends paid	2.23	-	-	-	-	-	-	-	-	(156,577,787)	-	(156,577,787)
II - Balance at the end of the year – December 31, 2022		190,000,000	-	27,056,200	-	-	77,714,458	-	1,667,936,706	460,157,093	-	2,422,864,457

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

Sompo Sigorta Anonim Şirketi**Statement of Profit Distribution
for the Year Ended December 31, 2023**

(Currency: Turkish Lira (TL))

	Note	Audited Current Period December 31, 2023(*)	Audited Prior Period December 31, 2022(**)
1.DISTRIBUTION OF PROFIT FOR THE PERIOD			
1. PROFIT FOR THE PERIOD (*)		2.552.394.370	300.313.350
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		92.017.183	159.843.743
1.2.1. Corporate tax (Income Tax)		-	58.442.689
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		92.017.183	101.401.054
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)		2.644.411.553	460.157.093
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. 1.4. FIRST LEGAL RESERVE		-	-
1.5. 1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)	2.27	-	(166.541.001)
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5))] (**)		2.644.411.553	293.616.092
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To Common Shareholders		-	-
1.6.2. To Preferred Shareholders		-	-
1.6.3 1.6.3 To Owners of Participating Redeemed Shares		-	-
1.6.4 1.6.4 To Owners Of Profit-sharing Securities		-	-
1.6.5 1.6.5 To Owners Of Profit And Loss Sharing Securities		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1. To Common Shareholders		-	-
1.9.2. To Preferred Shareholders		-	-
1.9.3 To Owners of Participating Redeemed Shares		-	-
1.9.4 To Owners Of Profit-sharing Securities		-	-
1.9.5 To Owners Of Profit And Loss Sharing Securities		-	-
1.10. SECOND LEGAL RESERVE (-) (*)		-	-
1.11. STATUTORY RESERVE (-)		-	-
1.12. EXTRAORDINARY RESERVES (*)		-	-
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To Common Shareholders		-	-
2.3.2. To Preferred Shareholders		-	-
2.3.3 To Owners of Participating Redeemed Shares		-	-
2.3.4 To Owners Of Profit-sharing Securities		-	-
2.3.5 To Owners Of Profit And Loss Sharing Securities		-	-
2.4. DIVIDENDS TO EMPLOYEES (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		-	-
3.2. TO COMMON SHAREHOLDERS (%)		-	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

(*) Authorized member for profit distribution is General Assembly and as of financial statements date General Assembly meeting did not take place yet. Since profit distribution proposal for financial year 2023 is not yet prepared by Board of Directors, in 2023 profit distribution table only distributable net income for the period is stated.

(**) At the Ordinary General Assembly Meeting of the Company dated March 30, 2023, Company's net profit for the period from the operations of financial year 2022 is decided to transfer to extraordinary reserves.

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

1. General Information

1.1. Name and Structure of the Parent Company

As of December 31, 2023, capital group of Sompo Sigorta Anonim Şirketi (Formerly known as Sompo Japan Sigorta Anonim Şirketi) ("Company") whose capital is directly or indirectly controlled is Sompo Holdings (Asia) Pte. Ltd. (December 31, 2022 : Sompo International Holdings Inc.)

The Company was established in Turkey on March 30, 2001, pursuant to the license obtained from Republic of Turkey Ministry of Treasury and Finance to engage in all types of property and casualty insurance and reinsurance business under the name of Fiba Sigorta Anonim Şirketi. The Company's legal title was changed to Finans Sigorta Anonim Şirketi from Fiba Sigorta Anonim Şirketi on June 5, 2002 and changed back to with the Extraordinary General Assembly Decision dated 31 October 2007 Fiba Sigorta Anonim Şirketi from Finans Sigorta Anonim Şirketi through Board of Directors' Resolution numbered 2007/150 and dated August 13, 2007.

As of June 15, 2010, Fiba Holding AŞ, the Company's main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Turkish Treasury dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc. on November 2, 2010. European Bank For Reconstruction and Development has been taken over 399.600.000 shares with nominal value of TL 3.996.000 owned by Sompo Japan Insurance Inc on December 15, 2010. It was decided to change the title of the Company to "Sompo Japan Sigorta Anonim Şirketi" at the Ordinary General Assembly Meeting held on February 21, 2011.

Sompo Japan Insurance Inc. and Nipponka Insurance Co. merged under Sompo Japan Nipponka Insurance Inc. in 2014. The Company continued its activities under joint stock company after transferring 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction to Sompo Japan Nipponkoa Insurance Inc. with the decision of Board of Directors numbered 538 dated at October 31, 2016.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

The Company's 19,000,000,000 lots of share with a total value of TL 190,000,000 in Sompo International Holdings Ltd. were transferred first to Endurance Specialty Insurance Ltd. and then from Endurance Specialty Insurance Ltd. to Sompo Holdings (Asia) Pte Ltd. in accordance with the provisions of the Subsidiary Agreement concluded between Endurance Specialty Insurance Ltd. and Sompo Holdings (Asia) Pte Ltd. on May 17, 2023, and the resolutions of the Board of Directors dated May 17, 2023. This was published in the Trade Registry Gazette of Türkiye numbered 10844 and dated June 2, 2023.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

1. General Information

1.2. Residency and legal nature of the organization, its country of incorporation and registered address (or if different than the place of the registered office, the main place of the operation)

The Company is registered at Turkey in 2001 and has the nature of a Joint Stock Company established and organized under the provisions of the Turkish Commercial Code. The Company operates in address of Kavacık Rüzgarlıbahçe Mahallesi Çam Pınarı Sokak, No: 10 in Beykoz/Istanbul, Turkey.

1.3. Main Operations of the Company

The Company, operates all branches including fire and natural disasters, marine, water crafts, water crafts liability, motor vehicle, third party liability for motor vehicles (MTPL), accident, rail vehicles, air crafts, air crafts liability, general losses, general liability, suretyship, legal protection, credit, illness/health, support and financial losses branches except life branch within the framework of operating licenses received from the Republic of Turkey Ministry of Finance and Treasury.

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

The Company operates in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on June 14, 2007 in Official Gazette No.26552 and the other regulations and regulations issued by the Republic of Turkey Ministry of Finance and Treasury. The Company operates in insurance branches stated in Note 1.3. As of December 31, 2023, the Company works with all authorized 3.007 agencies (December 31, 2022: 2.714 agencies).

1.5. Average number of employees during the period by category

The average number of the employees in the period in by categories are as follows:

	December 31, 2023	December 31, 2022
Senior level executives	9	9
Other personnel	748	689
Total	757	698

1.6. Salaries and similar benefits provided to senior-level executives

Total amount of salaries and similar benefits provided to senior-level executives such as chairman and members of Board of Directors and general manager, assistant general managers as of January 1, – December 31, 2023 period is TL 93.494.933 (December 31, 2022: TL 54.581.417).

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

1. General Information (continued)

1.7. Keys used in distribution of investment income and operating expenses (personnel, management, research & development, marketing and sales, outsourced utilities and services and other operating expenses) in the financial statements

In accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Republic of Turkey Ministry of Treasury and Finance, the number of policies generated for each sub-branch in the last 3 years is distributed according to average of 3 ratios that are proportion of gross written premium number and claim notification number to total issued policy number, proportion of gross written premium number and claim notification number to gross written premium number and proportion of gross written premium number and claim notification number to claim notification number.

The Company transferred the entire income it obtained from investment of financial assets form non-technical section to technical section and left the other investment income in the non-technical section. As of December 31, 2023, the income transferred from non-technical to technical section this way is TL 4.000.290.097 (December 31, 2022: 1.445.507.178 TL).

1.8. Whether the financial statements contain a single company or a group of companies

The accompanying financial statements only contain the financial information of Sompo Sigorta Anonim Şirketi.

1.9. Name and other identification of the reporting entity and any changes occurred in this information since the previous balance sheet date

Company Legal Title:	Sompo Sigorta Anonim Şirketi
Company Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Çam Pınarı Sk. No:10, Beykoz / İstanbul
Company's Web page Address:	www.somposigorta.com.tr

The Company changed its headquarter address after previous reporting period. The address information of the Company as of the end of the previous reporting period is as follows:

Company Previous Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi, No:10 Acarlar İş Merkezi, C Blok, Beykoz / İstanbul
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1.10 Events Occurred after the Balance Sheet Date

Events occurred after the balance sheet date have been disclosed in Note 46.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies

2.1. Principles of Preparation

2.1.1. Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" as promulgated by the T.C. Ministry of Treasury and Finance based on Article 18 of the Insurance Law and Article 11 of the 4632 numbered Individual Pension Savings and Investment System Law ("Individual Retirement Law").

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

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Private Pension Companies" as promulgated by Turkish Republic the Ministry of Treasury and Finance based on Article 18 of the Insurance Law and Article 11 of the Private Pension Law.

In Article 4 of the related communiqué; it is stated that procedures and principles related to accounting of insurance contracts, subsidiaries, associates and joint ventures and presentation of unconsolidated and consolidated financial statements together with their explanatory notes which will be announced to the public will be determined by the further communiqués of the Republic of Turkish Ministry of Treasury and Finance.

Insurance and Reinsurance and Pension Companies prepares financial statements according to Communiqué on Presentation of Financial Statements of the Turkish Republic Ministry of Treasury and Finance that entered into force and published on the Official Gazette dated April 18, 2008 and numbered 26851.

Financial Statements are prepared 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

The balance sheet and the statement of income for the period ended December 31, 2023 is approved by the Company Board of Directors on March 13, 2024. The Company's General Assembly and/or legal authorities has the right to change the accompanying financial statements.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.2. Other accounting policies as applicable for better understanding of financial statements

Adjustment of Financial Statements in High Inflation Periods

In accordance with the Republic of Turkey Ministry of Treasury and Finance's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on January 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Republic of Turkey Ministry of Treasury and Finance. Therefore, as of March 31, 2014 and December 31, 2012, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

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 Financial Reporting in Hyperinflationary Economies requires entities whose functional currency is the currency of a hyperinflationary economy to report their financial statements in terms of the purchasing power of money at the end of the reporting period. Based on the statement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, Companies applying Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after December 31, 2023, adjusted for the effects of inflation in accordance with the accounting principles in "TAS 29 Financial Reporting in Hyperinflationary Economies". In the same statement, it is stated that the institutions or organizations authorized to regulate and supervise in their fields may determine different transition dates for the application of inflation accounting, and in this context, the Insurance and Private Pension Regulatory and Supervisory Board (SEDDK) announced that the financial statements of insurance and reinsurance companies as of December 31, 2023 will not be subject to inflation adjustment in accordance with the Board decision dated December 6, 2023. Therefore, "TAS 29 Financial Reporting in Hyperinflationary Economies" has not been applied and inflation adjustment has not been made in the financial statements dated December 31, 2023.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.3. Functional Currency

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

2.1.4 Rounding grade of amounts presented in financial statements

Financial information given in TL is rounded to the nearest full TL value.

2.1.5 Measurement basis used to prepare financial statements

The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation accounting until December 31, 2004, which is the end of the hyperinflationary period, except for those financial assets held for trading that are measured at fair value where reliable measurement is possible.

2.1.6. Changes and errors in accounting policies

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policy and no significant accounting errors detected in the current period.

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.

2.1.7 Changes in the 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.

2.1.8 New and revised standards and interpretations

The accounting policies adopted in preparation of the financial statements for the year ended as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the financial position and performance of the Company are disclosed in the related paragraphs.

i) New standards, amendments and interpretations effective as at January 1, 2023

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8 New and revised standards and interpretations (continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

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

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

Amendments to TAS 12 -Deferred tax on assets and liabilities arising from a single transaction

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

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

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

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

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8 New and revised standards and interpretations (continued)

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

The new standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of authorization of the financial statements and have not been early adopted by the Company are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and Footnotes, after the new standards and interpretations become effective.

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

In December 2017, POA postponed the effective date of the amendments to TFRS 10 and TAS 28 indefinitely, subject to the outcome of the ongoing research project on the equity method. However, early adoption is permitted.

The Company will assess the impact of these amendments when the standards are finalized.

TFRS 17 - New Insurance Contracts Standard

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the SEDDK:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8 The new standards, amendments and interpretations (continued)

Amendments to TAS 1 - Classification of liabilities as current and non-current

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

Overall, the Company does not expect a significant impact on the financial statements.

Amendments to TFRS 16 - Lease obligations in sale and leaseback transactions

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

Overall, the Company does not expect a significant impact on the financial statements.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8 The new standards, amendments and interpretations (continued)

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

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

Overall, the Company does not expect a significant impact on the financial statements.

iii) Amendments issued by the International Accounting Standards Board (IASB) but not issued by POA

The following amendments to IAS 21 are issued by the IASB but not yet adapted/issued by POA. Therefore, they do not form part of TFRS. The Company will make the necessary changes to its financial statements and Footnotes after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.2. Consolidation

It is requested to publish consolidated financial statements according to “Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies” (“Consolidation Communiqué”) published by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette No: 21097 dated December 31, 2008 and insurance, reinsurance and pension companies; In accordance with the Consolidation Communiqué, consolidated financial statements have not been prepared due to the Company has no subsidiaries. .

2.3. Segment Reporting

An operating segment includes the performance of the Company's business activities, including revenues and expenses incurred from transactions with other segments of operations, generating revenue and expenses, and ensuring that the results of operations are regularly audited and measured by the Board of Directors (as the competent authority to make decisions) and it is a part of financial information noticed. Due to the fact that the main geographical area in which the Company is operating is Turkey, no geographical segment reporting has been presented. Moreover, since the Company continues its activities in the field of non-life insurance, no reports have been presented according to segment.

2.4. Provision for Foreign Currencies

Transactions have been booked in TL, which is the functional currency of the Company. The transactions realized in foreign currency during preparation of the financial statements are converted into the functional currency over the rates effective on the transaction date. Assets and liabilities in foreign currency in the balance sheet are converted into Turkish Lira over the foreign exchange purchase rate of Turkish Central Bank. The exchange rate difference arising from these transactions is included in the income statement.

2.5. Tangible Fixed Asset

Tangible assets have been booked adjusted costs in accordance with inflation for the period until December 31, 2004. Any inflation adjustment is made for tangible assets in after period, the amount has been adopted as the cost amount indexed for inflation as of December 31, 2004. Since January 1, 2005 if the cost of the tangible assets purchased after financial expenses and foreign exchange differences are recognized as amounts deducted from their remaining value.

Gains and losses arising on the disposal of tangible assets are calculated as the difference between net proceeds and net book value of the related tangible asset and reflected in the income statement of the related period.

Normal maintenance and repair costs incurred for tangible assets booked as expense.

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 rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Buildings	50	2,0
Fixtures and installations	2-15	6,7-50,0
Motor vehicles	2-5	20,0-50,0
Other tangible assets (including leasehold improvements)	2-5	20,0-50,0
Tangible assets acquired through lease	5	20,0
Right of use assets	2-3	33,3-50,0

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.6. Investment Properties

Investment property is held to obtain rental income or capital gains or both. Investment properties are measured at acquisition costs to include transaction costs in initial recognition. The Company measures investment property on a cost basis for property, plant and equipment (cost minus accumulated depreciation, minus impairment loss if any) after initial recognition).

2.7. Intangible Fixed Assets

The Company's intangible assets consist of software programs. Intangible assets are carried at cost in accordance with TAS 38 – Intangible Assets Accounting Standard. The costs of intangible assets are subject to inflation adjustment considering the period until the end of the high inflation period, which is the date of the entry into force of the law, for the assets entered into the currencies before December 31, 2004 and entries after December 31, 2004 have been reflected to financial statements considering purchase price.

The Company deducts the amortization expense for intangible assets over their useful lives using the straight-line method over their cost value.

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 favorable to the entity.

Financial assets are classified into the following specified categories: financial assets as “financial assets held for trading”, available-for-sale’ (AFS) financial assets, “financial assets at fair value through profit and loss” and “loans and receivables.

Loans and receivables are non-derivative financial assets that have fixed or determinable payments, are not traded on an active market, and are created by providing money, goods and services to the debtor. Loans and receivables in the financial statements of the Company and provision for impairment are deducted and if there is interest receivable there is discounted value; if it is an interest rate receivable, it is accounted with the amortized cost calculated by the effective interest method.

Financial assets held to maturity are financial assets acquired with the intention to hold to maturity, other than fixed and determinable payments with fixed maturity and loans and receivables, including funding capability, conditions necessary to be held until maturity. Financial assets held to maturity are initially recognized at amortized cost using the effective interest method, less impairment losses, if any.

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

Some equity instruments quoted in active markets and some debt instruments held by the Company are classified as available-for-sale and are measured at fair value. The Company has some available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. In case of sale or impairment of the investment, the cumulative gain or loss accumulated in the valuation fund of financial assets is classified in the income statement.

Purchase and sale transactions of securities are accounted at the date of delivery.

Subsidiaries are classified as financial assets available-for-sale in the Company's financial statements. Subsidiaries that are not traded in organized markets and whose fair value cannot be reliably measured are recognized in the financial statements at cost after impairment losses are recognized.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.8. Financial Assets (Continued)

Derecognition of financial assets

Financial assets are derecognized when the Company loses control of the contractual rights on those assets. In this case, the realization of these rights, and the maturity occurs when the expiration or delivery.

2.9 Impairment on assets

Impairment of financial assets

For each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets has suffered an impairment. A financial asset or group of financial assets, and only about being the first to recognize that after one or more loss/ damage event that occurred, and such loss event of the related financial asset or group of assets that can be estimated reliably as a result of the impact on the estimated future cash flows when there is objective evidence that an impairment is assumed to be impaired and an impairment loss occurs.

Receivables are measured at the lower of the net amounts at the end of the period. In the event of a situation that shows that the amounts of the loans and receivables will not be collected on a regular basis, a provision is made up to the amount that can be collected for receivables.

The recoverable amount of equity instruments is the fair value of the instrument. The estimated recoverable amount of debt instruments that are measured at fair value is the present value of future cash flows discounted at the current rate of interest on the market.

An event that occurs after impairment records is reversed if the objective is objectively reversing the impairment. The reversal of the impairment in the financial assets measured at amortized cost and debt securities classified as available-for-sale is based on the income statement. Reversal of impairment on financial assets, which are classified as equity securities classified as available-for-sale financial assets, is directly attributable to equity.

Impairment of fixed assets

The Company assesses at each reporting date whether there is any indication that its assets may have been impaired. If such an indication exists, it estimates the recoverable amount of the related asset within the scope of TAS 36 - "Accounting Estimates of Impairment of Assets" and allocates provision for impairment if the recoverable amount is less than the carrying amount of the related asset.

The rediscount and provision expenses for the period have been disclosed in detail in *Note 47*.

2.10. Derivative financial instruments

As of December 31, 2023, due to forward foreign currency contracts the Company has not income accruals (December 31, 2022: TL 6.040.183) and the Company has no other financial liabilities due to foreign currency contracts (December 31, 2022: None). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.11. Offsetting Financial Instruments

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

Revenue and expenses have been stated net as to the profit or loss that arise only as long as the reporting standards permit, or for similar transactions such as the trading of the Company.

2.12. Cash and Cash Equivalents

"Cash and cash equivalents" that are essential for the preparation of cash flow statements can be expressed as cash on hand, cheques received, other cash and cash equivalents and demand deposits, time deposits in banks with original maturity of three months or less and securities which are not blocked for use.

As of December 31, 2023 and 2022, the details of cash and cash equivalents are as follows:

	December 31, 2023	December 31, 2022
Banks	3.840.029.953	629.797.591
Receivables from credit cards with bank guarantee due less than three months	1.313.836.761	1.383.921.577
	5.153.866.714	2.013.719.168
Interest income accruals of banks	(77.058.437)	(866.623)
Other cash and cash equivalents discount	56.207.844	15.967.842
Cash and cash equivalents in the cash flows statement	5.133.016.121	2.028.820.387

2.13. Capital

As of December 31, 2023, capital group of the Company whose capital is directly or indirectly controlled is Sompo Holdings (Asia) Pte. Inc. (December 31, 2022: Sompo International Holding Inc.). The Company's capital and shareholder structure are as follows:

As of December 31, 2023

Title	Share Amount (TL)	Share Rate (%)
Sompo Holdings (Asia) Pte. Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of December 31, 2022;

Title	Share Amount (TL)	Share Rate (%)
Sompo International Holding Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of June 15, 2010, Fiba Holding A.Ş., the Company's previous main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Republic of Turkey Ministry of Treasury and Finance dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc on November 2, 2010

As per the resolution of the Board of Directors dated November 1, 2010 numbered 2010/235, total 228.379.200 shares with nominal value of TL 2.283.792 owned by the real person-shareholders before the share transfer to Sompo Japan Insurance Inc., is transferred to Fiba Holding A.Ş.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.13. Capital (Continued)

As per the resolution of the Board of Directors dated November 2, 2010 numbered 2010/237, 2.807.876.700 shares owned by Fiba Holding A.Ş. with nominal value of TL 28.078.767 is transferred to Sompo Japan Asia Holdings Pte, 10.000 shares owned by Fiba Holding A.Ş, with nominal value of TL 100 is transferred to Sompo Japan Insurance (Singapore) Pte. Ltd, 10.000 shares owned by Fiba Holding with nominal value of TL 100 is transferred to Sompo Japan Insurance Company of America, 10.000 shares owned by Fiba Holding A.Ş, with nominal value of TL 100 is transferred to Japan Insurance Company of Europe Limited. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Girişim Faktoring AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Nipponkoa Insurance Inc.

399.600.000 shares owned by Sompo Japan Nipponkoa Insurance Inc. with nominal value of TL 3.996.000 is transferred to European Bank for Reconstruction and Development on December 15, 2010.

As per the resolution of the Board of Directors dated December 29, 2010 numbered 2010/268, total 370.833.000 shares with nominal value of TL 370.833 owned by the real person-shareholders is transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors No. 354 dated January 30, 2013, Sompo Japan Nipponko Asia Holdings Pte. Ltd. Owns 10.000 shares with a nominal value of TL 100, which is owned by Sompo Japan Nipponko Insurance (Singapore) Pte. 10.000 shares with a nominal value of TL 100 which the Company owns in the company, 10.000 shares with a nominal value of TL 100 with the shares of Sompo Japan Nipponko Insurance Company of America, 10,000 shares with a nominal value of TL 100 have been transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors numbered 538 dated October 31, 2016, 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction and Development were transferred to Sompo Japan Nipponkoa Insurance Inc.

It has been unanimously resolved to increase the total capital of the Company by cash amounting to TL 190,000,000 with the decision of the Board of Directors dated April 24, 2017 and numbered 563 and to amend Article 6 of the Articles of Association of the Company in the framework of the attached amendment text.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

The Company's 19,000,000,000 lots of share with a total value of TL 190,000,000 in Sompo International Holdings Ltd. were transferred first to Endurance Specialty Insurance Ltd. and then from Endurance Specialty Insurance Ltd. to Sompo Holdings (Asia) Pte Ltd. in accordance with the provisions of the Subsidiary Agreement concluded between Endurance Specialty Insurance Ltd. and Sompo Holdings (Asia) Pte Ltd. on May 17, 2023, and the resolutions of the Board of Directors dated May 17, 2023. This was published in the Trade Registry Gazette of Türkiye numbered 10844 and dated June 2, 2023.

The privileges granted to shares representing the capital: None.

Registered capital system in the Company: None.

The Company's own shares bought back: None.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.14. Insurance and Investment Contracts – Taxonomy

An insurance contract is a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums received within the scope of insurance contracts are recognized as income under the written premiums account.

Investment contracts are those contracts which transfer financial risk without 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.

2.15. Discretionary Participation Features in Insurance and Investment Contracts

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

- (i) That are likely to comprise a significant portion of the total contractual benefits;
- (ii) Whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) That are contractually based on:
 - (1) The performance of a specified pool of contracts or a specified type of contract;
 - (2) Realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
 - (3) The profit or loss of the Company, Fund or other entity that issues the contract.

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

2.16. Investment Contracts Without Discretionary Participation Features

As of the reporting date, the Company does not have any investment contracts without Discretionary Participation Features.

2.17. Payables

Financial liabilities represent liabilities resulting from transactions that require the transfer of cash or another financial asset to another entity. Financial liabilities in the Company’s financial statements are stated at discounted value. When a financial liability is paid, it is deducted from the records.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.18. Taxes

Corporate tax

Corporate income is subject to corporate tax at 20%. This rate is applied to as accounting income modified for certain exceptions (like dividend income) and deductions (like investment incentives) and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no distribution planned, no further tax charges are made.

According with the law numbered 7394, article 25 published in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%. With the Law No. 7456, it was decided that the corporate tax rate would be 30% in insurance companies.

As per "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was proposed on 13 January 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange, interest and other various financial income received from Turkish Lira assets deposited at least three months which were converted to Turkish Lira by converting foreign currencies or various gold resources into Turkish Lira are exempted from corporate tax.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. 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 applied as %15. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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 the Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years.

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.

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.18. Taxes (continued)

Deferred tax

In accordance with TAS 12 – *Turkish Accounting Standard for 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.

Transfer pricing

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

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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.19. Benefits Provided to Employees

Provision for employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of December 31, 2023 is TL 23.490 (December 31, 2022: TL 15.371).

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19-Employee Benefits. Therefore, as of December 31, 2023, actuarial calculations have been made for the related liabilities and recorded as TL 10.944.831 (deferred tax-free) actuarial loss in special funds under equity. (December 31, 2022: TL 9.287.702)

	December 31, 2023	December 31, 2022
Discount rate	3,35	3,39
Expected rate of salary/limit increase	49,00	25,00

The expected salary/limit increase ratio above is 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.

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.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition

Written Premiums

Written premiums represent the remaining amount after cancellations and tax deductions of policy premiums issued in previous years as well as policies issued during the period.

Subrogation and salvage income and other similar income

The accrued or collected subrogation, salvage and similar income items cannot be discounted in calculations related to the provision for outstanding claims that are accrued and determined on account (file outstanding) but are recognized in the income statement and under the relevant receivables account on the active side of the balance sheet.

To accomplish the assessment of salvage and subrogation receivables or income, the acquisition of the right of subrogation, to determine the exact amount and the term should not have been charged by the end of. According to the Turkish Commercial Code, in order to acquire the right of subrogation, compensation must be paid.

According to the Circular No. 2010/13 of the Republic of Turkey Ministry of Treasury and Finance dated September 20, 2010, the insurance companies must pay compensation to the insurers without having to obtain repayment from the insurance companies and must have received the insurance from the insurers and notify the insurance company or third parties. It is accrued to the extent that the indebtedness of the insurance company to the collateral limit. However, this amount is reserved against the counter insurance company within six months following the payment of the indemnity payment, or against the third party within four months.

On the other hand, if a protocol is signed between the debtor insurance company or the third parties and the repayment receivable together with the payment plan not exceeding twelve months in total within the six and four month periods described above, or if a document such as check or promissory note is taken for payment, Six months for the third person, and four months for the third person, and for the installments that are in the process of acceptance and collection.

As of December 31, 2023, the Company has presented no proceedings in gross salvage and subrogation receivables amounting to TL 511.502.171 (December 31, 2022: TL 211.872.929) and reinsurer's share amounting to TL 12.405.533 (December 31, 2022: TL 7.508.335) as subrogation and salvage receivables in receivables from main activities in technical income accounts. The receivable and salvage receivables amounting to gross TL 67.460.628 (December 31, 2022: TL 31.415.789) and the reinsurer share of TL 576.132 (December 31, 2022: TL 966.508), which are not collected in the above periods, have been provision in this receivable amount.

However, if a protocol that includes a payment plan exceeding 12 months in total is made or a document is received, a protocol must be signed for the receivable amount exceeding 12 months or maturity, or provision must be made on the date of receipt of the document. In addition, regardless of the payment dates specified in the protocol or received document, all of the installments received or outstanding in the event of any payment made in the twelve month period from the date of payment of the indemnity to the payment plan or in the event of a single maturity, it is necessary for the provision.

If the claim is made through litigation/execution the accrual will be made as of the date of commencement of these transactions and the provision for doubtful receivables is set as of the same date.

The Company has classified the net subrogation amounting to TL 455.570.085 (December 31, 2022: TL 263.310.570) in the doubtful receivables arising from the main activity by allocating the doubtful receivables provision for the remaining portion in the retirement of the proceeds from the litigation conducted through litigation and execution.

In order to accrue salvage income, all insurance costs of damaged goods should be compensated and those goods should be owned by insurance company or under the condition of secondarily ownership (salvage) by insurance company, the income generated from the sale of those goods has to be accrued on the related periods like salvage receivables. In that case, if goods which are under secondary ownership by insurance company are sold via third party (real/corporate) or given over to insurer or directly sold by Company, salvage income should be accrued and should not be deducted from paid claims or outstanding claims.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition (continued)

Subrogation and salvage income and other similar income (continued)

As of December 31, 2023 and December 31, 2022, collected subrogation and salvage income per branches are as follows:

	December 31, 2023	December 31, 2022
Motor vehicles	2.568.482.791	1.198.189.229
Third part liability for motor vehicles	52.797.365	44.154.850
Marine	8.254.956	4.890.167
Fire and natural disaster	4.660.533	2.636.194
General Losses	599.954	331.789
Other	50.694	54.001
Accident	354	-
Total	2.634.846.647	1.250.256.230

As of December 31, 2023 and December 31, 2022, accrued subrogation and salvage income per branches are as follows:

	December 31, 2023	December 31, 2022
Motor vehicles	420.140.050	162.197.728
Third part liability for motor vehicles	69.938.046	37.838.381
Fire and natural disaster	1.969.128	1.716.726
General losses	137.699	79.604
Accident	-	83.325
Marine	189.436	2.448.830
Other	6.722.279	-
Total	499.096.638	204.364.594

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 January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expense

Interest income and expense are recognized using the effective interest method by basis of accrual. The effective interest rate is the rate that exactly discounts the estimated future cash payments of financial assets or liability 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

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.22. Leasing Transactions

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

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

Tangible assets acquired by way of finance leases are recorded 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 asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are measured at 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.

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.

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. Profit Share Distribution

At the Ordinary General Assembly Meeting of the Company dated March 30, 2023, Company's net profit for the period from the operations of financial year 2022 is decided to transfer to extraordinary reserves.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.24. Unearned Premium Reserve

In accordance with the “Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” (“Communiqué on Technical Reserves”) which was issued in 26606 numbered and August 7 2007 dated Official Gazette and put into effect starting from January 1, 2008, the 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. In commodity transport insurance contracts with nonspecific due date, 50% of the remaining amount which is accrued in the last three months is reserved as unearned premiums reserve.

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

Since the Technical Reserves Regulation published on August 7, 2007 entered into force on January 1, 2008, Republic of Turkey Ministry of Treasury and Finance has issued the “Circular on the Provision of Insurance and Reassurance and Pension Companies’ Provisions for Compliance with the Provisions of the Insurance Law No. 5684” dated July 4, 2007 and numbered 2007/3 within the period between the publication date of the Technical Reserves Regulation and the date of entry into force (“Compliance Circle “). In previous calculations, earthquake premiums were deducted during the calculation of unearned premiums; After June 14, 2007 and the Circular for compliance of policies issued, net of unearned premiums should not be stated that during the earthquake premium provisions. Accordingly, the Company began to calculate the unearned premium reserves for the earthquake premiums written after this date, when the Company did not calculate the unearned premium reserves for the earthquake premiums written before June 14, 2007.

According to the Regulation on the Amendment of the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets to be Invested in These Reserves, published in the Official Gazette dated July 28, 2010 and numbered 27655, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies.

According to the Regulation Regarding the Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets That This Provisions are Invested, published in the Official Gazette dated July 28, 2010, numbered 27655, during the calculation of the unearned premiums liabilities related to insurance contracts that is indexed to currency, if not determined any currency on the insurance contracts, the selling currency rate announced by the Central Bank of the Republic of Turkey on the Official Gazette is taken into consideration .

As of the balance sheet date, the Company has allocated unearned premium reserves in the financial statements amounting to TL 9.928.307.784 (December 31, 2022: TL 6.398.926.674) and reinsurer share for unearned premiums amounting to TL 2.451.548.454 (December 31, 2022: TL 2.042.046.206). In addition, the share transferred to Social Security Institution for unearned premiums have been TL 317.149.194 (December 31, 2022: TL 191.897.570).

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the balance sheet date as well as the corresponding handling costs. Incurred but not reported claims ("IBNR") are also provided.

Claims incurred before the accounting periods but reported subsequent to those dates are accepted as incurred but not reported ("IBNR") claims. In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation of branch-basis, adjusting prices, selection of most appropriate method to be interfere with the development factors are performed by the Company's actuary. Incurred but not reported ("IBNR") calculation methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuetter Ferguson. The selection of the data to be used on a branch basis will be made by the company actuary by using the actuarial methods to intervene in the development factors and the selection of the most appropriate method and development factors and the adjustment factors and these issues will be detailed in the actuarial report to be submitted to the Republic of Turkey Ministry of Treasury and Finance in accordance with Article 11 of the Actuarial Regulation.

IBNR is used to estimate the amount of provision that should be set aside in the current period based on the historical loss incurred. As of December 31, 2023 and December 31, 2022, the Company has preferred the Standard Chain Method in all branches. In the ACLM table the large loss elimination was made as outlined on September 20, 2010 (Box Plot method). Logarithmic loss distribution in suretyship, watercraft liability, aircraft, fire and natural disasters and aircraft branch was examined and large loss elimination was done according to percentile method and for other branches according to Box Plot method.

	December 31, 2023		December 31, 2022	
	Number of Eliminated Files	Big Claims Threshold	Number of Eliminated Files	Big Claims Threshold
Suretyship	-	-	23	1.873.200
Aircraft	1	1.289.675	1	1.289.675
Watercraft Liability	4	6.651.729	4	4.251.146
Fire and Natural Disasters	209	5.044.667	84	3.800.502
Total	214		112	

Following the related circular, IBNR has been calculated gross by Company's actuary using the methods listed below by considering claim periods. For related gross IBNR amounts among the related claim periods net IBNR has been calculated by considering reinsurance rates to register the effect of current reinsurance agreements.

		December 31, 2023		December 31, 2022	
	Using Method	IBNR to Reserve (100% transaction level - Salvaged)	IBNR without accrued salvage (%100 level - negative %100)	IBNR to Reserve (100% transaction level - Salvaged)	IBNR without accrued salvage (%100 level - negative %100)
Motor Vehicles	Standard	107.599.983	(256.897.045)	(89.917.566)	(219.631.329)
Water Crafts	Standard	5.359.401	4.096.493	2.725.647	2.725.647
Third Party Liability for Motor Vehicles (MTPL)	Standard	8.874.222.322	8.818.206.161	3.275.067.681	3.244.308.295
Facultative Motor Liability	Standard	247.613.470	245.738.352	100.161.728	91.923.261
Water Crafts Liability	Standard	2.070.683	2.070.683	475.711	391.363
Fire and Natural Disasters	Standard	45.764.353	39.725.655	23.069.338	18.463.146
Accident	Standard	4.760.875	4.760.875	4.945.649	4.890.470
General Losses	Standard	109.365.891	108.704.087	43.429.106	42.894.009
Financial Losses	Standard	10.192.873	10.192.873	7.514.053	7.514.053
Health	Standard	3.740.931	3.740.931	2.373.607	2.373.850
Marine	Standard	51.739.151	39.768.650	26.787.599	21.618.392
General Liability	Standard	658.175.328	658.129.877	306.286.740	306.286.740
Suretyship	Standard	12.914.062	12.914.062	(1.073.047)	(1.307.909)
Legal Protection	Standard	915.106	915.106	875.830	812.779
Total		10.134.434.429	9.692.066.760	3.702.722.076	3.523.262.767

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Company has considered the 100% result of IBNR calculation and has reflected TL 10.134.434.429 (December 31, 2022: TL 3.702.722.076) gross and TL 716.559.084 (December 31, 2022: TL 313.935.921) reinsurance share on financial statements. The amounts transferred to the Traffic and General Liability pool for IBNR account are not shown above. As of December 31, 2023 Company has reflected net amount of TL 6.913.763.925 (December 31, 2022: TL 3.533.330.618) outstanding claims reserve on its financial statements.

In accordance with the Provisional Article 12 of the Regulation Amending the Regulation on Tariff Application Principles in Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette dated July 11, 2017 and numbered 30121, it has been announced that the Pool of Risky Insurers was established as of April 12, 2017. Accordingly, the amounts calculated for damages received from the pool are included in the IBNR calculation.

Company has separated death and disability compensation with treatment costs according to circular numbered 2011/18, and only treatment costs are included in the calculations made for preparing the financial statements.

Within the scope of third party liability for motor vehicles (MTPL) Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111 and within the scope of Compulsory Third Party Liability Insurance for Road Passenger Transportation and Compulsory Road Passenger Transportation Personal Accident Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111, the factors to use are notified by Republic of Turkey Ministry of Treasury and Finance.

Within this scope, Company has reflected the notified and calculated amounts to its financial statements which are calculated according to the explanations made in circular numbered 2011/18 before and after the publishing date of the law.

Additional reserve for claims from the pool has been calculated in December 31, 2023 and using %144 (December 31, 2022: %126) final loss/premium ratio -over 100 base premium- according to Risky Insureds Pool Actuarial Valuation Report on Estimate of Final Loss/Premium Ratio Range which is sent by Turkish Motor Insurers Bureau at December 28, 2023.

Regarding the law and legislations mentioned above, due to the transfer to SSI, as of December 31, 2023, the Company has TL 151.774.170 (December 31, 2022: TL 117.477.333) liability in short term liabilities due to SSI from treatment costs. As of December 31, 2023 the amount of premium transfer to SSI related with the period after the law is TL 569.826.251 (December 31, 2022: TL 293.212.805).

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Regulation related with “Litigious Outstanding Claims” in the scope of “Circular related with the explanations about the calculation of Incurred but Not Reported (IBNR) indemnity provision” numbered 2011/23:

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

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

In accordance with the “Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Claims Provisions” dated January 15, 2024 and numbered 2024/3, the discount calculation as of 31 December 2023 has been made by considering the annual rate of 35%. As of December 31, 2023, the Company has calculated the net discount amount against outstanding claims as TL 5.372.103.023 (December 31, 2022: TL 1.644.125.657, calculated with 22% discount rate).

2.26. Equalization provision

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. Provisions are made until it meets the 150% of the highest amount of net premium written in the last 5 years.

Following the end of the 5th year, depending the premium production amount under the condition of provision amount is lower than the previous year balance sheet amount, the difference is classified in the other profit reserves under the owner’s equity. Related amount which is transferred to equity could be kept as a reserve or may be subject to a capital increase or may be used in the compensation payments.

If the damage occurs, amounts hit the reinsurer and amounts which are under exemption limit can not be deducted from equalization reserve. If there are claims paid due to the commitments given, starting with the provision made 1st year, it is deducted from the provision by using the FIFO method.

Equalization reserves are stated in the accompanying financial statements under the non-current liabilities in the “Other Technical Reserves” account. As of balance sheet date, net TL 52.287.438 (December 31, 2022: TL 86.935.452) equalization reserve is booked.

Following the “Circular About Usage of Equalization Reserve and Additional Explanations for Some Circulars” published by Republic of Turkey Ministry of Finance numbered 2012/1, equalization reserve booked for the related branches for the beginning years, is booked as debit in balance sheet and is booked as credit in Change in Other Technical Provisions account.

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Notes to the Financial Statements as of December 31, 2023

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2. Summary of Significant Accounting Policies (continued)

2.27. Unexpired Risk Reserves

Within the framework of Regulation on Technical Reserves, as of each balance sheet date, Companies has to make liability adequacy test for the last 12 months, while booking the unexpired risk reserves, due to the possibility of claims and compensations to occur according to the current insurance contracts are higher than the unexpired risks reserves booked for those insurance contracts. While making related test, net unexpired risks reserves amount should be multiplied with the expected net claim premium ratio. Expected net claim premium ratio is calculated by dividing incurred claims (outstanding claims (net) + paid claims (net) – ceded outstanding claims (net)) into earned premium (written premiums (net) + ceded unexpired risks reserve (net) – unexpired risk reserve (net)). While calculating the earned premiums, ceded unexpired risk reserves and commissions paid to intermediaries and deferred portion of commissions received from reinsurer which are stated as net in the unexpired risk reserve of the period are ignored.

In accordance with the Circular No. 2022/27 of the Insurance and Special Regulation and Supervision Agency dated 24 October 2022, "the best estimate to be made on the basis of underwriting year" has been added to the methods used in the calculation of unexpired risk reserve.

Within the scope of the 2nd paragraph of the 3rd Article of the Circular, the gross loss/premium ratio can be calculated by the insurance companies by including indirect premiums over the total of the last four quarters including the current period, based on the underwriting year. In calculating the amount of incurred losses by the company actuary, the immaturity of the damage development process for the underwriting year in terms of policies written in the last year is also taken into account within the framework of the best estimation principles.

Within the scope of Article 3, Paragraph 6 of the Circular, the amounts of the indirect premiums related to the works in which 100% of production is transferred to the pools established in Turkey are not included in the loss premium calculation of direct premiums. Since the liabilities of the companies regarding these productions arise only from the indirect production, the calculation is made separately from the other production of the branch, taking into account only the indirect productions and damages and other income and expense items in this line of business, so as to determine the actual liability of the company for these businesses."

In accordance with relevant regulation, in Third Party Liability for Motor Vehicles line of business, in order to balance fluctuations caused by the effects of the additional premium increases and the effects of retrospective damage cost increases, "Underwriting Year" is used in stead of "Accident Year" in the calculation of best estimate loss/premium ratio calculations.

Accordingly, as of the reporting date, the Company has accounted for reserve for gross unexpired risk amounting to TL 75.766.043 (December 31, 2022: TL 57.140.109) and TL 18.087.248 for reinsurance share of unexpired risk (December 31, 2022: TL 56.028.810).

The Company has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.28. Related Parties

Parties are considered related to the Company if;

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

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

As an aim of the financial statements partners, upper level managers and board of directors, affiliates controlled by themselves and their family or affiliated companies to themselves, participations and jointly controlled entities are accepted as related parties.

2.29. Earnings per Share

According to TAS 33 "Earnings Per Share" standard, companies whose shares are not traded on the stock exchange do not have to disclose earnings per share. Since the Company's shares are not traded on the stock exchange, earnings per share have not been calculated in the attached financial statements.

2.30. Events After Reporting Date

As of the end of the Company's reporting period, events after reporting period which gives additional information of Company's financial position (events occurred after reporting period and which need to be adjusted) are reflected to financial statements. Significant events occurred after reporting period and not needed to be adjusted are explained in the disclosures.

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3. Significant Accounting Estimates and Requirements

The preparation of financial statements requires the use of estimates and assumptions which define possible liability and commitments as of balance sheet date and income and expenses for the period ended. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are reviewed regularly and changes are made in the profit and loss accordingly. Major accounting estimates made by the Company are related with outstanding claim reserves and other technical reserves and impairment of assets, and these estimates and assumptions are disclosed in the notes. Further, significant estimates used in preparation of financial statements as follows.

Benefits Provided to Employees

The Company has calculated and accounted employment termination benefit in the accompanying financial statements using actuarial estimations. As of December 31, 2023, Company's employment termination benefit is TL 14.346.172 (December 31, 2022: TL 21.314.982).

Doubtful Receivables from Main Operations

Company has made allowance for doubtful receivable amounted TL 9.732.323 (December 31, 2022: TL 9.732.323) on its financial statements ended as of December 31, 2023, for receivables under the executive and legal follow-up phase from insurance companies and intermediaries. Besides, Company has made provision amounted TL 24.500.106 (December 31, 2022: TL 16.101.486) for receivables from insurance operations which are not under legal follow-up but Company believes that receivables are not collectible.

Subrogation Receivables

As of December 31, 2023, Company has booked net subrogation receivables amounted TL 455.570.085 (December 31, 2022: TL 263.310.570) according to the accrual basis for the subrogation receivables under legal and execution phase and for the not confirmed personal subrogation receivables before allowance for doubtful receivable (after deducting the reinsurance share).

Outstanding Claim Reserve

When calculating the outstanding claims reserve, many estimates and provisions, as well as definitive evidence such as experts, expert opinions, consultant views are applied. It may take a long time for the amount of outstanding claims to reach the definitive end. For this reason, actuarial chain ladder method is used to calculate the outstanding claim reserve based on the experience of the Company in previous years. In the past years, the development of the damage has been used in the calculation of future damage amounts. This calculation is based on the development of the claims paid, the average amount of compensation per claim in the past, the number of past claims and the expected loss/premium ratio. In accordance with the Technical Reserves Regulation, as of September 30, 2010, the basis of the application of actuarial chain ladder methods determined by the Republic of Turkey Ministry of Treasury and Finance for the fiscal period is calculated but the unreported compensation amount is calculated. The difference between the accrued and provisioned outstanding claims provision and the selected actuarial chain ladder method is realized but not reported.

In addition, in the branches where the actuary has performed major damage dismantling, the next year qualification difference calculation is performed for the big damages that are extracted. Major damage elimination is calculated in accordance with the "F-Major Damage Article" of the General Assembly dated December 5, 2014 and numbered 2014/16 issued by the Republic of Turkey Ministry of Treasury and Finance. Major Damage Elimination Branches are Land Vehicles, Traffic, Fire and Natural Disasters, Water Vehicles Liability, General Losses, Financial Losses, General Liability, Direct Surety and Optional Financial Liability.

As of December 31, 2023, Company's net outstanding claims reserve is TL 6.913.763.925 (December 31, 2022: TL 3.533.330.618).

Deferred Tax

When determining the deferred tax assets, various estimations and evaluations are used. As of December 31, 2023, the Company has calculated and booked deferred tax asset amounted TL 309.478.837 (December 31, 2022: TL 269.676.509).

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Notes to the Financial Statements as of December 31, 2023

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4. Insurance and Financial Risk Management

4.1. Insurance Risk Management

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Risk is incidental due to the nature of the insurance process. The most basic risk in insurance contracts is the possibility of realized claims and rights and benefits provided to policyholders are realized above the technical provisions in the financial statements made for insurance contracts.

In every field and stage of insurance operations the definition of risk is made clearly and risk is abolished, possibilities of risks under control or to be insurable should be examined comprehensively.

First condition to manage risk is being able to define the risk. Basic risk fields to manage in Insurance Operations by Company are identified as follows:

- Insurable assets
- Pricing models, tariff structure
- Reinsurance
- Optimum conservation
- Claim costs
- Intermediaries
- Insurance contract provisions

The most significant resource to manage the risk is the convenience of the data for analyzing which is produced by Company's operations (premium production resources, client, policy, product, branch, commitment, claim file, numbers, premiums etc.).

Risk, in essence is a variable factor, therefore it is vital for Companies to follow the development of risk down to the last detail and form and/or direct strategies according to risk. To manage risk, essential point is to set up and activate internal control mechanisms for the identification of risk areas and points. For this purpose, Company primarily has formed committees for risks for which they regard as significant. Agency Risk Tracing Committee, Pricing and Watching Tariffs Committee, Claim and Risk Acceptance Basics Committee are the main committees formed for risk management.

Insurable Assets

In insurance, segmentation is crucial for the identification of insurable assets. As it is prescribed by the law, segmentation by branches, is not enough for the definition of risk. Defining various factors separately by Company via the systems maintain meaningful connections like client, client's insurance demands, operation type, locality, external factor, past statistics, possible damage volume and frequency, insurable securities and assets become convenient for pricing. In this stage today's communication platforms and technological advances enable to make faster and more accurate definitions.

In addition to these, during insurance of Small and Middle-Sized Enterprises ("SME") and industrial risks, risk acceptance and expertise evaluation criterias should be identified clearly and should put down in black and white. Criteria for the acceptance of this kind of significant risks must be convenient with the scope of reinsurance contracts made.

Pricing Models, Tariff Structure

Most important resource for to create the price of an insurance product is the past statistics. By using the advanced technology, the accuracy of statistical data, security, entrance to the system convenient for creating price and tariff and becoming meaningful information in the data set become possible. For this purpose, the Company has made software investment in 2008. By this investment detailed analysis can be made on the basis of distribution channel, risk location, style of use, client and policy. By this analysis damage frequency and violence modeling systems and tariff and pricing process are implemented much more sensitively. With the developments in planning and reporting fields, the effect of analysis of Company's premium production for current and previous year to period end and future periods can be made via using current data and projected assumptions.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk Management (continued)

Reinsurance

Company is under risk due to assets taken under insurance commitment. By considering the qualification (risk size, risk possibility) of insurance assets and Company's equity power, Company transfers some part of risks taken on to reinsurers via made agreements. After this transfer, while Company is sharing the obtained premiums with transfer rate to reinsurer, Company takes commission over it and shares the claim liability that it has to endure with same transfer rate to reinsurer too.

The power of the reinsurer that Company has made agreement for risk sharing, dependency of the matters that put sides under obligation, criteria to transfer reinsurer (which kind of risks, commission to receive, payment dates etc.) are determined as the significant risk areas in this matter.

Company transfer the risks as part of the proportional reinsurance agreements with surplus and quota-share treaties by branches. For the business which exceeds treaty capacities varies for different branches, facultative reinsurance is practiced by technical units.

The reinsurers who worked mostly and their last credit ratings are as follows:

Reassurer	Grading	Standard & Poors		Grading	AM Best	
		Appearance	Date		Appearance	Date
Milli Re	trBBB-	-	April 25, 2022	C	Negative	September 22, 2022
Sompo Japan Insurance Inc.	A+	Stationary	April 25, 2022	A+	Stationary	September 16, 2022
Mapfre Re	A+	Stationary	July 21, 2022	A	Stationary	October 19, 2022
Munich Re	AA-	Stationary	May 31, 2022	A+	Stationary	July 27, 2022
Everest Re	A+	Stationary	May 20, 2022	A-	Stationary	June 15, 2022
QBE	A+	Stationary	May 31, 2022	A	Stationary	April 7, 2022

Optimum Conversation

Some of the risks that Company decided to adopt are valid which is similar to the risk emerged during the reinsurance plan matter. For the risks which is under its conservation, Company purchases protection in definite criterias ("XL") too. Company management believes that Company's data set's (statistics) quality helps the right evaluation of these data and the determination of optimum conservation level.

Claim Costs

Claim costs is the Company's main expense factor. From the risk standpoint, alongside it's a direct cash outflow factor, due to the obligation of compensating the victimization of insured, every process from the notification of claim to the payment of claim should be divided into risk areas and should be followed. Claim handling costs are settled down to every claim has reached to its real compensation amount and to provide that every claim has been paid to right person or institution. During this process, arrangement of insurance policy, client, insured assets, quality of claim, expertise, elimination of claim, spare parts and labor etc. and other expense items are the risk and cost factors and they directly affect the technical results of the Company. Company follows the relevant risk related with claim costs via Claim and Risk Acceptance Basics Appraisal Committee.

Intermediaries

Company realizes significant part of premium production from insurance intermediaries (agency, broker, banks etc.). Authorities of policy issuance and premium collections of intermediaries are transferred authorities from insurance companies. From the selection of risk and client to offer right price, on the other hand from incurred claims to collection of premium on time the senility that Companies are responsible to show is to be expected from agencies too. However, Company makes the controls whether authorized agencies rule their operations or not convenient with Company's policy, via analyzing the collected data by agency.

At the same time, in order to manage receivable transfer risk accurately, proper commitments are taken by agency and it is practiced to increase the application of direct collection systems.

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Notes to the Financial Statements as of December 31, 2023

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4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk Management (continued)

Insurance Contract Provisions

Company makes provisions for not yet due, not certain debts and liabilities and even if it has not occurred per statistics income and expense factors that may bring right and/or liability. The primary objective here is, Company's responsibilities to government, clients, partners and shareholders are convenient with laws and they are accurately stated in financial statements and Company's books.

It is a significant risk that the technical provisions booked are not entirely enough to meet Company's liabilities. In this context, with the regulations it made legal authority has clearly stated that insurance companies have to book the reserves that they need to make provisions are calculated standard and accurately. In order to eliminate those risks, Company make practices for management of all risk areas oriented to provide the security and accuracy of the data used and decent and fast practice of management reporting system.

4.2. Financial Risk Management

Introduction and Overview

This note shows the risks that Company is exposed to each one of stated below, accordingly Company's policy, procedures and aims in order to manage and measure its risks and information about capital management. Company is exposed to the below risks emerged due to the usage of financial instruments.

- credit risk
- liquidity risk
- market risk

Whole responsibility belongs to the Board of Directors during the establishment and supervision of structure of risk management. Board of Directors manages the effectiveness of risk management system via Company's internal audit department.

Company's risk management policies are established in order to, identify and analyze the risks that Company faces, determine the risk limits and controls, follow the risks and convenience of them to the defined limits. Risk management policy and systems are reviewed regularly the way that they reflect the changes in products and services presented and market conditions. Company aims to develop a disciplined and constructive control environment that every employee understands their duty and responsibilities via education and management standards.

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 and cash equivalents
- held-to-maturity financial assets
- premium receivables from policyholders
- receivables from intermediaries
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

The Company's financial assets, which are subject to credit risk are generally composed of domestic government bonds and time and demand deposits kept in banks and other financial institutions in Turkey and such receivables are not deemed to have high credit risk.

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Notes to the Financial Statements as of December 31, 2023

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4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Credit Risk (continued)

Most common method to manage insurance risk is to make reinsurance contract. However, the transfer of insurance risk via insurance contract does not remove the liability of first insurer Company. If reinsurance firm does not pay the claim, Company's responsibility against policyholder continues. Company evaluates the reliability of reinsurance firm by investigating the financial position of the related firm before the yearly contract made and by regarding the compensation payment performance of the firm.

As of December 31, 2023 and December 31, 2022, net book value of the assets that is exposed to credit risk are shown in the table below:

	December 31, 2023	December 31, 2022
Cash and cash equivalents (Note 14)	5.153.866.714	2.013.719.168
Receivables from main operations (Note 12)	3.058.728.442	1.994.811.069
Reinsurers share in outstanding claims reserve (Note 10), (Note 17)	3.615.643.016	2.266.196.890
Financial Assets (Note 11)	11.027.175.873	6.242.823.910
Other receivables (Note 12)	369.341.237	139.678.983
Due from related parties (Note 12)	6.109.643	3.179.791
Total	23.230.864.925	12.660.409.811

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

	December 31, 2023		December 31, 2022	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	2.895.233.867	-	1.676.654.696	-
Past due 0-30 days	68.605.637	-	201.287.160	-
Past due 31-60 days	94.554.925	-	105.540.387	-
Past due 61-180 days	66.884.497	(66.550.483)	44.994.662	(34.658.608)
Past due 181-365 days (*)	24.841.346	(24.841.346)	16.254.003	(16.254.003)
Past due over 1 year	9.725.095	(9.725.095)	6.363.251	(5.370.479)
Provision for Doubtful Subrogation Receivables from Main Operations	455.570.085	(455.570.086)	263.310.570	(263.310.570)
Total	3.615.415.452	(556.687.010)	2.314.404.729	(319.593.660)

(*) In accordance with the Republic of Turkey Ministry of Treasury and Finance's letter numbered B.02.1.HM.O.SGM.0.3.1/01/05 and dated February 3, 2005, if subrogation transactions are carried out through lawsuit/enforcement, the related amounts are followed in the doubtful receivables from main operations account in the financial statements. And also the same amount of doubtful receivables are set aside. As of December 31, 2023 and December 31, 2022, the Company also recognizes and makes provisions for its subrogation and salvage income in accordance with the principles set out in the circular dated September 20, 2010 and numbered 2010/13 of the Ministry of Treasury and Finance.

The movements of provision for receivables from insurance operations are as follows:

	December 31, 2023	December 31, 2022
Provision for receivables from insurance operations at the beginning of the period	319.593.660	242.350.413
Provisions for agency receivables during the period	8.398.619	(13.951.774)
Provisions for subrogation and salvage receivables during the period	228.694.731	91.195.021
Provision for receivables from insurance operations at the end of the period	556.687.010	319.593.660

Liquidity Risk

Liquidity is the risk that the Company's struggle to perform its obligations which is arised from financial liabilities.

Management of liquidity risk

To avoid liquidity risk, maturity match between the assets and liabilities are considered, liquid assets are conserved in order to meet liquidity need completely.

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Notes to the Financial Statements as of December 31, 2023

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4. Insurance and Financial Risk Management(continued)

4.2. Financial Risk Management(continued)

Liquidity Risk(continued)

Management of the liquidity risk (continued)

As of December 31, 2023 and 2022 remaining maturity distribution of monetary assets and liabilities are;

December 31, 2023	Carrying amount	Up to 1 month	1 to 3 months	595 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	5.153.866.714	3.572.534.249	1.581.332.465	-	-	-
Financial assets	11.027.175.873	2.310.211.503	3.946.893.084	370.211.064	857.093.729	3.542.766.493
Receivables from main operations	3.058.728.442	1.527.765.256	577.692.270	800.034.387	134.098.716	19.137.813
Receivables from related parties	6.109.643	6.109.643	-	-	-	-
Other receivables	369.341.237	369.341.237	-	-	-	-
Total monetary assets	19.615.221.909	7.785.961.888	6.105.917.819	1.170.245.451	991.192.445	3.561.904.306
Financial liabilities	56.088.529	56.088.529	-	-	-	-
Payables from main operations	1.253.111.911	599.550.033	451.987.498	201.574.380	-	-
Due to related parties	2.065.438	2.065.438	-	-	-	-
Other liabilities	254.822.828	143.191.236	111.631.592	-	-	-
Insurance technical provisions	6.913.763.925	449.308.986	898.617.959	561.365.664	847.003.499	4.157.467.817
Tax and other similar liabilities and provisions for them	239.596.820	239.596.820	-	-	-	-
Provisions related with other risks	177.607.811	177.607.811	-	-	-	-
Total monetary liabilities	8.897.057.262	1.667.408.853	1.462.237.049	762.940.044	847.003.499	4.157.467.817
Net monetary position	10.718.164.647	6.118.553.035	4.643.680.770	407.305.407	144.188.946	(595.563.511)

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	2.013.719.168	954.111.904	1.059.607.264	-	-	-
Financial assets	6.242.823.910	851.242.959	2.371.288.896	39.988.992	318.955.736	2.661.347.327
Receivables from main operations	1.994.811.069	643.188.222	365.798.011	866.220.495	98.729.193	20.875.148
Receivables from related parties	3.179.791	3.179.791	-	-	-	-
Other receivables	139.678.983	139.678.983	-	-	-	-
Total monetary assets	10.394.212.921	2.591.401.859	3.796.694.171	906.209.487	417.684.929	2.682.222.475
Financial liabilities	9.245.979	5.767.100	-	-	-	3.478.879
Payables from main operations	887.089.794	348.942.880	360.481.409	163.331.503	14.334.002	-
Due to related parties	242.063	242.063	-	-	-	-
Other liabilities	178.887.457	108.390.333	70.497.124	-	-	-
Insurance technical provisions	3.533.330.618	198.875.036	397.750.073	277.400.197	414.496.692	2.244.808.620
Tax and other similar liabilities and provisions for them	134.182.423	134.182.423	-	-	-	-
Provisions related with other risks	89.126.993	89.126.993	-	-	-	-
Total monetary liabilities	4.832.105.327	885.526.828	828.728.606	440.731.700	428.830.694	2.248.287.499
Net monetary position	5.562.107.594	1.705.875.031	2.967.965.565	465.477.787	(11.145.765)	433.934.976

Market Risk

Market risk is the risk that changes might happen in interest rate and currency rates may affect the Company's income or the value of financial assets that Company holds. The purpose of managing the market risk is to control of market risk amount is at acceptable parameters by optimizing the risk profitability.

Currency Risk

Company is exposed to the currency risk due to insurance and reinsurance operations made indexed to foreign exchange.

Foreign exchange gains and losses arised from foreign currency transactions are booked in records in the period which process is taken place. At the end of the period, amount of foreign currency active and passive accounts are valued using the T.C. Central Bank's buying rate of exchange and converted to TL and exchange differences occurred are reflected to books as a foreign exchange gain or loss.

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4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Market Risk (continued)

The details of currency risk that Company is exposed to be is listed in the table below:

December 31, 2023	USD	Euro	Other Currencies	Total
Cash and cash equivalents	106.083.969	286.542.012	2.390.870	395.016.851
Financial assets	3.197.023.923	-	-	3.197.023.923
Receivables from main operations	631.171.546	702.683.521	5.063.280	1.338.918.347
Total foreign currency assets	3.934.279.438	989.225.533	7.454.150	4.930.959.121
Payables from main operations	392.961.878	415.880.398	11.213.336	820.055.612
Insurance technical provisions	113.933.228	106.433.816	493.302	220.860.346
Other payables	35.908.909	10.240.099	-	46.149.008
Total foreign currency liabilities	542.804.015	532.554.313	11.706.638	1.087.064.966
Balance sheet position	3.391.475.423	456.671.220	(4.252.488)	3.843.894.155

December 31, 2022	USD	Euro	Other Currencies	Total
Cash and cash equivalents	10.521.982	94.396.836	311.438	105.230.256
Financial assets	1.796.879.559	-	-	1.796.879.559
Receivables from main operations	412.533.478	360.435.046	2.274.452	775.242.976
Total foreign currency assets	2.219.935.019	454.831.882	2.585.890	2.677.352.791
Payables from main operations	62.508.420	57.349.846	1.056.139	120.914.405
Insurance technical provisions	18.530.459	10.429.925	100.048	29.060.432
Other payables	15.946.891	4.528.955	-	20.475.846
Total foreign currency liabilities	96.985.770	72.308.726	1.156.187	170.450.683
Balance sheet position	2.122.949.249	382.523.156	1.429.703	2.506.902.108

In order to evaluate the table above related foreign currency amounts are converted to TL.

As of the end of the reporting period currency rates used to convert to foreign currencies are listed below:

	USD	Euro
December 31, 2023	29,4382	32,5739
December 31, 2022	18,6983	19,9349

Exposure Rate Risk

Due to the possibility of TL's 10% value decrease against currencies below, as of the period ended at December 31, 2023 and 2022 increase/(decrease) to be stated in equity and income statement (net of deferred tax) is shown in the table below. This analysis is prepared assuming that all other variables, especially interest rates remained stable. If TL's value increases 10% against related currencies the effect will be at the same amount but with reverse direction.

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Notes to the Financial Statements as of December 31, 2023

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4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Exposure Rate Risk (continued)

	December 31, 2023		December 31, 2022	
	Income Statement	Equity (*)	Income Statement	Equity (*)
USD	339.147.542	339.147.542	212.294.925	212.294.925
Euro	45.667.122	45.667.122	38.252.316	38.252.316
Other	(425.249)	(425.249)	142.970	142.970
Total, net	384.389.415	384.389.415	250.690.211	250.690.211

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

Exposure Interest Rate Risk

The risk that available for sale financial instrument portfolios face is the fluctuation in the market value of financial instruments as a result of the changes in interest rates. The basic risk that not available for sale financial instrument portfolios experience is the loss which will emerge due to the fluctuation that will occur in the upcoming cash flows and the decrease in fair value of financial instruments, as a result of the changes in interest rates in the market. Management of interest rate risk is made by following the interest rate margin and determining the previously approved limits for repricing bands.

As of December 31, 2023 and 2022, interest profile of Company's interest yield and not interest yield financial assets and liabilities are detailed in the table below:

	December 31, 2023	December 31, 2022
<i>Financial assets with fixed interest rates:</i>		
Bank deposit (Note 14)	3.322.514.247	543.082.755
Available for sale financial assets (Note 11)	4.793.098.961	2.977.747.734
Financial Assets held for trading (Note 11)	4.582.707.312	2.359.237.715
<i>Variable interest financial assets</i>		
Available for sale financial assets	262.800.600	261.096.048
Financial Assets held for trading (Note 11)	1.388.569.000	644.742.413

Interest rate sensitivity of the financial instruments

Interest senility of income statement is the effect of net interest income to the change of interest rate in assumed defiance's below, as of at the end of the years of December 31, 2023 and 2022, fair value of financial assets that their fair value differences are reflected to profit or loss, variable interest not available for sale financial assets and liabilities. During this analysis, other variables, especially the currency rates are assumed as stable.

December 31, 2023	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	1.428.236	(1.446.632)	(1.428.236)	1.446.632
Total financial assets	1.428.236	(1.446.632)	(1.428.236)	1.446.632

December 31, 2022	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	17.299.942	(18.739.538)	(17.299.942)	18.739.538
Total financial assets	17.299.942	(18.739.538)	(17.299.942)	18.739.538

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Classification of fair value measurements(continued)

Level 1: Registered (unadjusted) prices in the active market for identical assets and liabilities;

Level 2: Directly (via prices) or by implication (by deriving from prices) observable data except the registered prices for assets and liabilities which taken part in the 1st level;

Level 3: The data (not observable data) related to the assets and liabilities which does not depend on the observable market data;

Classification requires that the usage of observable market data if it is applicable.

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	2.327.215.602	2.728.683.959	-	5.055.899.561
Financial Assets held for trading (Note 11)	1.388.569.000	4.582.707.312	-	5.971.276.312
Total Financial Assets	3.715.784.602	7.311.391.271	-	11.027.175.873
December 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	2.011.778.060	1.227.065.722	-	3.238.843.782
Financial Assets held for trading (Note 11)	549.769.318	2.454.210.810	-	3.003.980.128
Total Financial Assets	2.561.547.378	3.681.276.532	-	6.242.823.910

Capital Management

Company's major capital management policies are stated below:

- To adapt the capital adequacy conditions determined by Republic of Turkey Ministry of Treasury and Finance
- By ensuring the Company's sustainability providing permanent returns to shareholders and partners
- By determining the price of insurance policies in proportion with received insurance risk level, providing sufficient return to shareholders.

The Capital Adequacy of the Company is calculated within the framework of the Regulation on the Measurement and Assessment of the Capital Adequacy of Insurance and Reinsurance Companies and Pension Companies, which is published and published in the Official Gazette dated August 23, 2015 and numbered 29454. As of June 30, 2023, Company's minimum required equity capital amount calculated is TL 2.662.962.143 (December 31, 2022: TL 1.789.955.928). As of June 30, 2023, Company's equity capital is TL 1.644.921.305 (December 31, 2022: TL 719.843.980) more than minimum required equity capital amount.

Gains and losses arised from financial assets

	December 31, 2023	December 31, 2022
Foreign exchange gains	1.385.550.815	953.757.035
Income gained from financial investments	2.833.190.943	721.925.844
Income gained from derivative transactions	-	13.018.812
Valuation of financial assets	666.172.715	194.876.335
Income gained from building, land and property	159.721	613.421
Incomes of subsidiaries	805.426	423.464
Other income	3.779.595	475.186
Gains obtained from financial assets	4.889.659.215	1.885.090.097
Loss from disposal of financial assets	(12.079.424)	(178.451.495)
Losses obtained from financial assets	(12.079.424)	(178.451.495)
Financial gains and losses recognized in income statement, net	4.877.579.791	1.706.638.602

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

5. Segment Information

A segment is a severable part of Company's product or service production (operating segments) or economic environment (geographical section) in which risk and benefits of products and services produced may be distinguished from other segments.

Scope segments: As of the end of the reporting period, since the Company carries operations in the non-life insurance field which is followed as a sole reporting section, segment reporting is not presented.

6. Tangible Fixed Assets

Movement of tangible fixed assets between the periods of January 1 - December 31, 2023 and January 1 - December 31, 2022 are as follows:

	January 1, 2023	Additions	Transfer	Disposals	December 31, 2023
Cost:					
Investment Properties (Note 7)	2.884.718	-	-	(989.173)	1.895.545
Owner Occupied Property	191.734.283	-	-	-	191.734.283
Furniture and Fixtures	63.677.659	32.502.839	-	(1.129.680)	95.050.818
Motor Vehicles	3.848.638	-	-	(900)	3.847.738
Other Tangible Assets (including leasehold improvements)	3.972.582	1.570.244	-	(993.997)	4.548.829
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets ⁽¹⁾	16.689.222	54.343.795	-	-	71.033.017
	282.879.911	88.416.878	-	(3.113.750)	368.183.039
Accumulated depreciation:					
Investment Properties (Note 7)	(338.382)	(142.314)	-	275.676	(205.020)
Owner Occupied Property	(7.011.231)	(2.819.984)	-	-	(9.831.215)
Furniture and Fixtures	(31.414.227)	(12.982.828)	-	1.070.052	(43.327.003)
Motor Vehicles	(831.760)	(744.761)	-	900	(1.575.621)
Other Tangible Assets (including leasehold improvements)	(2.516.286)	(782.100)	-	993.997	(2.304.389)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets ⁽¹⁾	(8.272.774)	(4.728.911)	-	133.252	(12.868.433)
	(50.457.469)	(22.200.898)	-	2.473.877	(70.184.490)
Net book value	232.422.442	66.215.980	-	(639.873)	297.998.549
	January 1, 2022	Additions	Transfer	Disposals	December 31, 2022
Cost:					
Investment Properties (Note 7)	3.012.818	5.000	-	(133.100)	2.884.718
Owner Occupied Property	190.667.445	2.949	1.063.889	-	191.734.283
Furniture and Fixtures	47.259.277	16.502.754	-	(84.372)	63.677.659
Motor Vehicles	888.638	2.960.000	-	-	3.848.638
Other Tangible Assets (including leasehold improvements)	3.872.777	99.805	-	-	3.972.582
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets ⁽¹⁾	13.308.895	3.380.327	-	-	16.689.222
Advances on tangible fixed assets	-	1.137.403	(1.063.889)	(73.514)	-
	259.082.659	24.088.238	-	(290.986)	282.879.911
Accumulated depreciation:					
Investment Properties (Note 7)	(293.603)	(52.765)	-	7.986	(338.382)
Owner Occupied Property	(4.210.078)	(2.801.153)	-	-	(7.011.231)
Furniture and Fixtures	(22.810.338)	(8.670.658)	-	66.769	(31.414.227)
Motor Vehicles	(396.174)	(435.586)	-	-	(831.760)
Other Tangible Assets (including leasehold improvements)	(1.810.027)	(706.259)	-	-	(2.516.286)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets ⁽¹⁾	(4.348.413)	(3.924.361)	-	-	(8.272.774)
	(33.941.442)	(16.590.782)	-	74.755	(50.457.469)
Net book value	225.141.217				232.422.442

⁽¹⁾ All of right-of-use assets consists vehicles as of December 31, 2023 and 2022.

Revaluation is not applied over tangible fixed assets.

There is not any change in depreciation calculation method in the current period.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

7. Investment Properties

As of balance sheet date, details of investment properties as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Land	347.808	347.808
Building	1.547.737	2.536.910
Total	1.895.545	2.884.718
Accumulated depreciation	(205.020)	(338.382)
Net book value	1.690.525	2.546.336

Rent income gained from investment properties is TL 159.721 during the period (December 31, 2022: TL 613.421).

8. Intangible Fixed Assets

Movements of intangible fixed assets between the periods of January 1 - December 31, 2023 and January 1 - December 31, 2022 are as follows:

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Other intangible fixed assets	79.186.140	47.434.399	-	126.620.539
	79.186.140	47.434.399	-	126.620.539
Accumulated depreciation:				
Other intangible fixed assets	(59.519.792)	(21.655.271)	-	(81.175.063)
	(59.519.792)	(21.655.271)	-	(81.175.063)
Carrying Amount	19.666.348	25.779.126	-	45.445.476
	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Other intangible fixed assets	48.246.425	30.939.715	-	79.186.140
	48.246.425	30.939.715	-	79.186.140
Accumulated depreciation:				
Other intangible fixed assets	(35.840.266)	(23.679.526)	-	(59.519.792)
	(35.840.266)	(23.679.526)	-	(59.519.792)
Carrying Amount	12.406.159			19.666.348

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Notes to the Financial Statements as of December 31, 2023

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9. Investments in Associates

	December 31, 2023		December 31, 2022	
	Registered Value	Share rate %	Registered Value	Share rate %
Tarım Sig. Havuz İřlt. A.ř.	1.793.115	3,70	1.221.495	4,17
Associates, net	1.793.115		1.221.495	

10. Reinsurance Assets and Liabilities

Reinsurance assets and liabilities of Company's cedent business title as a result of the current reinsurance agreements are showed detailed in the table below:

Reinsurance assets	December 31, 2023	December 31, 2022
Reinsurer's share of outstanding claim reserve (Note 17)	3.615.643.016	2.266.196.890
Reinsurer's share of unearned premiums reserve (Note 17)	2.768.697.648	2.233.943.776
Reinsurer's share of equalization reserve (Note 17)	166.693.798	298.771.451
Receivables from reinsurance firms (Note 12)	613.237.297	120.291.312
Reinsurer's share of unexpired risks reserve (Note 17)	18.087.249	56.028.810
Total	7.182.359.008	4.975.232.239

There is not recognized impairment related with reinsurance assets.

Reassurance Liabilities	December 31, 2023	December 31, 2022
Payables to reinsurance firms, net (Note 19)	497.365.115	646.564.302
Deferred commission income (Note 19)	524.079.073	404.471.134
Total	1.021.444.188	1.051.035.436

Gains and losses which recognized in the income statement according to the Company's reinsurance agreements are shown in the table below:

	December 31, 2023	December 31, 2022
Ceded premiums to reinsurer in the current period	(5.363.725.665)	(3.690.723.499)
Reinsurer's share of unearned premiums reserve at the beginning of the year	(2.233.943.776)	(937.816.163)
Reinsurer's share of unearned premiums reserve at the end of the year	2.768.697.648	2.233.943.776
Earned reinsurer premiums	(4.828.971.793)	(2.394.595.886)
Reinsurer share of claims paid in the current period (Note 17))	6.495.129.643	1.432.804.064
Reinsurer share of outstanding claims reserve at the beginning of the year (Note 17)	(2.266.196.890)	(1.304.892.325)
Reinsurer share of outstanding claims reserve at the end of the year (Note 17)	3.615.643.016	2.266.196.890
Reinsurer's share in claims (Note 17)	7.844.575.769	2.394.108.629
Accrued commission income in the period from reinsurers (Note 32)	910.624.237	666.267.300
Deferred commission income at the beginning of the year (Note 19)	404.471.134	174.305.748
Deferred commission income at the end of the year (Note 19)	(524.079.073)	(404.471.134)
Commission income earned from reinsurers (Note 32)	791.016.298	436.101.914
Change in unexpired risk reserves, reinsurer share (Note 17)	(37.941.561)	(3.607.190)
Change in equalization reserve, reinsurer share (Note 17)	166.676.909	104.720.528
Total, net	3.935.355.622	536.727.995

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

11. Financial Assets

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

	December 31, 2023			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	322.247.365	386.969.199	608.543.169	608.543.169
Private sector bond – TL	1.035.000.000	1.048.416.098	1.250.332.467	1.250.332.467
Government Bond – FCY	1.603.645.945	1.518.614.052	1.718.672.435	1.718.672.435
Private sector bond – FCY	1.410.089.780	1.374.145.965	1.478.351.490	1.478.351.490
Available for sale financial assets	4.370.983.090	4.328.145.314	5.055.899.561	5.055.899.561
	December 31, 2022			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond – TL	174.951.898	234.522.835	400.729.757	400.729.757
Private sector bond – TL	950.230.000	965.313.703	1.041.234.467	1.041.234.467
Government Bond – FCY	1.663.681.243	1.666.206.274	1.611.048.302	1.611.048.302
Private sector bond – FCY	196.332.150	174.309.091	185.831.256	185.831.256
Available for sale financial assets	2.985.195.291	3.040.351.903	3.238.843.782	3.238.843.782

As of December 31, 2023 and 2022 the Company does not have financial assets held-to maturity.

The Company reclassified government and private bonds amounting to TL 1.764.641.526 which was classified as held to maturity financial assets to available for sale financial assets during 2022. The fact that financial assets to be held until maturity are sold or reclassified before maturity is defined in FRS139 as a "tainting rule". After this decision, there is a 2-year statute of limitations for the entity to classify a security to the financial assets to be held until maturity again.

As of December 31, 2023 and 2022 the details of the Company's financial assets held for trading are as follows:

	December 31, 2023			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Banks:				
FX-linked deposit	4.186.319.768	4.186.319.768	4.582.707.312	4.582.707.312
Investment Funds	1.400.000.000	1.400.000.000	1.388.569.000	1.388.569.000
Financial Assets Held for Trading	5.586.319.768	5.586.319.768	5.971.276.312	5.971.276.312
	December 31, 2022			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Banks:				
FX-linked deposit	2.290.757.718	2.290.757.718	2.359.237.715	2.359.237.715
Investment Funds	491.252.352	544.799.393	549.769.317	549.769.317
Bank Deposits With Maturity More Than 3 Months	93.280.000	93.280.000	94.973.096	94.973.096
Financial Assets Held for Trading	2.875.290.070	2.928.837.111	3.003.980.128	3.003.980.128

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Notes to the Financial Statements as of December 31, 2023

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11. Financial Assets (continued)

Details of financial assets which Company gave as a commitment on behalf of Republic of Turkey Ministry of Treasury and Finance as a need of insurance operations are as follows:

	December 31, 2023		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	1.300.979.898	1.476.312.993	1.476.312.993
Total	1.300.979.898	1.476.312.993	1.476.312.993

	December 31, 2022		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	521.665.989	528.011.734	528.011.734
Total	521.665.989	528.011.734	528.011.734

There is not overdue but not impaired yet financial assets in Company's financial asset portfolio.

There is not security that represents borrowing which is issued in the current period or amortized in the current period of previously issued.

Movement of financial assets in the current period is presented below:

December 31, 2023	Held for trading	Available for sales	Total
Balance at the beginning of the period	3.003.980.128	3.238.843.782	6.242.823.910
Additions	18.728.422.744	2.707.405.061	21.435.827.805
Disposals (either sold or settled)	(16.167.635.547)	(2.308.499.061)	(18.476.134.608)
Change in the fair value of financial assets	406.508.987	174.596.274	581.105.261
Change in amortised cost of financial assets	-	1.243.553.505	1.243.553.505
Balance at the end of the period	5.971.276.312	5.055.899.561	11.027.175.873

December 31, 2022	Held for trading	Available for sales	Held to maturities	Total
Balance at the beginning of the period	-	1.225.319.259	2.954.694.409	4.180.013.668
Additions	9.848.815.436	1.927.473.983	37.155.408	11.813.444.827
Disposals (either sold or settled)	(7.395.923.425)	(1.891.854.485)	(1.857.661.478)	(11.145.439.388)
Transfer	-	1.764.641.526	(1.764.641.526)	-
Change in the fair value of financial assets	551.088.117	82.006.954	-	633.095.071
Change in amortised cost of financial assets	-	131.256.545	630.453.187	761.709.732
Balance at the end of the period	3.003.980.128	3.238.843.782	-	6.242.823.910

Value increases in financial assets for the last 3 years:

Year	Change in value Increase (net)	Total value increase (net)
2023	120.413.645	147.469.845
2022	62.423.856	27.056.200
2021	(15.523.285)	(35.367.656)

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

12. Credits and Receivables

	December 31, 2023	December 31, 2022
Receivables from main operations (Note 4.2)	3.058.728.442	1.994.811.069
Other receivables ^(*) (Note 4.2)	369.341.237	139.678.983
Receivables from related parties (Note 4.2), (Note 45)	6.109.643	3.179.791
Total	3.434.179.322	2.137.669.843
Short-term receivables	3.415.041.509	2.116.794.693
Long-term receivables	19.137.813	20.875.150
Total	3.434.179.322	2.137.669.843

(*) As of December 31, 2023, the Company's other receivables amounted TL 369,341,237 (December 31, 2022: TL 139,678,983) consist of receivables from TARSIM (Agricultural Insurance Pool) Natural Disaster Insurance Institution (TCIP) and other receivables.

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

	December 31, 2023	December 31, 2022
Receivables from agencies, brokers and intermediaries	2.069.630.353	1.670.241.479
Allowance for doubtful receivables from main operations- subrogation receivables	455.570.085	263.310.570
The amounts to be collected via subrogation and salvage	499.096.638	204.364.594
Receivables from main operations- Legal follow-up	10.725.097	10.725.096
Receivables from insured	-	53.439.475
Receivables from reinsurance firms (Note 10)	613.237.297	120.291.312
Receivables from insurance companies	13.652.582	3.502.387
Rediscount of receivables from insurance operations	(46.496.600)	(11.470.184)
Total receivable from insurance operations	3.615.415.452	2.314.404.729
Allowance for doubtful receivable from main operations – subrogation receivables (Note 4.2)	(455.570.085)	(263.310.570)
Allowance for doubtful receivable from main operations – legal and execution follow-up (Note 4.2)	(9.732.323)	(9.732.323)
Impairment provision of premium receivables from agency, broker and intermediaries	(24.500.106)	(16.101.486)
Provision of subrogation and salvage receivable	(66.884.496)	(30.449.281)
Total provisions for receivables from insurance operations	3.058.728.442	1.994.811.069

Company makes provisions for receivables as following the dated September 20, 2010 published by Ministry of Treasury and Finance “Circular numbered 2010/13 Related with Subrogation and Salvage Income” which states following the 6 months of claim payment of accrued subrogation receivables for in debt insurance firm or following the 4 months for 3rd parties. As of December 31, 2023 Company has made provisions for receivable amounted to TL 16.436.471 (December 31, 2022: TL 11.885.688) for the subrogation receivables not collected in the periods stated in the circular above

As of December 31, 2023 and December 31, 2022, the details of mortgages and other commitments for the Company's receivables are presented below:

	December 31, 2023	December 31, 2022
Guarantee letter	118.925.000	41.270.300
Mortgage bond	19.129.000	22.314.000
Cash guarantees received	24.683.484	12.095.462
Other commitments received	24.783.591	11.646.003
Total	187.521.075	87.325.765

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

12. Credits and Receivables (Continued)

Provisions for doubtful receivables for overdue receivables and receivables not due yet:

- a) Movement of allowance for doubtful receivables (due) in legal and execution follow-up in the period as follows:

	December 31, 2023	December 31, 2022
Receivable provision in legal and execution follow-up at the beginning of the period	9.732.323	32.289.110
Cancelled in the period	-	(22.556.787)
Receivable provision in legal and execution follow-up at the end of the year	9.732.323	9.732.323

- b) Movement of premium receivable provisions in the period as follows:

	December 31, 2023	December 31, 2022
Premium receivable provision at the beginning of the period	16.101.486	7.496.472
Booked provision in current period	8.398.620	8.605.014
Premium receivable provision at the end of the year	24.500.106	16.101.486

- c) Movement of subrogation receivable provision which is subject to a suit in the period are as follows:

	December 31, 2023	December 31, 2022
Receivable provision which is subject to a suit at the beginning of the year	263.310.570	193.451.827
Net booked provision in current period	192.259.515	69.858.743
Receivable provision which is subject to a suit at the end of the year	455.570.085	263.310.570

- d) Movement of subrogation and salvage receivables provisions in the period are as follows:

	December 31, 2023	December 31, 2022
Subrogation and salvage receivables provision at the beginning of the year	30.449.281	9.113.004
Booked/cancelled provisions in the current period	36.435.215	21.336.277
Subrogation and salvage receivables provision at the end of the year	66.884.496	30.449.281

Company's receivable and payable relationship with shareholders, subsidiaries and associates are stated detailed in Note 45.

Receivables and payables which does not have an exchange rate guarantee and represented via foreign currencies and the separate amounts of current foreign exchange moneys and their conversion rate to TL is stated in Note 4.2.

13. Derivative Financial Instruments

As of December 31, 2023, due to forward foreign currency contracts the Company has not income accruals (December 31, 2022: TL 6.040.183) and the Company has no other financial liabilities due to foreign currency contracts (December 31, 2022: None). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Income Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

14. Cash and Cash Equivalents

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

	December 31, 2023	December 31, 2022
Bank Deposits	3.840.029.953	629.797.591
Bank guaranteed credit card receivables with maturity less than three months	1.313.836.761	1.383.921.577
Total	5.153.866.714	2.013.719.168

As of December 31, 2023 and December 31, 2022, detail of bank deposits account are as follows:

	December 31, 2023		December 31, 2022	
	Original Amount	TL Amount	Original Amount	TL Amount
Demand:				
USD	3.551.161	104.539.776	549.923	10.282.626
EUR	8.772.261	285.746.741	1.168.043	23.284.819
CHF	5.258	183.869	5.824	117.649
GBP	58.945	2.206.991	8.617	193.782
TL	124.838.328	124.838.329	52.835.960	52.835.960
Time:				
EUR	-	-	3.507.192	69.915.517
TL	3.322.514.247	3.322.514.247	473.167.238	473.167.238
Total		3.840.029.953		629.797.591

As of December 31, 2023 and December 31, 2022, other cash and cash equivalents consist of credit card receivables. Credit card receivables are hold for 85 days blockage in account.

15. Equity

Paid Capital

As of December 31, 2023, the Company's nominal capital is TL 190.000.000 (December 31, 2022: TL 190.000.000) Company's capital is comprised of issued and worth of TL 0,01 nominal value for each one of 19.000.000.000 numbers of shares.

There is no privilege recognized to equity shares which represents the capital.

Sompo Holdings (Asia) Pte. Inc. is the capital group whose direct or indirect control over the Company's capital as of December 31, 2023 (December 31, 2022 : Sompo International Holding Inc).

There are not Company's own equity shares which is kept by Company or Company's associate or Company's subsidiaries. There are not equity shares in Company to issue for float shares by force of futures and contracts.

Legal reserves

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

The movement table for legal reserves are as follows:

	December 31, 2023	December 31, 2022
Legal reserves at the beginning of the year	77.714.458	63.006.679
Transfer to profit and other reserves	-	14.707.779
Legal reserves at the end of the period	77.714.458	77.714.458

At the Ordinary General Assembly Meeting of the Company held on March 30, 2023, it was decided not to distribute profits in relation to the net profit for the period as a result of the Company's 2022 activities and to transfer the profit to extraordinary reserves.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

15. Equity (Continued)

Extraordinary reserves

The movement table for extraordinary reserves are as follows:

	December 31, 2023	December 31, 2022
Extraordinary reserves at the beginning of the year	1.668.316.304	1.570.403.191
Transfer to profit and other reserves	460.157.093	97.913.113
Extraordinary reserves at the end of the period	2.128.473.397	1.668.316.304

Revaluation of Financial Assets

The movement table for revaluation of financial assets are as follows:

	December 31, 2023	December 31, 2022
Revaluation differences as the beginning of the period	27.056.200	(35.367.656)
Change in the fair value of financial assets	174.596.274	82.006.954
Deferred tax effect	(54.182.629)	(19.583.098)
Revaluation differences as the end of the period	147.469.845	27.056.200

Other reserves

At dated July 4, 2007 and numbered 2007/3 published by Republic of Turkey Ministry of Treasury and Finance "Circular of Orientation of Provisions of Insurance, Reinsurance and Pension Firms to the numbered 5684 Provisions of Insurance Laws" for the year 2007 it is sentenced not to book earthquake damage provision. However, previously booked earthquake damage provisions (earthquake damage provision amount which is stated in balance sheet as of December 31, 2006) are required to transfer to voluntary reserves according to the temporary 5th item of mentioned law, for this purpose it is stated that the current earthquake damage provision amount as of December 31, 2006 and including the gains obtained via directing related amount to investment, related provisions are going to be transferred to 549.01 account "transferred earthquake damage provisions" which will be identified as of September 1, 2007 and it will not be a subject to dividend payment and will not be transferred to another account under no circumstances. Following related circular Company has stated TL 8.808.057 (December 31, 2022 – TL 8.808.057) earthquake damage provision under other profit reserves which Company has booked in its December 31, 2006 financials due to the earthquake damage provision Company has booked and including the gains obtained via directing related amount to investment.

Special Funds

TAS 19 - Employee Benefits Related to Turkey Accounting Standard requires the use of actuarial method in calculating the provision for employee termination benefits. As of December 31, 2023, actuarial calculation has been made for related liabilities and actuarial loss (deferred tax free) has been recorded amounting to TL 10.944.832 in special funds under equity. (December 31, 2022: TL 9.287.702).

16. Other Provisions and Capital Component of Discretionary Participation

As of December 31, 2023 and 2022 there is not any other reserves which is stated under equity except the previously booked earthquake damage provision which is recognized under "other profit reserves". As of December 31, 2023 and 2022, the Company does not have a contract with a future of capital component of discretionary participation.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets

As of December 31, 2023 and December 31, 2022, the details of insurance technical reserves of the Company are as follows:

	December 31, 2023	December 31, 2022
Gross unearned premiums reserve	9.928.307.784	6.398.926.674
Reinsurer's share of unearned premiums reserve (Note 10)	(2.451.548.454)	(2.042.046.206)
SSI's share of unearned premiums reserve (Note 10)	(317.149.194)	(191.897.570)
Unearned premiums reserve, net	7.159.610.136	4.164.982.898
Gross outstanding claim reserve	10.529.406.941	5.799.527.508
Reinsurer's share of gross outstanding claim reserve (Note 4.2) (Note 10)	(3.615.643.016)	(2.266.196.890)
Outstanding claim reserve, net	6.913.763.925	3.533.330.618
Equalization reserve	218.981.236	385.706.903
Reinsurer's share of equalization reserve (Note 10)	(166.693.798)	(298.771.451)
Equalization reserve, net	52.287.438	86.935.452
Unexpired risks reserve	75.766.044	57.140.109
Reinsurer's share of unexpired risks reserve (Note 10)	(18.087.249)	(56.028.810)
Unexpired risks reserve, net	57.678.795	1.111.299
Bonus and discount reserve	1.826.482	5.588.883
Reinsurer's share of bonus and discount reserve	-	-
Bonus and discount reserve, net	1.826.482	5.588.883
Total technical provisions, net	14.185.166.776	7.791.949.150
Short term	14.132.879.338	7.705.013.698
Medium and long term	52.287.438	86.935.452
Total technical provisions, net	14.185.166.776	7.791.949.150

Unearned premiums reserve:

	December 31, 2023		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	6.398.926.674	(2.233.943.776)	4.164.982.898
Written premiums in the period	17.477.394.237	(5.363.725.665)	12.113.668.572
Earned premiums in the period	(13.948.013.127)	4.828.971.793	(9.119.041.334)
Unearned premiums reserve at the end of the year	9.928.307.784	(2.768.697.648)	7.159.610.136

	December 31, 2022		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.974.352.886	(937.816.163)	1.036.536.723
Written premiums in the period	10.085.237.185	(3.690.723.499)	6.394.513.686
Earned premiums in the period	(5.660.663.397)	2.394.595.886	(3.266.067.511)
Unearned premiums reserve at the end of the year	6.398.926.674	(2.233.943.776)	4.164.982.898

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Provision for outstanding claims

	December 31, 2023		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	5.799.527.508	(2.266.196.890)	3.533.330.618
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	16.064.712.776	(7.844.575.769)	8.220.137.007
Claim payments during the period	(11.334.833.343)	6.495.129.643	(4.839.703.700)
Outstanding claim reserve at the end of the year	10.529.406.941	(3.615.643.016)	6.913.763.925

	December 31, 2022		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	3.750.268.038	(1.304.892.325)	2.445.375.713
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	5.871.398.794	(2.394.108.629)	3.477.290.165
Claim payments during the period	(3.822.139.324)	1.432.804.064	(2.389.335.260)
Outstanding claim reserve at the end of the year	5.799.527.508	(2.266.196.890)	3.533.330.618

	December 31, 2023			December 31, 2022		
	Gross	Reinsurer Share	Net	Gross	Reinsurer Share	Net
Incurred and reported claims	6.586.401.197	(3.718.409.594)	2.867.991.603	4.133.601.097	(2.344.925.875)	1.788.675.222
Incurred but not reported claims	10.134.436.118	(716.559.084)	9.417.877.034	3.702.717.695	(313.935.922)	3.388.781.773
Net Cash Flow Discount	(6.191.430.374)	819.325.662	(5.372.104.712)	(2.036.791.284)	392.664.907	(1.644.126.377)
Total	10.529.406.941	(3.615.643.016)	6.913.763.925	5.799.527.508	(2.266.196.890)	3.533.330.618

Equalization Reserve

	December 31, 2023		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	385.706.903	(298.771.451)	86.935.452
Equalization reserve used	(81.783.825)	-	(81.783.825)
Net change	(84.941.842)	132.077.653	47.135.811
Equalization reserve at the end of the year	218.981.236	(166.693.798)	52.287.438

	December 31, 2022		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	249.997.193	(194.050.923)	55.946.270
Net change	135.709.710	(104.720.528)	30.989.182
Equalization reserve at the end of the year	385.706.903	(298.771.451)	86.935.452

Sompo Sigorta Anonim Şirketi**Notes to the Financial Statements as of December 31, 2023**

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)**Provision for unexpired risks**

	December 31, 2023		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	57.140.109	(56.028.810)	1.111.299
Net change	18.625.935	37.941.561	56.567.496
Provision for unexpired risks at the end of the period	75.766.044	(18.087.249)	57.678.795

	December 31, 2022		
	Gross	Reinsurer Share	Net
Provision for unexpired risks at the beginning of the period	101.030.615	(59.636.000)	41.394.615
Net change	(43.890.506)	3.607.190	(40.283.316)
Provision for unexpired risks at the end of the period	57.140.109	(56.028.810)	1.111.299

Provision for bonus and discount:

Provision for bonus and discount	December 31, 2023	December 31, 2022
Provision for bonus and discount at the beginning of the period	5.588.883	2.073.981
Net change	(3.762.401)	3.514.902
Provision for bonus and discount at the end of the period	1.826.482	5.588.883

Claim Development Table

The main assumption used to predict the outstanding claim reserve is Company's claim development experience from the past periods. The Company management uses its own judgments while determining how external factors like legal decisions and changes in regulations will affect the outstanding claim reserve. Sensitivity of some estimations like legal changes and uncertainties during the prediction process is not measurable. Besides, long delays between the time of claim incurred and the time payment is made inhibits the determination of outstanding claim reserve definitely as of balance sheet date. Therefore, total liabilities may differ depending on the subsequent events and the differences occurred due to the re-estimation of liabilities are reflected to financial statement in upcoming periods. The development of insurance liabilities enables to measure the Company's performance of estimation of total claim liabilities. The numbers that are shown in the upside of below tables, from the years claims has incurred in, show the change of Company's total estimations for claims in the subsequent years. The numbers that are shown in the underside of the tables, give the outstanding claim reserves stated in financial statements and their confirmation.

Sompo Sigorta Hakkında

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2023	2017	2018	2019	2020	2021	2022	2023	Total
Claim Year								
Claim year	942.987.036	1.202.095.331	1.395.035.839	1.434.315.263	1.899.950.171	4.072.368.573	12.288.228.068	23.234.980.281
1 year later	1.087.794.972	1.375.689.927	1.567.111.249	1.931.775.662	2.425.570.253	4.865.388.422	-	13.253.330.485
2 year later	1.183.335.649	1.488.393.062	1.757.985.646	2.098.085.253	2.758.299.952	-	-	9.286.099.562
3 year later	1.238.627.025	1.608.274.881	1.970.333.558	2.256.593.539	-	-	-	7.073.829.003
4 year later	1.275.360.861	1.775.252.709	2.163.595.642	-	-	-	-	5.214.209.212
5 year later	1.383.709.368	1.893.295.330	-	-	-	-	-	3.277.004.698
6 year later	1.377.430.683	-	-	-	-	-	-	1.377.430.683
Gross incurred claims	1.377.430.683	1.893.295.330	2.163.595.642	2.256.593.539	2.758.299.952	4.865.388.422	12.288.228.068	27.602.831.636
Total payments made up to today	1.099.233.346	1.569.278.164	1.639.513.357	1.865.720.692	2.382.566.447	4.047.430.437	8.977.275.134	21.581.017.577
Total provision in financial statements	278.197.337	324.017.165	524.082.285	390.872.847	375.733.505	817.957.986	3.310.952.934	6.021.814.059
Gross outstanding claims reserves and Exchange difference which is booked for prior of 2017								564.581.035
Gross IBNR amount booked as of December 2023								10.134.434.429
Outstanding claim provisions discount adjustment								(6.191.422.582)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year								10.529.406.941
December 31, 2022	2016	2017	2018	2019	2020	2021	2022	Total
Claim Year								
Claim year	690.717.354	942.987.036	1.202.095.331	1.395.035.839	1.434.315.263	1.899.950.171	4.072.368.573	11.637.469.567
1 year later	766.575.828	1.087.794.972	1.375.689.927	1.567.111.249	1.931.775.662	2.425.570.253	-	9.154.517.891
2 year later	827.317.075	1.183.335.649	1.488.393.062	1.757.985.646	2.098.085.253	-	-	7.355.116.685
3 year later	864.475.965	1.238.627.025	1.608.274.881	1.970.333.558	-	-	-	5.681.711.429
4 year later	885.326.499	1.275.360.861	1.775.252.709	-	-	-	-	3.935.940.069
5 year later	893.342.682	1.383.709.368	-	-	-	-	-	2.277.052.050
6 year later	943.801.902	-	-	-	-	-	-	943.801.902
Gross incurred claims	943.801.902	1.383.709.368	1.775.252.709	1.970.333.558	2.098.085.253	2.425.570.253	4.072.368.573	14.669.121.616
Total payments made up to today	788.954.241	1.127.835.644	1.462.736.553	1.535.819.763	1.662.633.490	2.021.463.392	2.591.822.151	11.171.267.234
Total provision in financial statements	174.847.661	255.873.724	312.514.156	434.513.795	435.451.762	404.106.861	1.480.546.423	3.497.854.382
Gross outstanding claims reserves and Exchange difference which is booked for prior of 2016								635.741.908
Gross IBNR amount booked as of December 2022								3.702.722.076
Outstanding claim provisions discount adjustment								(2.036.790.858)
Total gross outstanding claim reserve amount stated in financial statements at the end of the year								5.799.527.508

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Notes to the Financial Statements as of December 31, 2023

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17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2023	2017	2018	2019	2020	2021	2022	2023	Total
Claim Year								
Claim year	774.381.543	851.527.142	991.274.011	1.105.555.763	1.409.210.263	2.361.154.176	5.939.316.605	13.432.419.503
1 year later	872.803.697	929.188.086	1.065.606.195	1.288.424.354	1.647.012.911	2.619.994.780	-	8.423.030.023
2 year later	934.107.652	948.791.907	1.118.865.039	1.450.721.625	1.754.487.641	-	-	6.206.973.864
3 year later	955.227.787	942.592.889	1.166.911.539	1.478.336.181	-	-	-	4.543.068.396
4 year later	970.104.026	966.863.539	1.181.510.572	-	-	-	-	3.118.478.137
5 year later	1.022.084.192	990.701.146	-	-	-	-	-	2.012.785.338
6 year later	1.160.334.723	-	-	-	-	-	-	1.160.334.723
Total gross incurred claims	1.160.334.723	990.701.146	1.181.510.572	1.478.336.181	1.754.487.641	2.619.994.780	5.939.316.605	15.124.681.648
Total payments made up to today	962.444.203	772.872.046	951.899.542	1.201.159.280	1.527.059.031	2.397.888.742	4.755.476.088	12.568.798.932
Total provision in financial statements	197.890.520	217.829.100	229.611.030	277.176.901	227.428.610	222.106.038	1.183.840.517	2.555.882.716
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2017								312.108.887
Net IBNR amount booked as of December 2023								9.417.875.345
Outstanding claim provisions discount adjustment								(5.372.103.023)
Total net outstanding claim reserve amount stated in financial statements at the end of the year								6.913.763.925

December 31, 2022	2016	2017	2018	2019	2020	2021	2022	Total
Claim Year								
Claim year	532.214.006	774.381.543	851.527.142	991.274.011	1.105.555.763	1.409.210.263	2.361.154.176	8.025.316.904
1 year later	625.731.202	872.803.697	929.188.086	1.065.606.195	1.288.424.354	1.647.012.911	-	6.428.766.445
2 year later	681.353.361	934.107.652	948.791.907	1.118.865.039	1.450.721.625	-	-	5.133.839.584
3 year later	711.993.893	955.227.787	942.592.889	1.166.911.539	-	-	-	3.776.726.108
4 year later	731.271.391	970.104.026	966.863.539	-	-	-	-	2.668.238.956
5 year later	747.517.070	1.022.084.192	-	-	-	-	-	1.769.601.262
6 year later	791.817.636	-	-	-	-	-	-	791.817.636
Total gross incurred claims	791.817.636	1.022.084.192	966.863.539	1.166.911.539	1.450.721.625	1.647.012.911	2.361.154.176	9.406.565.618
Total payments made up to today	658.609.005	847.831.554	802.355.981	981.715.102	1.200.409.180	1.460.790.913	1.846.590.771	7.798.302.506
Total provision in financial statements	133.208.631	174.252.638	164.507.558	185.196.437	250.312.445	186.221.998	514.563.405	1.608.263.112
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2016								180.407.008
Net IBNR amount booked as of December 2022								3.388.786.155
Outstanding claim provisions discount adjustment								(1.644.125.657)
Total net outstanding claim reserve amount stated in financial statements at the end of the year								3.533.330.618

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets:

	December 31, 2023			December 31, 2022		
	Amount be provided (**)	Provided (*)	Book value	Amount be provided (**)	Provided (*)	Book value
Non-life:						
Financial assets (*)	1.185.666.169	1.300.979.898	1.476.312.993	509.000.000	521.665.989	528.011.734
Total	1.185.666.169	1.300.979.898	1.476.312.993	509.000.000	521.665.989	528.011.734

(*) In accordance with the article 6 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", government bonds classified under financial assets are shown by using the daily prices published by CBRT as of December 31, 2023 and 2022.

(**) In accordance with the article 7 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", insurance companies and pension companies operating in the life and personal accident branches have to provide their guarantees following the 2 months of capital adequacy calculation periods. In accordance with Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies" Companies send their capital adequacy table to T.C. Ministry of Treasury and Finance for the June and December periods within the 2 months period.

Insurance guarantee amounts given by branches

	December 31, 2023	December 31, 2022
Third party liability for motor vehicles (MTPL)	80.106.141.489.069	39.147.864.599.194
Fire and Natural Disasters	21.165.834.389.702	9.178.352.195.109
General Losses	5.409.591.043.573	2.319.763.630.033
Health	2.412.639.264.953	1.681.642.934.836
Marine	2.762.880.046.403	1.249.466.025.704
Motor Vehicles	1.656.948.999.206	574.200.950.191
General Liability	628.545.705.772	290.158.516.986
Accident	437.067.957.452	220.592.244.880
Financial Losses	333.637.916.370	161.070.290.687
Legal Protection	142.341.732.649	99.607.894.615
Water Crafts	115.419.887.471	37.577.904.709
Water Craft Liability	15.153.786.246	6.896.286.246
Aircraft	4.691.416.393	4.690.956.393
Total	115.190.893.635.259	54.971.884.429.583

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.

Accrued subrogation and salvage income

As of December 31, 2023, the Company has subrogation and salvage income amounting to TL 450.556.344 (December 31, 2022: TL 142.233.336).

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2023, short-term prepaid expenses amounting to TL 1.560.631.646 (December 31, 2022: TL 993.687.451) consist of deferred commission expenses amounting to TL 1.445.514.738 (December 31, 2022: TL 929.783.885) and other prepaid expenses amounting to TL 115.116.908 (December 31, 2022: TL 57.863.383).

As of December 31, 2023 and December 31, 2022, the movement of deferred production commissions is as follows:

	December 31, 2023	December 31, 2022
Deferred production commissions at the beginning of the year	929.783.885	276.070.411
Commissions to intermediaries accrued during the period (Note 32)	2.541.387.475	1.499.501.167
Commissions recognized as expense during the period (Note 32)	(2.025.656.622)	(845.787.693)
Deferred production commissions at the end of the year	1.445.514.738	929.783.885

Individual pension

None.

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

	December 31, 2023	December 31, 2022
Financial liabilities	56.088.529	9.245.979
Payables from main operations	1.253.111.911	887.089.794
Income related to future months/years and expense accruals	564.231.796	407.995.946
Taxes and other similar liabilities to be paid and their provisions	239.596.820	134.182.423
Other payables	254.822.828	178.887.457
Payables to related parties	2.065.438	242.063
Total	2.369.917.322	1.617.643.662
Short-term liabilities	2.338.767.918	1.614.164.783
Medium and long-term liabilities	31.149.404	3.478.879
Total	2.369.917.322	1.617.643.662

With "Numbered 6111 Law to make change in Restructuring of Some Receivables and Social Insurance and General Health Insurance Law and Some Other Law and Delegated Legislations" dated February 25, 2011 and numbered 27857 came into force by issued in Official Gazette and dated August 27, 2012 and numbered 28038 issued in the Official Gazette "Regulation of Rules and Procedures Related with the Collection of Service Fees which is presented to Whom it may Concern due to the Traffic Accidents" and written premiums between the time period of Regulation numbered 2012/17 and all of the payable amount TL 151.774.170 (December 31, 2022: TL 117.477.333) to be ceded to SSI for those premiums, is classified under short term liabilities as "Payables to Social Security Institution Related to Treatment Expenses".

As of December 31, 2023 and 2022 other payables consist of premiums to be ceded to SSI related with treatment costs and payments to make for external benefit and services.

Income related to future months and expense accruals consist of deferred commission income (Note 10) amounting to TL 524.079.073 (December 31, 2022: TL 404.471.134) and other expense accruals amounted to TL 40.152.723 (December 31, 2022: TL 3.524.812).

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

19. Trade and other payables and deferred income (continued)

Details of Company's payables from main operations account as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Payables to reinsurance firms (Note 10)	513.676.026	646.664.777
Payables to agency and insurance companies	580.888.875	185.842.754
Rediscount on payables to reinsurance firms (Note 10)	(16.310.911)	(100.475)
Total payables from insurance operations	1.078.253.990	832.407.056
Other payables from main operations	174.857.921	54.682.738
Payables from main operations	1.253.111.911	887.089.794

As of December 31, 2023 and December 31, 2022, receivables from other main operations consist of receivables to authorized services and suppliers.

20. Financial Liabilities

As of December 31, 2023 and December 31, 2022 financial liabilities are as follows:

	December 31, 2023	December 31, 2022
TFRS 16 lease liabilities	56.088.529	9.245.979
	56.088.529	9.245.979

As of December 31, 2023 and December 31, 2022, due to forward foreign currency contracts the Company has no other financial liabilities due to foreign currency contracts. The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

As of December 31, 2023, the Company has recognized lease liability amounting to TL 56.088.529 (December 31, 2022: TL 9.245.979) within the scope of TFRS 16.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

21. Deferred Tax

Items that resulted in deferred tax assets and liabilities as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Accumulated tax losses	33.590.881	207.475.930
Equalization reserve	6.824.755	18.249.834
Bonus provision	40.800.000	13.500.000
Sliding scale commission provision	40.280.803	11.262.664
Impairment provision expenses for receivables from main operations	26.957.545	11.637.692
Provision for employment termination benefit and unused vacation	7.523.511	5.882.815
Stop loss provision	547.945	1.397.221
Financial instruments valuation differences	(58.501.760)	1.238.439
Unexpired risk reserve	17.303.638	277.825
Provision for business cases	268.190	176.065
Currency valuation differences	11.136	1.381
TAS adjustment differences in depreciation	178.574.244	(5.182.874)
Other	15.297.949	3.759.517
Deferred tax asset, net	309.478.837	269.676.509

As of December 31, 2023 the Company has accumulated tax losses TL 111.969.603 (December 31, 2022: TL 829.903.719).

The movement of deferred tax assets during the period are as follows:

	December 31, 2023	December 31, 2022
Beginning of the period – January 1	269.676.509	185.638.691
Deferred tax income, net (Note 35)	92.017.183	101.401.054
Deferred tax income / (loss) recognised under equity	(52.214.855)	(17.363.236)
End of the period	309.478.837	269.676.509

22. Retirement social aid liabilities

None.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

23. Provision for Other Liabilities and Expense

As of December 31, 2023 and December 31, 2022; the details of the provisions for other risks are as follows:

	December 31, 2023	December 31, 2022
Short-term employee rights bonus provisions	136.000.000	54.000.000
Unused vacation provision	26.367.673	13.107.752
Business case provisions	893.966	704.259
Allowance for cost expenses	163.261.639	67.812.011
Provisions for employee termination benefits	14.346.172	21.314.982
Other	-	35.113
Total provisions for other risks	177.607.811	89.162.106

The movement of provision for employment termination benefits during the period are as follows:

	December 31, 2023	December 31, 2022
Beginning of the period	21.314.982	7.505.899
Interest cost (Note 47)	5.339.403	1.304.035
Service cost (Note 47)	10.673.062	6.546.527
Payments during the period (Note 47)	(26.606.176)	(3.950.427)
Actuarial loss / (gain)	3.624.901	9.908.948
End of the period	14.346.172	21.314.982

Movement of unused vacation provision in the period are as follows:

	December 31, 2023	December 31, 2022
Unused vacation provision at the beginning of the period	13.107.752	8.500.915
Payments during the period	(8.685.048)	(5.169.008)
Provision booked during the period	21.944.969	9.775.845
Unused vacation provision at the end of the year	26.367.673	13.107.752

Movement of business cases provision in the period are as follows:

	December 31, 2023	December 31, 2022
Business case provisions at the beginning of the year	704.259	452.140
Payments during the period	(2.181.626)	(644.313)
Provision amount booked / (cancelled) during the period	2.371.333	896.432
Business case provision at the end of the year	893.966	704.259

As of December 31, 2023 and 2022, the details of other payables are as follows:

	December 31, 2023	December 31, 2022
Payables to suppliers	51.517.010	28.854.242
Other payables	3.485.000	3.669.173
Total	55.002.010	32.523.415

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

24. Net Insurance Premium

January 1 – December 31, 2023	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Marine	Accident	Other	Total
Premiums received	5.334.201.227	6.746.088.942	2.446.909.124	1.210.948.759	280.090.363	61.733.260	1.397.422.562	17.477.394.237
Premiums transferred to the reinsurance	(65.732.872)	(1.067.072.102)	(2.127.963.347)	(895.437.946)	(148.189.531)	(13.529.442)	(475.974.174)	(4.793.899.414)
Premiums transferred to the SSI	-	(569.551.224)	-	-	-	(275.027)	-	(569.826.251)
Total	5.268.468.355	5.109.465.616	318.945.777	315.510.813	131.900.832	47.928.791	921.448.388	12.113.668.572
January 1 – December 31, 2022	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Marine	Accident	Other	Total
Premiums received	3.539.145.549	3.564.329.432	1.243.254.664	686.743.154	158.564.145	31.668.514	861.531.727	10.085.237.185
Premiums transferred to the reinsurance	(10.594.240)	(1.369.193.612)	(1.090.963.783)	(512.862.423)	(100.623.565)	(4.982.955)	(308.290.116)	(3.397.510.694)
Premiums transferred to the SSI	-	(292.959.018)	-	-	-	(230.471)	(23.316)	(293.212.805)
Total	3.528.551.309	1.902.176.802	152.290.881	173.880.731	57.940.580	26.455.088	553.218.295	6.394.513.686

25. Fee Income

None.

26. Investment Income/(Expense)

Investment income is presented in “Note 4.2 – Financial Risk Management” above

27. Net income accrual on financial assets

Shown in the “Financial risk management” note (Note 4.2) above.

28. Assets that their fair value differences reflected to the profit or loss

Shown in the “Financial risk management” note (Note 4.2) above.

29. Insurance rights and demands

	December 31, 2023	December 31, 2022
Claims paid as deducted reinsurers' share	(4.839.703.700)	(2.389.335.260)
Change in unearned premium reserve, as deducted reinsurers' and SSI share	(2.994.627.238)	(3.128.446.175)
Change in outstanding claims reserve, as deducted reinsurers' share	(3.380.433.307)	(1.087.954.905)
Change in equalization reserve as deducted reinsurers' share	34.648.014	(30.989.181)
Change in unexpired risks reserve as deducted reinsurers' share	(56.567.496)	40.283.316
Change in bonus and discount reserves as deducted reinsurers' share	3.762.401	(3.514.902)
Total	(11.232.921.326)	(6.599.957.107)

30. Investment agreement rights

None (December 31, 2022: None).

31. Mandatory other expenses

Grouping of expenses based on the characteristics and functions in the Company is presented in Note 32 below.

Sompo Sigorta Anonim Şirketi

Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

32. Expense by nature

As of December 31, 2023 and December 31, 2022; the details of the operating expenses are disclosed as follows:

	December 31, 2023	December 31, 2022
Commission expenses (Note 17)	(2.025.656.622)	(845.787.693)
<i>Intermediary commissions accrued during the period (Note 17)</i>	(2.541.387.475)	(1.499.501.167)
<i>Change in deferred production commissions (Note 17)</i>	515.730.853	653.713.474
Employee benefits expenses (Note 33)	(820.407.699)	(359.258.089)
Commission income earned from reinsurers (Note 10)	791.016.298	436.101.914
<i>Accrued commission income from reinsurers during the period (Note 10)</i>	910.624.237	666.267.300
<i>Change in deferred commission income (Note 10)</i>	(119.607.939)	(230.165.386)
Rent expenses	(2.555.756)	(1.540.964)
Management and service expenses	(31.940.929)	(19.930.092)
IT expenses	(68.074.678)	(33.848.663)
Vehicle expenses	(657.978)	(3.095.739)
Marketing and sales expenses	(65.438.261)	(26.883.506)
Communication expenses	(1.180.484)	(1.552.036)
Travel expenses	(5.089.971)	(1.967.053)
Taxes, duties and fees	(2.568.138)	(917.727)
Printed matters and office supplies expenses	(4.076.552)	(4.325.617)
Mail and cargo expenses	(1.605.383)	(750.208)
Consulting expenses	(18.758.866)	(4.418.696)
Bank charges expense	(3.117.421)	(2.842.991)
Total	(2.260.112.440)	(871.017.160)

33. Employee benefit expenses

The details of employee benefits expenses for the period ended December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Salary and wages	(462.631.197)	(211.368.293)
Other vested benefits	(130.348.579)	(48.770.247)
Bonus, premium and commission	(154.504.961)	(67.615.536)
Employer's share of social security premium	(72.922.962)	(31.504.013)
Total	(820.407.699)	(359.258.089)

34. Financial costs

All financial costs for the period are shown in the note "Financial risk management" above (Note 4.2). There is no financial allowance for the cost of production or the cost of fixed assets.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

35. Income taxes

Corporate tax provision and taxes to be paid are detailed below:

	December 31, 2023	December 31, 2022
Prepaid taxes	86.158.997	6.783.697
Provision of calculated corporate tax (*)	-	-
Current period tax asset / (liability), net	86.158.997	6.783.697

Items composing the income tax expenses stated in the financial statements are as follows:

	December 31, 2023	December 31, 2022
Corporate tax liability:		
Calculated corporate tax provision	-	58.442.689
Deferred tax:		
Deferred tax income/(loss) (Note 21)	92.017.183	101.401.054
Total	92.017.183	159.843.743

As of December 31, 2023 and 2022 confirmation of Company's operational profit before taxes arised in Company's financial statements and Company's actual income tax provision calculated via active tax rate are detailed in the table below:

	December 31, 2023		December 31, 2022	
Profit before tax	2.552.394.370	Tax Rate (%)	300.313.350	Tax Rate (%)
Income tax provision by legal tax rate	(765.718.311)	(30,00)	(75.078.338)	(25,00)
Non-deductible expenses	(4.691.382)	(0,18)	(1.897.567)	(0,63)
Items subject to tax exemption (*)	621.804.335	24,36	161.336.045	53,72
Corporate tax liability reversal	-	-	58.442.689	19,46
TPL-TAS Inflation Accounting Difference	184.548.570	7,23	-	-
Tax rate change effect	55.194.475	2,16	15.180.115	5,05
Other	879.496	0,03	1.860.799	0,62
Total income tax income/(expense)	92.017.183	3,61	159.843.743	53,23

(*) As per "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was proposed on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange, interest and other various financial income received from Turkish Lira assets deposited at least three months which were converted to Turkish Lira by converting foreign currencies or various gold resources into Turkish Lira are exempted from corporate tax.

36. Net foreign exchange gains

Shown in the "Financial risk management" note (Note 4.2) above.

37. Earnings per share

According to TAS 33 "Earnings Per Share" standard, companies whose shares are not traded on the stock exchange do not have to disclose earnings per share. Since the Company's shares are not traded on the stock exchange, earnings per share have not been calculated in the attached financial statements.

38. Dividends per share

Since the Company's shares are not traded on the stock exchange, earnings per share has not been calculated in the attached financial statements. Details of dividend payments are given in Note 15.

39. Cash generated from operations

Cash flows from operating activities are disclosed in the statement of cash flows.

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Notes to the Financial Statements as of December 31, 2023

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40. Equity share convertible bonds

None.

41. Cash convertible privileged equity shares:

None.

42. Risks

During the ordinary operations Company faces many legal conflicts, cases and claims for damages mainly from insurance operations. These cases are reflected to financial statements by providing necessary provisions in allowance for cost expenses and outstanding claims reserve.

43. Commitments

The details of the guarantees given in the non-life insurance branches in accordance with the Company's activities are given in Note 17.

As part of operational lease total minimum rent payment amounts to be paid for the real estates which is rented for the usage of head office and region offices and rent vehicles assigned to sales team are as follows:

TL commitments	December 31, 2023	December 31, 2022
Less than 1 year	816.096	218.750
More than a year, less than five years	1.687.761	844.857
Sum of minimum rent payments to be paid	2.503.857	1.063.607

44. Business merges

None.

45. Related party transactions

Sompo International Holdings Ltd., Sompo Holdings (Asia) Pte. Ltd and the groups to which they are affiliated and the associates and subsidiaries of these groups are defined as related parties for these financial statements.

As of December 31, 2023 and December 31, 2022, the related party balances are as follows:

	December 31, 2023	December 31, 2022
Sompo International Holdings Inc.	6.109.643	3.179.791
Receivables from related parties	6.109.643	3.179.791
	December 31, 2023	December 31, 2022
Endurance Specialty Insurance	16.600.144	-
SI Insurance Company of Europe	6.258.078	16.397.919
SI Insurance Company of Europe Germany Branch	597.641	465.879
Sompo International Holdings Ltd.	86.894.883	284.856
Payables from insurance operations	110.350.746	17.148.654

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

45. Related party transactions (continued)

Transactions with related parties for the periods ended at December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Endurance Specialty Insurance	96.474.080	-
Sompo International Holdings Ltd.	13.377.843	62.882.958
SI Insurance Company of Europe	793.704	364.065
SI Insurance Company of Europe Germany Branch	299.904	280.689
Commissions taken	110.945.531	63.527.712
	December 31, 2023	December 31, 2022
Endurance Specialty Insurance	321.870.965	-
Sompo International Holdings Ltd.	58.295.786	158.798.237
SI Insurance Company of Europe	3.785.458	1.644.718
SI Insurance Company of Europe Germany Branch	1.246.748	1.114.984
Ceded premium	385.198.957	161.557.939
	December 31, 2023	December 31, 2022
Sompo International Holdings Ltd.	532.780.849	101.511.418
Endurance Specialty Insurance	66.817.553	-
SI Insurance Company of Europe	2.336.674	20.457.438
SI Insurance Company of Europe Germany	255.223	139.256
Claims paid	602.190.299	122.108.112
	December 31, 2023	December 31, 2022
Sompo International Holdings Inc.	302.843	574.439
Non-operating income	302.843	574.439

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

There are not any liabilities like warranty, commitment, bail, advance and endorsement on behalf of shareholders, subsidiaries and associations.

46. Events occurred after reporting date

None.

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Notes to the Financial Statements as of December 31, 2023

(Currency: Turkish Lira (TL))

47. Other

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

None.

47.2 Due from and due to personnel classified in “Other receivables” and “Other short-term or long-term payables” that exceed 1% of total assets:

None.

47.3 Receivables from salvage and subrogation followed under off-balance sheet items:

None.

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses”

None.

Possessed real rights on properties and their values

None.

47.5 Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance

Provision and rediscount income/expenses of the period

a) Provision Expenses

The details of rediscount and provision expenses for the periods ended December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Impairment provision expenses booked for receivables from main operations, net	(200.658.135)	(68.303.760)
Unused vacation provision expenses	(13.259.921)	(4.864.211)
Employment termination benefit expenses (Note 23)	10.593.711	(3.900.135)
Business cases provision (expense)/cancellation	(189.707)	(252.119)
Provisions account	(203.514.052)	(77.320.225)

	December 31, 2023	December 31, 2022
Rediscounts interest expenses	(590.386.884)	(144.276.239)
Rediscount account	(590.386.884)	(144.276.239)

	December 31, 2023	December 31, 2022
Unearned premium provisions	(2.994.627.238)	(3.128.446.175)
Outstanding claim reserve	(3.380.433.307)	(1.087.954.905)
Unexpired risk reserve	(56.567.496)	40.283.316
Equalization reserve	34.648.014	(30.989.181)
Bonus and discount reserve	3.762.401	(3.514.902)
Technical Provisions	(6.393.217.626)	(4.210.621.847)

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Notes to the Financial Statements as of December 31, 2023

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47. Other (continued)

47.5. Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance (continued)

b) Other Expenses and Losses

	December 31, 2023	December 31, 2022
Non-deductible expenses (-)	(15.637.779)	(7.396.866)
Other expenses and losses (-)	(433.918)	(59.279)
Other expenses and losses (-)	(16.071.697)	(7.456.145)

c) Other Income and Profits

	December 31, 2023	December 31, 2022
Other income	4.903.103	3.077.250
Other income and profits	4.903.103	3.077.250

d) Other technical expenses

	December 31, 2023	December 31, 2022
Assistance service expenses	(266.714.239)	(114.978.264)
Other technical expenses	(90.989.439)	(42.845.387)
Other technical expenses	(357.703.678)	(157.823.651)

e) Fees for services received from Independent Auditor/Independent audit firm

	December 31, 2023	December 31, 2022
Independent audit fee for reporting period	3.440.000	785.000
Total	3.440.000	785.000

Contact

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MARMARA REGIONAL DIRECTORATE

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BRANCHES

DENİZLİ BRANCH

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