

TOGETHER, ALL THE WAY FROM THE PAST TO THE FUTURE



Cigna[®]
Sağlık • Hayat • Emeklilik

ANNUAL REPORT 2022



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CONTACT

We are companions touching lives

Operating in the private pension, health, personal accident and life insurance branches, Cigna is moving towards a new future while ensuring that our customers feel protected and safe.

Backed by our deep-rooted experience, we introduce a wide service network. On the verge of a strong reorganization, our new future will uphold our lifelong association with people all over our country through our products and services.

We take every step in accordance with values of trust, cooperation, purpose, innovation, humans and the future. Our journey of success is illuminated by our values.

Like a steadfast companion, we stand by our customers not only during their difficult days but also for their everyday needs.

A companion inspiring confidence

In 2022, we offer insurance solutions reinforced with the strength and experience gained from our shareholders QNB Finansbank and Cigna. Advancing on our mission to offer easy, understandable and accessible solutions across all areas of life, we move forward into a future where our policyholders continue to feel strong, secure, and free from risks.



TOTAL
PREMIUM
PRODUCTION

2.4 ^{TL}
BILLION

A companion adding strength upon strength

We demonstrate our esteem for our customers by enhancing our products with additional services that focus on a healthy life and well-being. For example, through the Online Doctor, Online Psychologist and Online Dietitian services, which are offered free of charge with Supplemental Health Insurance, we distinguish ourselves from the competition and expand the world of privileges.

NET PROFIT

432

TL
MILLION



A companion making you feel better

Following the pandemic, we focused on evolving needs in a changing world. Through our digitalization steps in particular, we ensured customers' ease of access to transactions across all areas of life. At the same time, we supported the health of our employees by switching to a hybrid working model with the slogan "Everywhere is Cigna for Us". We said "You First" to our employees with well-being practices.



EMPLOYEES

647



A companion reaching greater goals

The insurance industry is experiencing remarkable growth in the aftermath of the pandemic, as individuals better understand the value of a healthy and secure future. While enhancing customers' peace of mind, we are also expanding our targets. As the point of right solutions, we have a significant share in the sector's growth and aim to excel further in our new future.



2022 Highlights



We reached an agreement with our shareholders regarding the transfer of shares.

In 2022, we stepped into a new era, becoming a 100% subsidiary of QNB Finansbank. For many years we have marked numerous achievements with QNB Finansbank, our strong business partner. We are excited to continue our journey with even firmer steps, in a new structure formed through the share transfer agreement signed between Cigna and QNB Finansbank on December 21, 2022.

Pinar Kuriş ranked among Türkiye's 50 Most Powerful Woman CEOs for the fourth time

For the fourth consecutive year, Pinar Kuriş, our CEO, was included on the Economist Magazine list of Türkiye's 50 Most Powerful Woman CEOs. The survey is now in its 11th year of spotlighting powerful women in the business world.

Most Valuable Human Resources Practices Award

Cigna was awarded the Bronze Stevie in the "Most Valuable Human Resources Practices" category at the Stevie Awards, a global award program evaluating the world's best employers. The Company was recognized for "We at Cigna", its human resources practices implemented during the COVID-19 pandemic.

Our CEO, Pinar Kuriş, was ranked among Türkiye's 50 Most Powerful Woman CEOs for the fourth consecutive year at the survey in its 11th year.



Türkiye's Best Health Insurance Product Award

Our Supplemental Health Insurance product, developed with a focus on health and well-being and enriched with free additional services, was named the Best Health Insurance Product for the second time at the Global Banking & Finance Awards, which recognizes the outstanding practices of companies in banking and finance.

Our CEO, Pınar Kuriş, selected as the Golden Leader for the second time

Pınar Kuriş once again ranked among Türkiye's Most Successful Leaders in 2022 at the Golden Leader Awards. Organized by

KREA M.I.C.E., the Awards recognize Türkiye's most admired executives, who are selected through a survey of professionals and businesspeople.

Cigna employees win the Global Wellness Challenge again

In the Global Wellness Challenge competition, organized by our main partner Cigna Global, Cigna Türkiye employees were victorious, performing 474,513 minutes of acts of kindness during a six-week period with the slogan #sanaiyigelenikesfet ("discover what's good for you"). Our acts of kindness touched the lives of 160 children in Kocamustafapaşa Sevgi Evleri.

At the Global Banking & Finance Awards, our Supplemental Health Insurance product was deemed worthy of the Best Health Insurance Product award for the second time.

About Cigna

INSURANCE THAT MAKES YOU FEEL SAFE AND GOOD

Our Mission

We provide easy, understandable and accessible solutions at every stage of life.

Our Vision

We make everyone whose life we touch feel good and safe, protect them and stand by them for their health.

As Cigna Sağlık Hayat ve Emeklilik, we meet the needs of our customers in private pension, health, personal accident, and life insurance branches with an insurance approach that makes them feel safe and good.

Cigna Sağlık Hayat ve Emeklilik A.Ş. was established on July 4, 2007, under the name Finans Emeklilik ve Hayat A.Ş. with Finansbank capital.

On November 9, 2012, with the decision taken at the Extraordinary General Assembly Meeting held on November 9, 2012, Cigna Finans Sağlık Hayat ve Emeklilik A.Ş. was strengthened with a partnership structure of 49% QNB Finansbank and 51% Cigna Nederland Gamma B.V.

On October 15, 2020, it was decided to continue its activities under the name Cigna Sağlık Hayat ve Emeklilik A.Ş.

The sale of a total of 22,950,000 shares with a total nominal value of TL 22,950,000, corresponding to 49% of the Company's capital, owned by QNB Finansbank and 51% of the Company's capital, owned by Cigna Nederland Gamma B.V. to QNB Finansbank for a total consideration of TL 1,000,000,000 has been decided, and a Share Purchase Agreement has been signed between the parties on October 21, 2022. The share transfer was made with the General Assembly held on December 21, 2022, after obtaining the

necessary permissions, but since the original share certificates subject to the transfer could not be found, the Bank filed a lawsuit for the cancellation of the share certificates. The registration of the General Assembly regarding the share transfer was completed on January 13, 2023.

As Cigna Sağlık Hayat ve Emeklilik, we continue to meet our customers with our strong capital structure and the motto "With You for Life".

We make it our priority to protect our customers and their loved ones against potential life risks through services designed specifically for the protection and savings needs that emerge on a daily basis, along with our enriched personal accident insurance, life insurance, health insurance, and individual pension products.

We promise to be together all the way with our customers with our extensive service network spread all over Türkiye through QNB Finansbank branches, our pension and insurance consultants, our telesales team, direct sales, and online channels, our experience and solutions that offer more than insurance.

We aim to stand by our customers not only in their difficult moments, but also throughout their lives. To this end, we enhance our products with additional services focusing on healthy and good living and continue to be our customers' companions.

*With QNB
Finansbank
branches, our
pension and
insurance
consultants, our
telesales team,
direct sales, and
online channels,
we have a wide
service network
throughout
Türkiye.*



Strong Shareholding Structure

INCREASED PERFORMANCE WITH THE STRENGTH OF THE PARTNERSHIP STRUCTURE

CIGNA Global

Founded in the United States, Cigna is an insurance company that boasts more than 200 years of experience and serves over 180 million customers in more than 30 countries. Cigna puts people at the center of its business and combines excellent customer experience with products developed by anticipating expectations and needs. Cigna continues to deliver customized, people-focused solutions.

QNB Finansbank

Founded on October 26, 1987, Finansbank, Türkiye's young and dynamic bank was acquired by the National Bank of Greece (NBG) in 2006, followed by Qatar National Bank (QNB), Qatar's largest bank and a leading financial institution in the Middle East and Africa region, in 2015. Finansbank,

Türkiye's fifth-largest private bank in terms of asset size, was renamed QNB Finansbank in October 2016.

QNB Finansbank offers a wide range of solutions specifically tailored to customer needs through numerous products and services, including but not limited to corporate and retail banking, branch and mobile banking, credit cards and deposits. Today, the Bank, with its 444 branches and more than 10 thousand employees, the subsidiaries of the QNB Finansbank Financial Services Group, namely QNB Finansleasing, QNB Finansinvest, QNB Finansportföy, QNB Finansfaktoring, QNB Finansvarlık, Cigna Sağlık Hayat ve Emeklilik A.Ş., the technology company IBTech, and QNB eFinans, continues to provide customers with financial solutions.

Shareholding Structure (*)

| Share Group | Number of Shares | Total of Shares Nominal Value (TL) | Shareholder Name/Surname/Title | Address |
|-------------|------------------|------------------------------------|--------------------------------|---|
| A | 22,949,999 | 22,949,999.00 | Cigna Nederland Gamma B.V. | Basisweg 10, 1043 AP Amsterdam, Netherlands |
| AI | 1 | 1.00 | | |
| B | 22,049,999 | 22,049,999.00 | QNB Finansbank A.Ş. | Büyükdere Cad. Kristal Kule Binası No: 215, 34387 Istanbul |
| BI | 1 | 1.00 | | |

(*) Although we continued our operations with our main shareholder Cigna throughout 2022, a share transfer agreement was signed on 21.12.2022 for the acquisition of all 22,950,000 shares of Cigna corresponding to 51% of the Company's capital by QNB Finansbank. The related extraordinary general assembly meeting and sole shareholder declaration in this regard were registered and announced on 13.01.2023 and the shareholding structure was updated as follows. From now on, our Company will continue its activities under the leadership of the sole shareholder, QNB Finansbank.

| Share Group | Number of Shares | Total Nominal Value of Shares (TL) | Name/Surname/Title of Shareholder | Address |
|-------------|------------------|------------------------------------|-----------------------------------|---|
| A | 22,949,999 | 22,949,999.00 | | |
| AI | 1 | 1.00 | | |
| B | 22,049,999 | 22,049,999.00 | QNB Finansbank A.Ş. | Büyükdere Cad. Kristal Kule Binası No: 215, 34387 Istanbul |
| BI | 1 | 1.00 | | |

Cigna's Operating Results in 2022

RANKED 7TH IN PREMIUM PRODUCTION

Summary of Financial Results

The insurance industry continued to grow this year with its dynamic and strong financial structure in Türkiye. Due to the low rate of insured individuals in Türkiye despite its young population, it continued to be an attractive market. The growing interest in the industry and the new actors that emerged as a result have given rise to gradually intensifying competition in the market. The life insurance premium production of the insurance sector in Türkiye at the end of 2021 was TL 17.7 billion (TL 17,726,737,287), and this figure reached TL 30.9 billion (TL 30,858,298,437) at the end of 2022. Cigna Sağlık Hayat ve Emeklilik A.Ş. achieved a market share of 6.77% in the health insurance industry, ranking 7th in terms of premium production.

Net profit for the period increased by 60%

| Summary of Financial Results | 2022 | 2021 | Change |
|--|-----------------|---------------|--------|
| Non- Life Technical Income | 178,399,659 | 81,066,011 | 120% |
| Non- Life Technical Expense | (168,061,234) | (51,899,938) | 224% |
| Life Technical Income | 1,918,160,602 | 975,153,515 | 97% |
| Life Technical Expense (-) | (1,629,570,247) | (826,344,572) | 97% |
| Pension Technical Income | 23,176,699 | 16,670,393 | 39% |
| Pension Technical Expense (-) | (27,904,203) | (14,678,122) | 90% |
| Investment Income | 357,353,445 | 219,466,416 | 63% |
| Investment Expense (-) | (48,009,331) | (28,856,369) | 66% |
| Income/Expense from Other and Extraordinary Operations (+/-) | (19,045,620) | (7,145,874) | 167% |
| Net Term Profit/Loss | 431,590,716 | 269,748,084 | 60% |
| Technical Category Balance (Non-Life) | 10,338,425 | 29,166,073 | (65%) |
| Technical Category Balance (Life) | 288,590,355 | 148,808,943 | 94% |
| Technical Category Balance (Pension) | (4,727,504) | 1,992,271 | (337%) |
| General Technical Category Balance | 294,201,276 | 179,967,287 | 63% |



2022 in Review

ECONOMIC SITUATION IN TÜRKİYE AND THE WORLD IN 2022

World Economy

In 2022, the global economic outlook deteriorated due to several negative developments. These included, but were not limited to, interest rate hikes to control inflation; Russia's invasion of Ukraine; and China's lockdowns, implemented in line with its Zero-Covid policy. In response to rising inflation, several central banks, most notably the FED and the ECB, began tightening their monetary policies. In the coming period, fiscal and monetary policies across the globe are expected to be further tightened to address inflation. These restrictive policies are likely to put pressure on global economic growth and trade flows in 2023. These uncertainties suggest that macroeconomic policies are subject to risks of both under-tightening and over-tightening. Under-tightening would arise if policy responses fail to generate sustained disinflation; in this case, central banks could lose credibility, which could lead to unmoored inflation expectations and the persistence of high inflation. On the other hand, excessive tightening could arise if policy responses lead to a severe recession in the global economy and instability in financial markets. In 2023, in addition to policy-related risks, uncertainties regarding the pandemic and geopolitical developments still loom large for the global economy.

Türkiye's Economy

The Turkish economy recorded robust growth of 11.4% in 2021 as a result of the recovery from the initial effects of the pandemic. GDP growth was high in the first half of 2022 but slowed in the second half due to a slowdown in exports. Leading data suggest that industrial production continued to weaken in the last quarter of 2022, but the retail, services and construction sectors gained momentum as credit growth accelerated. Strengthening domestic demand may slow the growth performance in early 2023; however, given the risks to the balance of payments and inflation outlook, we expect tighter macroeconomic policies and slower GDP growth in the second half of the year. Against this backdrop, we expect GDP growth in 2023 to be around 3%.

The annual current account deficit, which was USD 14 billion in 2021, widened to USD 45 billion in November 2022 (last 12 months), largely due to the increase in energy imports. The increasing current account deficit, portfolio investment outflows, and the dollarization of savings led to a depreciation of the Turkish Lira in 2022. Savings dollarization started to reverse due to the exchange rate-protected deposit step taken later. In addition, additional macroprudential and regulatory measures were used extensively to support the Turkish Lira.

*In 2023,
uncertainties
remain for the
global economy.*



With the increase in financial inflows in the second half of the year, exchange rates stabilized. The decline in international commodity prices also eased inflationary pressures at the end of the year. Consequently, annual consumer inflation, which peaked at 85.5% in October 2022, started to decline and ended 2022 at 64.3%. These developments also allowed the CBRT to increase monetary policy easing to accommodate the slowdown in economic activity. The CBRT lowered the policy rate from 14% to 9% in the August-November period and used macroprudential measures to accelerate credit growth in favored segments.

The current account deficit is expected to start narrowing in 2023, thanks to falling energy prices. However, export growth is anticipated to slow down due to weaker external demand, while imports are projected to remain high, especially at the beginning of the year, in line with strong domestic demand. While global and geopolitical uncertainties still pose risks to

capital flows, the CBRT has sufficient foreign exchange reserves to alleviate balance of payments problems in the short term. Despite this data, we expect the balance between domestic interest rates, inflation, and exchange rates to be shaped by macroeconomic policies in the medium term.

In an absence of adverse shocks, annual inflation is expected to fall in the first half of 2023 due to the base effect. The 55% increase in the minimum wage, announced in January, and the upper limit on residential rent increases, which was introduced last year and will expire in July, may put pressure on inflation. Accordingly, we anticipate partial disinflation in 2023 and expect the inflation rate to be around 45% at the end of the year. In addition, with a projected adjustment to macroeconomic policies, short-term interest rates are forecast to move towards the inflation rate in 2023 and remain above that rate as inflation gradually declines in the coming years.

3%
2023
estimated
GDP growth

2022 in Review

123% INCREASE IN INSURANCE PREMIUM PRODUCTION

Insurance Industry

Insurance Industry In 2022

According to data from the Insurance Association of Türkiye (TSB), premium production increased by 123.2% in 2022 compared to the previous year, amounting to TL 235 billion. Of this production, TL 204 billion was generated from non-life branches and TL 31 billion from life insurance. While the yearly increase in elementary categories was 133.1%, the increase in life insurance was 74.1%.

Private Pension System

According to data from the Pension Monitoring Center (EGM) dated December 31, 2022, by the end of 2022, the number of participants in the PPS increased by 10% to 7.8 million, while the number of participants in the Automatic Enrollment System (OKS) rose by 11.6% to 8.3 million, compared to the previous year. At the end of 2022, the total fund size of the system, including the Automatic Enrollment System, increased by 77.3% compared to the previous year and reached TL 433.4 billion.

Cigna's Position in the Sector

In 2022, we expanded market share across every field in which we operate, focusing on the health insurance branch. According to the end-December 2022 data of the Insurance Association of Türkiye (IAT), while the sector grew by 76% in 2022 compared to 2021, Cigna Sağlık Hayat ve Emeklilik grew by 107%, reaching a premium production of TL 2.3 billion (excluding Supplemental Health Insurance premium production). We reached a premium amount of TL 2.1 billion in the Life Insurance branch and TL 165 million in the Personal Accident Insurance branch. In the total Life and Personal Accident Insurances, we expanded our market share among Life and Pension companies from 6% in 2021 to 7% in 2022, ranking among the top eight companies in the sector. We ranked third among life insurance companies in the Personal Accident branch. As of the end of December, we achieved a total fund size of TL 2.5 billion, including the State Contribution, and 197 thousand participants in the Private Pension and Automatic Enrollment System. In the Health Insurance branch, which we entered at the beginning of 2021, we continue to grow rapidly and take solid steps forward in the sector. We started 2022 with a market share of 0.56% and ended the year with a market share of 1.28% and TL 100 million in Supplemental Health Insurance (SHI) premium production.

As Cigna Sağlık Hayat ve Emeklilik, we achieved premium production of TL 2.3 billion, increasing by 107% excluding supplemental health insurance.

7%

Life and Personal Accident Insurance market share among Life and Pension companies

2022 Ordinary General Assembly Meeting Agenda

AGENDA

1. Opening and attendance check,
2. Election of the Presidency Council and delegation of the authority to the Presidency Council for signing the Minutes of the General Assembly,
3. Review and discussion of the Annual Activity Report for the year 2022,
4. Review and discussion of the Board of Directors' Activity Report for the year 2022,
5. Review of the independent audit company report,
6. Review, discussion and approval of the balance sheet and profit/loss statements for the year 2022,
7. Discharge of the Members of the Board of Directors for their activities in 2022,
8. Discussion of the remuneration of the Members of the Board of Directors,
9. Review and decision regarding the distribution of dividends as per the balance sheet for the year 2022,
10. Appointment of an independent audit company for auditing the Company in 2023,
11. Information on the donations made in 2022 and review and discussion of the total donation amount planned for the year 2023,
12. Authorization of the Members of the Board of Directors as per articles 395 and 396 of the Turkish Commercial Code,
13. Wishes and conclusion.



Assessment by the Chairman of the Board

LEADING THE WAY WITH REMARKABLE WOMEN'S EMPLOYMENT RATIO

Dear Shareholders,

In 2022, a year in which we had hopes of a global recovery after the pandemic, we instead faced global problems that included war and economic stagnation. In Türkiye, in particular, we observed high inflation and an exchange rate crisis.

The Russia-Ukraine war affected the entire world politically and economically. Almost eight million people were forced to leave Ukraine. Western nations imposed severe sanctions on Russia, and many foreign companies exited the country. The war pushed up food and energy costs, with oil prices rising to USD 140 per barrel. The costs of essential food items especially wheat, soared. China's lockdown policy, implemented to combat the pandemic, added to the strain on world trade and supply chain disruptions. These unfavorable developments brought rising inflation to the global agenda. In order to control and reduce double-digit inflation, the Central Banks of the US, Europe and the UK implemented a tight monetary policy by raising interest rates. By the end of the year, we observed that inflation was brought under control to some extent in developed economies.

In Türkiye, elevated inflation has become the most significant economic problem. The interest rate-lowering policy led to a rapid depreciation of the Turkish Lira. Measures taken to halt devaluation led to the introduction of numerous new regulations throughout the year. Introduced by the Treasury and the Central Bank, the Exchange Rate Protected Deposit product attracted great interest in the market and, to a certain extent, brought pressure on the exchange rate under control. Negative real interest rates stimulated interest in the stock market, with many new customers becoming stock market investors and making money. On the political front, the Russia-Ukraine war demonstrated to the world

the importance of Türkiye as a country; the grain corridor established in July proved to be a good example of Türkiye's significance.

Although economic fluctuations in the global arena and in our country had an impact on the insurance sector, the sector maintained its long-standing growth momentum. In 2022, the insurance industry's total insurance premium production in all branches exceeded TL 235 billion, with an increase of 123.2%. As health insurance awareness among individuals is increasing, especially due to the pandemic, the sector continues to keep pace with a digitalizing world and meet customers with innovative services.

While 2022 was shaped by energy, food and refugee crises, sustainability policies to prevent climate change also came to the fore – these adverse developments pushed companies and consumers to think and to strive to raise awareness about a more livable world and a happier life. Accordingly, the banking and insurance sectors, although shaken by the impact of economic fluctuations, exhibited a robust and rapid adaptation, becoming more customer-oriented and continuing to diversify easy, understandable, and accessible services. With the awareness that a sustainable future depends primarily on protecting what we have, both companies and consumers have further incorporated sustainability into their lives by taking strength from digitalization.

The insurance sector, among the sectors in Türkiye with the highest women's employment, is also extremely important in terms of increasing women's employment and supporting the development of women managers. Cigna, which has achieved many successes under the guidance of a woman leader, provides employment above the sector average with a 67% ratio of women

employees; women employees also make up 51% of the Company's management staff.

Last year, we experienced another exciting development for the Group and for Cigna Sağlık Hayat ve Emeklilik, which offers insurance services that make customers feel good with the motto "Together, All the Way." Working together for many years and achieving many successes, Cigna Sağlık Hayat ve Emeklilik became our 100% subsidiary. Cigna, growing stronger every year with its deep-rooted experience, extensive service network, and innovative products, doubled its premium production in 2022 and achieved 113% growth compared to the previous year. We reached TL 2 billion in premium production in the life branch. We recorded 107% growth in the Life Insurance branch, including Personal Accident Insurance, and 86% growth in the Individual Pension and Automatic Enrollment System. Our premium production in the Supplemental Health Insurance branch, which amounted to TL 99.7 million, increased by approximately 606% compared to the previous year. Cigna Supplemental Health Insurance, maintaining a growth momentum that took off with its entry into the sector, was deemed worthy of the Best Health Insurance Product award by Global Banking & Finance Review Magazine in 2022, as it was in the previous year.

I sincerely believe that we will achieve much more together in the coming period and continue to strengthen our position in the sector.

I would like to thank all our employees, customers and business partners who contribute to this success.

Kind regards,

ÖMER A. ARAS
CHAIRMAN OF THE BOARD

Board of Directors(*)



ÖMER A. ARAS

Chairman of the Board

Graduated in 1975 from the School of Economics and Finance of the Academy of Economic and Commercial Sciences, Aras received an MBA from Syracuse University in 1978 and a Ph.D. from the same university in 1981. He worked as a faculty member in the Business Administration Department at Ohio State University between 1981-1984 and as a Credit Marketing Manager and a Member of the Credit Committee at Citibank from 1984 to 1987. Aras became Head of the Securities Center of Yapı Kredi Bank at the beginning of 1987. Aras was involved in the establishment of Finansbank in October 1987 and served as the Bank's Assistant General Manager for two years, CEO for six years, Executive Board Member of Finansbank, and Vice Chairman of the Board of Fiba Holding until December 2006. In the same period, he served as the Chairman of the Board of Fiba Holding's domestic and foreign subsidiaries, including Marks & Spencer. Between 2003-2007, he held the position of Member of the Board of the Turkish Industry and Business Association (TUSIAD), and between 2006 (November) and 2010 (April), he took on the role of Vice Chairman of the Board of Directors and Group CEO of Finans Leasing, Finans Yatırım Menkul Değerler A.Ş., and Finans Portföy Yönetimi A.Ş. He is currently the Chairman of the Board of Directors of Cigna Sağlık Hayat ve Emeklilik A.Ş.



TEMEL GÜZELOĞLU

Deputy Chairman of the Board

Born in 1969, Mr. Güzeloğlu holds bachelor's degrees in Electrical and Electronics Engineering and Physics from Boğaziçi University. Mr. Güzeloğlu then earned a master's degree in Electrical and Computer Engineering from Northeastern University and a master's degree in Business Administration from Bilgi University. Until August 2008, he served as Executive Vice President in charge of Retail Banking at Finansbank A.Ş., and since then he has been a member of the Executive Committee and Executive Vice President in charge of Retail Banking at Finansbank A.Ş. Mr. Güzeloğlu was appointed as the CEO in April 2010 and served until the end of 2021. As of January 1, 2022, he continues to serve as a member of the Board of Directors of QNB Finansbank A.Ş. In addition to his duties at QNB Finansbank, Mr. Güzeloğlu worked at Unilever between 1994-1996, Citibank between 1996-2000, and McKinsey Consulting firm between 2000-2004.



ADNAN MENDERES YAYLA

Member of the Board and Chairman of the Audit Committee

Born in 1963 in Ankara, Adnan Menderes Yayla graduated from the Department of Economics of the Faculty of Political Sciences at Ankara University in 1985. He completed his MBA at the University of Illinois at Urbana-Champaign between 1992-1994. Mr. Yayla served as Assistant Auditor and Auditor at the Ministry of Finance between 1985-1995, Project Valuation Division Chief at the Privatization Administration between 1995-1996, and Manager, Senior Manager and Partner at the Istanbul and London offices of Price Waterhouse Coopers between 1996-2000. From 2000 to 2008, he served as Executive Vice President in charge of the Financial Control Group, ALM and Risk Management at Türk Dış Ticaret Bankası (Fortis). He joined Finansbank on May 20, 2008, as Executive Vice President and Group CFO. As of October 2013, he has been serving as Executive Vice President of Financial Control and Planning and Group CFO. He is also the Chairman of the Audit Committee of our Company.



AHMET ERZENÇİN

Member of the Board of Directors and Audit Committee

Ahmet Erzençin graduated from the Department of Public Administration at Middle East Technical University. After working at Pamukbank between 1988-1993, Mr. Erzençin joined QNB Finansbank in 1993 as Legislation Unit Manager. In 1996, Erzençin was appointed as the Head of the Operations Group to manage branch and head office operations. After the establishment of the Operations Center in 2001, Erzençin served as the Operations Center Manager until the end of 2005. In early 2006, he carried out the establishment of the Legal Compliance Department and served as the Head of Legal Compliance until September 2012. Mr. Erzençin then assumed the responsibility of the Internal Control Department. He is currently the Head of Internal Control and Legal Compliance at QNB Finansbank and also a member of the Audit Committee of our Company.



MEHMET KÜRŞAD DEMİRKOL
Member of the Board of Directors

In 1995, Mr. Demirkol graduated from Bilkent University, Department of Electrical and Electronics Engineering with top honors and received his master's and Ph.D. degrees from Stanford University. He worked as an Application Engineer at Oracle between 1996-1997 and as a Research Assistant at Stanford University between 1997-1999. Between 1999-2003, he worked as a Senior Consultant at McKinsey & Company Atlanta and Istanbul offices. In 2004, he worked as Group Head of Business Development and Strategy Department at Finans Bank A.Ş. and Executive Vice President in charge of IT and Card Operations at Finans Bank A.Ş. Russia. Mr. Demirkol, who worked as Business Development and Marketing Director at Memorial Healthcare Group in 2005 and as the Head of IT Technologies Department at VakıfBank in 2007, was appointed as the Bank's Executive Vice President in charge of IT in the same year and took over the responsibilities of Operations and Alternative Distribution Channels in 2008. In October 2010, Mr. Demirkol joined Finansbank A.Ş. as Executive Vice President and has been serving as Executive Vice President in charge of Information Technologies, Operations, Channels, and Business Development since November 2011.



ENİS KURTOĞLU
Member of the Board of Directors

In 1999, Mr. Kurtoğlu graduated from Boğaziçi University, Department of Electrical and Electronics Engineering and in 2006 he received his MBA degree from London Business School, Faculty of Business Administration. He worked at Citibank Türkiye between 1999-2002 and at Citibank Europe, Middle East and Africa Region London Head Office between 2002-2006 in various managerial positions in marketing and sales. Between 2006-2010, he served as Marketing Director at Citibank Türkiye and in 2010, he joined Finansbank A.Ş. as Group Manager in charge of Retail Products. He served as Mass Banking Director between 2012-2014 and as Mass Banking and Direct Sales Director from 2014 until May 2015. Appointed in May 2015 as Executive Vice President in charge of Retail Banking, Mr. Kurtoğlu has been serving as Executive Vice President in charge of Retail and Private Banking at QNB Finansbank A.Ş. since June 2016.



PINAR KURİŞ
Member of the Board of Directors/Chief Executive Officer

Pinar Kuriş graduated from the Department of Industrial Engineering at Boğaziçi University in 1995. She also holds Master's and Ph.D. degrees in Industrial Engineering from Boğaziçi University. She started her career in 1998 as Project Manager at Citibank. Kuriş, who remained in this position between 1998-2000, worked as a Senior Consultant at McKinsey Company between 2000-2004 and continued her career as Director at Finansbank between 2005-2013. She worked as the Head of Department at Akbank in 2013, and as the Executive Vice President of Burgan Bank between 2013-2018. Kuriş has been serving as the CEO of Cigna Sağlık Hayat ve Emeklilik A.Ş. since July 16, 2018.

Board of Directors(*)

MEMBERS OF THE BOARD OF DIRECTORS WHOSE TERMS OF OFFICE EXPIRED ON 21.12.2022



JASON DOMINIC SADLER
Deputy Chairman of the Board

Mr. Sadler graduated from the Business Administration Department at Bromsgrove University. He started his career at Zurich Financial Service in the UK and worked as Marketing Director in the Hong Kong HSBC Insurance Unit between 1994-2010. Since June 2010, he has been the President of Cigna Global, headquartered in Hong Kong.



JEROME DROESCH
Member of the Board of Directors

Jerome Droesch holds a master's degree in Engineering from Ecole Centrale and a master's degree in Asset Management from SKEMA Business School. He completed his advanced business education at INSEAD. Droesch spent a significant part of his career, more specifically 27 years, at AXA Group, where he was instrumental in establishing robust operations and making the brand a market leader in the region. He held various management positions in multiple locations and businesses, and also served as a Member of the Executive Board of AXA Group. Before joining Cigna, Droesch assumed the role of CEO of AXA Partners, a unit under AXA dedicated to developing partnership activities on a global scale. In his current position as the Head of the Executive Board for Cigna International Markets, Jerome Droesch is responsible for advancing the Company's business as a leading provider of insurance services to individuals, groups, and government entities within its sphere of influence.



ERKİN AYDIN
Member of the Board of Directors

Aydın graduated from the Department of Civil Engineering under the Faculty of Engineering at Boğaziçi University in 1997. In 2003, he received his MBA from the University of Michigan's School of Business. Aydın, who started his career in 1998 as a Business Development and Project Engineer at Guy F. Atkinson Construction in the United States, later worked as Project Manager at Clark Construction Group in California. In 2002, Aydın started to work at McKinsey Company in Istanbul where he served as Consultant, Project Manager and Associate Partner. During his career at McKinsey & Company, he provided consultancy on marketing, growth strategies, sales

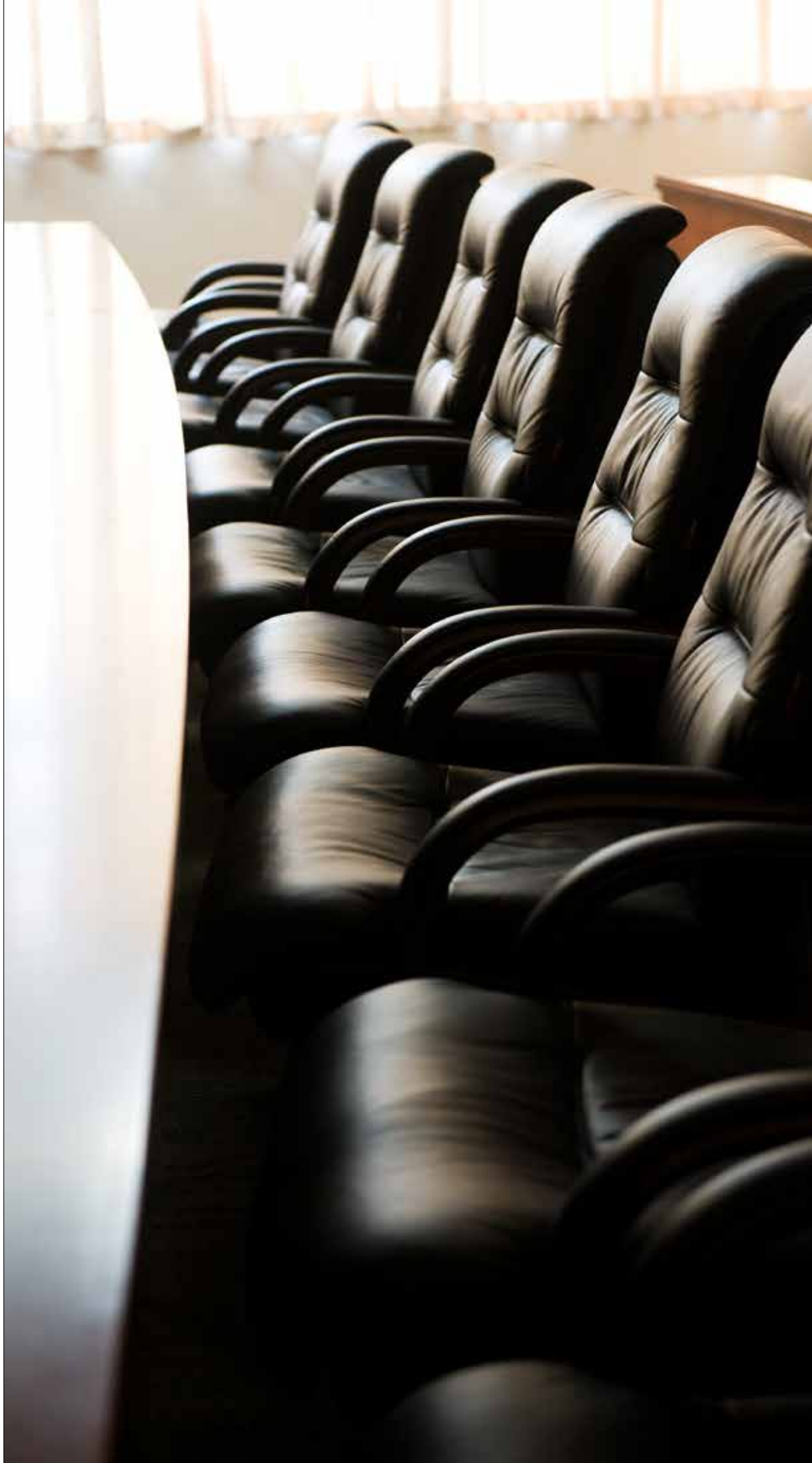
penetration, operational efficiency, organizational strategy, mergers and acquisitions to a number of prominent financial institutions in Türkiye and Eastern/Western Europe. In 2008, he undertook the role of Group Manager of Housing and Consumer Loans at Finansbank A.Ş. He was appointed as Retail Marketing Coordinator in February 2010 and Executive Vice President of Retail Banking in May 2011. Following his various responsibilities, he assumed the position of Executive Vice President of Retail and SME Banking in September 2017. Mr. Aydın continues his career as the General Manager of Hepsiburada Finansal A.Ş. as of June 1, 2022.

(*) Our members of the Board of Directors were elected at our Extraordinary General Assembly held on 21.12.2022 and registered and announced on 13.01.2023. The information about our members who have continued their duties until this date is given separately.



ROBERT DOUGLAS PEAT
Member of the Board of Directors

Graduated from Heriot-Watt University, Department of Actuarial Mathematics and Statistics, Peat also holds a license in Actuarial Science from the University of Waterloo. He completed his advanced education in Insurance and Actuary at the Society of Actuaries and the American Academy of Actuaries. Spending his entire 20-year-long career at Cigna following his graduation in 2002, Peat worked in multiple geographies, including the United States, United Kingdom and Hong Kong markets. He is currently serving as CFO for International Markets.





Assessment by the CEO

INCREASING MARKET SHARE IN A GROWING INSURANCE SECTOR

In 2022, we saw the impact of the pandemic diminish and life adapt to the new normal, even as important developments took place both in our country and worldwide. Post-pandemic logistical problems, the Russia-Ukraine war, and the global inflation problem affected the entire world. As for our country, the main agenda items for 2022 were the decisive fight against inflation, the balance in money markets, and the restructuring of the real sector; however, inflation increases across all major areas, especially food inflation, significantly affected purchasing power. In 2023, when the presidential elections are expected to be the hottest item on the agenda, politics and the economy will remain at the center of the country's focus. The earthquakes in Kahramanmaraş and its neighboring provinces, which took place in the first months of the new year, will have a negative impact on the country's economy in the upcoming periods and have certainly affected the psychological health of our society.

While the insurance sector felt the impact of economic fluctuations in the global arena and in our country, the sector continued to grow during this difficult period. Insurance needs also evolved in accordance with rapidly changing circumstances due to the pandemic. Consumers now prefer fast, easy and understandable solutions. Therefore, in an increasingly digitalized world, the industry's response – an enhanced focus on the customer and improving customer experience – stood out as a significant factor in its growth. In addition, the proliferation of innovative and customized products and services had a positive impact by meeting consumer expectations and increasing competition. We anticipate that the sector will grow further in the future under the heading of 'digitalization'.

With all these developments, the insurance industry's total insurance premium production in all branches rose by 123.2%, exceeding TL 235 billion. The total number of policyholders in the health branch, including Private Health Insurance and Supplemental Health Insurance, reached 6,274,654 as of the end of December 2022. As of year-end, premium production of Supplemental Health Insurance soared by 199% to TL 7.8 billion, while Private Health Insurance rose by 104% to TL 19.3 billion. Life Insurance grew by 74.1% year-on-year as of December 2022. The Private Pension System (PPS) reached 7.8 million participants as of December 2022, while the number of participants in the Automatic Enrollment System reached 8.3 million.

The insurance industry's total insurance premium production in all branches increased by 123.2% and exceeded TL 235 billion.

Assessment by the CEO

COMPANIONSHIP THAT REASSURES OUR CUSTOMERS

As Cigna, in 2022, with our “Together, All the Way” motto, we continued to accompany our policyholders not only during their difficult days but in every area they need, while we also stepped into a new beginning. In December 2022, we became a wholly owned subsidiary of QNB Finansbank Group, our business partner and 49% shareholder for the last decade, and we continue our journey with even firmer steps. In our new future, while ensuring that our customers feel a stronger sense of trust, we will again offer products and services backed by our deep-rooted knowledge and an extensive service network across our country.

Cigna continues to increase its market share in the insurance industry, which maintains its growth. In the previous year, through our efforts to strengthen our brand awareness and reach more people by diversifying our distribution channels, we achieved 113% growth compared to the previous year, with premium production of TL 2,354,109,618 as of year-end. We reached TL 2,089,218,821 in premium production in the life branch. We recorded 107% growth in the Life Insurance branch, including Personal Accident Insurance, and 86% growth in the Individual Pension and Automatic Enrollment System. Our premium production in the Supplemental Health Insurance branch, which amounted to TL 99,690,996, increased by approximately 606% compared to the previous year.

An important factor in our highly successful results is our diversification of the channels through which we meet our customers, offering innovative products and services with the aim of becoming one of the major players in the sector. In this context, focusing on ensuring that our companionship brings confidence and comfort to customers, we enhance our products with additional services centered on health and well-being, and aim to make our customers feel special with extra privileges. We make a difference in the competition and continue to expand our world of privileges with our Supplemental Health Insurance, which achieved prominence in the sector soon after its launch. We augmented this product with the Online Doctor, Online Psychologist and Online Dietitian services, offered free of charge. In addition to its market success, this product continues to be appreciated by reputable platforms in the sector: We were proud to receive the Best Health Insurance Product award in both 2021 and 2022, presented by Global Banking & Finance Review Magazine.

In line with our objective to deliver easy, understandable and accessible solutions to more people across all areas of life, we continued to diversify our distribution channels in 2022. Within the scope of a vision that has focused on digitalization since the day of our establishment, our most important directive in the past year was to expand our channel diversity and strengthen our distribution network. In doing so, we prioritized digital channels and introduced numerous innovations.

In line with our goal of delivering easy, understandable and accessible solutions to more people in all areas of life, we continued to diversify our distribution channels in 2022.

2.09
TL BILLION
**Our premium production
in the life branch**

In one of our most important innovations, we started to meet our customers with the Cigna mobile application, launched as both an application serving insurance transactions and a “Well-Being Application” supporting healthy living. Cigna customers can access detailed information about their rights and guarantees regarding health, life, personal accident and pension products through our mobile application.

In addition, our Supplemental Health Insurance product can now be purchased with a few clicks on the Cigna website. Moreover, we strengthened our cooperation with QNB Finansbank and extended insurance penetration across all channels of the Bank. QNB Finansbank customers have been able to access our product through bank branches and the Bank’s mobile application since the beginning of last year. In light of these developments, Cigna’s NPS score rose by 20% compared to the previous year in the 2022 results of the Net Promoter Score (NPS) research conducted by Cigna Global.

In 2022, our top priorities included ensuring the health, quality of life, well-being and motivation of our employees, who play the most vital role in our achievements. In this context, we conduct well-being programs under the name “CignadaBiz” and develop practices to meet the needs of our employees in line with our approach of “valuing people”, one of our five values. We were delighted to receive the Bronze Stevie Award in the “Most Valuable Human Resources Practices” category at the Stevie Awards with this application.

In 2023, as we embark on a new and exciting journey, we will continue to update our digital channels and deepen our channel diversity while developing products with a focus on reassuring our customers and making them feel good. Process automation and optimization will improve our remote sales competence, and efforts to increase our effectiveness and penetration across all QNB Finansbank channels will continue to be a priority.

As Cigna, I would like to express my sincere gratitude to our valuable shareholders, policyholders and colleagues as we continue our activities to support the healthy and good lives of our customers, employees and business partners.

I sincerely believe that Cigna will maintain its journey in the new period and ensure that those whose lives we touch feel good and safe. I look forward to meeting in pleasant days accompanied by health, success, and happiness.

Kind regards,

PINAR KURİŞ
CEO

107%

Our total growth rate in the Life Insurance branch including Personal Accident Insurance

606%

Increase in premium production in Supplemental Health Insurance

Senior Management



Pınar Kuriş
CEO



Mehmet Çapkın Ersoy
Executive Vice President



Tolga Ceylantepe
Executive Vice President and
Audit Committee Member



Melda Şuayipoğlu
Executive Vice President



Ümit Sönmez
Executive Vice President



Burak Bayhan
Executive Vice President



Hülya Ervansel
Executive Vice President



Nadire Yüçetürk
Executive Vice President



Ece Kazcılar
Group Manager



Övünç Özbilgiç
Group Manager



Erçin Acar
Group Manager



Serdal Gazcılar
Group Manager



Ceren Semayiş
Group Manager



Mustafa Sağlık
Group Manager



Aslı Bengi
Group Manager



Eda Özbek Gürol
Group Manager



Ebru Dalgakıran
Group Manager



Emel Coşkun
Group Manager



İlke Uyar Gürsel
Group Manager



Gülşah Başoğlu
Group Manager



Saygın Torumtay
Group Manager



Aslıgül Tanyolaç
Group Manager



Gökyay Yavan
Group Manager

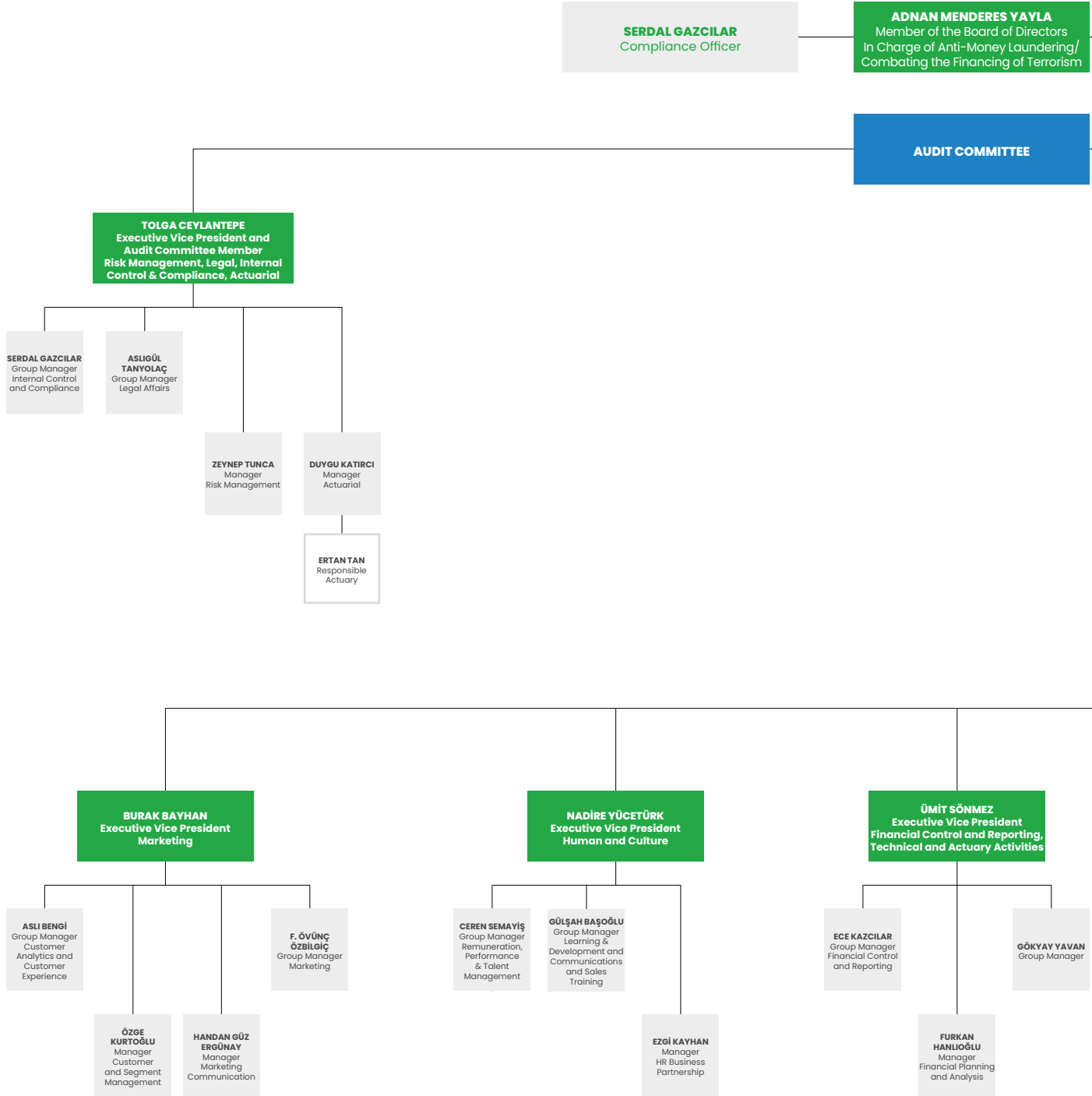


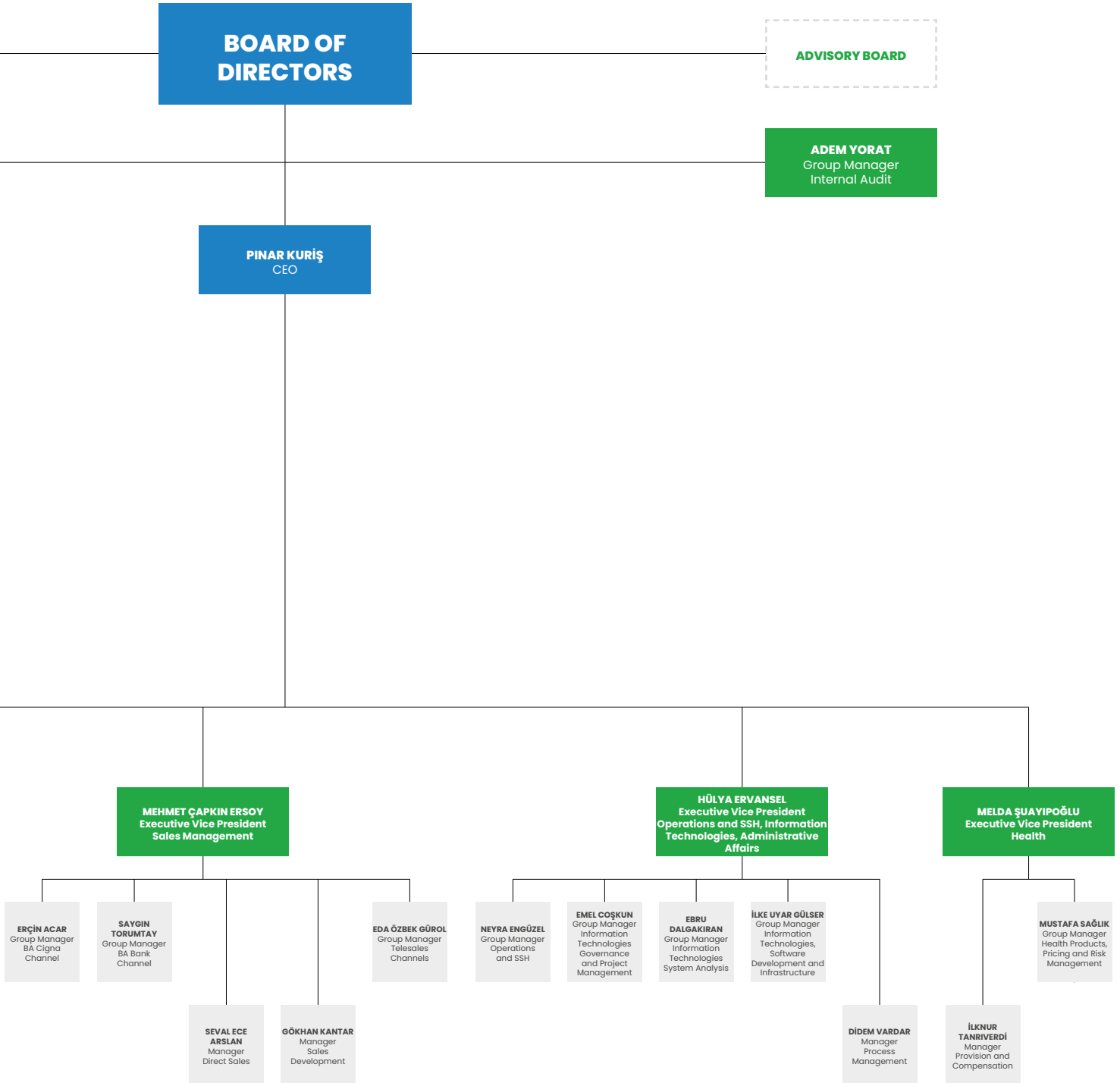
Neyra Engüzel
Group Manager



Adem Yorat
Group Manager

Organizational Chart





Distribution Channel Activities

CUSTOMER ORIENTED SERVICE APPROACH

In 2022, our premium production in life, personal accident, and health branches increased by 113% in all sales channels compared to 2021.

In the Branch Sales Channels, we continued our "efficiency-oriented" approach in 2022, which we have followed throughout all previous years, and we implemented many new projects and practices with this approach. In addition, we continued activities and operations with the aim of ensuring that their central objective was to enhance our sales efficiency.

In line with our basic strategies of customer orientation and product diversity in both credit-associated and non-credit-associated branches, we have touched the lives of our customers and secured their future by making many innovations/regulations and further expanding our product alternatives. We aim to maintain our experience, know-how, and customer-oriented service approach with even stronger steps in 2023. With our new organizational structure, we further deepened our knowledge about field sales staff and bank portfolios and increased our actions aimed at customer needs.

In Telesales Channels, we focused on transforming our customer portfolio into a longer-lasting portfolio, which is one of our most fundamental strategies in 2022, and we aimed for the absolute satisfaction of our customers and its sustainability in line with our company strategy. By maintaining the focus on customer experience and with our "value for purpose" approach, we maintained our growth trend in our production by achieving high-efficiency figures thanks to all the changes we made in our processes. In this context, in Telesales Channels, we increased new business premium production in Life, Personal Accident, and Health branches by 115% in 2022 compared to the previous year.

We achieved high premium production by increasing customer penetration with the new products we added to our product range. We expanded our individual customer portfolio by increasing our experience in supplemental health insurance and started renewal activities. We further deepened our integration with bank alternative channels and implemented new product sales projects and channel penetration studies in line with our strategies. Thus, by adding new customers to our customer portfolio, we achieved significant acceleration not only in new projects but also in existing ones.

In Telesales Channels, we focused on transforming our customer portfolio into a longer-lasting portfolio, aiming for the absolute satisfaction of our customers and its sustainability.

115%

Increase in new business premium production in Life, Personal Accident, and Health branches in Telesales channels

In the Direct Sales Channel, we increased premium production in Life and Health branches by 328% in 2022 compared to the previous year. With our first foreign currency life insurance, “Smart Life Insurance”, we stood by our customers in the long term and continued to increase our loyalty in 2022 as well. By offering the eco package of our Supplemental Health Insurance product for sale in more comprehensive provinces, we offered comprehensive yet affordable health insurance for our customers who want to secure their health expenses. At the end of 2022, we launched the Support to My Budget Personal Accident Insurance product, which we call “Your Future is Safe, Advantages are in Your Pocket”, in the Direct Sales Channel.

In 2023, we aim to grow by introducing our insurance products to more customers with our sustainable customer satisfaction approach and “Together, All the Way” promise. We aim to secure individuals, their loved ones, and their health expenses against adverse situations they may encounter in life.



Product Development Activities

WE SEE OUR POLICYHOLDERS AS COMPANIONS

Within the Scope of Health Insurance

In 2022, we continued to grow rapidly with our Supplemental Health Insurance product. The Supplemental Health Insurance provides examination and treatment services at private hospitals and other private health institutions that have an agreement with SSI (Social Security Institution) at no additional cost, excluding mandatory contribution fees. We added new sales channels to existing ones by targeting larger groups.

We at Cigna define ourselves not only as an insurance company that stands by policyholders when they experience health problems but also as a companion that supports policyholders in leading a healthy life. Drawing from this understanding, we continued to offer our Supplemental Life Package, which includes free-of-charge check-up, online doctors, online psychologists, online dietitians, emergency ground ambulance, and dental and eye care package services, to our customers in 2022 as well.

Considering the importance of quick and easy access to services in this era, we started policy sales through QNB Mobil and Cigna's website in June 2022.

We aimed to make access to health insurance easier for a wider audience by offering our Eco Plan option in 12 different provinces as of August 2022.

Our goal in the health insurance business line is to provide a unique customer experience to our customers through simple insurance transactions that can be made via online platforms. With this approach, we started to offer our policyholders the policy issuance method of obtaining approvals electronically via links sent to smartphones in individual policy renewals as of September 2022.

As of December 2022, the Cigna Mobile app provided easy access to much information and services such as policy and payment details, additional free services within the scope of the policy, and contracted institutions. Once all its functions are finalized in 2023, our application will be a "well-being application" rather than an application in which insurance-related transactions can be carried out.

Within the Scope of Life and Personal Accident Insurance

Increased risk awareness following the pandemic and the normalization of the global economy and labor markets, along with the transition to digital insurance, had an impact on the demand for life insurance products in 2022. With increased awareness around the financial role of life insurance during the pandemic, customer needs and demands continued to change accordingly.

As the needs of customers evolved, we accelerated the process of transitioning our products and services to a digital platform. While the challenges created by change increased, digitalization developments that allow for greater productivity paved the

We aimed to make access to health insurance easier for a wider audience by offering our Eco Plan option in 12 different provinces as of August 2022.

113%

Increase in premium production in life, individual accident, and health branches



way for new ideas and possibilities in terms of our product portfolio and complimentary services. In line with changing needs, we introduced new products that vary according to corporate and individual customer groups in our product portfolio. In 2022, we introduced Commercial Card Credit Life Insurance and Limit Protection Life Insurance on the corporate side, and Support to My Budget Personal Accident Insurance on the individual side.

With our Commercial Card Credit Life Insurance product, for the first time, we provided insurance integration for commercial cards across all channels and secured our customers using Instant Extra Credit – Instant Credit and Cash Advance Loans in Installments against the risks of death and accidental permanent disability.

With Limit Insurance, unlike our usual life insurance products with credit, we secured our customers' corporate credit limits other than Commercial Loans in Installments. With our Support to My Budget Personal Accident Insurance product, we secured our customers with accidental death, permanent disability, and daily hospitalization coverages, and we achieved great success with the special assistance services we added to the product. Those insured with this product, which we offer for sale with different package options, started to benefit from grocery store gift vouchers and fuel discounts.

The life insurance and personal accident insurance products we have recently developed respond to the needs of our customers. Furthermore, we continue to stand by our individual and corporate

customers by offering gratuitous, supplemental services they can benefit from in their daily lives. As insurance companies started to make greater use of technology and support Insurtech startups in 2022, we designed our products in accordance with customer needs and improved the customer experience for all products and services delivered through all channels – primarily the digital channel, and we will continue to improve it in 2023 as well.

We plan to provide our customers with an enhanced insurance experience through processes such as end-to-end digital confirmation and the delivery of policies by email and SMS, and through our value-added personal accident and life insurance products, which we plan to position primarily in the digital channel and are designed in line with market dynamics.

Within the Scope of Private Pension

While offering our individual customers Easy and Elite Pension Plans, we continued to provide comprehensive services to our corporate customers with Group Pension Plans, Automatic Enrollment System (AES) Plans, and Employer Group Pension Plans and adapted to the new regulations enacted during the year.

In 2023, we aim to maintain our existing pension plans in compliance with the legislation and manage the necessary infrastructure needs.

With Limit Insurance, unlike our life insurance products with credit, we secured our customers' corporate credit limits other than Commercial Loans in Installments.

Brand and Communication

AN INSURANCE COMPANY THAT ACCOMPANIES ITS CUSTOMERS FOR LIFE

In 2022, we emphasized our “Together, All the Way” discourse, with which we positioned ourselves at the center of all our work as a companion that stands by our customers not only in their difficult moments but also in every area they need us throughout their lives, in our communication activities. We continued to meet with our customers with practices that will strengthen our insurance approach that makes them feel safe and good.

We aimed to contribute to individuals' insurance awareness by organizing a “Personal Accident Insurance Gift Campaign” special for Insurance Week, which was celebrated between May 23rd and May 29th. People who wanted to have Gift Personal Accident Insurance applied for the campaign on Cigna's website and secured themselves against accidental death and accidental permanent disability with a coverage of TL 15,000, valid for two months.

In 2022, as part of our Corporate Communications efforts, we were featured in 288 online and print news articles with press releases, file news, and interviews, reaching an average of 2.2 million people. In addition to business world and economy magazines, we took part as the spokesperson of our leaders in the file news made by sectoral publications on topics such as insurance sector evaluations and digitalization efforts in the insurance sector.

We regularly communicated updates on our products, especially Supplemental Health Insurance, and our applications focusing on digitalization. In addition to the launch of our Cigna Mobile application, which we designed not only as an application where insurance transactions can be made but also as a “Well-Being Application” that supports healthy living, we also carried out promotion activities related to the launch of sales of our health and life insurance products on the QNB Finansbank Mobile application. In addition, while sharing with the public the senior executive appointments made throughout the year, our HR practices, and the awards we received for our Supplemental Health Insurance product, we continued to announce our awards recognizing our success in women leadership in sectoral and national media.

In 2023, we will continue our advertising, digital campaigns, and corporate communication activities that will emphasize the insurance approach that makes people feel good and contribute to our brand awareness. We will continue to touch the lives of our customers as their “Companion” with the motivation of being with them for life, going beyond being just an insurance company.

As part of our Corporate Communications efforts, we were featured in 288 online and print news articles with press releases, file news, and interviews, reaching an average of 2.2 million people.

**2.2
MILLION**

**Access through
communication
channels**



WE  CIGNA

Digital Transformation

DIGITAL TRANSFORMATION EXPERIENCE MAKING A DIFFERENCE IN THE SECTOR

Cigna continued its transformation journey in 2022 with the aim of improving the digital experience of our customers. In this context, our main priorities were to bring new projects to digital channels, improve our experience in existing projects, and digitalize our conventional channels.

The first one of these projects was the addition of our Supplemental Health Insurance product to our products offered through our corporate website, where the sales process can be completed quickly and easily online. With this digitalized purchasing flow, our customers can take out policies for themselves and their families in a completely paperless manner. Furthermore, we have included this product on our “Cigna Kolay” platform, which allows all products to be sold by our sales teams via mobile devices, regardless of their location. Therefore, we allowed our sales teams to sell our new product through a user-friendly interface and assist our customers by contacting them instantly in case of incomplete applications.

Another project was the addition of personal accident insurance, life insurance, and pension branches to the Cigna Mobile application, where we enable our customers to access insurance products and related services at any time, in addition to the health insurance branch. Thanks to this work, we have now enabled our customers in all our insurance branches to view the details of their policies, coverage limit information, savings, payment status, and provision and indemnity status, make fund distribution changes, payment date and contribution changes for pension products, and benefit from additional services covered by their policies through a user-friendly interface.

In addition to the digital projects completed in 2022, we continued to carry out our digital marketing activities for our potential customers who want to buy insurance products from Cigna online or through remote sales channels.

In 2023, we will continue our efforts to turn the digital channel into a profit center with our digital marketing activities, while making improvements by considering the benefit to our customers and user experience with our Cigna Mobile application and corporate website renewal projects.

We continued to enrich our portfolio of transformation projects in 2022.

In our Online Supplemental Health Insurance product, our policies are issued in a digital, paperless environment.



Business Development

Our Business Development team, which started to operate as a separate department in July 2021, continued its efforts in 2022 to develop insurance partnerships with companies operating in different sectors and establish new business partnerships by utilizing our digital capabilities.

In order to gain a competitive advantage in the medium and long term, we first invested in infrastructure and carried out the necessary work to enable all our products to be served through APIs on online channels. In 2023, we will ensure that all products in our product range can be offered through these services. In parallel,

we organized meetings with leading companies from many sectors and listened to their needs. In this way, we both identified changing customer expectations and shaped insurance solution proposals, and signed business partnership agreements with some of these companies, demonstrating our vision at this point.

In 2023, we will continue to be involved in the daily lives of our policyholders through business partnerships, for which we will hit the headlines more frequently with our new shareholder structure, and we will implement projects that will make a difference in the insurance sector with their technological infrastructure and customer-oriented solutions.

In 2022, we continued to carry out our digital marketing activities for our potential customers who want to buy insurance products from Cigna online or through remote sales channels.

Customer Analytics, Customer Experience, and Innovation

INNOVATIVE SOLUTIONS WITH THE “PERFECT CIGNA EXPERIENCE”

Our journey to offer customers the “Perfect Cigna Experience” and innovative solutions continues. In addition to our “voice of the customer” activities to better understand our customers and their expectations, we continue to generate insights from data and predict customer needs with machine learning models.

At Cigna, taking a comprehensive and holistic approach to customer-oriented transformation, we continued our activities focused on customer experience and innovation in order to become the “most recommended insurance company” in 2022 as well. As a result of our efforts, we increased our Net Promoter Score (NPS) by 10 points compared to the previous year. We achieved one of the highest NPS scores among the countries participating in the Cigna Global NPS survey.

We regularly measure our customers' experience.

In order to better understand customer insights and our customers' Cigna experience, we continued our surveys, research, and analyses throughout the year, especially the Net Promoter Score (NPS). We identified our areas of improvement by making regular measurements with our surveys covering different touchpoints and customer journeys, and made experience improvements based on our findings.

We aim to provide effortless experiences with “human-oriented” designs.

We continued our customer journey map works to ensure that the Cigna experience is effortless, practical, and at a level exceeding customer expectations. In addition, through our “CX Diary: Customer Experience Platform” application, Cigna employees shared their suggestions to improve the customer experience practically and supported the rapid implementation of innovations.

We renewed the titles of our Solution Center Representatives, who make the most intense effort to ensure that our customers have the best experience, as “Customer Experience Representatives”. We focused on using customer-oriented language in all customer communication processes to ensure that every flow and communication that touches our customers is clear and understandable.

We handled customer complaints sensitively with our remedial actions. As a result of all focused actions, we achieved a 1-point increase in our Şikayetvar score compared to the end of 2021.

We include the voice of our customers in decision-making flows at every level.

In order to monitor our actions at the highest level, we organized the “Customer Experience Committee” meetings, which is an important part of our governance model, under the leadership of our CEO and Executive Vice Presidents, at regular intervals throughout the year and thus monitored customer experience actions.

We continued our activities focused on customer experience and innovation in order to become the “most recommended insurance company” in 2022 as well.

We implement innovative ideas and projects.

In 2022, in addition to the customer experience function, we assumed the responsibility of Innovation Management and started our efforts to implement different solutions that our customers need, both internally and by utilizing Insurtech insurance startups in the startup ecosystem.

We evaluated 210 “Cin Fikir” submitted to our Idea Generation Platform, where Cigna employees can share their innovative and creative ideas throughout the year, and we rewarded implemented ideas. We made the Customer Experience and Innovation micro e-learning series available to all Cigna employees.

We are expanding our customer and innovation-oriented culture.

In order to further advance our customer-oriented culture, we continued to regularly share customer experience and innovation content through our internal communication channels. Throughout the year, we took the pulse of Cigna employees with events where we listened to the voices of our employees and supported our “voice of the customer” works with the “voice of the employee” efforts.

Special for Cigna employees; our five different “CX Live” meetings, where we hosted customer experience professionals from different sectors and organizations, were a source of inspiration for the best practices in the field of customer experience.

While focusing on the customer, we support our actions with analytical insights.

We continued to enrich our marketing activities by using machine learning algorithms with our analytical projects where raw data transforms into insight. By focusing on our customers, we created new analytical dimensions that will pave the way for us to better define our customers and offer customized products and services. We have designed these dimensions as building blocks that will support Cigna’s vision of creating mutual value, based on loyalty and growing together with its customers.

We develop models to support sales activities.

We launched the Analytical Model Factory to help us understand customer needs. We managed to better optimize our customer data subject to marketing activities while offering the right product to the right customer by taking into account the customer lifecycle.

In 2022, we launched our “Next Best Offer” engine, which enables the optimization of our marketing actions by matching our customers with the right product in our product portfolio in line with their needs, while taking into account product profitability and Corporate strategies. In 2023, we will continue to support production in our sales channels with our Analytical Model Factory and our customer-oriented analytical approach, and we will continue to guide customer-oriented communication together.

We get to know our customers with different segmentation approaches.

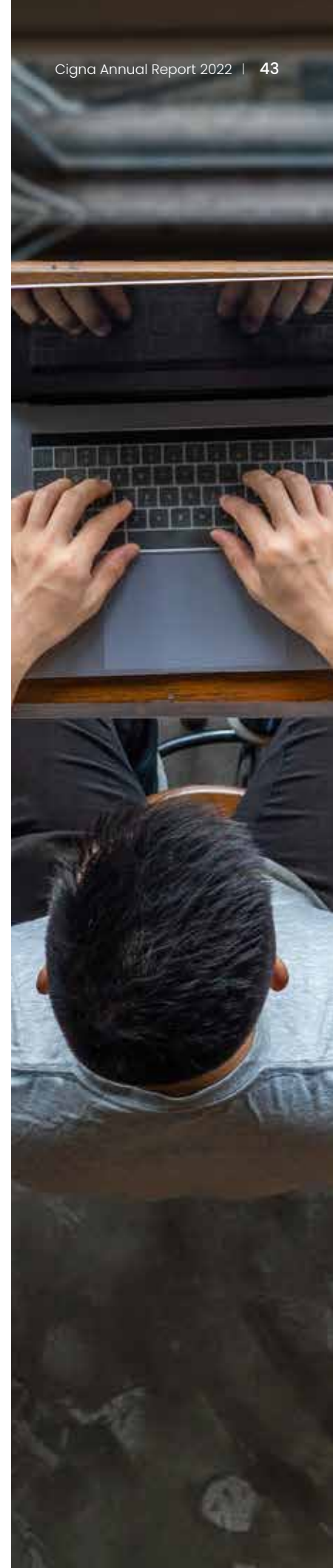
In order to get to know our customers better and plan our marketing activities, we have established segmentation models in which we analyze our customers in different dimensions and divide them into similarity clusters. In addition to using our different segmentation models to get to know and understand our customers better, we will make them the focus of our marketing activities and deepen our knowledge in communications in the customer lifecycle.

We will offer integrated communication and experience to our customers.

In addition to machine learning models and segmentation activities, we continue to implement infrastructure developments to support sales and marketing activities. In 2023, we aim to provide our customers with an experience in which we know them 360 degrees through next-gen analytical solutions and to provide integrated communication and experience with a multichannel customer communication platform approach. We will offer our customers the most suitable products and services we have designed for them.

We will continue to support growth in our healthcare portfolio.

We will continue to support growth in our healthcare portfolio with developments in big data infrastructures. We will act with a focus on identifying customer needs in our growing healthcare portfolio and implementing solutions to meet these needs.



Customer-Focused Services

ACCURATE AND FAST SERVICE IN LIGHT OF FEEDBACK

Call Center

In 2022, taking into account the feedback of our customers, we arranged and made additions to our announcements for our health insurance in the Cigna Sağlık Hayat ve Emeklilik IVR (Interactive Voice Response) system at 0850 222 0 860. Thanks to this, we ensured fast and accurate customer satisfaction by making improvements and enhancements through the announcements added to accurately manage the call traffic of our customers within the scope of health insurance and respond to them in the fastest way.

In addition, we continued our Call Center Net Promoter Score (NPS) survey, which we carried out as part of our activities conducted in line with our "Together, All the Way" discourse in 2022, and we increased our NPS score, which was 83% at the end of 2021, to 87%.

In addition, the customer representatives in the Call Center team supported specific operation teams when they were available, resulting in increased efficiency and the opportunity to more closely observe and experience the functioning of a different team.

We received 404,232 incoming calls and fulfilled customer requests. In our high-income segment line, we received more than twice as many calls as last year, handling 34,430 calls and making 146,333 outgoing calls this year. We met all the addendum demands of our policyholders and participants regarding life insurance and private pension product requests conveyed through the Call Center. We played an active role in resolving complaints about the Company's products and services as soon as possible and increasing customer satisfaction. In accordance with the needs of the Company's other business department, outbound calling activities were carried out for a number of issues.

We added the title "Call Center Customer Experience" to our titles in order to communicate with our customers dynamically and energetically at all times, make a difference with our energy in providing a perfect customer experience, and always successfully reflect the voice of Cigna. The bridge of Cigna reaching out to customers will continue to respond to requests in the fastest way and provide the most accurate service by making a difference in the call center customer experience.

We continued our activities in the Call Center NPS survey, which we conducted in line with our "Together, All the Way" discourse, and raised our NPS score to 87%.



Customer Services

Within the scope of the Customer Solution Center's field of activity, processes were undertaken for receiving and evaluating customer complaints and directing them to the relevant departments, as were follow-up activities regarding responses and assessments.

To ensure the satisfaction of our current customers and potential customers, all complaints examined by the Department are treated as the primary priority for customer satisfaction and finalized in this way.

In 2022, in response to the increase in applications received through the Insurance and Private Pension Complaint Application and Tracking System (E-Complaint), we simplified our response letters to our customers and transferred them to robotic processes. With this development, we met all requests and complaints in the fastest way possible and in accordance with the legislation, adhering to the legally mandated timeframe.

We revised our flows for the complaints received by our Company via [sikayetvar.com](https://www.sikayetvar.com). As soon as our Customer Experience Representatives received the complaint, we called our customers, listened to all their complaints, and established empathetic communication. We started to send remedial messages together with the Customer Experience Office team, thus increasing our score from 1.9 points in 2021 to 2.9 points in 2022.

Customer-Focused Services

CUSTOMER SATISFACTION AT THE HIGHEST LEVEL



Insurance and Private Pension Operational Activities

In 2022, we carried out 491,068 transactions as Individual Pension, Life, Health, and Compensation teams in our Operations Unit. While performing these transactions, we put our operational efficiency and innovation value perspective at the heart of our processes and moved some of our manual flows to robotic processes. In 2022, we started to complete the automatic approval of claims up to 3,000 of our Compensation team, HAYMER submissions, and the entry and exit transactions to closed groups, certificate cancellation transactions, and manual SMS submission flows of our Life team on the robot.

With our Valuing Collaboration approach, we listened to our sales teams and created a field coordination unit within the operation. We aimed to maximize customer satisfaction, which has always been our focal point, by prioritizing urgent works from our sales teams and accelerating customer transactions.

We continued to touch lives. 4,979 compensation files were assessed by our Compensation team in 2022. As a result of these assessments, we made TL 89,585,520 compensation payments. In addition, within the framework of the fight against fraud, we prevented unfair gains of TL 6.1 million in disability claims for disability claims individual products submitted to our Company.

*In 2022, 4,979
compensation files
were assessed by
our Compensation
team, and
89,585,520 TL
compensation was
paid.*

Process and Strategic Program Management

PROCESS MANAGEMENT APPROACH IN LINE WITH STRATEGIES

We continued our journey by integrating the objectives and activities of our business departments to achieve strategic goals, and ensuring the prioritization, monitoring and analysis of strategic business plans in order to integrate strategies and goals.

Within the scope of Process and Strategic Program Management activities, we conducted many studies to develop our applications in line with the Company's strategies in 2022.

With the goal of improving our processes within the framework of Business Process Re-engineering (BPR) using the Six Sigma methodology, we carried out the maintenance work of the policy, process and procedure documents, which include the management rules, business processes and practices, by observing the Quality Management Standard.

By providing program management for our health branch, transferring corporate memory, designing new processes and creating system development requests, as well as preparing end-to-end process maps in parallel with improvements, we published documents regarding the practices in the information library.

Within the scope of process development efforts, RPA-Robotic Process Automation studies were initiated, and we achieved operational gain by using RPA instead of systematically developing operational applications.

Within the scope of our other activities, the following was performed:

- As part of the revision of GRC documents, we carried out the maintenance of policy, process and procedure documents in which management rules, business processes and practices are indicated, by taking into account quality management standards,
- We ensured the information library was updated,
- We determined and tracked key performance indicators, together with all stakeholders,
- We performed a current situation/target structure analysis,
- We took actions deemed necessary as a result of process evaluations and fulfilled the necessary requests,
- We improved processes in accordance with strategies,
- We designed the processes of the determined projects,
- We ensured the necessary coordination with relevant parties within the Company by monitoring actions taken as a result of the findings,
- We carried out authorization control activities for the application system,
- We aligned the objectives and activities of business units in order to achieve strategic goals,
- We ensured the integration of strategies, goals and objectives and the implementation of priorities relating to risk management and business planning.

Within the scope of Process and Strategic Program Management activities, we conducted studies to develop our applications in line with the Company's strategies in 2022.

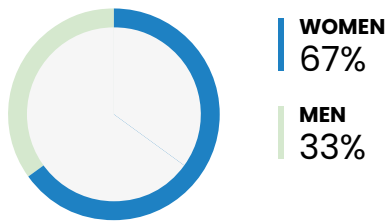
Human and Culture Practices

GREATER IMPORTANCE ATTACHED TO WOMEN'S EMPLOYMENT

EMPLOYEE PROFILE AND TRAINING ACTIVITIES

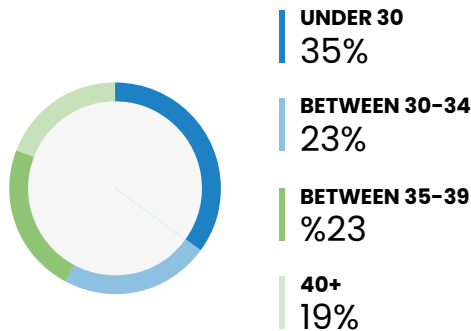
Gender Distribution

According to the demographic data dated 31.12.2022, the majority of our Company's employees are women, once again underlining the importance our Company attaches to women's employment.



Age Distribution

The mean age of our employees is 33. We have a young and dynamic structure.

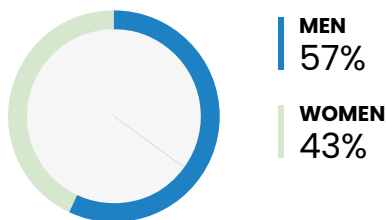


The mean age of our employees is 33.

647

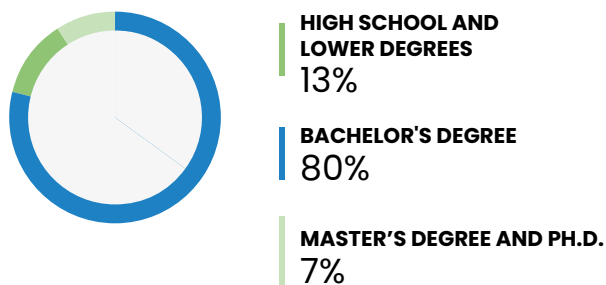
Total number of employees

Senior Management

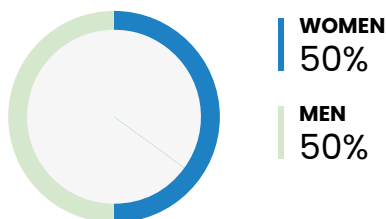


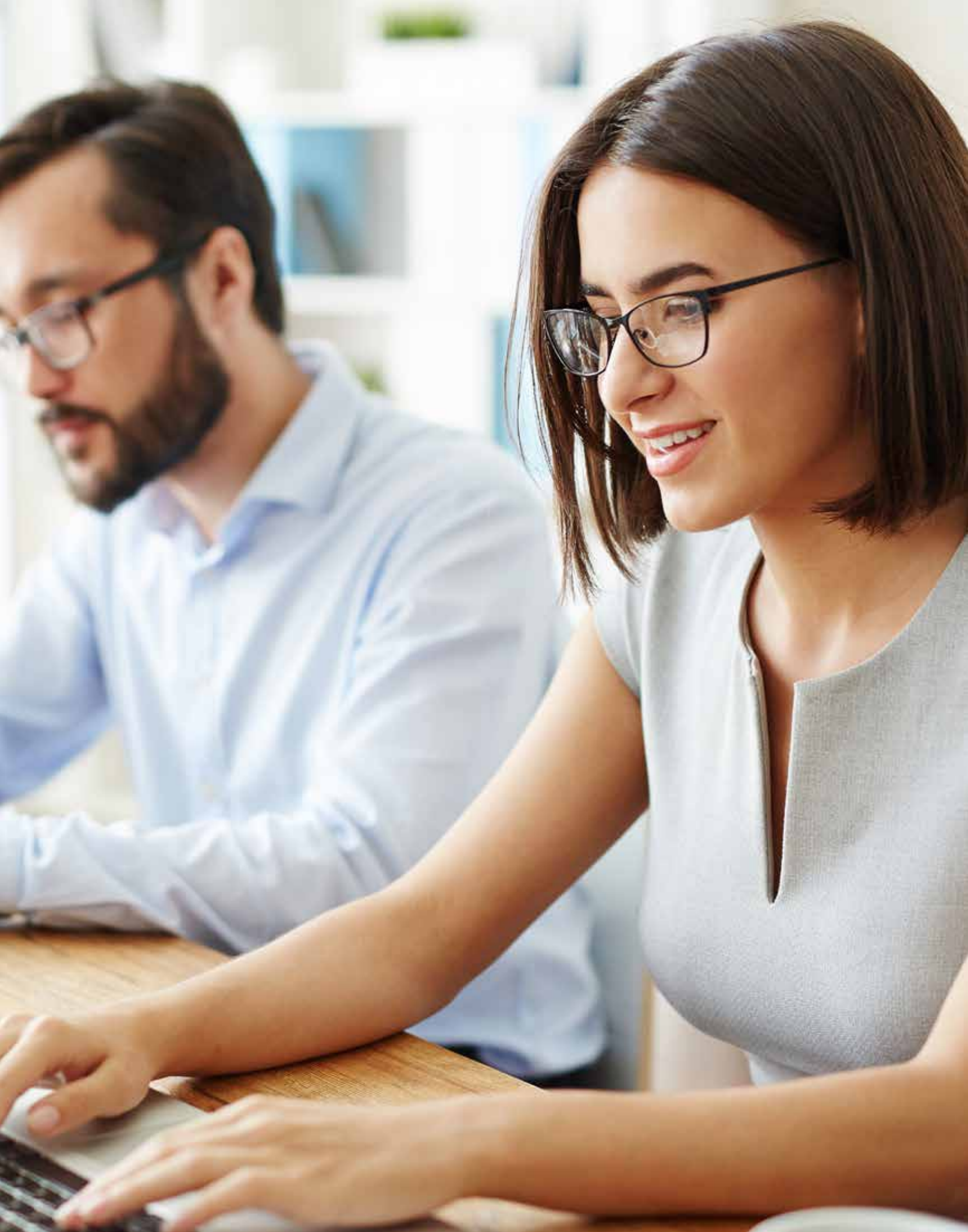
Analysis of Education Status

We have qualified employees who possess a high level of education alongside the training and expertise necessary to conduct the Company's general activities and their own line of business.



Senior and Mid-Level Management





Human and Culture Practices

EMPLOYEES WHO ARE EMPATHETIC, AMBITIOUS, PASSIONATE AND INNOVATIVE

INFORMATION ON HUMAN AND CULTURE PRACTICES

Talent Acquisition

The Human and Culture Partnership is responsible for generating strategies that attract candidates aligned with the Cigna values and goals, and for developing the candidate and employee experience.

To ensure the optimal resource during the recruitment journey, branch sales, branch coaching, telesales, direct sales, and head office units are addressed as separate entities, and recruitment practices are accordingly differentiated. Within the scope of our recruitment procedures carried out in line with this approach, 254 permanent employees joined the Cigna family in 2022. In line with our young talent recruitment activities, 39 young people were given the opportunity to have an internship at Cigna. Within the scope of the Cigna MT² Young Talent Program in 2022, we recruited 10 new graduates to start their careers in Cigna. In the same year, emphasis was placed on activities aimed at acquiring both external and in-house talent and boosting the experience of these recruits along with enhancing the experience of candidates and employees.

Talent Retention and Career Development

At Cigna, we implement effective talent management and career development processes with the view of employing ambitious, passionate and innovative employees.

As in previous years, we carried out our Individual Development and Career Planning process with all our employees in 2022, in order to enable our employees to see their current status and their areas for development, as well as areas specific to their next career step, thus empowering them to map their own career paths. By creating development plans for each employee as a result of interviews, we determine targets, needs and action plans and monitor these plans with follow-up interviews held on a quarterly basis.

With the aim to prepare the organization for the future, the talent management process is carried out with objective criteria and succession plans are determined for structured critical roles.

Performance Management

With the aim to segregate performance and ensure a fair performance reward, we continued to conduct the “Come Together for Development” performance management process.

As in previous years, we organized midterm evaluation meetings during the year, underlining the importance of feedback and supporting employee-manager communication.

With Human and Culture Open Door Meetings, which we held to share the purpose, function, and general perspective of our performance management process with all our employees, we provided one-on-one support to our new recruits and all our employees who wanted to get their opinions on the process.

In the recruitment journey, branch sales, branch coaching, telesales, direct sales, and head office units are addressed separately.

254
Number of employees joining the Cigna family

Assessment and Development Center Practices

Our principle of “Valuing People” is at the heart of all steps taken by the Human and Culture team. Accordingly, one of our top priorities is to stand by each employee in their development stage and provide them with the tools they need. Within the scope of this perspective, we implemented our evaluation and development center processes in 2022 for the following purposes: Determining the readiness of our employees for new duties and responsibilities during the promotion or appointment processes; enabling the identification of employees’ strengths and areas for development in an effective manner during the transition to managerial roles; ensuring the Company can identify potential employees that it will need in the future, especially for critical roles; enabling our employees to better assess their current state, their areas for development, and areas specific to their next career step, thus empowering them to map their own career paths; providing the opportunity to create training and development programs tailored to the individual or team by targeting employees’ areas for development.



Training Activities

CIGNA IS ALWAYS WITH EMPLOYEES ON THEIR CAREER JOURNEY

At Cigna, where we believe in the importance of investing in people, our main philosophy is that development is an ongoing journey. As the Human and Culture unit, our priorities are to retain our human resources who adopt the vision, mission and values of our Company, contribute to our colleagues in achieving success in their current roles and provide them with training and development opportunities for their future roles.

The training development activities at Cigna are carried out under “Plus Academy Development Programs” with the promise of making a positive contribution to the lives of employees. Thanks to this effort, our employees are able to reach individual and academic programs prepared within the scope of both their individual development and the requirements of their duties.

At Cigna, we prioritize the development of our employees throughout their career paths and support them with various programs.

We have development plans in place, where the performance of both Head Office and sales staff are tracked in detail. The programs held on a regular basis throughout the company are designed to actually cause behavioral changes and structured as long-term programs to make learning processes such as learning on-the-job, role-playing, coaching, mentorship, e-learning, class training, and project work permanent.

All programs are coordinated by the Learning and Development Unit within the People and Culture team and the Sales Training Unit for sales teams through internal trainers.

Strategic Development Headings include items that will support the long-term investment strategy of the Company, such as leadership programs, health development programs, overseas training programs, etc.

Functional Development Headings include items prepared to support the special needs of the company, such as sales academies, actuary academies, certification programs, orientation and on-the-job training programs.

Individual Development Headings include items prepared to provide individual solutions to specific needs, such as English courses, coaching programs, catalog training, micro-MBA, etc.

At Cigna, believing that development is the most effective tool to progress in uninterrupted and career paths, we continued our training and development practices uninterrupted in 2022 as well. To the extent allowed due to the pandemic, we performed our development practices with a hybrid approach, both online and in-class.

Training and development activities at Cigna are carried out under the roof of the “Plus Academy Development Programs”.

10.9

Number of training days per capita

Internal Communication, Employee Engagement, and Well-Being Practices

HIGH-PERFORMANCE CULTURE ALIGNED WITH CIGNA VALUES

At Cigna, we care about our employees, support them to become aware of their potential, achieve success and adopt a high-performance culture in line with our values. As we follow this strategy, our main pillars are to form teams with high development focus and cooperation skills, that are adaptable to agile organizational structure, and open to adopting a common corporate culture. With our vision and mission strengthening this focus and our motto, "Together, All the Way", within the framework of our Company's strategy; we continue on our activities to satisfy the needs of our employees faster and more effectively with solutions adapted to the structure and culture of our Cigna. In this respect, our "Well-being" practices continued to be one of the most effective internal communication tools used to ensure the adoption of this strategy by our employees. At Human and Culture, we carry out all our practices to support the quality of life on five main topics including Social, Intellectual, Physical, Emotional and Financial well-being, and we measure satisfaction through various applications.

We enriched our current programs within the scope of the Well-Being practices, which we started in previous years and moved to virtual platforms. With our six values – unity of purpose, people-orientation, innovation, cooperation, trust, and future that guide us – we manage all our operations with the aim to achieve the best with employee feedback.

By adopting the approach "Our mental and physical health is important for our well-being," we have won the "Global Wellness Challenge", a healthy living activity organized in all Cigna countries for the second year consecutively. With the points we earned through activities, we enabled 160 children in Kocamustafapasa Sevgi Evleri to attend the summer sports school. Through travel, music, cinema, social responsibility, sports and food clubs established by Company employees, we directed organizations under the leadership of our employees.

Our well-being practices were awarded the Bronze prize in the "Most Valuable Human Resources Practices" category at the Stevie Awards during the COVID-19 period. Receiving awards on international platforms encourages us even more to continue to support all our employees without sacrificing quality. Monthly evaluation surveys are shared with employees and Senior Management, and the efficiency and added value of our projects are measured on a consistent basis.

We enriched our current programs within the scope of the Well-Being practices, which we started in previous years and moved to virtual platforms.

Internal Communication, Employee Engagement, and Well-Being Practices

ALWAYS TOGETHER FOR UNINTERRUPTED COMMUNICATION

In order to maintain uninterrupted communication, various events were organized to get together with employees. Cigna organized many employee/manager meetings such as Always Good Hour, Roadshow meetings, Townhall information meetings, and One Day a Year with the CEO (One Small Step) Meetings. Another practice that made 2022 special for Cigna was the big Vision meeting where we celebrated our 15th anniversary. We talked about what we have accomplished and our future goals with Cigna employees, whom we met with the theme of “Happy 15th” and enjoyed being together.

We continued to conduct the Employee Engagement Survey. The survey, administered annually to evaluate activities involving the performance system, appraisal and rewards, leadership, loyalty and training, is shared with all employees and their feedback is obtained. In accordance with the results of the survey, we continue our practices by creating actions through focus group studies.

Appraisal and Rewarding

The appraisal and rewarding system, which positively reinforces the adoption of company values and corporate culture, is an effective tool utilized by companies to create a work environment in which employees feel valued and happy. In this respect, Cigna rewarded and recognized several of its employees in annual domestic and international rewarding processes held in 2022 as well. Employees were rewarded for their record sales performances, their projects that pioneer innovations and development, and their long years of dedication and contribution to our Company.

Our well-being practices were awarded the Bronze prize in the “Most Valuable Human Resources Practices” category at the Stevie Awards during the COVID-19 period.



Other Practices

CORPORATE CULTURE BUILT TOGETHER WITH EMPLOYEES

Culture and Values Practice

We consider the five values of our corporate culture, which we have built together with our employees, as the compass of our entire operation. Within the scope of our sustainability efforts, we have included the value we attach to our future in our corporate culture, focusing on a beautiful society, beautiful environment, and beautiful life. Representing all units in order to promote values that were established through joint contributions, the "Pioneers of Values" regularly share action plans that were drawn up with our management teams to increase good examples and target areas for improvement. In short-, medium- and long-term projects, our values were incorporated into all our practices.

In our employee magazine "6 Values, 1 Bulletin" (6 Değer 1 Bülten), we share our best practices and completed projects under our values umbrella and implement our action plans led by our management teams. We take firm steps forward on our journey to promote an "attractive company" under the guidance of the determined six values, namely Valuing People, Valuing the Purpose, Valuing Collaboration, Valuing Innovation, Valuing Trust, and Valuing the Future.

Social Responsibility Activities

Within the scope of the activities of our employee club, "Cigna Stands By You," we assumed numerous social responsibility projects under the "Spread your Kindness" campaign. As our teams competed in conducting social responsibility projects, they also invited other teams to spread their kindness.

In accordance with our motto, "Together, All the Way," and under the leadership of our employee social responsibility club, we worked in solidarity to provide hope for children in need – and we continue this journey at full pace.

In our employee magazine "6 Values, 1 Bulletin" (6 Değer 1 Bülten), we share our best practices and projects and implement our action plans under the leadership of our management teams.



Sustainability and Us

WE STRIVE TO LEAVE A GOOD FUTURE FOR TOMORROW

Within the scope of our culture studies, we added Valuing the Future as our 6th value that we have focused on in 2022 to the 5 values that we have adopted as Company values. We determined our value proposition as follows:

CARING FOR THE FUTURE at Cigna, Because;

- I sincerely believe that a better world and a brighter future are possible thanks to our Company's principles of "Beautiful Environment, Beautiful Society, and Beautiful Life".
- I take concrete steps to make a difference in the lives of the communities we live in, in the course of our world, and for future generations through sustainability efforts that will leave a mark on our common future.
- I witness how sincere the value given to talent from a corporate sustainability perspective is.
- With the power of being together, valuing both me and my ideas increases my sense of responsibility, and I am proud to generate ideas to improve our corporate culture.
- Creating continuous training and development opportunities supports my lifelong learning.

OUR LEADERSHIP STORY

CARING FOR THE FUTURE

I care for our world and do my part for environmental sustainability in order to leave a good future for tomorrow. I take concrete steps to strengthen our society socially and economically. I am an ambassador of making a difference for a beautiful environment, a beautiful society, and a beautiful life.

We update our internal practices and the services we offer to our customers with the titles of Beautiful Life, Beautiful Environment, and Beautiful Society we gathered under 3 main focuses, and design new ones in this context.

Beautiful Life:

- **Our iyihisset.com website:** iyihisset.com is a fun portal that answers the question "What would make you feel better?" from physical, bodily, spiritual, and financial perspectives, adding benefits to your life. iyihisset.com aims to improve your quality of life, sometimes with sincere and "from daily life" content that will make you smile, as in your conversations with your friends, and sometimes with practical information from health to sports, from astrology to budget recommendations, from career to family life.

As part of our culture efforts, we added Valuing the Future as our sixth value to the five values we have adopted as Company values in 2022.



iyihisset.com, which Cigna has launched in line with its mission of “improving life”, based on the understanding that being happy, feeling good, or building a bright future does not happen only in movies and require large amounts of money, is an indeed “good” project, not a so-called “good” project, enabling you to make the wisest savings for your future while you live your present in the best possible way that has been awarded the “Best Blog” award by the Stevie Awards.

- **Cigna Sports Club:** It brings the employees together in sports activities and supports their participation in tournaments. Within this scope;
 - **Global Wellness Challenge:** In the “Global Wellness Challenge”, which is a part of Cigna’s global wellness strategy and wellness programs, Türkiye won the championship for the second time with 82 participants. Within the scope of the Global Wellness Challenge, in which Cigna employees and their relatives also participate, we contribute to social responsibility projects with the points we earn by collecting the minutes we spend in well-being activities such as sports activities, yoga, breathing therapy, and socializing. As Cigna Türkiye, we won the top prize again after last year and enabled children in need at Kocamustafapasa Sevgi Evleri to attend sports schools during the summer months.

- **Istanbul Marathon:** We ran the 44th NKolay Istanbul Marathon for Goodness in favor of KAÇUV. With the donations collected by Cigna İyiliğe Değer Running Team, we supported the delivery of “Hopeful Boxes” consisting of food, hygiene, and activity sets for children with cancer.
- **Participation in insurance industry sports tournaments:** We participated in the Golden Business League Football Tournament, RS Insurance League Football Tournament, and RS Insurance League Beach Volleyball Tournament. Our women athletes won the bronze medal in the Beach Volleyball Tournament, ranking third.
- **Employee Support Program:** It provides all members of Cigna, including our close family members, with the opportunity to receive consultancy and practical information on many issues.

We benefited from the Employee Support Program in a wide range of areas, both business and private. Some support services covered are as follows:

- Developing Relationship
- Parenting
- Supporting Couples
- Stress Management
- Managing Changes in Life
- Career Success Support
- Coping with the Pain of Death and Loss
- Managing Work-Manager Pressure
- Developing Self-Confidence and Self-Esteem
- Providing References for Financial or Legal Needs
- Developing Personal Interests
- Health Counseling

We update our internal practices and the services we offer to our customers under the titles of Beautiful Life, Beautiful Environment, and Beautiful Society, and design new ones in this context.

Sustainability and Us

SUSTAINABILITY EFFORTS TO LEAVE A MARK ON THE FUTURE

Beautiful Environment:

- **Using Treated Water:** In Palladium Tower Head Office and Centrum Plaza Telesales Office, a treatment system is used for drinking water.
- **Photocell Lighting:** In Palladium Tower Head Office and Centrum Plaza Telesales Office, the use of electricity has been taken under control with motion-sensor lighting in general areas of use.
- **Paperless Processes:** IT project works are ongoing to ensure that both in-house processes and those carried out with our customers, which are also included in our digitalization target, are carried out in a digital environment without the use of paper.
- **Recycling waste bins:** In Palladium Tower Head Office and Centrum Plaza Telesales Office, waste-sorting bins for paper, plastic/packaging, glass, household, and battery waste were started to be used, and awareness was raised with information posters.

Beautiful Society:

- **Association Memberships:** We have corporate memberships to Yanındayız, Women on Board Association, and Kasider, which support gender equality and diversity.
- **Commitments:**
 - **WEPs Platform:** We signed the Women's Empowerment Principles (WEPs) created in partnership with the United Nations Global Compact (UN Global Compact) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

Employee Social Responsibility Club - Cigna Stands by You:

- **We Supported the Establishment of Computer Classrooms in Village Schools:** With the İyilik Bulaştır (Infect Goodness) Challenge project, under the leadership of our Infrastructure Support Team with the Association for Supporting the Recycling of Electronic Waste, we collected all unused electronic waste in our homes and offices and supported the association to establish computer classrooms in village schools.
- **Collaboration with the Autism Foundation:** In cooperation with the Autism Foundation, during Autism Awareness month, our Mediterranean Regional representative team organized a donation campaign for the education fund for children with autism.
- **Cheerful Bags Workshop:** On World Cancer Day, we set out to make the little ones undergoing cancer treatment smile, and this time we were supported by the Cigna children. With the participation of the little ones of Cigna, we painted Joyful Bags under the moderation of the Gülmek İyileştirir (Laughing Heals) Association. One of the bags was left as a beautiful souvenir for us, while a second bag was delivered to the children receiving treatment at Bezmialem Vakıf University hospital and their families.
- **We Celebrated International Women's Day with AÇEV Donation:** On March 8, International Women's Day, we extended our hands to children and their mothers and donated to AÇEV - Mother and Child Education Foundation on behalf of all our women employees and delivered their certificates.

In Palladium Tower Head Office and Centrum Plaza Telesales Office, we use the treatment system for drinking water.



- **Traditional Spring Clean-up with the Immediate Needs Foundation:** We provided clothing support to families in need through the Immediate Needs Foundation.

- **GETEM Audio Book Project:** Our marketing team collaborated with Boğaziçi University Technology and Education Laboratory for the Visually Disabled People (GETEM) to donate books on the theme of "feeling good" to the library in order to support visually disabled individuals' access to information resources.

- **Medical Support Donation at Cigna Day:** The İyilik Bulaştır (Infect Goodness) Challenge combined with Cigna Day, the anniversary of the founding of Cigna, which we celebrated with volunteering activities, to further expand the goodness it spreads. In the project carried out in cooperation with the SMA Foundation under the leadership of our PPS operations team, we doubled the donations of our volunteers as Cigna and delivered a more comprehensive medical equipment package used in the treatment of children struggling with SMA to them.

- **We Made Children's Dreams Come True with Make a Wish Association:**

In December, we added meaning to our Christmas gifts with Make a Wish Association. We decorated both our physical and online pine trees with our gifts and donations to fulfill the wishes of children struggling with risky diseases. We supported the children who expressed their wishes to get one step closer to their dreams.

- **With New Year's Gifts, we both reduced our carbon footprint and planted trees and supported the education expenses of children with our donation to Darüşşafaka!** As a company, we purchased our New Year's gifts from the Aegean Forest Foundation and contributed to the expansion of forest areas as per our focus on creating a beautiful environment.

In addition, with the donation we made to Darüşşafaka for our senior executives and business partners, we covered the 1-year book and stationery expenses of 10 students.

- **We changed our Birthday Gifts for a sustainable world.**

With the donation we made to Darüşşafaka for our senior executives and business partners, we covered the 1-year book and stationery expenses of 10 students.

Sustainability and Us

PROJECTS EMPOWERING THE COMMUNITY SOCIALLY AND ECONOMICALLY

- **Our Effective Parenting Programs for Our Future Children:**

- **Happiness from Hand to Hand:** We launched From Hand to Hand project, an in-house chain project where employees can share the items belonging to their children that they no longer need with other colleagues, and those in need can obtain items according to their age groups. With this project, in which we encourage reuse and consumption reduction from sustainability principles, we have created a sustainability area where our parent employees can easily participate.

- **Coaching to Mothers:** We support the role of working mothers in the business world with special HR policies that we implement. With the New Mother Coaching Program, we provide coaching support for mothers who have just returned from maternity leave. The coaching support, which aims to support mothers to facilitate adaptation to work and maintain work-life balance, is provided by a professional parent coach.

- **Parents Club:** Established to support all employees who have become new parents in the areas they need the most, our club is growing with the support of experienced parents.

- Postnatal orientation support
- WhatsApp groups where experienced parents can meet
- Parent-child activities
- Parent Gift Voucher

In our mentorship program, which was created with the support of our experienced mothers and fathers, our employees who are Master Mom and Master Dad are guiding our employees who are new parents in their brand-new lives for 3 months.

- **Young Talent Programs:**

- **Young Coaching Academy:** The executive coaching program for young talents who are not in managerial positions. Participating employees identify their own development needs and are provided with a program accordingly. With the program delivered by accredited coaches, employees receive support in a wide range of areas from negotiation to communication, from providing feedback to effective speaking for 3 months.

- **Micro MBA Program:** Organized in cooperation with Boğaziçi University, the program aims to train the leaders of the future and develop talents by equipping them with different skills. Employees from different departments participating in the program receive next-generation management training on topics such as Strategic Management in Business Life, Digitalization, International Finance, Big Data Analytics, and Management.

- **MT Program:** Meet Today Make Tomorrow – The purpose of the MT training program is to support young talents with professional and personal development trainings designed to prepare them for business life and increase our brand awareness.

We support working mothers in the business world with special HR policies for them and provide coaching support to mothers through the New Mother Coaching Program.

Global Wellness Challenge'da Birincilik Tüm Cignalıların!



Challenge



SANA
İYİ GELENI
KEŞFET

Cigna
ile en iyiye

Information Technologies

CUSTOMER SATISFACTION FOCUSED PROJECTS

As the entire Information Technologies Team, we said that "Innovation is worth it" and pioneered more than one innovation. Within the scope of information technology activities, we implemented 13 projects in 2022, focusing on digitalization and customer satisfaction. We started the work on 18 projects. We used 20% of our resources for regulatory projects.

We continued to develop and added new functions to the mobile application in 2022 as well. We continue our efforts.

We continued our work for API integration to support company collaborations. We continue to work to make our new products usable in collaborations.

Centrium office prepared for the TM team, we established an infrastructure that will enable 100 people to work cost effectively using the wireless VPN structure.

In 2022, we made 1,293 requests in total in parallel with corporate strategies and regulatory needs.

We initiated the improvement of 20 IT processes. We improved our IT Process maturity level.

We completed 210 requests to improve both IT reporting and IT business management.

We have made significant progress in centralizing contracts of legal importance, renewals thereof, and conducting supplier evaluations effectively from a centralized point. We are now able to centrally monitor and report all IT invoice approval processes.

Within the scope of the Regulation on Insurance Support Services, we started the appropriate reporting and documentation process in cooperation with the compliance department.

We aligned with Finance department for all budget items and determined the IT ownership of each item.

We made IT Resource management and timelines reportable online in the IT Task and Issue tracking tool.

We started a pilot study on agile. Within this context, two teams are following the pilot study. We have made the Agile process manageable through the IT Demand Management Tool.

In line with the IT Strategy, we started to regularly monitor 32 metrics, budgets, and requests.

In addition, GEV 2022 result increased to (A-) compared to the sector average.

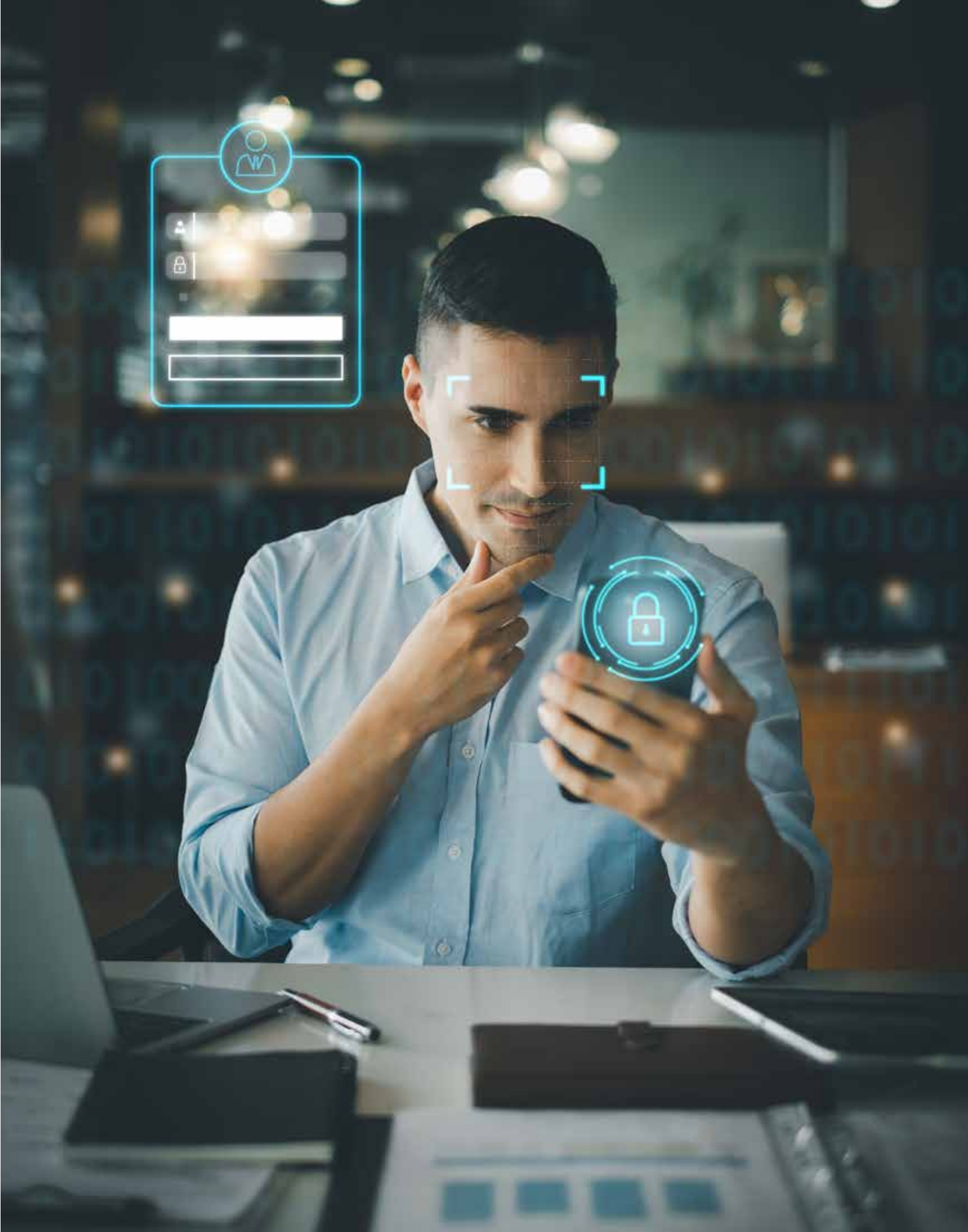
Business Intelligence and Data Analytics Activities

In 2022, we continued efforts aimed at the creation of consolidated data sources, the development, and dissemination of central business intelligence practices throughout Cigna, and the creation of data-oriented business processes. We carried out data pattern studies with integration in many projects, especially the International Financial Reporting Standard (IFRS17).

We continued to develop and added new functions to the mobile application in 2022 as well.

1,293

**Completed
IT request**



Technical and Actuary

INFRASTRUCTURAL DEVELOPMENTS

Cigna Sağlık Hayat ve Emeklilik A.Ş. Technical and Actuarial Pricing and Technical Assessment team conducts product profitability analyses (ANP, VNB, Product Pricing, and Repricing Studies), average age studies, PPS plan definitions, quarterly control of PPS penalty calculations calculated by the operation and updates of the simulation in case of regulation/parameter changes, calculations and document preparation for customer complaints, the preparatory work for the approval of life insurance tariffs Insurance Monitoring and Information System (HAYMER), the Pension Monitoring System (EGM) plan approval procedures, management of the reinsurance treaty renewal process, system product identification controls processes, as well as medical and financial risk assessments for Life and Personal Accident Insurance, system identification, blacklist controls, reporting and end-of-month procedures, and adjustments to the Risk Acceptance Regulation in line with the decisions taken annually.

Cigna Sağlık Hayat ve Emeklilik A.Ş. Technical and Actuarial Pricing and Technical Assessment team carries out technical reserve and premium controls, reinsurance premium controls, month closing and technical reserve controls, reinsurance system definitions and controls, reinsurance reconciliations, works carried out for the plan and budget, monitoring the assumptions subject to the Company's product-based profitability studies, preparing and presenting the reports requested by the Insurance Supervisory Board of the Undersecretariat of Treasury of the Republic of Türkiye, SEDDK, and the General Directorate of Insurance, and the necessary infrastructural developments in accordance with the changing legislation.

The Technical and Actuary Activities team consists of the Valuation and Modeling, Pricing and Technical Assessment and Risk Assessment units. The Department employs three actuaries, one assistant actuary, and three trainee actuaries, amounting to 14 people in total.

In 2022, the Technical and Actuarial team collaborated with the Finance and IT teams and achieved progress in the IFRS 17 project, the first comprehensive and truly international standard that will determine the accounting of insurance contracts to be implemented as of 2023 in Türkiye. In addition to efforts on IFRS 17, due to the change in the USGAAP accounting standard (LDTI) for long-term policies, we completed the project in 2022.

We completed activities to update the continuity, damage, and cost assumptions used in budget, profitability, and UFRS 17 projections.

In 2022, the Limit product and Support My Budget product were launched. Considering customer satisfaction, the premium reduction/increase addendum project was put into effect in the FX ROP product. In addition, check-up limits were updated considering operational and sales processes.

Reinsurance agreements with different reinsurers on a product and collateral basis were simplified and singularized, taking into account the Company's growing business volume. In 2022, system development was completed in order to replace our main treaty, the surplus treaty, with the XOL (excess of loss) treaty (100% with Swiss Re).



The purpose of the transition to the XOL treaty is to increase operational efficiency and facilitate reinsurance management.

Within the scope of the Regulation on the Amendment to the Regulation on Technical Reserves of Insurance, Reinsurance, and Pension Companies and the Assets to be Invested Against These Reserves published on November 10, 2021, outstanding files started to be opened for each notice received by the insurance company. Instead of IBNR calculation, which we used to calculate with the standard chain ladder method, we changed the method in IBNR calculation in order to prevent fluctuations in the financial statements in accordance with the new regulation. In addition, in accordance with the legislation, a discount is applied to the outstanding claims provisions by taking into account the two-month waiting period following the opening of the outstanding files without waiting for claims from the heirs with HAYMER data within the scope deemed appropriate by the legislation, the two-month waiting period following the sending of letters to the heirs within the scope deemed appropriate by the legislation and our past statistics.

During the year, efforts were made to resolve internal/external audit findings.

The total number of life insurance policies/certificates in force as of December 31, 2022, was 3,531,023, and the total life insurance premium production was TL 2,089,218,821.

In the accident branch, the total number of personal accident insurance policies/certificates in force as of December 31, 2022, was 134,169, and the total premium production was TL 165,199,801.

In the health branch, the total number of personal accident insurance policies/certificates in force as of December 31, 2022, was 20,777, and the total premium production was TL 99,690,996.

As of December 31, 2022, the average death coverage was TL 27,024 for the existing 3,531,023 life insurance policies/certificates.

The distribution of policyholders for the life branch by age group is shown in the table below. As can be seen from the table, in 2022, claims were mainly offered to policyholders between the ages of 35 and 44.

96.7
TL BILLION

**Total death
coverage
amount for life
insurances**

Distribution of Death Coverage Amounts of Active Life Insurances Based on Age Groups as of 31.12.2022:

| Age Range | Individual | Group | Total Death Coverage | Rate |
|--------------|-----------------------|-----------------------|-----------------------|-------------|
| Under 25 | 4,149,702,825 | 594,008,545 | 4,743,711,370 | 5% |
| 25-34 | 25,668,147,524 | 3,870,002,643 | 29,538,150,167 | 31% |
| 35-44 | 28,157,649,936 | 7,095,232,668 | 35,252,882,604 | 36% |
| 45-54 | 16,066,499,180 | 3,103,727,854 | 19,170,227,034 | 20% |
| Over 55 | 7,261,960,078 | 792,642,722 | 8,054,602,800 | 8% |
| Total | 81,303,959,542 | 15,455,614,433 | 96,759,573,975 | 100% |

As of December 31, 2022, the total amount of death coverage for active life insurance was TL 96,759,573,975.

Distribution of Life Insurance Policy/Certificate Amount and Total Death Coverage Amount as of 31.12.2022:

| Insurance Duration (Year) | Number of Policies | Total Death Coverage |
|---------------------------|--------------------|-----------------------|
| 1 Year | 1,951,186 | 34,470,484,599 |
| 2-5 Years | 1,560,792 | 50,116,658,705 |
| 6-10 Years | 13,118 | 6,548,056,877 |
| 10+ Years | 5,927 | 5,624,373,795 |
| Total | 3,531,023 | 96,759,573,975 |

Assessments on Internal Systems and Opinion of the Board of Directors

INFORMATION ON INTERNAL SYSTEMS

Audit Committee

The Audit Committee was structured within the scope of the Regulation on Internal Systems in Insurance and Private Pension Sectors.

The committee consists of a chairman and two members. The chairman and one member of the Committee are elected from the Company's Board of Directors, and the other member is the Company's Deputy General Manager relieved of executive duties. The Committee meets at least once every three months, except for mandatory cases. The Committee is responsible for overseeing the efficiency and adequacy of the Company's internal systems in accordance with the principles set out in insurance, private pension, and other relevant regulations.

The Audit Committee consists of the following executives.

- Adnan Menderes Yayla – Board Member and Chairman of the Audit Committee
- Ahmet Erzençin – Board Member and Chairman of the Audit Committee
- Tolga Ceylantepe – Executive Vice President and Audit Committee Member

Internal Audit Activities

Internal Audit activities are carried out by the Internal Audit Department to ensure that the Company's activities are performed in accordance with the relevant legislation and the Company's internal strategies, policies and targets, as well as to provide assurance to the Board of Directors regarding the effectiveness and adequacy of the Company's internal control and risk management systems.

The Internal Audit Unit reports to the Board of Directors through the Audit Committee in accordance with the provisions of the "Regulation on Internal Systems in the Insurance and Private Pension Sectors" published in

the Official Gazette dated 25.11.2021 and numbered 31670.

Internal Audit activities are carried out within the scope of annual audit plans, which are prepared to cover all the activities of the Company based on periodic and risk-based evaluations, and which contain the assessments of the Company's Senior Management and the approval of the Board of Directors.

In 2022, the Internal Audit Unit fulfilled its responsibilities to ensure that the Company's activities were carried out in accordance with legal regulations, legislative provisions and internal regulations in an objective and independent manner.

The audit reports issued as a result of the audit activities were placed on the agenda of the Board of Directors by the Audit Committee, and the actions to be taken following the reports were resolved with the approval of the Board of Directors.

Actions taken regarding issues identified in the audit reports were monitored regularly throughout the year through the audit findings follow-up module that is integrated into the system.

Additionally, special assessments and investigations were made on a case-by-case basis when deemed necessary.

The main aim was to perform audit activities in accordance with the Internal Audit Standards determined by the International Institute of Internal Auditors (IIA).

In 2022, internal audit activities were carried out by a Group Manager, a Manager and four Auditors.

Internal Control Activities

Internal control activities are carried out by the Internal Control Unit in order to protect the Company's assets, provide reasonable assurance

regarding the control environment of the organization, ensure that the activities are carried out effectively and efficiently in accordance with the Law and other relevant legislation, the internal policies, and insurance practices of the organization, ensure the reliability, integrity, and timely availability of information in the accounting and financial reporting system and all systems used in the execution of main services.

As of 2022, the Internal Control Unit continues activities with one group manager, one manager, and two senior experts.

Internal control activities are carried out with 1st and 2nd level periodic controls. Periodic control activities are performed by monitoring the Level 1 and Level 2 control points that are created as a result of risk assessment activities and audit outputs and are integrated into the system. The results of the internal control activities are assessed and the controls' effectiveness, as well as the risk levels of the processes, are monitored and control findings and risk mitigation/prevention actions are shared with the managers of the business unit in question and the Senior Management. As of 2022, in addition to planned controls, new controls regarding risk management activities, regulatory obligations and audit results were established, root causes were determined with detailed analyzes carried out after control findings and risk mitigation/prevention actions were implemented and followed.

The Internal Control Policy, which constitutes the framework for the performance of internal control activities, has been reviewed and updated within the scope of new legislative amendments. An annual Internal Control Plan has been prepared based on risk assessments of the processes and approved by the Audit Committee.

The results of all control activities and the actions taken are reported to Senior Management through the managers of the relevant unit on a monthly basis.

Compliance Activities

Compliance activities are carried out by the Compliance Unit in order to provide assurance to the Board of Directors regarding the execution of Company activities in accordance with the relevant legislation.

The Compliance Unit has been organized in accordance with the "Regulation on Internal Systems in Insurance and Private Pension Sectors" and the "Regulation on the Compliance Program for the Prevention of Laundering Proceeds of Crime and the Financing of Terrorism," and the Group Manager of the Compliance Unit also serves as the "MASAK (Financial Crimes Investigation Board) Compliance Officer".

The Compliance Officer reports directly to the Board Member assigned by the Board of Directors for this purpose to carry out activities involving the prevention of the laundering of proceeds of crime and terrorist financing.

The Compliance Unit carried out activities in 2022 with 1 Group Manager (Compliance Officer), 1 Manager, 1 Assistant Manager (Deputy Compliance Officer), and 1 Senior Specialist.

By tracking the information and circulars published on a daily basis by the Official Gazette, public institutions, private authorized institutions, external audit firms, and law offices related to insurance and private pension within the scope of legislative follow-up, the Compliance Unit prepares legislation announcements on issues that concern the Company.

The Compliance Bulletin, which contains legislation, draft legislation, internally published policies and procedures, decisions, decision summaries and data breach notifications published in the relevant

month, is published on a monthly basis. In addition, an active role was played in projects carried out within the scope of legislative compliance. Relevant documents were reviewed for compliance purposes in line with the periodical update of company policies and procedures.

Within the scope of the obligations required by the Law on Protection of Personal Data, projects were developed, and awareness activities were conducted in cooperation with other departments to ensure personal data security. The week between April 4th and April 8th, where "April 7 Personal Data Protection Day" takes place, was announced as "KVKK Awareness Week" in order to raise awareness on the protection of personal data, build a data protection understanding and spread the data protection culture between employees. Various events were held during the week.

The Compliance Unit carried out activities to conduct the Compliance Program which consists of identifying the customers within the scope of anti-money laundering and combating the financing of terrorism, risk management, monitoring and control, suspicious transaction and training tasks. Our company's Compliance Officer actively participated in MASAK Investigation and Research Committee meetings held by the Insurance Association of Türkiye.

Various actions, such as the publication of announcements and the implementation of training, were taken within the Company in areas such as the prevention of laundering proceeds of crime and terrorist financing, the protection of personal data, anti-corruption and sanctions, data security, ethical rules, Principles of Conduct and competition practices. Reflecting our "Valuing the Purpose" value, the week of December 5-9 was declared Ethics and Compliance Awareness Week, and awareness activities were continued for the adoption and implementation of the Code of Ethics and Principles of Conduct.

Risk Management Activities

Risk management activities are carried out by the Risk Management Unit in order to identify, measure, manage, report, and control all risks that the Company may be exposed to through policies, implementation procedures, and limits determined in accordance with the provisions of the Regulation on Internal Systems in Insurance and Private Pension Industry in order to monitor, control and, when necessary, change the continuity of the activities and the risk and return structure of the organization, and accordingly, the nature and level of activities.

The Risk Management Unit carried out its activities in 2022 with one manager and one assistant specialist.

Risk Management activities are carried out in the form of process-based risk assessments, periodically monitored incident reporting of operational risk and the reporting of critical risk indicators. The risks encountered and potentially arising in business processes and the existing Level 1 control points are determined and evaluated, risk-reducing actions are determined for risks that are deemed appropriate to be reduced/eliminated according to risk appetite, and Level 2 controls are assigned for risks that are deemed critical. Incidents subject to operational risk are monitored, the effectiveness of existing controls is evaluated for recurrent and critical risks, and risk-reducing Level 1 and 2 controls or process improvements are recommended if any area for improvement is observed. One main objective is to identify the necessary risk-reducing actions for the early detection and control of the risk by monitoring the critical risk indicators created based on processes.

The Risk Management Policy, which constitutes the framework for the performance of Risk Management activities, has been reviewed and updated within the scope of new legislative amendments. The Risk Appetite Document, which includes risk tolerance limits, was also updated and approved by the Board of Directors.

Assessments on Internal Systems and Opinion of the Board of Directors

Actuarial Activities

The Actuarial Unit, which is administratively and functionally subordinate to the Audit Committee, was established in 2022 in order to fulfill the actuarial functions defined within the scope of the provisions of the "Regulation on Internal Systems in the Insurance and Private Pension Sectors", which entered into force after being published in the Official Gazette dated 25.11.2021 and numbered 31670, monitor the Company's practices related to these duties and regularly report them to the Senior Management and relevant units in order to ensure that remedial measures are taken when necessary, and started to carry out its activities with 2 actuaries.

The Actuarial Unit that reports to the Audit Committee controls the adequacy and accuracy of the work of the Technical and Actuarial Team, which performs executive activities on the general pricing policy, the actuarial adequacy of reinsurance agreements, the Company's financial position, the reliability and adequacy of technical provisions, and asset & liability risk management related to insurance activities and investment risk.

The Company has established a Business Continuity Management System that aims to minimize the operational, financial, legal, and reputational negative impacts in order to ensure the continuation or timely recovery of its activities in the event of an interruption or crisis that may occur due to epidemics, earthquakes, war, terrorist incidents, strikes, lockouts, civil unrest, fire and natural disasters, cyber-attacks, and business interruptions in the processes of business partners. In 2022, the Business Continuity Management Plan and its annexes were reviewed and updated, approved by the Senior Management, and published in a manner accessible to all employees.

The Disaster Recovery Center (DRC) test, which is repeated every year, was carried out in October. During the test, the connections of the participants from the critical business units to the Disaster Recovery Center and the scenarios of the previously determined critical processes were tested. All outputs of the studies were shared with the participants and Senior Management of the Company. Between October 31 and November 4, the "Business Continuity Management Awareness Week" was organized, and all employees were informed about business continuity planning and security issues at Cigna.

Services Outsourcing

Our Company outsources support services from various companies within the scope of the "Regulation on Insurance Support Services" in order to improve its quality and maximize customer satisfaction.

In this context, in 2022, the Company purchased support services from 36 companies, the details of which are given below, in the following areas: "archive management services, information systems, call center, repair and maintenance services, technical examination and control services other than loss adjusting services in the processes related to policy issuance and claim settlement and payment, medical consultancy services in insurance claim settlement practices, and assistance services".

| PERSONS and INSTITUTIONS FROM WHICH SUPPORT SERVICES ARE OUTSOURCED BY THE SUBJECT OF SUPPORT SERVICES | TAX ID NO./ TURKISH ID NO. |
|--|----------------------------|
| Archive Management Services | |
| RM ARŞİV YÖNETİM HİZMETLERİ TİCARET A.Ş. | 7350455392 |
| Information Systems Support Services | |
| APSEN BİLİŞİM VE YAZILIM SİSTEMLERİ SANAYİ TİCARET ANONİM ŞİRKETİ | 0710913698 |
| BİLİN YAZILIM VE BİLİŞİM DANIŞMANLIĞI LTD. ŞTİ. | 1750003901 |
| BİMSER ÇÖZÜM YAZILIM TİCARET A.Ş. | 1750428594 |
| CODEC İLETİŞİM VE DANIŞMANLIK HİZMETLERİ LTD. ŞTİ. | 2110591324 |
| DİP BİLGİSAYAR YAZILIM TİCARET LİMİTED ŞİRKETİ | 2950461587 |
| DRUPART DİJİTAL ÇÖZÜMLER VE TİCARET LİMİTED ŞİRKETİ | 3130606736 |
| EFİNANS ELEKTRONİK TİCARET VE BİLİŞİM HİZMETLERİ A.Ş. | 3250566851 |
| IBTECH ULUSLARARASI BİLİŞİM VE İLETİŞİM TEKN. ARAŞ. GEL. DAN. DESTEK SAN. VE TİC. A.Ş. | 4650278576 |
| İNFINA YAZILIM A.Ş. | 4780079664 |
| KOD GEMİSİ BİLİŞİM SANAYİ VE TİCARET LİMİTED ŞİRKETİ | 5740465632 |
| KREA DİJİTAL TEKNOLOJİLERİ ANONİM ŞİRKETİ | 5890626644 |
| NARİN AKÇAKAYA | ****462**** |
| NET RİSK YÖNETİMİ VE DESTEK HİZMETLERİ ANONİM ŞİRKETİ | 6310699965 |
| SESTEK SES VE İLETİŞİM BİLGİSAYAR TEK. SAN. TİC. A.Ş. | 7640129586 |
| SFS-MAN DANIŞMANLIK VE ENFORMASYON TEK. SAN. LTD. ŞTİ. | 7690056529 |
| SUMO ELEKTRONİK VE BİLGİSAYAR SAN. VE TİC. LTD. ŞTİ. | 7820081749 |
| TALENTSYS DANIŞMANLIK ENFORMASYON TEKNOLOJİ SAN. A.Ş. | 7690740148 |
| V.R.P. VERİ RAPORLAMA PROG. BİL. YAZ. VE DAN. HİZ. TİC. A.Ş. | 9220315315 |
| YETENEK BİLİŞİM TEKNOLOJİLERİ A.Ş. | 9520572284 |

| PERSONS and INSTITUTIONS FROM WHICH SUPPORT SERVICES ARE OUTSOURCED BY THE SUBJECT OF SUPPORT SERVICES | TAX ID NO./ TURKISH ID NO. |
|---|-----------------------------------|
| Call Center Services | |
| CALLPEX ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş. | 1960721966 |
| CMC İLETİŞİM BİLGİSAYAR REKLAM VE DANIŞMANLIK HİZ. SAN. TİC. A.Ş. | 2110185718 |
| SMARTLOOK ANALİZ İŞ ZEKASI VE BİLİŞ. TEK. LTD. ŞTİ. | 7720650250 |
| ŞİKAYETVAR BİLİŞİM ANONİM ŞİRKETİ | 8110531545 |
| TEOREM BİLİŞİM DANIŞMANLIK LTD. ŞTİ. | 8110023881 |
| Repair and Maintenance Services | |
| AGİTO BİLGİSAYAR YAZILIM VE DANIŞMANLIK HİZ. A.Ş. | 0110080331 |
| DATA MARKET BİLG.İNŞ.DEKO.GIDA. SAN. TİC. LTD. ŞTİ. | 2710139592 |
| ELEKTROSER BÜRO MAKİNALARI BİL. PAZ. SAN. VE TİC. A.Ş. | 3310501572 |
| OBSS BİLİŞİM BİLGİSAYAR HİZMETLERİ DANIŞMANLIK SANAYİ VE TİC. LTD. ŞTİ. | 6330434001 |
| SAHA BİLGİ TEKNOLOJİLERİ EĞİTİM DANIŞMANLIK SANAYİ TİCARET A.Ş. | 7390548957 |
| Technical examination and control services other than loss adjusting services in the processes related to policy issuance and claim settlement and payment | |
| ASSECO SEE BİLİŞİM TEKNOLOJİLERİ ANONİM ŞİRKETİ | 0910955982 |
| ZİP LOJİSTİK KURYE DAĞITIM DANIŞMANLIK HİZ. A.Ş. | 9980720668 |
| Medical consultancy services in insurance claim settlement practices | |
| COMPUGROUP MEDICAL BİLGİ SİSTEMLERİ A.Ş. | 7330232093 |
| EBRU ILGIN | ****552**** |
| Assistance Services | |
| BG DANIŞMANLIK VE TURİZM HİZMETLERİ LİMİTED ŞİRKETİ | 1680475120 |
| İNER PARTNER ASSISTANCE YAR. VE DES. HİZ. TİC. LTD. ŞTİ. | 0480036215 |

Heads of Units Under the Internal Systems

Adem Yorat

Internal Audit Group Manager

He graduated from the Department of Business Administration in French at Galatasaray University in 2009. Mr. Yorat stepped into the insurance sector in 2010 with Axa Insurance and worked in the internal audit functions of Aviva Insurance and AvivaSA Hayat ve Emeklilik companies respectively. After working as Internal Audit Manager at Cigna Sağlık Hayat ve Emeklilik A.Ş. starting from 2020, he has been continuing his career as Internal Audit Group Manager at our Company since 2022. In addition to his position as Internal Audit Group Manager, Yorat has also been the fund auditor of the private pension investment funds established by our Company since 2022.

Serdal Gazcılar

Internal Control and Compliance Group Manager

Serdal Gazcılar graduated from the Department of Statistics at Mimar Sinan University in 1995. He started his career at Yapı Kredi Sigorta A.Ş. in 1996, assuming various roles within the Fire Insurance, Marketing, Internal Audit, Internal Control, and Risk Management departments, and he served as MASAK Compliance Officer until 2011. He took on the role of Corporate Governance and Compliance Manager and MASAK Compliance Officer at ERGO Sigorta A.Ş. from March 2011 to September 2019. Mr. Gazcılar, who joined Cigna Sağlık Hayat ve Emeklilik A.Ş. in September 2019, continues to work as the Internal Control and Compliance Group Manager as well as the MASAK Compliance Officer.

Zeynep Demirci Tunca

Head of Risk Management

Zeynep Demirci Tunca graduated from the Department of Statistics at Yıldız Technical University in 2012. Ms. Tunca stepped into the insurance industry with AXA Assistance in 2011 and worked in Compliance, Risk Management, and Internal Control functions at Mapfre Sigorta between 2012-2015 and at ERGO Sigorta between 2015-2019. Mr. Tunca, who served as Risk Management and Internal Control Manager at Cigna Sağlık Hayat ve Emeklilik A.Ş. between 2019-2022, has been serving as the Head of Risk Management at our Company since 2022.

Duygu Katırcı

Actuary Manager

She graduated from the Department of Actuary at Marmara University in 2009. Having entered the insurance sector in 2010 at Cigna Sağlık Hayat ve Emeklilik A.Ş., Ms. Katırcı served as Valuation and Modeling Unit Manager until 2021 and has been working as Actuary Manager reporting to the Audit Committee since 2022. Ms. Katırcı has received the title of Actuary in 2019 in accordance with the third paragraph of Article 6 of the Actuaries Regulation published in the Official Gazette dated 15/08/2007 and numbered 26614 and registered in the Actuaries Registry with the registration number 158.

Opinion of the Board of Directors

The activities of the Company in 2022 within the scope of the internal systems are conducted in accordance with the Insurance Law numbered 5684 and dated June 3, 2007, the Private Pension Savings and Investment System Law numbered 4632 and dated March 28, 2001, and the "Regulation on Internal Systems in Insurance and Private Pension Sectors" published in the Official Gazette numbered 31670 and dated November 25, 2021, in relation to the above laws.

Information About Risk Management Policies According to Risk Type

Operational Risks

Operational risk is defined as the risk of loss resulting from inadequate or failing internal processes, mistakes of staff members, systems, fraud and other criminal activities, or other external factors that disrupt business continuity. Operational risks are controlled through process-based risk assessments, recording and monitoring incidents that have caused or could potentially cause financial loss, and defining risk mitigation actions.

Financial Risks

The aim of the Company's capital management strategy is to ensure the continuity of the company as a profitable organization, look out for the interests of shareholders and corporate partners, and secure the continuity of the most efficient capital structure to lower the cost of capital.

The Company is exposed to market risk (currency risk, interest rate risk, price risk), loan risk, and liquidity risk due to its financial assets and liabilities. The Company's risk management program primarily focuses on minimizing the potential adverse effects of uncertainty in financial markets on the financial performance of the Company. The Company is generally exposed to interest rate and price risk due to its financial investments, loan risk due to its insurance receivables, currency risk due to its foreign currency indexed assets and liabilities, and concentration and correlation risks.

The risks the Company may potentially face with respect to its field of activity and the precautions and actions it takes to manage such risks are provided below. In the management of financial risks, all decisions are taken in accordance with the Investment Policy by discussing both the market situation and the Company's portfolio at weekly Asset Liability Committee meetings and monthly Macro Economic Overview meetings.

Market Risk

Market risk refers to the risk of loss that may arise in the value of financial instruments representing debt, partnership shares, other securities, positions carried on derivative contracts based on foreign currency and foreign currency indexed financial instruments due to fluctuations in interest rates, partnership share prices, and foreign exchange rates. The details of these risks are given below. The value and risk of the financial instruments we hold for trading purposes are dependent on the fluctuation of exchange rates.

- **Interest Rate Risk:** In cases where interest-bearing assets are included in the portfolio, this refers to the risk arising from changes in the value of these assets due to changes that may occur in interest rates in the markets.
- **Exchange Rate Risk:** If foreign currency-denominated assets are included in the portfolio, this refers to the probability of loss due to changes that may occur in foreign currency exchange rates.

Partnership Share Price Risk

If partnership shares are included in the portfolio, this refers to the probability of loss that the portfolio will be exposed to due to changes that may occur in the prices of the partnership shares in the portfolio.

Loan Risk

Loan risk refers to the risk that arises when an individual who is indebted to the Company is unable to fulfill this debt obligation in a timely manner. The Company monitors and minimizes its loan risk relating to its financial assets classified as loans and receivables, and its receivables (including reinsurance receivables) resulting from its insurance activities through the procedure it implements for collaterals received and the selection of the counterparty.

The financial assets that do not fall within the loans and receivables category and that are exposed to loan risk represent the time deposits and demand deposits held at banks and other financial institutions in Türkiye, and such receivables are considered to have high credit risk.

Liquidity Risk

Liquidity risk refers to the probability of loss that arises if the financial assets in the portfolio cannot be converted into cash at the market price at any time.

Liquidity risk occurs when the Company does not have the necessary funds to meet its financial obligations in a timely manner without any loss.

Moreover, during periods of excessive volatility in interest rates due to economic and political uncertainties, it has been observed that transaction volumes in the government debt securities market decrease significantly. This shows that the Company may be exposed to liquidity risk.

Cash flow and portfolio activities are carried out monthly in order to meet the Company's commitments, especially regarding the payment of claims, on time, determine the required liquidity level, manage the liquidity risk, conduct the risk analysis studies, and determine investment priorities and potential risks in budget estimates. In addition, information about the status of markets is obtained from QNB Finans Portföy, which manages the company's pension investment funds.

Concentration Risk

Concentration risk refers to the fact that the portfolio is exposed to the risks inherent in a particular asset and/or maturity as a result of investing heavily in a particular asset and/or maturity.

Correlation Risk

Correlation risk refers to the probability of loss that may arise due to the positive or negative relationships of at least two different financial assets with each other in parallel with the simultaneous appreciation or depreciation of different financial assets within a certain period of time under market conditions.

Issuer Risk

Issuer risk refers to the probability of loss that may arise due to the failure of the issuer of the assets included in the portfolio to fulfill its obligations, in whole or in part, on time.

Compliance Risk

The Compliance Unit carries out regular activities to monitor new regulations or changes in legislation and eliminate the risk of an adverse impact to the Company's operations and reputation.

One of the most critical tasks of the Compliance Unit in 2022 was the surveillance of the legal regulations concerning the Company's field of activity, the review of the changes in these regulations, and the provision of timely information to the Company's management and employees regarding the implementation of obligations arising from the above. The Company organized meetings for the Compliance Unit, "Legislation Committee" and "Data Privacy Committee", made legislative reviews and announcements, prepared a monthly compliance bulletin, and provided employee trainings on obligations (pertaining to the Prevention of Laundering Proceeds of Crime and the Financing of Terrorism, the Protection of Personal Data, Information Security, Anti-Corruption and Sanctions, our Code of Ethics, etc.), thus supporting employees in adapting to changes in the Company's obligations and taking an active role in minimizing the regulatory risk. In addition, the Compliance Unit, together with the

Compliance Officer, ensures that the necessary measures are taken, and the necessary notifications are made within the scope of national and international regulations regarding the prevention of the laundering of proceeds of crime and terrorist financing.

TECHNICAL RISKS**Insurance Risk and Insurance Risk Management Process**

Insurance risk refers to the potential instances in which the premiums paid by the policyholder do not meet the indemnity to be paid in the case that the event subject to the insurance activity occurs.

That the risk is random and unpredictable demonstrates the importance of risk assessment. The Risk Acceptance Regulation was prepared in order to create an effective risk assessment policy regarding the insurance risks of the Company, and the insurance risks assessment activities of the Company were carried out within this framework. The Risk Acceptance Regulations are reviewed every year in accordance with the Company's needs and the structure of the updated life insurance portfolio.

All medical risk assessment procedures were carried out in-house in 2022 in accordance with the agreement, with the aim of providing effective and professional service through risk assessment activities regarding the insurance applications and claims of the Company. The organization process was performed by the Branch Sales Management Platform Assistant. In 2022, service was received from Compu Group Medical Bilgi Sistemleri A.Ş. with respect to the contracted hospital network.

In addition to this assessment, an in-house medical risk assessment process is carried out by the Technical and Actuarial Group

within the scope of our medical risk assessment process. Moreover, the Company's Technical and Actuarial Group also performs personal (occupational, hobby, lifestyle, geographical residency and moral risk) and financial risk assessments for prospective policyholders.

The Company utilizes insurance risk assessment tools that are accepted worldwide and adopted internationally in risk assessment processes for policies. In the assessment of medical, personal and financial technical risks, controls are carried out through the internet-based insurance risks assessment tool called Swiss Re Life Guide (Swiss UW System), which is owned by our leading reinsurance company, Swiss Re, and the numerical risk rating results obtained from this program are utilized. In addition to this assessment, an in-house medical risk assessment process is carried out by the Technical and Actuarial Group within the scope of our medical risk assessment process. Moreover, the Company's Technical and Actuarial Group also performs personal (occupational, hobby, lifestyle, geographical residency and moral risk) and financial risk assessments for prospective policyholders.

In the risk assessment processes that changed during the pandemic period, compliance and continuity were prioritized for each line of business, and the analysis and assessment of financial and medical risks were ensured through the enforcement of strict controls. In response to the pandemic, a COVID-19 Company Status Report was created and the risk assessment of the Company has been regularly monitored in this regard.

In 2022, the articles under the Risk Acceptance Regulation were reviewed with the participation of all departments and the customer and Company risk perceptions were

Information About Risk Management Policies According to Risk Type

re-evaluated. Health declaration questions were evaluated within the framework of both the customer and sales teams, and suggestions were made for improvement. Recommendations were made in order to increase efficiency in blacklist and check-up applications and were prioritized for improvement in the system.

Medical Risk Assessment

The changing order that emerged due to the pandemic has also affected activities developed for the evaluation of insurance applications received by the Company. Exceptions were made, to a certain extent, for those customers who did not want to go to the hospital during the pandemic. To speed up document transactions, coordinated processes were carried out with the sales teams. For prospective policyholders who request coverage that exceeds the amount specified in the Risk Acceptance Regulation – amounts which are determined according to life insurance coverage amounts requested in the initial phase of insurance applications submitted to the Company – we ask that they undergo certain sets of check-ups at a contracted health institution; information about the health status of prospective policyholders is obtained in this way. These medical results are examined by the Company's Technical and Actuarial Group and a medical opinion is prepared and communicated. The life insurance applications of prospective policyholders are rejected, if those prospective policyholders are found to have a mortality risk above a specified rate following the insurance risk assessment performed according to the numerical risk rating method.

Personal Risk (Pertaining to Living Conditions, Job and Hobbies) Assessment

In the second phase of our insurance risk assessment process, the information obtained from prospective policyholders regarding their gender, lifestyle, residence and profession is evaluated with insurance risk assessment tools, and risks are re-evaluated through requests for additional information and documents from prospective policyholders when necessary.

Financial Risk Assessment

In the third stage, compatibility between the amount of life insurance coverage requested by customers and the annual income of prospective policyholders and/or the loan amount requested from the Bank is assessed. Since the Company portfolio consists primarily of life insurance products for bank risk, assessments are made at this stage to determine whether the requested insurance coverage amounts are compatible with the loan amounts provided by the Bank. The fact that the initial financial analysis is performed by the Bank to determine whether credit life insurance will be granted is an important indicator for the Company in terms of financial risk assessment. At this stage, as stated in the Risk Acceptance Regulation, a financial statement form, a copy of the loan agreement, and information and documents showing the income status of the candidate policyholder are requested. When necessary, it is deemed mandatory for prospective policyholders to fulfill the information and document requests of the sales consultants with whom they are affiliated, thus preventing the prospective policyholder from experiencing health risks during the pandemic. The items that require joint decisions to be made with the business units are specified and requested to be clarified in the UW – Committee processes. The primary objective is to reduce the workload of the policyholder, whose health

declaration is reliant on certain criteria, through a re-analysis of their status within the scope of improvements in blacklist processes.

The evaluation of the underwriting risk aims to ensure that the activities of all units within the Company comply with legal regulations, Company strategies and policies, and implementation principles, and are in accordance with the Company's actuarial principles.

The process for auditing the underwriting risk consists of notifying the Company's Senior Management of certain components, such as the following;

- The effectiveness of the risk management process.
- Compliance with processes determined in writing.
- Compliance with the agreed-upon limits.
- The extent to which the data and reports produced reflect the actual situation.

This is followed by the proposal of suggestions regarding the necessary precautions to be taken and the necessary changes to be made to practices.

Management Process Regarding Risks Related to Reinsurance Companies

Reinsurance activities are carried out for risks (death, accidental death, disability as a result of illness, accidental disability) which are assured by the Company in the form of death risk and additional coverage. For life insurance tariffs with risk factors, the maximum conservation amount for death and additional coverage is determined annually through actuarial calculations. A portion of this risk, which does not exceed the specified amount, is retained by the Company and the remainder is transferred to partner reinsurance companies through proportional reinsurance agreements (surplus and quota-share reinsurance

contracts). In addition, some expected risks for underwriter personal accident products were being transferred to the reinsurer through the Excess of Loss agreement from 2015 until the first half of 2021. As of the second half of 2021, surplus transfers to the reinsurer were commenced for these products. In 2022, surplus transfers continued. Efforts to switch to the surplus of loss treaty continued in 2023. With the new treaty, the risk assumed due to the Foreign Currency Based FX ROP product under the Life branch and the risks assumed due to other Life and Personal Accident products in the portfolio will be managed in separate pools.

In this context, the FX-TL conversion operation and exchange rate risk were prevented while keeping the Life and Accident risks separate.

Each year, the Company enters into a non-proportional catastrophe excess of loss (XL) reinsurance contract to maintain conservation in case of major natural disasters such as earthquakes, floods, etc. or traffic accidents in public transportation vehicles, in the most appropriate manner for the portfolio structure.

In 2022, the catastrophe excess of loss (XL) reinsurance contract with Cigna Re expired, and a new contract was signed with Swiss Re in December 2022.

In the branch of life and accident insurance, the Company, through an agreement with its contracted reinsurers, carries out reinsurance transactions in accordance with the appropriate risk assessment conditions and reinsurance capacity.

The results of the Company's reinsurance activities in the branches of life and accidents as of the end of December 2022 are presented below;

Reinsurance Results for the Branch of Life and Personal Accidents

| Reinsurance Results for Life Branch | January–December 2022 (TL) |
|---------------------------------------|----------------------------|
| Transferred Premium | 48,772,787 |
| Commission Received | 15,252,009 |
| Reinsurer's Share in Checkup Expenses | 33,401 |
| Reinsurer's Share in Claims | 9,285,088 |
| Total | 24,202,289 |

| Reinsurance Results for Personal Accidents Branch | January–December 2022 (TL) |
|---|----------------------------|
| Transferred Premium | 16,259,358 |
| Commission Received | 3,667,263 |
| Reinsurer's Share in Checkup Expenses | 0 |
| Reinsurer's Share in Claims | 10,037,822 |
| Total | 2,554,274 |

Information About Risk Management Policies According to Risk Type

The following selection criteria are determinant in the Company's business relations with reinsurers and in the selection of the reinsurance companies involved in the reinsurance program; these criteria aim to promote reliable and high standards of service and ensure that reinsurers fulfill their obligations.

1. The companies with which reinsurance agreements are to be made should be located in politically and economically safe geographies, away from conditions such as war, civil turmoil, rebellion and uprising,
2. Financial strength and credit ratings given by international credit rating agencies,
3. A long-term approach to business relations,

4. Competitive reinsurance premium prices,
5. The capacity provided for facultative activities and non-proportional (catastrophic) reinsurance contracts,
6. Opportunities offered to the Company in areas such as risk assessment, flexibility in the risk acceptance process, notices about new developments, product development, training, and so on.

The Company's policy for managing reinsurance operations is rooted in business relationships established with stable and financially reliable reinsurance companies. Reinsurance contracts are signed with reinsurance companies in consideration of the financial situation of the Company, developments in the sector, and market conditions.

As a result of the stable and consistent pricing and risk acceptance policies implemented by the Company, the risk assessment terms and procedures agreed upon with treaty reinsurers allow for the automatic coverage of high amounts of coverage well above market averages.

The ranges of our current life insurance coverages, according to coverage amount and the distribution of reinsurance within these ranges, are shown in the table below:

Total Number of Policies/Certificates and Reinsurance Distribution Based on Death Coverage Amount Ranges (31.12.2022)

| Risk Range | Number of Coverage | Coverage Ratio | Total Coverage Amount | Conservation | Conservation Rate | Surplus |
|---------------------|--------------------|----------------|-----------------------|-----------------------|-------------------|-----------------------|
| 1-5,000 | 969,983 | 27.3% | 2,565,827,796 | 2,558,237,148 | 99.7% | 7,590,648 |
| 5,001-10,000 | 642,301 | 18.1% | 5,192,908,881 | 5,183,171,909 | 99.8% | 9,736,972 |
| 10,001-25,000 | 955,480 | 26.9% | 16,449,451,968 | 16,398,110,130 | 99.7% | 51,341,839 |
| 25,001-50,000 | 622,531 | 17.5% | 23,159,304,581 | 23,009,037,964 | 99.4% | 150,266,617 |
| 50,001-100,000 | 281,042 | 7.9% | 21,395,574,837 | 20,885,479,389 | 97.6% | 510,095,448 |
| 100,001-500,000 | 62,872 | 1.8% | 12,927,974,871 | 8,822,905,265 | 68.2% | 4,105,069,606 |
| 500,001-1,000,000 | 9,584 | 0.3% | 6,763,849,189 | 2,945,384,177 | 43.5% | 3,818,465,012 |
| 1,000,001-5,000,000 | 5,028 | 0.1% | 8,304,681,851 | 2,130,239,218 | 25.7% | 6,174,442,633 |
| 5,000,001 | 0 | 0.0% | 0 | 0 | 0.0% | 0 |
| Total | 3,548,821 | 100% | 96,759,573,975 | 81,932,565,201 | 85% | 14,827,008,774 |

Until the end of 2022, the proportional reinsurance agreements with Swiss Re, Cigna Re, RGA, and Munich Re in Life and Personal Accident branches were simplified and consolidated in view of the Company's growing business volume. In 2023, all these agreements were made clean-cut and contracted with Swiss Re 100% as a non-proportional treaty (Risk XoL).

Effective from September 2020, we continue to have a proportional quota share reinsurance agreement with BNP Paribas Cardif (Cardif) in Türkiye for involuntary unemployment/temporary disability/daily hospitalization insurance riders.

The ratings of these reinsurance companies according to S&P and A.M. Best credit rating agencies are as follows:

| | S&P | | | A.M.Best | | |
|----------|------------------|---------|------------|-------------|------------|------------|
| | Rating | Outlook | Date | Rating | Definition | Date |
| Swiss Re | AA-(Very Strong) | Stable | 03.11.2022 | A+ (Strong) | Stable | 18.08.2022 |

The existing reinsurance companies that we have agreements with are among the organizations whose activities are deemed appropriate by the Republic of Türkiye Ministry of Treasury and Finance within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy for Insurance, Reinsurance and Pension Companies."

In the selection of reinsurers, the following are taken into consideration: balance sheets, income statements, and the results of the research (ratings) conducted by foreign independent rating institutions in determining the financial strength of the companies, all of which document that the reinsurer is subject to audit by legal audit and control authorities. The selection of reinsurance companies is made by the Company's Senior Management in line with the recommendations of the relevant executive unit.

Information on Chairman and Members of the Board of Directors, CEO and Executive Vice Presidents, and Managers of Internal Systems

| Name-Surname | Position/Title | Education Status | Work Experience (Years) |
|------------------------|---|------------------|-------------------------|
| Mehmet Ömer Arif ARAS | Chairman of the Board | PhD | 43 |
| Temel GÜZELOĞLU | Vice Chairman of the Board of Directors | MA | 26 |
| Adnan Menderes YAYLA | Member of the Board | MA | 37 |
| Ahmet ERZENGIN | Member of the Board | BA | 34 |
| Enis KURTOĞLU | Member of the Board | MA | 23 |
| Mehmet Kürşad DEMİRKOL | Member of the Board | PhD | 25 |
| Emine Pinar KURİŞ | Member of the Board CEO | PhD | 24 |
| Ümit SÖNMEZ | Executive Vice President Financial Control and Reporting, Technical and Actuary Activities | MA | 25 |
| Tolga CEYLANTEPE | Executive Vice President Risk Management, Legal, Internal Control & Compliance, Actuarial | MA | 21 |
| Hülya ERVANSEL | Executive Vice President Information Technologies, Operation, and Solution Center | BA | 26 |
| Nadire YÜCETÜRK | Executive Vice President Human and Culture | MA | 26 |
| Çapkin ERSOY | Executive Vice President Sales Management | MA | 25 |
| Melda ŞUAYİPOĞLU | Executive Vice President Health Insurance | MA | 29 |
| Burak BAYHAN | Executive Vice President Marketing | MA | 14 |
| Adem YORAT | Group Manager Internal Audit | BA | 13 |
| Serdal GAZCILAR | Group Manager Internal Control and Compliance | BA | 26 |
| Zeynep DEMİRCİ TUNCA | Manager Risk Management | BA | 12 |
| Duygu KATIRCI | Manager Actuary | BA | 13 |

Summarized Board Report Submitted to the General Assembly

Our company achieved a Market share of 1.00% among all insurance companies by reaching a premium production of TL 2,354,109,618 in 2022.

Our company obtained a pre-tax profit of TL 584,499,770 as a result of its 2020 activities and wrapped up the year with a net profit of TL 431,590,716.

Our equity capital reached TL 456,569,528 with an increase of 42% compared to the previous year, and our asset size reached TL 4,651,827,495 with an increase of 91%.

Disclosures on Private Audit and Public Audits During the Accounting Period

Information on the private and public audits carried out within Cigna Sağlık Hayat ve Emeklilik A.Ş. in the 2022 accounting period is provided below.

Public Audits

- 1) The Insurance and Private Pension Regulation and Supervision Agency conducted the "Private Pension System State Contribution Transactions Audit" for the period between 01.01.2021 and 31.12.2021.
- 2) The Insurance and Private Pension Regulation and Supervision Agency conducted a "Legislation Compliance Audit Regarding Complaints and Claims Processes" of our Company.
- 3) The Insurance and Private Pension Regulation and Supervision Agency conducted an audit of our Company's compliance with the provisions of the "Regulation on Insurance and Private Pension Activities within the Framework of Participation Principles".

Private Audits

- 1) The independent external audits of the financial statements prepared by the Company in accordance with the accounting principles and standards determined by the regulations in force pursuant to the Insurance Law No. 5684 and the Private Pension Investment and Savings System Law No.4632 and the statements and principles made by the Republic of Türkiye Ministry of Treasury and Finance in accordance with the "Regulation on Independent Audit of Insurance, Reinsurance and Pension Companies," were conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. during the fiscal period.
- 2) The verification of the annual income and corporate tax declarations and the financial statements attached thereto, and the audit and certification of the notifications and/or the verification of other activities in accordance with Law No. 3568 and relevant legislation were conducted by PwC Yeminli Mali Müşavirlik A.Ş.
- 3) PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. conducted the assessments of the effectiveness, adequacy, and compliance of the control mechanism designed and implemented on the information systems of our company and the processes and systems related to the production of financial data in accordance with the "Regulation on Independent Audit of Information Systems and Business Processes" put into effect based on the provisions of Article 15 and Article 93 of the Banking Law No. 5411.
- 4) Pursuant to Article 28 of the Insurance Law No. 5684, Article 20 of the Private Pension Savings and Investment System Law No. 4632, and Article 14 of the Regulation on Insurance and Private Pension Activities within the Framework of Participation Principles, the internal audit on whether our Company's participation-based insurance and private pension activities are carried out in accordance with the participation legislation was conducted by Boğaziçi Bağımsız Denetim ve YMM A.Ş.
- 5) Pursuant to Article 32 of the Regulation on Principles Regarding the Establishment and Activities of Pension Mutual Funds, the independent audit (Financial Statement Audit) of pension mutual funds was performed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
- 6) In accordance with the Communiqué on Principles of Performance Presentation and Performance-Based Remuneration for Individual Portfolios and Collective Investment Schemes, and of Grading and Ranking Activities of Collective Investment Schemes No. VII-128.5, the audit of the performance reports of pension funds (Independent Audit of Fund Performance Reports dated 31.12.2022) was conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

All Other Measures Taken or Avoided for the Benefit of the Parent Company and Its Subsidiaries

In 2022, the Company did not carry out any transactions or make any decisions in favor of the Parent Company or its affiliates with the Parent Company, or with a company operating under the Parent Company, or under the guidance of the Parent Company, and it did not take any measures in favor of the Parent Company and its affiliates, and no losses were suffered as a result.

Allowances Paid, Travel Accommodation and Representation Expenses, Benefits in Kind and in Cash, Insurance and Similar Guarantees

| | January 1 – December 31, 2022 | January 1 – December 31, 2021 |
|---|-------------------------------|-------------------------------|
| Salaries and similar interests paid to managers | (53,698,129) | (10,308,280) |

Benefits offered to our senior managers in the years ending on December 31, 2022 and 2021 (Chief Executive Officer and Executive Vice Presidents) include salaries, bonuses, SSI and unemployment employer's share.

Information on Board Members' Activities with the Company, on Its Behalf or on Behalf of Another Party Which Fall Within the Scope of Prohibition of Competition

In the Ordinary General Assembly Meeting of the 2021 fiscal year dated March 30, 2022, the General Assembly of the Company gave written permission to the Members of the Board of Directors for Articles 395 and 396 of the Turkish Commercial Code numbered 6102.

Participation of Board Members in Relevant Meetings During the Accounting Period

In 2022, the Board of Directors held four Board meetings and Board Members attended regular Board meetings. Apart from the Board of Directors Meetings, various decisions have been made without holding a meeting in accordance with Article 390 of the Turkish Commercial Code.

Company History and Amendments to the Articles of Incorporation and Reasons for Such Amendments, If Any

Efforts to establish Finans Emeklilik ve Hayat A.Ş. were initiated at the beginning of 2007, and the necessary preparations and feasibility activities were completed. On April 20, 2007, an application was made to the Republic of Türkiye Ministry of Treasury and Finance, Treasury Undersecretariat for an establishment permit. Accordingly, the Company was granted an establishment license on May 9, 2007, as a result of the evaluations conducted by the Republic of Türkiye Prime Ministry Undersecretariat of Treasury within the framework of Insurance Law No.5684, Private Pension Savings and Investment System Law Nbr.4632, and the relevant legislation.

Following the completion of the establishment activities, Finans Emeklilik ve Hayat A.Ş. was founded on July 4, 2007, to operate in the fields of life insurance, accident insurance, and private pension.

Finans Emeklilik ve Hayat A.Ş. filed an application to obtain an operating license in the fields of life and accident insurance on August 20, 2007, and as a result of the inspections and evaluations performed by the Republic of Türkiye Prime Ministry Undersecretariat of Treasury, the Company was granted an operating license in the fields of life and accident insurance on November 21, 2007. The Company initiated its operations in the field of life and accident insurance on November 27, 2007.

Finans Emeklilik ve Hayat A.Ş. filed an application to the Republic of Turkish Prime Ministry Undersecretariat of Treasury on December 17, 2007, to obtain an operating license after completing the necessary preparations in the field of private pension. After the inspections and audits required for the operating license were carried out by the Capital Markets Board and the Pension Monitoring Center, the Company obtained an operating license for the private pension branch on April 11, 2008, and issued its first private pension contract on November 30, 2008.

Following the decision of the Republic of Türkiye Prime Ministry Undersecretariat of Treasury dated October 26, 2009, and numbered B.02.1.HZN.0.10.04.01, the company obtained a license to perform insurance activities in the branches of "capital redemption, marriage/maternity and insurance with investment funds". The aforementioned decision was published in the Turkish Trade Registry Gazette dated November 13, 2009, numbered 7438.

The Company's Articles of Association were amended in the 2012 activity year. Amendments were made to the previous article numbers of the Company's Articles of Association along with articles numbered 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, and new article numbers, along with articles numbered 8, 9, 10, 15, 24 and 31, were added to the Company's Articles of Association. The amendment agreement approved by the Ministry of Customs and Trade of the Republic of Türkiye as per the approval numbered 6935 and dated November 2, 2012, and the decisions made in the extraordinary general assembly meeting dated November 9, 2012, were registered by the Istanbul Trade Registry Directorate on November 14, 2012, in accordance with the Turkish Commercial Code, and they were announced in the Turkish Trade Registry Gazette numbered 8197 and dated November 20, 2012.

Finansbank A.Ş., one of the shareholders of the company, transferred 51% of the company's capital to Cigna Nederland Gamma B.V. The transfer of shares was approved by the Company's Board of Directors decision numbered 172 and dated November 9, 2012, and the transferred shares were registered in the Company's share register on behalf of the new owner who took over the said shares.

In consideration of this change, Articles 2, 12 and 15 of the Company's Articles of Association were amended in 2013. The amendment draft for the articles of association, which included the change of our company's name to Cigna Finans Emeklilik ve Hayat A.Ş., was resolved during the extraordinary general assembly meeting dated 31.05.2013, following the approval of the Republic of Türkiye Ministry of Customs and Trade on 16.04.2013 and 17.05.2013, and in accordance with the Turkish Commercial Code, it was registered by the Istanbul Trade Registry Office on 10.06.2013, and announced in the Turkish Trade Registry Gazette numbered 8341 and dated 13.06.2013.

The company obtained a license in the "Illness/Health" insurance branch, which was declared by the Republic of Türkiye Ministry of Treasury and Finance General Directorate of Insurance through the letter numbered 70761236-301.02-E.212409 and dated 19.03.2021, and approved by the Office of the Deputy Minister via the decision numbered 594480 and dated 30.12.2019. The aforementioned decision was announced in the Turkish Trade Registry Gazette dated January 29, 2020.

Following the expansion of our product range and the change in our brand strategy upon obtaining a license in the "Illness/Health" insurance branch, the decision was made to change the trade name, business name and logo.

Following the approval of the Republic of Türkiye Directorate General for Domestic Trade under the Ministry of Commerce, dated 23.09.2020 and numbered 50035491-431.02-E, a decision was reached to amend Article 2 of the Company's Articles of Association during the extraordinary general assembly meeting dated 15.10.2020; it was registered by the Istanbul Trade Registry Directorate on 22.10.2020 in accordance with the Turkish Commercial Code, and announced in the Turkish Trade Registry Gazette numbered 10187 and dated 22.10.2020. The Company's trade name was changed to Cigna Sağlık, Hayat ve Emeklilik A.Ş. and its business name was changed to Cigna; the Company continues its activities under this name.

Upon the approval of the Share Transfer Agreement dated December 21, 2022, with the Board Resolution numbered 2022-40 of the same date, Cigna Nederland Gamma B.V., the main shareholder of the Company, transferred 22,950,000 shares representing 51% of the Company's capital to QNB Finansbank, which currently holds 49% of the Company's shares. The transferred shares were registered in the Company's share ledger in the name of the new owner, and the sole shareholding was registered and announced on 13.01.2023 within the scope of Articles 198 and 338 of the Turkish Commercial Code, and QNB Finansbank A.Ş. became the sole shareholder of our Company after the share transfer.

Information on the Extraordinary General Assembly Meeting

The extraordinary general assembly meeting of our Company was held on 21.12.2022, the division of duties of our Board Members and our single shareholding declaration were registered with the Istanbul Trade Registry as of 13.01.2023 and announced in the Turkish Trade Registry Gazette No. 10747 of the same date with the announcement order number 14541.

Changes in the Capital and Shareholder Structure of the Company, Titles of Real or Legal Persons Holding Qualified Shares and Information About Their Shares

22,950,000 shares with a nominal value of TL 22,950,000.00, representing 51% of the Company's capital, held by Cigna Nederland Gamma B.V., one of the shareholders of the Company, have been transferred to QNB Finansbank A.Ş., which is currently 49% shareholder of our Company, which has been established and is operating under the laws of the Republic of Türkiye, registered in the Istanbul Chamber of Commerce Registry with the registration number 237525, having the head office at QNB Finansbank Kristal Kule, Büyükdere Caddesi No: 215 34394, 4. Levent Istanbul. Cigna Nederland Gamma B.V. has left the partnership and QNB Finansbank A.Ş. has become the sole shareholder of our Company with the registration of the single shareholding declaration in the Istanbul Trade Registry on 13.01.2023 in accordance with Articles 198 and 338 of the TCC and its announcement in the Turkish Trade Registry Gazette No. 10747 of the same date with the announcement order number 14541.

The Company's capital consists of A, A1, B, and B1 group shares, the details of which are given in the table on page 13.

Direct or Indirect Affiliates of the Company and Share Rates

The Company does not have any direct or indirect affiliates other than the Pension Monitoring Center, of which it is a shareholder as per the legislation.

Information About the Company's Own Shares Acquired

The Company does not own any shares acquired.

Statements of the Company's Chairman and Members of the Board Along with the CEO and Executive Vice Presidents Regarding the Shares They Hold, If Any

The Chairman of the Board of Directors, the Members of the Board, the Chief Executive Officer, and the Executive Vice Presidents of the Company do not hold any partnership shares in the Company.

Profit Distribution Statement

| | Footnote | Current Term (31/12/2022) |
|--|----------|---------------------------|
| I. PROFIT DISTRIBUTION OF THE PERIOD | | |
| 1.1. PROFIT FOR THE PERIOD | | 584,499,770 |
| 1.2. TAXES AND GOVERNMENTAL LIABILITIES | | (152,909,054) |
| 1.2.1. Corporate Tax (Income Tax) | | (152,909,054) |
| 1.2.2. Income Tax Deduction | | - |
| 1.2.3. Other Taxes and Governmental Liabilities | | - |
| A NET PROFIT FOR THE PERIOD (1.1 – 1.2) | | 431,590,716 |
| 1.3. ACCUMULATED LOSS (-) | | - |
| 1.4. PRIMARY RESERVE | | - |
| 1.5. LEGAL REQUIRED SAVING FUNDS THAT MUST BE LEFT IN THE COMPANY (-) | | - |
| B DISTRIBUTABLE NET PROFIT OF THE PERIOD [(A - (1.3 + 1.4 + 1.5)] | | 431,590,716 |
| 1.6. FIRST DIVIDEND TO SHAREHOLDERS (-) | | (2,250,000) |
| 1.6.1. To Shareholders | | (2,250,000) |
| 1.6.2. To Privileged Shareholders | | - |
| 1.6.3. To Dividend Share Owners | | - |
| 1.6.4. To Participation Bond Holders | | - |
| 1.6.5. To Profit and Loss Sharing Certificate Holders | | - |
| 1.7. DIVIDEND TO PERSONNEL (-) | | - |
| 1.8. DIVIDEND TO FOUNDERS (-) | | - |
| 1.9. DIVIDEND TO BOARD OF DIRECTORS (-) | | - |
| 1.10. SECONDARY DIVIDEND TO SHAREHOLDERS (-) | | (429,340,716) |
| 1.10.1. To Shareholders | | (429,340,716) |
| 1.10.2. To Privileged Shareholders | | - |
| 1.10.3. To Dividend Share Owners | | - |
| 1.10.4. To Participation Bond Holders | | - |
| 1.10.5. To Profit and Loss Sharing Certificate Holders | | - |
| 1.11. SECONDARY RESERVE FUND (-) | | - |
| 1.12. STATUTORY RESERVES (-) | | - |
| 1.13. EXTRAORDINARY RESERVES | | - |
| 1.14. OTHER RESERVES | | - |
| 1.15. SPECIAL FUNDS | | - |
| II. TRANSFERS FROM RESERVES | | - |
| 2.1. RESERVES TRANSFERRED | | - |
| 2.2. SECONDARY LEGAL RESERVES (-) | | - |
| 2.3. SHARES TO SHAREHOLDERS (-) | | - |
| 2.3.1. To Shareholders | | - |
| 2.3.2. To Privileged Shareholders | | - |
| 2.3.3. To Dividend Share Owners | | - |
| 2.3.4. To Participation Bond Holders | | - |
| 2.3.5. To Profit and Loss Sharing Certificate Holders | | - |
| 2.4. SHARES TO PERSONNEL (-) | | - |
| 2.5. SHARES TO BOARD OF DIRECTORS (-) | | - |
| III. PROFIT PER SHARE | | - |
| 3.1. TO SHARE OWNERS | | 9,591 |
| 3.2. TO SHARE OWNERS (%) | | 959.09% |
| 3.3. TO PRIVILEGED SHARE OWNERS | | - |
| 3.4. TO PRIVILEGED SHARE OWNERS (%) | | - |
| IV. DIVIDEND PER SHARE | | - |
| 4.1. TO SHARE OWNERS | | 9,591 |
| 4.2. TO SHARE OWNERS (%) | | 959.09% |
| 4.3. TO PRIVILEGED SHARE OWNERS | | - |
| 4.4. TO PRIVILEGED SHARE OWNERS (%) | | - |

Assessment of Financial Standing, Profitability and Claims Payment Solvency

Assessment of Financial Standing and Profitability

The asset size of our Company increased by 91% in 2022 and reached 4 billion 652 million TL.

Analyses of the size of items that make up the assets of the Company demonstrate that, in parallel with the rapid growth of the company, the item Receivables from Real Operating Activities increased by 85% and reached 2 billion 565 million TL. The share of Receivables from Real Operating Activities in the Asset total was 55.1%. Total Current Assets increased by 79.7% and reached TL 1 billion 912 million.

In our Company's balance sheet, Insurance Technical Reserves account for 31.2% of liabilities, and Debts from Real Operating Activities account for 54.7% of liabilities.

The total equity of our Company was about TL 457 million.

According to the principles determined by the Republic of Türkiye Prime Ministry Undersecretariat of Treasury, as of 31.12.2022, the minimum equity required for our Company was calculated as 244.6 million TL, and our equity was 277 million TL including our balancing provision.

Certain percentages regarding the financial standing of our Company as of 31.12.2022 are provided below.

| | Current Term | Previous Term |
|--|--------------|---------------|
| 1. Written Premiums (Gross) / Equity | 515.61% | 344.27% |
| 2. Receivables from Premiums / Equity | 21.12% | 16.52% |
| 3. Technical Reserves (Net) / Equity | 317.85% | 207.83% |
| 4. Profit Before Tax / Written Premiums (Gross) | 24.83% | 32.88% |
| 5. Profit Before Tax / Equity | 128.02% | 113.20% |
| 6. Technical Profit – Life / Written Premiums (Gross) – Life | 13.81% | 14.86% |

Assessment of Claims Payment Solvency

The Net Loss/Premium rates for 2022, calculated by taking into consideration the life insurance activities of the Company, are shown in the table below;

| Claims/Premium Ratio NET | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 |
|--------------------------|---------|---------|---------|---------|
| Life | 21% | 20% | 23% | 24% |
| PA | 10% | 15% | 11% | 5% |
| Health | 65% | 65% | 64% | 64% |

Profit Distribution Policy

The principles regarding the profit distribution policy of Cigna Sağlık Hayat ve Emeklilik A.Ş. are set out in Article 26 of the Company's renewed articles of association with Registry Number 631745.

The capital of the Company is fully paid and totals 45,000,000 TL (Forty five million Turkish Liras). The capital is divided into 45,000,000 (forty five million) shares, each with a value of 1 TL (One Turkish Lira).

The capital of the company consists of (i) 22,949,999 Group A shares with a value of TL 22,949,999, (ii) 22,049,999 Group B shares with a value of TL 22,049,999, (iii) 1 A1 Group share with a value of TL 1; and (iv) 1 B1 Group share with a value of TL 1.

The company will maintain its equities in accordance with the minimum capital level required by the relevant legislation. The Company may raise the equity level above the minimum capital level with the affirmative vote of at least one (1) of the members of the Board of Directors representing A1 Group shareholders and at least one (1) of the Board members representing B1 Group shareholders. Moreover, according to the capital level determined at a previous date, it can increase or decrease to the minimum capital level.

If the Board of Directors wishes to increase or decrease the level of equity to be kept, the said increase will be covered by the shareholders in proportion to their shares and from a source other than the addition of profit to the capital. In case of a reduction, the difference is paid to the shareholders as a special dividend in proportion to their shares.

The remaining amount constitutes the net profit of the company after the deduction of the amount that must be paid or separated from the income determined at the end of the accounting period, such as general expenses, depreciation, and provisions. The remaining reserves that are to be set aside as per Article 519 of the TCC from the Company's after-tax earnings calculated in accordance with Turkish Accounting Standards, and after reaching the target capital level occasionally and jointly decided in the annual business plan by A1 Group shareholders and B1 Group shareholders constitute the distributable profit ("Distributable Profit").

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

**FINANCIAL STATEMENTS
AS OF 31 DECEMBER
2022 AND INDEPENDENT
AUDITOR'S REPORT**

(CONVENIENCE TRANSLATION OF THE REPORT AND
THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Cigna Sağlık Hayat ve Emeklilik A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the accompanying financial statements of Cigna Sağlık Hayat ve Emeklilik A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2022 and the statement of income, statement of changes in shareholders' equity, and statement of cash flows for the period then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

2) Basis for Opinion

We conducted our audit in accordance with the regulations on the principles on auditing as set out in the insurance legislation and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



3) Key Audit Matters

Key audit matters are those that, in our professional judgment, are of the most importance in an independent audit of the current period's financial statements. Key audit matters have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion on the financial statements, on which we do not express a separate opinion.

Key Audit Matter

How this matter was addressed in the audit

Technical Provisions

As of 31 December 2022, the total amount of insurance technical provisions is TL 1,451,219,064.

Pursuant to the Regulation on Technical Provisions, the Company is required to allocate sufficient mathematical reserves, based on actuarial principles, to meet its obligations to policyholders and beneficiaries for life, health and personal accident insurance contracts with a duration of more than one year.

Mathematical reserves are calculated according to the formulae and principles specified in the approved technical basis of the tariffs for life insurances with a term longer than one year.

The Company is required to allocate sufficient mathematical reserves, based on actuarial principles, to meet its obligations to policyholders and beneficiaries for life, health and personal accident insurance contracts with a duration of more than one year. Loss provisions are modelled for the estimation of ultimate losses, calculations sensitive to legal, economic and various factors/uncertainties are made; past loss experience, loss development and market conditions are also taken into consideration.

As of 31 December 2022, the Company has provided mathematical reserves amounting to TL 991,017,893 and outstanding claims provision amounting to TL 95,592,215 and these provisions constitute a significant balance in total technical provisions.

The provision for mathematical reserves and outstanding claims within technical provisions has been selected as a key audit matter as it contains significant estimates and management judgements due to its nature.

In auditing the technical provisions, the procedures for evaluating the design and implementation of the related controls, performing detailed tests with the sampling method and applying analytical audit tests have been performed.

The assumptions used, assessment of consistency of valuation methods, recalculation and regulatory compliance have been checked and evaluated with certified actuaries as external experts who are part of our audit team.

In addition, the consistency and compliance of the disclosures in notes 17 and 2.24 to the financial statements in relation to these technical provisions with the Insurance Accounting and Financial Reporting Legislation were tested.



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

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

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

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

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

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

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

As part of an audit in accordance with the regulations regarding the audit principles in force as per the insurance legislation and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

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

We determine the most important issues, the key audit matters in the independent audit of the financial statements of the current period among the issues reported to senior management. In cases where the legislation does not permit the disclosure of the matter, or in exceptional cases where it is reasonably expected that the negative consequences of public disclosure will be exceeded by the public interest, we may decide not to report the matter in our independent.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January – 31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

The engagement partner on the audit resulting in this independent auditor's report is Müjde Aslan.

Additional paragraph for convenience translation to English

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Müjde Aslan
Partner

İstanbul, 10 March 2023

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT OF
CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş. FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2022 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the related regulations and the Company's accounting records.

İstanbul, 10 March 2023

Cigna Sağlık Hayat ve Emeklilik A.Ş.



Emine Pinar Kuriş

Member of the Board of
Directors and General
Manager



Ümit Sönmez

Financial Control and
Reporting, Technical
and Actuarial Assistant
General Manager



Ece Kazcılar

Financial Control
and Reporting
Group Manager



Ertan Tan

Actuary Registry
Number: 21

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| STATEMENTS OF CASH FLOW | 100 |
| STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY | 101 |
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CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021

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

| ASSETS | | | |
|---|--------------|-------------------------------------|-------------------------------------|
| | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
| I- CURRENT ASSETS | | | |
| A- Cash and Cash Equivalents | | | |
| 1- Cash | | 1,124,050,806 | 685,578,513 |
| 2- Cheques Received | | - | - |
| 3- Banks | 2,12, 14 | 1,065,139,972 | 655,790,234 |
| 4- Cheques Given and Payment Orders (-) | | - | - |
| 5- Bank Guaranteed Credit Card Receivables with Maturities less than Three Months | 2,12, 14 | 58,910,834 | 29,788,279 |
| 6- Other Cash and Cash Equivalents | | - | - |
| B- Financial Assets and Financial Investments at Insurees' Risk | | | |
| 1- Available-for-Sale Investments | 4,2, 11,1 | 531,580,931 | 264,948,645 |
| 2- Held to Maturity Investments | | - | - |
| 3- Trading Investments | | - | - |
| 4- Loans | | - | - |
| 5- Provision for Loans (-) | | - | - |
| 6- Financial Assets at Insurees' Risk | | - | - |
| 7- Equity Shares | | - | - |
| 8- Provision for Impairment of Financial Assets (-) | | - | - |
| C- Receivables from Main Operations | | | |
| 1- Due from Insurance Operations | 12,1 | 96,433,066 | 53,021,844 |
| 2- Provision for Due from Insurance Operations (-) | | - | - |
| 3- Due from Reinsurance Operations | | - | - |
| 4- Provision for Due from Reinsurance Operations (-) | | - | - |
| 5- Premium Deposits | | - | - |
| 6- Loans to Insurees | | - | - |
| 7- Provision for Loans to Insurees (-) | | - | - |
| 8- Due from Private Pension Operations | 12,1 | 18,262,273 | 15,892,260 |
| 9- Doubtful Receivables from Main Operations | 12,1 | 43,043 | 44,471 |
| 10- Provision for Doubtful Receivables from Main Operations (-) | 12,1 | (43,043) | (44,471) |
| D- Due from Related Parties | | | |
| 1- Due from Shareholders | | - | - |
| 2- Due from Associates | | - | - |
| 3- Due from Subsidiaries | | - | - |
| 4- Due from Joint-Ventures | | - | - |
| 5- Due from Personnel | | - | - |
| 6- Due from Other Related Parties | 12,1, 45 | - | 59,632 |
| 7- Rediscount on Due from Related Parties (-) | | - | - |
| 8- Doubtful Receivables from Related Parties | | - | - |
| 9- Provision for Doubtful Receivables from Related Parties (-) | | - | - |
| E- Other Receivables | | | |
| 1- Leasing Receivables | | - | - |
| 2- Unearned Leasing Interest Income (-) | | - | - |
| 3- Deposits and Guarantees Given | | - | - |
| 4- Other Receivables | | - | - |
| 5- Rediscount on Other Receivables (-) | | - | - |
| 6- Other Doubtful Receivables | | - | - |
| 7- Provision for Other Doubtful Receivables (-) | | - | - |
| F- Prepaid Expenses and Income Accruals | | | |
| 1- Deferred Acquisition Expenses | 17, 2,24 | 138,542,669 | 42,459,669 |
| 2- Accrued Interest and Rent Income | | - | - |
| 3- Income Accruals | | - | - |
| 4- Other Deferred Expenses | 12,1 | 2,843,694 | 1,761,284 |
| G- Other Current Assets | | | |
| 1- Prepaid Office Supplies | | - | - |
| 2- Prepaid Taxes and Funds | | - | - |
| 3- Deferred Tax Assets | | - | - |
| 4- Business Advances | | - | 26 |
| 5- Advances Given to Personnel | | - | - |
| 6- Count Shortages | | - | - |
| 7- Other Current Assets | | 608,523 | 190,419 |
| 8- Provision for Other Current Assets (-) | | - | - |
| I- Total Current Assets | | 1,912,321,962 | 1,063,912,292 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021

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

| ASSETS | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
|--|----------|--------------------------|--------------------------|
| II- NON-CURRENT ASSETS | | | |
| A- Receivables from Main Operations | | 2,450,561,201 | 1,317,474,210 |
| 1- Due from Insurance Operations | | - | - |
| 2- Provision for Due from Insurance Operations (-) | | - | - |
| 3- Due from Reinsurance Operations | | - | - |
| 4- Provision for Due from Reinsurance Operations (-) | | - | - |
| 5- Deposits held with Insurance and Reinsurance Companies | | - | - |
| 6- Loans to Insurees | | - | - |
| 7- Provision for Loans to Insurees (-) | | - | - |
| 8- Due from Private Pension Operations | 121,17.5 | 2,450,561,201 | 1,317,474,210 |
| 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 Due from Related Parties (-) | | - | - |
| 8- Doubtful Receivables from Related Parties | | - | - |
| 9- Provision for Doubtful Receivables from Related Parties (-) | | - | - |
| C- Other Receivables | | 3,831,928 | 535,792 |
| 1- Leasing Receivables | | - | - |
| 2- Unearned Leasing Interest Income (-) | | - | - |
| 3- Deposits and Guarantees Given | | 3,831,928 | 535,792 |
| 4- Other Receivables | | - | - |
| 5- Rediscount on Other Receivables (-) | | - | - |
| 6- Other Doubtful Receivables | | - | - |
| 7- Provision for Other Doubtful Receivables (-) | | - | - |
| D- Financial Assets | | 503,766 | 503,766 |
| 1- Investment Securities | 11.4 | 503,766 | 503,766 |
| 2- Associates | | - | - |
| 3- Capital Commitments to Associates (-) | | - | - |
| 4- Subsidiaries | | - | - |
| 5- Capital Commitments to Subsidiaries (-) | | - | - |
| 6- Joint-Ventures | | - | - |
| 7- Capital Commitments to Joint-Ventures (-) | | - | - |
| 8- Financial Assets and Financial Investments at Insurees' Risk | | - | - |
| 9- Other Financial Assets | | - | - |
| 10- Provision for Impairment of Financial Assets (-) | | - | - |
| E- Tangible Assets | | 39,080,526 | 15,939,604 |
| 1- Investment Properties | | - | - |
| 2- Provision for Diminution in Value of Investment Property (-) | | - | - |
| 3- Property for Operational Use | | - | - |
| 4- Machinery and Equipment | | - | - |
| 5- Furniture and Fixtures | 6 | 28,940,562 | 15,754,734 |
| 6- Motor Vehicles | 6 | - | - |
| 7- Other Tangible Assets (including Leasehold Improvements) | 6 | 9,622,742 | 6,934,857 |
| 8- Leased Assets | 6 | 33,733,748 | 21,157,626 |
| 9- Accumulated Depreciation (-) | 6 | (33,216,526) | (27,907,713) |
| 10- Advances Given for Tangible Assets (including Ongoing Investments) | | - | - |
| F- Intangible Assets | | 33,307,020 | 26,206,505 |
| 1- Rights | 8 | 111,915,776 | 88,925,386 |
| 2- Goodwill | | - | - |
| 3- Establishment Costs | | - | - |
| 4- Research and Development Expenses | | - | - |
| 5- Other Intangible Assets | | - | - |
| 6- Accumulated Amortization (-) | 8 | (78,608,756) | (62,718,881) |
| 7- Advances Given for Intangible Assets | | - | - |
| G- Prepaid Expenses and Income Accruals | | 174,674,750 | - |
| 1- Deferred Acquisition Expenses | 17,2.24 | 174,674,750 | - |
| 2- Income Accruals | | - | - |
| 3- Other Prepaid Expenses | | - | - |
| H- Other Non-Current Assets | | 37,546,342 | 16,253,725 |
| 1- Effective Foreign Currency Accounts | | - | - |
| 2- Foreign Currency Accounts | | - | - |
| 3- Prepaid Office Supplies | | - | - |
| 4- Prepaid Taxes and Funds | | - | - |
| 5- Deferred Tax Assets | 21,35 | 37,546,342 | 16,253,725 |
| 6- Other Non-Current Assets | | - | - |
| 7- Other Non-Current Assets Depreciation (-) | | - | - |
| 8- Provision for Other Non-Current Assets (-) | | - | - |
| II- Total Non-Current Assets | | 2,739,505,533 | 1,376,913,602 |
| Total Assets (I+II) | | 4,651,827,495 | 2,440,825,894 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021

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

| LIABILITIES | | | |
|---|--------------|---------------------------------|---------------------------------|
| III- CURRENT LIABILITIES | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
| A- Financial Liabilities | | 8,215,103 | 3,633,037 |
| 1- Due to Credit Institutions | | - | - |
| 2- Due to Financial Leasing Institutions | 20 | 8,215,103 | 3,633,037 |
| 3- Deferred Leasing Costs (-) | | - | - |
| 4- Principal Instalments and Interest of Long-Term Borrowings | | - | - |
| 5- Principal Instalments and Interest on Bonds Issued | | - | - |
| 6- Other Issued Debt Securities | | - | - |
| 7- Value Differences of Other Issued Debt Securities (-) | | - | - |
| 8- Other Financial Payables (Liabilities) | | - | - |
| B- Payables from Main Operations | | 96,264,136 | 36,916,533 |
| 1- Payables from Insurance Operations | 19 | 70,100,231 | 21,169,751 |
| 2- Payables from Reinsurance Operations | | - | - |
| 3- Deposits Received from Insurance and Reinsurance Companies | | - | - |
| 4- Payables from Private Pension Operations | 19 | 26,163,905 | 15,746,782 |
| 5- Payables from Other Operations | | - | - |
| 6- Rediscount on Payables from Other Operations (-) | | - | - |
| C- Due to Related Parties | | 7,766,839 | 1,437,010 |
| 1- Due to Shareholders | 19, 45 | - | 28,826 |
| 2- Due to Associates | | - | - |
| 3- Due to Subsidiaries | | - | - |
| 4- Due to Joint-Ventures | | - | - |
| 5- Due to Personnel | 19 | 3,636,961 | 128,049 |
| 6- Due to Other Related Parties | 19, 45 | 4,129,878 | 1,280,135 |
| D- Other Payables | | 15,313,189 | 9,752,200 |
| 1- Deposits and Guarantees Received | | - | - |
| 2- Payables to SSI regarding Medical Expenses | | - | - |
| 3- Other Payables | 19 | 15,394,234 | 9,836,025 |
| 4- Rediscount on Other Payables (-) | 19 | (81,045) | (83,825) |
| E- Insurance Technical Provisions | | 453,515,163 | 198,886,979 |
| 1- Unearned Premium Reserve - Net | 17,15 | 299,067,746 | 106,550,534 |
| 2- Unexpired Risks Reserve - Net | | - | - |
| 3- Mathematical Reserve - Net | 17,2, 17,15 | 58,855,202 | 21,980,010 |
| 4- Outstanding Claims Provision - Net | 17,15 | 95,592,215 | 70,038,145 |
| 5- Bonus and Rebate Provision - Net | | - | - |
| 6- Other Technical Reserves - Net | 17,15 | - | 318,290 |
| F- Taxes, and Other Liabilities and, Provision | | 68,540,817 | 35,361,926 |
| 1- Taxes and Funds Payable | | 26,665,540 | 5,338,846 |
| 2- Social Security Withholdings Payable | | 10,044,921 | 2,458,030 |
| 3- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities | | - | - |
| 4- Other Taxes and Fiscal Liabilities | | - | - |
| 5- Corporate Tax Provision and Other Fiscal Liabilities | 35 | 152,909,054 | 93,683,376 |
| 6- Prepaid Corporate Tax and Other Fiscal Liabilities (-) | 35 | (121,078,698) | (66,118,326) |
| 7- Other Taxes and Fiscal Liabilities Provision | | - | - |
| G- Provisions for Other Risks | | - | - |
| 1- Provision for Employment Termination Benefits | | - | - |
| 2- Provision for Social Aid Fund Asset Shortage | | - | - |
| 3- Provision for Expense Accruals | | - | - |
| H- Deferred Income and Expense Accruals | | 16,598,626 | 12,246,077 |
| 1- Deferred Commission Income | 10, 19 | 11,204,949 | 7,487,791 |
| 2- Deferred Expenses | 19 | 5,393,677 | 4,758,286 |
| 3- Other Deferred Income | | - | - |
| I- Other Current Liabilities | | 36,406,900 | 16,778,793 |
| 1- Deferred Tax Liabilities | | - | - |
| 2- Count Overages | | - | - |
| 3- Other Current Liabilities | 23, 47,1 | 36,406,900 | 16,778,793 |
| III - Total Current Liabilities | | 702,620,773 | 315,012,556 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021

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

| LIABILITIES | | | |
|---|--------------|---------------------------------|---------------------------------|
| IV- NON-CURRENT LIABILITIES | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
| A- Financial Liabilities | | 14,096,257 | 7,849,054 |
| 1- Due to Credit Institutions | | - | - |
| 2- Leasing Payables | 20 | 14,096,257 | 7,849,054 |
| 3- Deferred Leasing Costs (-) | | - | - |
| 4- Issued Debt Securities | | - | - |
| 5- Other Issued Debt Securities | | - | - |
| 6- Value Differences of Other Issued Debt Securities (-) | | - | - |
| 7- Other Financial Payables (Liabilities) | | - | - |
| B- Payables from Main Operations | | 2,450,561,201 | 1,317,474,210 |
| 1- Payables from Insurance Operations | | - | - |
| 2- Payables from Reinsurance Operations | | - | - |
| 3- Deposits Received from Insurance and Reinsurance Companies | | - | - |
| 4- Payables from Private Pension Operations | 17.5, 19 | 2,450,561,201 | 1,317,474,210 |
| 5- Payables from Other Operations | | - | - |
| 6- Rediscount on Payables from Other Operations (-) | | - | - |
| C- Due to Related Parties | | - | - |
| 1- Due to Shareholders | | - | - |
| 2- Due to Subsidiaries | | - | - |
| 3- Due to Equity Investments | | - | - |
| 4- Due to Joint-Ventures | | - | - |
| 5- Due to Personnel | | - | - |
| 6- Due to Other Related Parties | | - | - |
| D- Other Payables | | - | - |
| 1- Deposits and Guarantees Received | | - | - |
| 2- Payables to SSI regarding Medical Expenses | | - | - |
| 3- Other Payables | | - | - |
| 4- Rediscount on Other Payables | | - | - |
| E- Insurance Technical Provisions | | 997,703,901 | 468,337,157 |
| 1- Unearned Premium Reserve - Net | | - | - |
| 2- Unexpired Risks Reserve - Net | | - | - |
| 3- Mathematical Reserve - Net | 17.2,17.15 | 932,162,691 | 418,859,859 |
| 4- Outstanding Claims Provision - Net | | - | - |
| 5- Bonus and Rebate Provision - Net | | - | - |
| 6- Other Technical Reserves - Net | 17.15 | 65,541,210 | 49,477,298 |
| F- Other Liabilities and Provisions | | - | - |
| 1- Other Payables | | - | - |
| 2- Overdue, Deferred or Restructured Taxes and Other Fiscal Liabilities | | - | - |
| 3- Other Taxes and Fiscal Liabilities Provision | | - | - |
| G- Provisions for Other Risks | | 30,275,835 | 11,102,533 |
| 1- Provision for Employment Termination Benefits | 22 | 30,275,835 | 11,102,533 |
| 2- Provision for Social Aid Fund Asset Shortage | | - | - |
| H- Deferred Income and Expense Accruals | | - | - |
| 1- Deferred Commission Income | | - | - |
| 2- Expense Accruals | | - | - |
| 3- Other Deferred Income | | - | - |
| I- Other Non-Current Liabilities | | - | - |
| 1- Deferred Tax Liabilities | | - | - |
| 2- Other Various Non-Current Liabilities | | - | - |
| IV- Total Non-Current Liabilities | | 3,492,637,194 | 1,804,762,954 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**BALANCE SHEETS AS OF
31 DECEMBER 2022 AND 2021**

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

| SHAREHOLDERS' EQUITY | | | |
|--|--------------|-------------------------------------|-------------------------------------|
| V- SHAREHOLDERS' EQUITY | Notes | Audited 31 December 2022 | Audited 31 December 2021 |
| A- Share Capital | | 45,000,000 | 45,000,000 |
| 1- (Nominal) Capital | 15 | 45,000,000 | 45,000,000 |
| 2- Unpaid Capital (-) | | - | - |
| 3- Adjustments to Share Capital | | - | - |
| 4- Adjustments to Share Capital (-) | | - | - |
| 5- Capital to be Registered | | - | - |
| B- Capital Reserves | | - | - |
| 1- Share Premiums | | - | - |
| 2- Profit of Cancelled Shares | | - | - |
| 3- Sales Profit Addition to the Capital | | - | - |
| 4- Foreign Currency Translation Differences | | - | - |
| 5- Other Capital Reserves | | - | - |
| C- Profit Reserves | | (20,021,188) | 6,302,300 |
| 1- Legal Reserves | 15 | 22,500,000 | 22,500,000 |
| 2- Statutory Reserves | | - | - |
| 3- Extraordinary Reserves | | 110,519 | 110,519 |
| 4- Special Funds (Reserves) | | - | - |
| 5- Valuation of Financial Assets | 15 | (26,170,343) | (11,619,514) |
| 6- Other Profit Reserves | 15 | (16,461,364) | (4,688,705) |
| D- Retained Earnings | | - | - |
| 1- Retained Earnings | | - | - |
| E- Accumulated Deficit (-) | | - | - |
| 1- Accumulated Deficit | | - | - |
| F- Net Profit for the Period | | 431,590,716 | 269,748,084 |
| 1- Net Profit for the Period | | 431,590,716 | 269,748,084 |
| 2- Net Loss for the Period (-) | | - | - |
| Total Shareholders' Equity | | 456,569,528 | 321,050,384 |
| Total Liabilities and Shareholders' Equity (III+IV+V) | | 4,651,827,495 | 2,440,825,894 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 2021

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

| I- TECHNICAL DIVISION | Notes | Audited Current Period 01.01.2022-31.12.2022 | Audited Prior Period 01.01.2021-31.12.2021 |
|---|-----------|---|---|
| A- Non-Life Technical Income | | 178,399,659 | 81,066,011 |
| 1- Earned Premiums - (Net of Reinsurers' Share) | | 178,399,659 | 81,066,011 |
| 1.1- Written Premiums - (Net of Reinsurers' Share) | 24 | 248,631,439 | 96,162,841 |
| 1.1.1- Gross Written Premium (+) | 24 | 264,890,797 | 104,000,878 |
| 1.1.2- Reinsurers' Share of Gross Written Premium (-) | 10, 24 | (16,259,358) | (7,838,037) |
| 1.1.3- Premiums Ceded to SSI (-) | | - | - |
| 1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-) | 17.15 | (70,231,780) | (15,096,830) |
| 1.2.1- Unearned Premiums Reserve (-) | 17.15 | (75,010,369) | (16,746,796) |
| 1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+) | 10, 17.15 | 4,778,589 | 1,649,966 |
| 1.2.3- SSI's Share of Unearned Premiums Reserve (+/-) | | - | - |
| 1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Reserves Carried Forward) (+/-) | | - | - |
| 1.3.1- Unexpired Risks Reserve (-) | | - | - |
| 1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+) | | - | - |
| 2- Investment Income Transferred from Non- Technical Part | | - | - |
| 3- Other Technical Income - (Net of Reinsurers' Share) | | - | - |
| 3.1- Other Gross Technical Income (+) | | - | - |
| 3.2- Reinsurers' Share of Other Gross Technical Income (-) | | - | - |
| 4- Claim Recovery and Salvage Income Accruals (+) | | - | - |
| B- Non-Life Technical Expense (-) | | (168,061,234) | (51,899,938) |
| 1- Incurred Claims - (Net of Reinsurers' Share) | | (37,238,583) | (10,856,787) |
| 1.1- Paid Claims - (Net of Reinsurers' Share) | | (24,281,089) | (6,245,435) |
| 1.1.1- Gross Paid Claims (-) | | (34,318,911) | (7,544,422) |
| 1.1.2- Reinsurers' Share of Gross Paid Claims (+) | 10 | 10,037,822 | 1,298,987 |
| 1.2- Change in Outstanding Claims (Net of Reinsurers' Share and Reserves Carried Forward) (+/-) | | (12,957,494) | (4,611,352) |
| 1.2.1- Outstanding Claims Provision (-) | | (11,899,289) | (16,610,695) |
| 1.2.2- Reinsurers' Share of Outstanding Claims Provision (+) | 10 | (1,058,205) | 11,999,343 |
| 2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Reserves Carried Forward) (+/-) | | - | - |
| 2.1- Bonus and Rebate Provision (-) | | - | - |
| 2.2- Reinsurers' Share of Bonus and Rebate Provision (+) | | - | - |
| 3- Change in Other Technical Reserves (Net of Reinsurers' Share and Reserves Carried Forward) (+/-) | 17.15 | (1,073,263) | (476,575) |
| 4- Operating Expenses (-) | 31 | (120,998,667) | (41,486,283) |
| 5- Change in Mathematical Reserves (Net of Reinsurer's Share and Reserves Carried Forward) (+/-) | 17.15 | (8,750,721) | 919,707 |
| 5.1- Mathematical Reserves (-) | 17.15 | (8,750,721) | 919,707 |
| 5.2- Net of Reinsurer's Share and Reserves Carried Forward (+) | | - | - |
| 6- Other Technical Expenses (-) | | - | - |
| 6.1- Gross Other Technical Expenses (-) | | - | - |
| 6.2- Reinsurer's Share of Other Gross Technical Expenses (+) | | - | - |
| C- Net Technical Income- Non-Life (A - B) | | 10,338,425 | 29,166,073 |
| D- Life Technical Income | | 1,918,160,602 | 975,153,515 |
| 1- Earned Premiums - (Net of Reinsurers' Share) | | 1,918,160,602 | 975,153,515 |
| 1.1- Written Premiums - (Net of Reinsurers' Share) | 24 | 2,040,446,034 | 980,682,152 |
| 1.1.1- Gross Written Premiums (+) | 24 | 2,089,218,821 | 1,001,275,971 |
| 1.1.2- Premiums Ceded to Reinsurers (-) | 10, 24 | (48,772,787) | (20,593,819) |
| 1.2- Change in Unearned Premiums Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-) | 17.15 | (122,285,432) | (5,528,637) |
| 1.2.1- Unearned Premiums Reserve (-) | 17.15 | (141,744,881) | (7,113,564) |
| 1.2.2- Reinsurers' Share of Unearned Premiums Reserve (+) | 10, 17.15 | 19,459,449 | 1,584,927 |
| 1.3- Change in Unexpired Risks Reserve (Net of Reinsurers' Share and Returned Reserve) (+/-) | | - | - |
| 1.3.1- Unexpired Risks Reserve (-) | | - | - |
| 1.3.2- Reinsurers' Share of Unexpired Risks Reserve (+) | | - | - |
| 2- Life Investment Income | | - | - |
| 3- Unrealized Investment Income | | - | - |
| 4- Other Technical Income - (Net of Reinsurers' Share) | | - | - |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**STATEMENTS OF INCOME FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2022 AND 2021**

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

| I- TECHNICAL DIVISION | | | |
|---|--------------|---|---|
| | Notes | Audited Current Period 01.01.2022-31.12.2022 | Audited Prior Period 01.01.2021-31.12.2021 |
| E- Life Technical Expense | | (1.629.570.247) | (826.344.572) |
| 1- Incurred Claims - (Net of Reinsurers' Share) | | (379,145,614) | (152,087,825) |
| 1.1- Paid Claims (Net of Reinsurers' Share) | | (366,549,037) | (145,888,991) |
| 1.1.1- Gross Paid Claims (-) | | (375,834,125) | (157,129,801) |
| 1.1.2- Reinsurers' Share of Gross Paid Claims (+) | 10 | 9,285,088 | 11,240,810 |
| 1.2- Change in Provisions for Outstanding Claims (Net of Reinsurers' Share and Returned Reserve) (+/-) | | (12,596,577) | (6,198,834) |
| 1.2.1- Outstanding Claims Provision (-) | | (13,093,718) | (7,872,808) |
| 1.2.2- Reinsurers' Share of Outstanding Claim Provisions (+) | 10 | 497,141 | 1,673,974 |
| 2- Change in Bonus and Rebate Provision (Net of Reinsurers' Share and Returned Reserve) (+/-) | | - | - |
| 2.1- Bonus and Rebate Provision (-) | | - | - |
| 2.2- Reinsurers' Share of Bonus and Rebate Provision (+) | | - | - |
| 3- Change in Mathematical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-) | 17.15 | (541,427,302) | (143,823,684) |
| 3.1- Mathematical Reserves (-) | 17.15 | (541,427,302) | (143,823,684) |
| 3.1.1- Actuarial Mathematical Reserves (+/-) | 17.15 | (541,427,302) | (143,823,684) |
| 3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies) | | - | - |
| 3.2- Reinsurers' Share of Mathematical Reserves (+) | | - | - |
| 3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+) | | - | - |
| 3.2.2- Reinsurer's Share of Profit Share Reserve (for Permanent Life Insurance Policies) (+) | | - | - |
| 4- Change in Other Technical Reserves (Net of Reinsurers' Share and Returned Reserve) (+/-) | 17.15 | (15,039,639) | (9,633,078) |
| 5- Operating Expenses (-) | 31 | (693,957,692) | (520,799,985) |
| 6- Investment Expenses (-) | | - | - |
| 7- Unrealized Investment Expense (-) | | - | - |
| 8- Investment Income Transferred to Non-Life Technical Part (-) | | - | - |
| F- Net Technical Income - Life (D-E) | | 288,590,355 | 148,808,943 |
| G- Pension Funds Technical Income | 25 | 23,176,699 | 16,670,393 |
| 1- Fund Management Income | 25 | 21,692,491 | 13,641,063 |
| 2- Management Expense Charge | 25 | 1,078,475 | 1,414,163 |
| 3- Entrance Fee Income | 25 | 405,733 | 524,018 |
| 4- Management Expense Charge in case of Suspension | | - | - |
| 5- Special Service Expense Charge | 25 | - | 1,220 |
| 6- Capital Allowance Value Increase Income | 25 | - | 1,089,929 |
| 7- Other Technical Income | | - | - |
| H- Pension Funds Technical Expense | | (27,904,203) | (14,678,122) |
| 1- Fund Management Expense (-) | | (3,413,561) | (926,080) |
| 2- Capital Allowance Value Decrease Expense (-) | 25 | (2,935,880) | - |
| 3- Operating Expenses (-) | 31 | (21,496,669) | (13,612,951) |
| 4- Other Technical Expenses (-) | | (60,051) | (100,660) |
| 5- Fine Payment | | 1,958 | (38,431) |
| I- Net Technical Income - Pension Funds (G - H) | | (4,727,504) | 1,992,271 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**STATEMENTS OF INCOME FOR THE PERIODS
1 JANUARY – 31 DECEMBER 2022 AND 2021**

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

| II- NON-TECHNICAL DIVISION | Notes | Audited Current Period 01.01.2022–31.12.2022 | Audited Prior Period 01.01.2021–31.12.2021 |
|--|--------------|---|---|
| C- Net Technical Income - Non-Life (A-B) | | 10,338,425 | 29,166,073 |
| F- Net Technical Income - Life (D-E) | | 288,590,355 | 148,808,943 |
| I- Net Technical Income - Pension Funds (G-H) | | (4,727,504) | 1,992,271 |
| J- Total Net Technical Income (C+F+I) | | 294,201,276 | 179,967,287 |
| K- Investment Income | | 357,353,445 | 219,466,416 |
| 1- Income from Financial Investments | 26 | 175,587,135 | 108,440,012 |
| 2- Income from Liquidation of Financial Investments | 26 | 4,682,822 | 757,866 |
| 3- Valuation of Financial Investments | 26 | 13,999,633 | 10,346,050 |
| 4- Foreign Exchange Gains | 36 | 163,083,855 | 99,922,488 |
| 5- Income from Associates | | - | - |
| 6- Income from Subsidiaries and Joint-Ventures | | - | - |
| 7- Income from Land and Buildings | | - | - |
| 8- Income from Derivatives | | - | - |
| 9- Other Investments | | - | - |
| 10- Investment Income Transferred from Life Technical Part | | - | - |
| L- Investment Expense (-) | | (48,009,331) | (28,856,369) |
| 1- Investment Management Expenses (Interest incl.) (-) | | (5,255,218) | (2,852,475) |
| 2- Diminution in Value of Investments (-) | 26 | (1,226,812) | (521,032) |
| 3- Loss from Realization of Financial Investments (-) | | - | - |
| 4- Investment Income Transferred to Non-Life Technical Part (-) | | - | - |
| 5- Loss from Derivatives (-) | | - | - |
| 6- Foreign Exchange Losses (-) | 36 | (16,399,868) | (7,110,283) |
| 7- Depreciation Expenses (-) | 6, 8, 31, 32 | (25,127,433) | (18,372,579) |
| 8- Other Investment Expenses (-) | | - | - |
| M- Income and Expenses from Other Operations and Extraordinary Operations (+/-) | | (19,045,620) | (7,145,874) |
| 1- Provisions (+/-) | 47,5 | (34,226,957) | (12,151,929) |
| 2- Rediscunts (+/-) | 47,5 | 1,464,676 | (302,358) |
| 3- Special Insurance Account (+/-) | | - | - |
| 4- Inflation Adjustment (+/-) | | - | - |
| 5- Deferred Tax Assets (+/-) | 21, 35 | 11,159,102 | 1,730,503 |
| 6- Deferred Tax Liabilities Expenses (-) | | - | - |
| 7- Other Income | | 2,557,559 | 3,577,910 |
| 8- Other Expenses (-) | | - | - |
| 9- Prior Year's Income | | - | - |
| 10- Prior Year's Expenses (-) | | - | - |
| N- Net Profit/ Loss for the Period | | 431,590,716 | 269,748,084 |
| 1- Profit or Loss for the Period | | 584,499,770 | 363,431,460 |
| 2- Corporate Tax Provision and Other Fiscal Liabilities (-) | 35 | (152,909,054) | (93,683,376) |
| 3- Net Profit or Loss for the Period | | 431,590,716 | 269,748,084 |
| 4- Adjustment to Inflation | | - | - |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 2021

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

| | Notes | Audited Current Period 01.01.2022-31.12.2022 | Audited Prior Period 01.01.2021-31.12.2021 |
|---|-------|---|---|
| A. CASH GENERATED FROM MAIN OPERATIONS | | | |
| 1. Cash inflows from insurance operations | | 1,876,451,421 | 1,054,094,791 |
| 2. Cash inflows from reinsurance operations | | - | - |
| 3. Cash inflows from pension funds operations | | 33,596,450 | 18,161,765 |
| 4. Cash outflows from insurance operations (-) | | (1,053,366,058) | (706,402,398) |
| 5. Cash outflows from reinsurance operations (-) | | - | - |
| 6. Cash outflows from pension funds operations (-) | | (30,272,788) | (15,911,866) |
| 7. Net cash from main operations (A1+A2+A3-A4-A5-A6) | | 826,409,025 | 349,942,292 |
| 8. Interest payments (-) | | - | - |
| 9. Income tax payments (-) | | (148,739,815) | (75,249,933) |
| 10. Other cash inflows | | 40,706,066 | 7,568,660 |
| 11. Other cash outflows (-) | | (3,848,920) | (11,939,649) |
| 12. Net cash used in main operations | | 714,526,356 | 270,321,370 |
| B. CASH FLOWS FROM INVESTING OPERATIONS | | | |
| 1. Sales of tangible assets | | - | - |
| 2. Acquisition of tangible assets acquisition (-) | 6, 8 | (38,864,003) | (18,991,352) |
| 3. Acquisition of financial assets (-) | 11 | (149,343,018) | (138,090,910) |
| 4. Sales of financial assets | | - | - |
| 5. Interest received | | 188,649,644 | 133,314,298 |
| 6. Dividends received | | - | - |
| 7. Other cash inflows | | - | - |
| 8. Other cash outflow (-) | | (118,913,678) | (84,760,054) |
| 9. Net cash from investing activities | | (118,471,055) | (108,528,018) |
| C. CASH FLOWS FROM FINANCING OPERATIONS | | | |
| 1. Issue of shares | | - | - |
| 2. Cash flows from the borrowings | | - | - |
| 3. Leasing payments (-) | 20 | (9,018,061) | (6,745,728) |
| 4. Dividends paid (-) | 38 | (269,748,084) | (185,645,859) |
| 5. Other cash inflows | | - | - |
| 6. Other cash outflows (-) | | - | - |
| 7. Net cash from financing activities | | (278,766,145) | (192,391,587) |
| D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS | | | |
| | 36 | 10,949,808 | 4,170,402 |
| E. Net increase in cash and cash equivalents (A12+B9+C7+D) | | 328,238,964 | (26,427,833) |
| F. Cash and cash equivalents at the beginning of the period | | 311,894,536 | 338,322,369 |
| G. Cash and cash equivalents at the end of the period (E+F) | 2.12 | 640,133,500 | 311,894,536 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY – 31 DECEMBER 2022 AND 2021

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

| PRIOR PERIOD | Notes | Share Capital | The Company's Own Securities (-) | Valuation Increase/ (Decrease) in Assets | Inflation Adjustment to the Share Capital | Foreign Currency Translation Differences | Legal Reserves | Statutory Reserves | Reserves and Retained Earnings | Net Profit for the Period | Prior Years' Profit | Total |
|--|-------|---------------|----------------------------------|--|---|--|----------------|--------------------|--------------------------------|---------------------------|---------------------|---------------|
| I- Balances at the Prior Period End (01.01.2021) | | 45,000,000 | - | 4,616,051 | - | - | 22,500,000 | - | (2,486,855) | 185,645,859 | - | 255,275,055 |
| II - Changes in accounting policies | | - | - | - | - | - | - | - | - | - | - | - |
| III - New Balance (I + II) (01.01.2021) | | 45,000,000 | - | 4,616,051 | - | - | 22,500,000 | - | (2,486,855) | 185,645,859 | - | 255,275,055 |
| A- Capital increase (A1 + A2) | | - | - | - | - | - | - | - | - | - | - | - |
| I- Cash | | - | - | - | - | - | - | - | - | - | - | - |
| 2- From internal resources | | - | - | - | - | - | - | - | - | - | - | - |
| B- Own Shares of the Company | | - | - | - | - | - | - | - | - | - | - | - |
| C- Gain and losses not included in the income statement | | - | - | - | - | - | - | - | - | - | - | - |
| D- Value increase in the assets | | - | - | (16,235,565) | - | - | - | - | - | - | - | (16,235,565) |
| E- Foreign currency translation differences | | - | - | - | - | - | - | - | - | - | - | - |
| F- Other income and losses | | - | - | - | - | - | - | - | (2,091,331) | - | - | (2,091,331) |
| G- Inflation adjustments | | - | - | - | - | - | - | - | - | - | - | - |
| H- Net profit (loss) for the period | | - | - | - | - | - | - | - | - | 269,748,084 | - | 269,748,084 |
| I- Dividends paid | 38 | - | - | - | - | - | - | - | - | (85,645,859) | - | (85,645,859) |
| J- Transfers to reserves | 38 | - | - | - | - | - | - | - | - | - | - | - |
| IV - Balances at the Year End (31.12.2021) (III+ A+B+C+D+E+F+G+H+I+J) | | 45,000,000 | - | (11,619,514) | - | - | 22,500,000 | - | (4,576,186) | 269,748,084 | - | 321,050,384 |
| CURRENT PERIOD | | | | | | | | | | | | |
| I- Balances at the prior Period end (01.01.2022) | | 45,000,000 | - | (11,619,514) | - | - | 22,500,000 | - | (4,576,186) | 269,748,084 | - | 321,050,384 |
| II - Changes in accounting policies | | - | - | - | - | - | - | - | - | - | - | - |
| III - New Balance (I + II) (01.01.2022) | | 45,000,000 | - | (11,619,514) | - | - | 22,500,000 | - | (4,576,186) | 269,748,084 | - | 321,050,384 |
| A- Capital increase (A1 + A2) | | - | - | - | - | - | - | - | - | - | - | - |
| I- Cash | | - | - | - | - | - | - | - | - | - | - | - |
| 2- From internal resources | | - | - | - | - | - | - | - | - | - | - | - |
| B- Own Shares of the Company | | - | - | - | - | - | - | - | - | - | - | - |
| C- Gain and losses not included in the income statement | | - | - | - | - | - | - | - | - | - | - | - |
| D- Value increase in the assets | | - | - | (14,550,829) | - | - | - | - | - | - | - | (14,550,829) |
| E- Foreign currency translation differences | | - | - | - | - | - | - | - | - | - | - | - |
| F- Other income and losses | | - | - | - | - | - | - | - | (11,772,659) | - | - | (11,772,659) |
| G- Inflation adjustments | | - | - | - | - | - | - | - | - | - | - | - |
| H- Net profit (loss) for the period | | - | - | - | - | - | - | - | - | 431,590,716 | - | 431,590,716 |
| I- Dividends paid | 38 | - | - | - | - | - | - | - | - | (269,748,084) | - | (269,748,084) |
| J- Transfers to reserves | 38 | - | - | - | - | - | - | - | - | - | - | - |
| IV - Balances at the Year End (31.12.2022) (III+ A+B+C+D+E+F+G+H+I+J) | | 45,000,000 | - | (26,170,343) | - | - | 22,500,000 | - | (16,350,845) | 431,590,716 | - | 456,569,528 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

| | Notes | Current Period | Prior Period |
|---|-----------|--------------------|--------------------|
| I. DISTRIBUTION OF PROFIT FOR THE PERIOD | | | |
| 1.1. PROFIT FOR THE PERIOD | | 584,499,770 | 363,431,460 |
| 1.2. TAXES PAYABLE AND LEGAL LIABILITIES | | (152,909,054) | (93,683,376) |
| 1.2.1. Corporate Tax (Income Tax) | | (152,909,054) | (93,683,376) |
| 1.2.2. Income Tax Deduction | | - | - |
| 1.2.3. Other Taxes and Legal Liabilities | | - | - |
| A NET PROFIT FOR THE PERIOD (1.1 – 1.2) | | 431,590,716 | 269,748,084 |
| 1.3. PREVIOUS YEARS' LOSSES (-) | | - | - |
| 1.4. FIRST LEGAL RESERVE | | - | - |
| 1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-) | | - | - |
| B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)] | 38 | - | 269,748,084 |
| 1.6. FIRST DIVIDEND TO SHAREHOLDERS (-) | 38 | - | (2,250,000) |
| 1.6.1. To common shareholders | 38 | - | (2,250,000) |
| 1.6.2. To preferred shareholders | | - | - |
| 1.6.3. To owners of participating redeemed shares | | - | - |
| 1.6.4. To owners of profit-sharing securities | | - | - |
| 1.6.5. To owners of profit and loss sharing securities | | - | - |
| 1.7. DIVIDENDS TO PERSONNEL (-) | | - | - |
| 1.8. DIVIDENDS TO FOUNDERS (-) | | - | - |
| 1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-) | | - | - |
| 1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-) | 38 | - | (267,498,084) |
| 1.10.1. To common shareholders | 38 | - | (267,498,084) |
| 1.10.2. To preferred shareholders | | - | - |
| 1.10.3. To owners of participating redeemed shares | | - | - |
| 1.10.4. To owners of profit-sharing securities | | - | - |
| 1.10.5. To owners of profit and loss sharing securities | | - | - |
| 1.11. SECOND LEGAL RESERVE (-) | | - | - |
| 1.12. STATUTORY RESERVES (-) | | - | - |
| 1.13. EXTRAORDINARY RESERVES | | - | - |
| 1.14. OTHER RESERVES | | - | - |
| 1.15. SPECIAL FUNDS | | - | - |
| II. DISTRIBUTION FROM RESERVES | | - | - |
| 2.1. DISTRIBUTED RESERVES | | - | - |
| 2.2. SECOND LEGAL RESERVE (-) | | - | - |
| 2.3. DIVIDENDS TO SHAREHOLDERS (-) | | - | - |
| 2.3.1. To 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 PERSONNEL (-) | | - | - |
| 2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-) | | - | - |
| III. PROFIT PER SHARE | | - | - |
| 3.1. TO COMMON SHAREHOLDERS | | - | 5,994 |
| 3.2. TO COMMON SHAREHOLDERS (%) | | - | 599.44% |
| 3.3. TO PREFERRED SHAREHOLDERS | | - | - |
| 3.4. TO PREFERRED SHAREHOLDERS (%) | | - | - |
| IV. DIVIDENDS PER SHARE | | - | - |
| 4.1. TO COMMON SHAREHOLDERS | | - | 5,994 |
| 4.2. TO COMMON SHAREHOLDERS (%) | | - | 599.44% |
| 4.3. TO PREFERRED SHAREHOLDERS | | - | - |
| 4.4. TO PREFERRED SHAREHOLDERS (%) | | - | - |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

1. General Information

1.1 Name of the parent Company

The Company was established on 4 July 2007 named as Finans Emeklilik ve Hayat A.Ş. as 100% subsidiary of QNB Finansbank A.Ş. (“QNB Finansbank”). On 12 July 2012 share purchase agreement was signed between QNB Finansbank A.Ş. and Cigna Nederland Gamma B.V. (“Cigna Gamma”). In accordance with that agreement, Cigna Nederland Gamma B.V. purchased 22,950,000 shares, which is 51% of the total 44,999,995 share of QNB Finansbank A.Ş. and share rate of QNB Finansbank A.Ş. is decreased to 49%. As a result of the change in partnership structure, amendment agreement was approved by Ministry of Customs and Trade on 2 November 2012, amendment agreement was discussed in extraordinary general meeting on 9 November 2012 and share transfer was registered in Commercial Trade Gazette on 20 November 2012. The legal name of the company was changed as “Cigna Finans Emeklilik ve Hayat Anonim Şirketi” in extraordinary general meeting on 31 May 2013 and registered in Commercial Trade Gazette on 10 June 2013. On 22 December 2015, according to the announcement of the QNB Finansbank to the Public Disclosure Platform, share purchase agreement between National Bank of Greece (“NBG”) and Qatar National Bank (“QNB”) was declared. In accordance with this agreement NBG sell its 99.81% share in QNB Finansbank A.Ş. to QNB for 2,750 Million Euro. In accordance with notification of QNB Finansbank to Public Disclosure Platform (“PDP”) as of 4 May 2016, permission of the Competition Council, regarding to transfer of companies that are directly controlled by QNB Finansbank A.Ş. and directly controlled by subsidiaries under QNB Finansbank A.Ş. to QNB, is reported. The share transfer transaction occurred on 15 June 2016. The Bank has decided to change the logo and trade name within the scope of the main shareholder change and brand strategies, and the new logo of the Bank has started to be used as “QNB Finansbank” as of 20 October 2016. As of 19 January 2018, the trade name is registered as “QNB Finansbank A.Ş.”.

At the Extraordinary General Assembly Meeting dated 15 October 2020, it has been decided to change the trade name of the Company from “Cigna Finans Emeklilik ve Hayat Anonim Şirketi” to “Cigna Sağlık Hayat ve Emeklilik Anonim Şirketi” and the business name from “Cigna Finans” to “Cigna”. It was announced in the Turkey Trade Registry Gazette dated 22 October 2020 in numbered 10187.

It has been decided to sell a total of 22,950,000 shares with a nominal value of TL 22,950,000, corresponding to 51% of the Company’s capital, owned by QNB Finansbank and Cigna Nederland Gamma B.V., which owns 49% of the Company’s capital, to QNB Finansbank for TL 1,000,000,000 and a Share Purchase Agreement was signed between the parties on 21 October 2022. The related share transfer transaction was carried out with the General Assembly held on 21 December 2022 after obtaining the necessary permissions, but since the original share certificates subject to the transfer could not be found, the Bank filed a lawsuit for the cancellation of the share certificates. The registration of the General Assembly regarding the share transfer was completed on 13 January 2023.

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

Cigna Finans Emeklilik ve Hayat A.Ş. (“the Company”) operates at the address of, Barbaros Mah. Kardelen Sok. Palladium Tower, No: 2 Floor: 28-29, 34746, Ataşehir- İstanbul. It is a corporation established in accordance with the Turkish Commercial Code (“TCC”). The Company carries out its operations in accordance with the principals set out on the Insurance Law No: 5684, Law No: 6327, which is valid as of 1 January 2013, and Individual Pension, Saving and Investment System Law No: 4632.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

1. General Information (Continued)

1.3 The Company's main operations

The Company operates in individual pension, life insurance, marriage/maternity insurance, mutual fund insurance, capital redemption insurance, accident and health insurance and in accordance with those activities, the Company establishes private pension funds, forms internal regulations related to private pension funds and covenants pension contracts, annuity contracts, portfolio management contracts, safekeeping contract with custodian and operates reinsurance business about individual or group life insurances, health and accident insurances and all other type of these insurances. The Company has 23 Individual Pension Fund as a founder as of 31 December 2022. 23 group Individual Pension Fund were offered to public. These funds are managed by QNB Finans Portföy Yönetimi A.Ş. in accordance with the pension mutual fund portfolio management agreement that is signed between Company and QNB Finans Portföy Yönetimi A.Ş. as of 1 July 2019.

The table below shows the date of fund establishment and public offering.

| Name of the Fund | Capital Markets Board Authorization Date | Capital Markets Board Permission Number | Public Offering Date |
|--|--|---|----------------------|
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu | 19.06.2008 | 17/672 | 07.11.2008 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu | 19.06.2008 | 17/672 | 07.11.2008 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu | 19.06.2008 | 17/672 | 07.11.2008 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu | 19.06.2008 | 17/672 | 07.11.2008 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Birinci Hisse Senedi Emeklilik Yatırım Fonu | 19.06.2008 | 17/672 | 07.11.2008 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Dengeli Değişken Grup Emeklilik Yatırım Fonu | 10.06.2011 | 18/555 | 26.03.2012 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Borçlanma Araçları Grup Emeklilik Yatırım Fonu | 10.06.2011 | 18/555 | 26.03.2012 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu | 04.04.2013 | 12/373 | 12.11.2013 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu | 26.03.2013 | 10/333 | 02.05.2013 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu | 27.12.2016 | 36/1295 | 01.04.2020 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu | 27.12.2016 | 36/1294 | 25.01.2017 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu | 27.12.2016 | 36/1294 | 03.02.2017 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 23.02.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 02.03.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 31.05.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 22.05.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 16.07.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu | 05.06.2017 | 23/770 | 17.05.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Standart Emeklilik Yatırım Fonu | 17.11.2017 | 42/1421 | 22.02.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu | 19.12.2016 | 35/1264 | 21.02.2018 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Altın Emeklilik Yatırım Fonu | 26.07.2019 | 42/958 | 09.10.2019 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu | 26.07.2019 | 42/958 | 14.10.2019 |
| Cigna Sağlık Hayat ve Emeklilik A.Ş. Dış Borçlanma Araçları Emeklilik Yatırım Fonu | 26.07.2019 | 42/958 | 10.10.2019 |

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

Disclosed in Notes 1.2 and 1.3.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

1. General Information (Continued)

1.5 Average number of employees during the period by category:

| | 31 December 2022 | 31 December 2021 |
|-------------------------------|------------------|------------------|
| Top management | 7 | 7 |
| Managers | 70 | 61 |
| Officers | 238 | 204 |
| Marketing and sales personnel | 302 | 289 |
| Total | 617 | 561 |

1.6 Total salaries and benefits paid to top management

Total amount of salaries and similar benefits provided to the chairman and members of the Board of Directors, general manager, general coordinator, assistant general managers, etc. in the current period is TL 53,698,129 (1 January – 31 December 2021: TL 10,308,280).

1.7 Criteria set for the allocation of investment income and operating expenses (personnel, administration, research and development, marketing and sales, outsourced benefits and services and other operating expenses) in the financial statements

The Company allocates the investment income and personnel, administration, research and development, marketing and selling, outsourced benefits and services and other operational expenses related to the technical accounts in accordance with the “Circular on the Fundamentals of the Procedures and Principals of the Criteria used in Financial Statements in Accordance with Insurance Uniformed Chart of Accounts” dated 4 January 2008 and the provisions of the Circular No. 2010/9 dated 9 August 2010 amending the circular issued by the Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Undersecretariat of Treasury”).

1.8 Whether financial statements include only one firm or group of firms

Financial statements include one company (“Cigna Sağlık Hayat ve Emeklilik A.Ş.”).

1.9 Name and other identification information of the reporting firm and information changes since the previous balance sheet date

Name and other identification information of the Company are disclosed in Notes 1.1, 1.2 and 1.3.

1.10 Events after the balance sheet date

It has been declared that the financial statements that are prepared in accordance with the effective accounting standards, and are in compliance with the relevant legislation and company records for the period 1 January – 31 December 2022 on 10 March 2023 by the General Manager, Financial Control and Reporting, Technical and Actuarial Assistant General Manager, Financial Control and Reporting Group Manager. Subsequent events after the balance sheet are disclosed in Note 46.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The Company prepares its financial statements in accordance with the Insurance Law No.5684 issued in the Official Gazette dated 14 June 2007 and numbered 26552 and the communiqués and other regulations in effect issued by Republic of Turkey Ministry of Treasury and Finance (“Ministry of Treasury and Finance”). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance (“Ministry of Treasury and Finance”).

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette dated 30 December 2004 and numbered 25686 (Insurance Accounting System Communiqué No.1). The content and the format of the financial statements and explanation and notes of this financial statements are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette dated 18 July 2008 and numbered 26851 and notice regarding to the Presentation of the New Account Codes and Financial Statements.

The Company recognizes its operations as of 1 January 2008 in accordance with the “Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” that was published on 14 July 2007 and entered into force on 1 January 2008, other regulations, explanations and circulars on accounting and financial reporting principles published by the Ministry of Treasury and Finance regarding accounting and financial reporting effective in accordance with insurance legislation; and for the issues not regulated with these, “Insurance Accounting and Financial Reporting Legislation”, which includes the provisions of the Turkish Financial Reporting Standards (“TFRS”) announced by the Public Oversight, Accounting and Auditing Standards Authority (“POA”).

With reference to the notice of the Treasury No. 9 dated 18 February 2008, TAS 1- Financial Statements and Presentation”, “TAS 27- Consolidated and Unconsolidated Financial Statements”, “TFRS 1 – Transition to TFRS” and “TFRS 4 – Insurance Contracts” have been scoped out of this application. In addition, companies are obliged to comply with the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies dated 31 December 2008 and published in official gazette numbered 27097 and effective from 31 March 2009. Since the Company has no subsidiaries that needs to be consolidated, consolidated financial statements is not required to be prepared. The transition to “TFRS 15- Revenue from Customer Contracts” was postponed until 1 January 2023 to be concurrent with the transition to TFRS 9-Financial Instruments” and “TFRS 17- Insurance Contracts”.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying financial statements as of 31 December 2022 in accordance with TAS 29.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette numbered 26582 dated 14 July 2007 and “Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” came into force on January 2008. In the preparation of the financial statements, TFRS which was put into effect by the POA, and the related annexes and comments were taken into consideration with the exceptions mentioned above.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

As of 31 December 2022, the Company calculates and recognizes its insurance technical provisions in its financial statements in accordance with the “Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested” (“Regulation on Technical Reserves”), which is published in Official Gazette dated 28 July 2010 and numbered 27655 and changes on this regulation were published in Official Gazette dated 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by the Treasury (Note 2.24).

As of 1 January 2015, the Company actuary calculates incurred but not reported outstanding claim amount, which is claimed in Note 2.24 within the frame of the “Outstanding Claim Circular” dated on 5 December 2014, numbered 2014/16 and issued by Treasury.

In the current period, comparative information has been reclassified, where necessary, to conform to the presentation of the financial statements.

The accounting policies and valuation principles used in the preparation of the financial statements are explained in Note 2.24 below.

New and Amended Turkish Financial Reporting Standards

Turkish Accounting Standards (TAS) or Turkish Financial Reporting Standards (TFRS) in the preparation of financial statements in compliance with standards changes in the notes and comments should be shown as follows:

a) Amendments that are mandatorily effective from 2022

| | |
|---|--|
| Amendments to TFRS 3 | Reference to the Conceptual Framework |
| Amendments to TAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to TAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to TFRS Standards 2018-2020 | Amendments to TFRS 1, TFRS 9 and TAS 41 |
| Amendments to TFRS 16 | COVID-19 Related Rent Concessions beyond 30 June 2021 |

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018–2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 (Continued)

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

b) New and revised TFRSs in issue but not yet effective

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

| | |
|-----------------------|--|
| TFRS 17 | Insurance Contracts |
| Amendments to TAS 1 | Classification of Liabilities as Current or Non-Current |
| Amendments to TFRS 4 | Extension of the Temporary Exemption from Applying TFRS 9 |
| Amendments to TAS 1 | Disclosure of Accounting Policies |
| Amendments to TAS 8 | Definition of Accounting Estimates |
| Amendments to TAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to TFRS 17 | Initial Application of TFRS 17 and TFRS 9 – Comparative Information (Amendment to TFRS 17) |
| Amendments to TFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to TAS 1 | Non-current Liabilities with Covenants |

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

However, in IPRSA’s Sector Announcement No. 2022/15 dated 29 December 2022 on the Implementation of Certain Turkish Financial Reporting Standards by Companies, it was stated that significant progress has been made in the implementation of TFRSs but considering the level of readiness of companies across the sector, companies need to improve their information system infrastructure, there may be problems in the relevant tax legislation and similar issues.

Within the scope of the aforementioned announcement, in order to carry out the process more effectively for TFRS 17, TFRS 9 and TFRS 15 standard transitions, information has been given regarding the keeping of the legal book according to the current chart of accounts in the fiscal year starting on 1 January 2023.

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

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

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

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

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

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

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

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

Amendments are effective with the first application of TFRS 17.

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

2. Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

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

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

Amendments to TAS 1 Non-current Liabilities with Covenants

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

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

The Company is in the process of assessing the potential impact of the standards, amendments and improvements on the financial position and performance of the Company.

2.2 Consolidation

The Company does not have any subsidiaries that are required to be consolidated in accordance with the “Circular related to Preparing Consolidated Financial Statements of Insurance, Reinsurance and Pension Companies”, which was published on Official Gazette No 27097 and dated 31 December 2008 and became effective as of 31 March 2009.

2.3 Segment Reporting

The Company is not traded in public and does not prepare any segment reporting related to TFRS 8 – “Operating Segments”.

2.4 Foreign Currency Transactions

The functional currency of the Company is Turkish Lira. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences are recognized in the income statement.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2.5 Property and equipment

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

| | |
|------------------------|-----------|
| Furniture and fixtures | 1-5 years |
| Leasehold improvements | 1-5 years |

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

2.6 Investment properties

The Company does not have investment properties as of 31 December 2022 (31 December 2021: None).

2.7 Intangible Fixed Assets

Intangible assets consist of the acquired information systems and software. Intangible assets are carried at acquisition cost and amortized by the straight-line method over their estimated useful lives after their acquisition date. If impairment exists, carrying amount is written down immediately to its recoverable amount. The amortization periods of intangible assets vary between 3 to 5 years.

2.8 Financial Assets

The Company classifies and accounts for its financial assets as “Loans and receivables (Receivables from main operations) and “Available-for-sale financial assets”. Receivables from main operations are the receivables arising from insurance and pension operations and they are classified as financial assets in the financial statements.

Purchases and sales of the financial assets are recognized and derecognized based on “Settlement date”. The classification of the financial assets is determined by the Company management at inception by considering the purpose for which the financial assets are acquired.

Effective interest method

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

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2. Summary of Significant Accounting Policies (Continued)

2.8 Financial Assets (Continued)

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions.

In addition to the provision for due from insurance operations, in line with the Tax Procedure Law article No: 323, the Company accounts for a “Provision for doubtful receivables under legal follow- up” regarding its doubtful receivables which are not included in provision for due from insurance operations stated above, by considering the amount and nature of these receivables. This provision is classified as “Doubtful receivables from main operations” on the balance sheet under non-current asset group.

Provision for doubtful receivables is deducted from the related year’s income. Recoveries from doubtful receivables previously provided for are treated as a reduction from related provision and accounted for in the “Provision expense” account. Such receivables are written off after all necessary legal proceedings have been completed (Note 12).

Financial assets available for sale

Available for sale financial assets consist of financial assets other than loans and receivables, held-to- maturity investments and financial assets classified as held for trading. Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as marketable securities and carried at fair value. The Company has equity instruments that are not traded in an active market but are also classified as marketable securities and are stated at cost since their fair value cannot be measured reliably. Gains and losses arising from changes in the fair value other than the impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method, are recognized in other income and the financial assets are accumulated in the revaluation fund. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to the income statement and recognised on the date of disposal.

Impairment of financial assets:

Unbiased indicators that represents impairment of a financial asset or financial asset group are below:

- a) Financial difficulties of issuer or contractor,
- b) Breach of contract,
- c) Privileges that would not provide at different circumstances are provided to debtor by creditor, as a result of financial difficulties of debtor in economical or legal reasons,
- d) High probability of bankruptcy or financially reorganization of debtor,
- e) Disappearance of active market as a result of financial difficulties.

The Company evaluates indicators of impairment at balance sheet dates and book impairment to financials, if any.

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2. Summary of Significant Accounting Policies (Continued)

2.9 Impairment of assets

The details about the impairment of assets are explained in the notes in which the accounting policies of the relevant assets are explained.

Mortgages or guarantees on assets are explained in Note 43, provision for overdue and not overdue doubtful receivables are explained in Note 12.1 and provision and rediscount expenses for the period are explained in Note 47.5.

2.10 Derivative financial instruments

None (31 December 2021: None).

2.11 Offsetting financial instruments

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

2.12 Cash and cash equivalents

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

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

| | 31 December 2022 | 31 December 2021 |
|--|--------------------|--------------------|
| Banks | 1,065,139,972 | 655,790,234 |
| Bank guaranteed credit card receivables with maturities less than three months | 58,910,834 | 29,788,279 |
| Less - Interest Accrual | (10,630,173) | (8,366,855) |
| Less - Blocked time deposits ^(*) | (473,287,133) | (365,317,122) |
| Cash and cash equivalents total | 640,133,500 | 311,894,536 |

^(*) Change in these blocked time deposits is included in other cash outflows from investing activities in the statements of cash flows (Note 43).

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2. Summary of Significant Accounting Policies (Continued)

2.13 Share Capital

The composition of the Company's share capital as of 31 December 2022 and 31 December 2021 is as follows:

| Name of the shareholders | Share Group | 31 December 2022 | | 31 December 2021 | |
|-------------------------------|-------------|------------------|-------------------|------------------|-------------------|
| | | Share (%) | Share amount | Share (%) | Share amount |
| Cigna Nederland Gamma B.V | A | 51 | 22,949,999 | 51 | 22,949,999 |
| Cigna Nederland Gamma B.V (*) | AI | <1 | 1 | <1 | 1 |
| QNB Finansbank A.Ş. | B | 49 | 22,049,999 | 49 | 22,049,999 |
| QNB Finansbank A.Ş. (**) | BI | <1 | 1 | <1 | 1 |
| Total | | 100 | 45,000,000 | 100 | 45,000,000 |

(*) At the Company's 2009 General Assembly, fraction certificate was issued for the shares that could not be completed for TL 1 in the capital increase made from internal sources.

(**) The registration of the share transfer to QNB Finansbank was completed by the General Assembly on 13 January 2023.

As of 31 December 2022, no privileges are granted to the preference shares representing the share capital (31 December 2021: None).

The Company is not subject to the registered share capital system.

Other information about Company's share capital is explained in Note 15.

2.14 Insurance, Pension, Investment and Reinsurance Contracts- classification

The insurance contracts are those contracts that transfer insurance risk. The insurance contracts protect the insured against the adverse economic consequences of loss event under the terms and conditions stipulated in the insurance policy.

As of balance sheet date, the Company does not have any investment contract (31 December 2021: None).

The main contracts produced by the Company are personal accident insurance, life insurance, reinsurance agreements and private pension agreements as explained below:

Risk Policies

Annual Life Insurance Contract

Annual life insurance provides one year guarantee for the risks that the policyholder can be faced with. This insurance covers all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability and critical disease during the policy term. Annual life insurance policies cover risks, it does not include savings and does not include right of surrender and policy loans. It can be sold as a group or individual. The age limit is between 18 and 65, premium amount changes according to the risk assessment based on age, sex and health.

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

2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance, Pension, Investment and Reinsurance Contracts- classification (Continued)

Credit Life Insurance

Credit life insurance provides guarantee throughout the credit term against such as death or disability. If any claim occurs within the credit term, the credit debt is covered by credit life insurance. Coverage generally includes only death risk. These products are risk based policies that do not include saving. The age limit is between 18 and 70 and premium amount changes according to the risk assessment based on age, sex and health.

Personal Accident Insurance

Personal accident insurance provides guarantee against risks arising as a result of accidents. In addition to accidental death coverage, it also offers additional coverage such as accidental disability and accident treatment costs.

Health Insurance

Health Insurance is a type of insurance that covers the treatment of possible health problems of the insured within the coverage and limits of the policy.

Mixed Insurance

Mixed Insurances is the type of insurance that pays insured when the insured protects them from the risk of death during the life of the insurance but does not realize the risk of death and survives the life of the insured. These are risk weighted policies and do not have any accumulation. Age range is between 18-60 years, and premiums vary according to age, sex and health-related risk assessment.

Private Pension Operations

The Individual Pension Contract is a contract that regulates the principles and procedures regarding the opening of an individual pension account at the pension company, the of the account contribution, directing the payment of the paid contributions to the preferred funds, and the payment of the accumulated funds to the beneficiaries and other rights and obligations of the parties in this context.

"Regulation on Amending the Regulation on Individual Pension System" which was published in the Official Gazette numbered 29366 dated 25 May 2015 is effective from 1 January 2016. The definition of mandatory expenditures and funds for irregular payments are determined by this regulation and the portfolio management fee can be expressed through the accumulation of the participants with contributions paid to pension accounts, the cuts also additional administrative expenses from the participants during the accumulation period breaks can be taken in case of interruption of payments is specified. The limitations on deductions based on active years of contract in the system was introduced.

The latest version of the deductions in the regulation is as follows: The total amount of the entrance fee and management fee incurred during the first five years of the contract does not exceed 8.5% of the gross minimum wage applicable for the first 6 months of the year. After completion of the fifth year of the contract management fee including deduction for contribution holiday under the relevant contract and the entrance fee cannot be collected. Regulation does not affect the Company's receivables that are accrued before the enforcement date; Company preserve its rights on receivables accrued before 1 January 2016. In order to calculate time spent in contract, all days spent starting from the first contract that is entered into the system in accordance with the contract transfer data are take into account. If a contract is established prior to 1 January 2016 by transfer, upper limit of deduction is calculated regardless of the amount deducted in other companies. It is subject to calculation, if it is established with transfer after this date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance, Pension, Investment and Reinsurance Contracts – classification (Continued)

Private Pension Operations (Continued)

Except dispersement situations without mandatory reasons like usage of pension right or death, disability or liquidation of the company, in the situation of leaving the Company before 5 year contract expires, the part that isn't collected yet until date of leaving along the contract period can be reducible on personal pension account as deferred entrance fee. In this context, deferred entrance fee is the minimum amount between the amount calculated by deducting all the deductions made from the participant until the leaving date from the total deduction upper limit that can be made in 5 years and stated amount on the contract.

The provisions related to the entry fee in the agreements that entered into force before 1 January 2016 and are still in effect as of that date, if it is limited to the amount of the deferred entry fee in the above statement, until the end of the agreement. However, the deferred entry fee applied within the scope of the relevant contracts cannot exceed the time and amount limit specified above. According to the provisions of the regulation, after the completion of the fifth year of the contract, no entry fee can be deducted for the related contract. The same provisions are also effective for the contracts that do not have a deferred entry fee and entered into force after 1 January 2016. In our plans that came into effect after 1 January 2016, there is no advance entry fee deduction, and the deferred entry fee is calculated by deducting the administrative expense deduction made from the participant until the date of departure from the upper limit of the total deduction that can be made in the five-year period.

Private pension system receivables mainly consist of capital advances made to pension funds, fund management fee receivables from pension funds, and receivables from participants and the custodian company. In the fund operating deductions receivables from funds account, the Company keeps funds operating expense deductions receivables deriving from funds management that could not be collected on the same day. Receivables based on funds from the custodian company on behalf of participants are kept in receivables from Custodian Company account. At the same time, this amount is disclosed in private pension system payables account as payables to participants for sold funds.

Payables from individual business consist of payables to participants, participants temporary accounts, purchase order accounts and liabilities to intermediaries. Payables to participants account contains contribution amount that is directed to investment on behalf of private pension owners and total income generated from these investments.

The participants temporary account is the account where the contributions that have not yet been invested on behalf of the participants are monitored, and if the participants leave the system or transfer their savings to another company, after the sale of the participant's fund shares, the entrance fee debts and similar deductions, if any, will be paid to the participants from the price obtained from the said sale. The account item that monitors the amount to be transferred to another company or to another company is the payments account to the participants. Payables to private pension intermediaries account represents the Company's liabilities in return for the services they provide to agencies and institutions that mediate the production of the Company's private pension contracts.

The management and representation of the funds and the interruption of the fund management, which is provided for the hardware, personnel and accounting services allocated to the funds, are recorded as income in the Company accounts and are distributed between the Company and the portfolio management company within the scope of the agreement or fixed cost share. These fees are all shown as the fund operation expense interruption in the technical income of the Company and the part of the managerial fee is shown as the amount paid in the technical expenses of the Company in fund provision.

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2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance, Pension, Investment and Reinsurance Contracts – classification (Continued)

Private Pension Operations (Continued)

The total deduction made from the pension funds are determined by the type of funds in accordance with the regulation numbered 28462 on the Personal Pension System, and it has been effective since 1 January 2013.

The total amount of management fee, entrance fee and fund total fee deductions to be made by the Company from the end of sixth year of the contract to the expiration date of the contract shall not exceed the amount corresponding to a certain proportion of the amount found in the State Contribution account. By this control, funds available as of 1 January 2016 and the deductions made from returns of these funds are not taken into account. Upper limit control for the deduction associated with state contribution will be implemented starting from 1 January 2021.

“The Law on Making Amendments on Private Pension Savings and Investment System Law” that is published in Official Gazette dated 29 June 2012 and numbered 28338 states that the amount corresponding to 25% of the contributions paid by the individuals will be transferred to the government contributions account in accordance with Additional Article 1.

State contribution calculations are made in accordance with the provisions of the “Regulation on State Contribution in the Private Pension System” published in the Official Gazette dated 29 December 2012 and numbered 28512.

Government contributions is regulated according to “Regulation on Government Contribution to Private Pension System” that is published in Official Gazette numbered of 28512 and dated 29 December 2012. By this system, in order to encourage “Private Pension System” government contribute proportionately Turkish Citizens, who attended to private pension system (except citizens attended their employers pension plan). This payment is deposited to the private pension accounts of the attendees by government. Government Contribution is 25% of the monthly paid amount by the attendee and annual contribution amount is not going to exceed 25% of the gross annual subsistence wage. Turkish Citizens, who attended personal or group private pension system can benefit from government contribution without seeking of being a taxpayer. Government Contribution is paid within maximum limit. Additional payments, contributions and beginning contributions also benefit from government contributions. Private Pension System Attendee gain right to obtain Government Contribution after breakdown of the pension contract due to retirement, death, disability or discharge.

Law No. 7351 on the Amendment of the Private Pension Savings and Investment System Law, Some Laws and Decree Law No. 375 (“Omnibus Law”) was published in the Official Gazette dated 22.01.2022 and numbered 31727. With the Omnibus Law published, it was made in the Private Pension Savings and Investment System Law No. 4632, and the amendments in the Law No. 4632 entered into force as of its publication. By amending the Additional Article 1 of the Law No. 4632, the state contribution, which is offered as 25% in PPS and OKS, has been increased to 30% for all contracts, except for IGES.

The amendment about “The Individual Pension Savings and Investment System Law Amendment” numbered 29812 and dated 25 August 2016 and published in official gazette entered into force as of 1 January 2017. According to this new amendment, employees that are appropriate for the conditions stipulated in the law are automatically started to be included in the personal pension system.

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2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance, Pension, Investment and Reinsurance Contracts – classification (Continued)

Private Pension Operations (Continued)

Turkish citizens or individuals younger than 45 years that are within the scope article 28 of “Turkish Citizenship Law” dated 29 May 2009 and numbered 5901 and according to subarticle (a) and (c) of the first paragraph of article 4 of “Social Security and General Health Law” dated 31 May 2016 and numbered 5510 will be included in personal pension system by the pension contract that is prepared by employer in accordance with the related law. About the automatic participation in personal pension plan; employer can include its employees in personal pension plan that is prepared by companies that are permitted by undersecretariat for the Treasury.

Company established 10 funds for automatic participation in personal pension plan that are named Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Standart Emeklilik Yatırım Fonu, Cigna Sağlık Hayat ve Emeklilik A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu in accordance with the article 22/B in the amendment about “Personal Pension System” and these pension investment funds.

Money not sought by right holders; Circular on the Amendment to the Circular on the Private Pension System (2019/3), under the title of the thirteenth section other provisions Article 5 was evaluated in the relevant period in the closure.

Reinsurance Agreements

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

The Company has Quota share, surplus, catastrophic excess of loss reinsurance agreements for life and accident branches. In addition, the Company make facultative reinsurance agreements from international reinsurance market for treaty agreements, which exceed treaty limit.

Each year, the Company enters into Catastrophe Excess of Loss Reinsurance Agreements to protect its retention in life and personal accident branches in the event of major natural disasters such as earthquakes, floods, storms, etc. or events that cause mass deaths such as traffic accidents in public transport vehicles or terrorist attacks. When determining this reinsurance protection, the Company takes into account the geographical distribution of its current and potential future policyholders and possible catastrophic scenarios. The Company has excess of loss treaties, which is a type of reinsurance where the reinsurer is responsible for a certain amount in excess of the retention. In 2022, the Catastrophe Excess of Loss (XL) Reinsurance Agreement with Cigna Re expired and a new agreement was signed with Swiss Re in December 2022 to be effective in 2023.

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2. Summary of Significant Accounting Policies (Continued)

2.14 Insurance, Pension, Investment and Reinsurance Contracts – classification (Continued)

Reinsurance Agreements (Continued)

In the risk factor life insurance tariffs, every year, as a result of the actuary calculations, an amount that does not exceed the maximum conservation amount determined for the death and supplementary coverage, is kept on the company and the amount exceeding this portion is transferred to the collaborating reinsurance companies via proportional reinsurance treaties (surplus and quota-share reinsurance treaties). Until the end of 2022, proportional reinsurance agreements with Swiss Re, Cigna Re, RGA and Munich Re in Life and Personal Accident branches have been simplified and singularised in view of the Company's growing business volume.

In 2023, all mentioned agreements were clean-cut and 100% Swiss Re was agreed as a non-proportional treaty (Risk XoL). Effective from September 2020, our proportional quota-par reinsurance agreement with BNP Paribas Cardif (Cardif) in Turkey for involuntary unemployment/temporary incapacity/daily hospital rotating coverage continues.

2.15 Insurance contracts and investment contracts with discretionary participation feature

Disclosure in financial statements of information that identifies and illustrates amounts arising from insurance contracts are shown in Note 17.

2.16 Investment contracts without discretionary participation feature

None (31 December 2021: None).

2.17 Borrowings

None (31 December 2021: None).

2.18 Taxes on Income

Corporate Tax

20% corporate tax rate applied on corporate earnings, which is included in the first paragraph of article 32 of the Corporate Tax Law No. 5520, within the scope of Law No. 7394, published in the Official Gazette dated 15 April 2022 and numbered 31810, with the amendment made in the temporary article 13 of the Corporate Tax Law No. 5520, the tax rate to be applied on the corporate earnings of insurance, reinsurance and pension companies has been determined as 25%. The said amendment is applied for corporate incomes for the taxation period starting from 1 January 2022, starting from the declarations that must be submitted as of 1 July 2022. In this framework, the company has calculated 25% corporate tax on corporate earnings for the 31 December 2022 taxation period. The rate is applied to accounting income modified for certain exemptions (such as investment incentives), and deductions for certain non-tax deductible expenses and allowances for tax purposes. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. The application of the withholding rate may vary by country within the scope of Double Taxation Agreements. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

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

2. Summary of Significant Accounting Policies (Continued)

2.18 Taxes on Income (Continued)

Corporate Tax (Continued)

Corporations are required to pay advance corporation tax quarterly on their corporate income. Advance Tax is payable by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales and 50% of the profits arising from the sale of real estate properties are considered as tax exemptions in such condition that the amount is added onto capital as pre-stated in corporate Tax Law or the amount is kept in equity for 5 years. According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

There is no such application for the reconciliation of payable taxes with the tax authority in Turkey. Corporate tax returns are submitted to the related tax office by the evening of the last day of the 4th month following the month when the accounting period ends. In addition, in tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment. Penalties may be applied retroactively.

In accordance with Tax Law No. 5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (TÜİK TEFE increase rate). Since the conditions in question were not fulfilled in both in 2021 and 2020, no inflation adjustments were performed (Note 35). These conditions have been met as of the reporting date; however, TAS 29 requires all entities reporting in the currency of a hyperinflationary economy to adopt this Standard from the same date. Therefore, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 at the same time with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice across the country. However, POA has not made an announcement regarding whether an adjustment will be made in the financial statements for the period ended 31 December 2022 within the scope of TAS 29. Therefore, TAS 29 has not been applied and inflation adjustment has not been made in the financial statements as at 31 December 2022.

Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized (Note 21).

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2. Summary of Significant Accounting Policies (Continued)

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to “Turkish Accounting Standards Regarding Employee Benefits” (“TAS 19”) and the provision for severance pay is classified under long-term liabilities under the “Provision for severance pay” and other provisions under the “Other Miscellaneous Short-Term Liabilities” accounts in the balance sheet.

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

As a result of the revision in the TAS 19 which is effective for annual periods starting on or after 1 January 2013, actuarial gain and loss that occurs from calculation regarding the liability of employee benefits shall be directly accounted for under equity. In this context, the service and interest costs are recognized in the statement of income whereas the actuarial gains and losses are recognized in “Other Profit Reserves” under shareholders' equity (Note 15 and 22).

2.20 Provisions

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

The carrying amount of the provision is equal to the present value of the related cash flows if the provision is measured using the estimated cash flows required to meet the present obligation.

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

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the financial statements (Note 23).

2.21 Accounting for Revenues

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations and tax. In life and personal accident branches accrual of the premium income occur after under-writing of the policy. In accordance with the customer demand, cash or installment payment is accepted by the company. The Company does not have permanent life insurance policy for the related period.

Interest Income

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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2. Summary of Significant Accounting Policies (Continued)

2.21 Accounting for Revenues (Continued)

Revenue From Private Pension Operations

Disclosed under Notes 2.14.

2.22 Leases

The Company has financial assets acquired through finance lease are disclosed in the Note 6 as of 31 December 2022 (31 December 2021: Note 6).

2.23 Dividend Distribution

Dividend payables are reflected to the financial statements as liability in the period in which they are declared as an element of profit distribution.

Each year 100% of distributable profit is distributed. Opposite of this decision can be taken with the agreement of 100% of the shareholders. 100% of the distributable profit is distributed to shareholders of Group A1 and Group B1 in accordance with the decision of Board of Directors meeting. The Clause of article No 509 of Turkish Code of Commerce is reserved.

2.24 Technical Provisions

Mathematical Reserve

Companies that operate in life and non-life branches make sufficient provisions according to the actuarial basis for the benefit of beneficiary and policy owner, who have life, health or personal accident policy. In addition to life insurances that are longer than one year, in case of entitling disablement as a result of to the personal accident, health and giving assurance as a result of dangerous illnesses; value of the life insurance also contains additional assurances that calculated according to actuarial basis, mathematical reserves.

The mathematical reserves consists of actuarial mathematical reserves, which is convenient with the technical principles of the tariff, is calculated separately for each effective tariff. As of 31 December 2022, the Company has separated actuarial mathematical reserve amounting to TL 966,021,071 (31 December 2021: TL 424,593,768) for life branch and TL 24,996,822 (31 December 2021: TL 16,246,101) for long-term personal accident insurance policies. This provision has been classified as “Mathematical Provisions” in the balance sheet and as “Change in the Mathematical Provisions” in the income statement (Note 17.15).

Instead of mortality experience, mortality rates in pricing are taken into consideration in the calculation of risk premium Mathematical Provision in accordance with the precautionary principle. In the Mathematical Provision amount calculated for the production commission and expense share to be returned to the policyholder in case of cancellation of the policy, the expected participation rates, participation deductions and mortality experience of the company are taken into consideration. As of 31 December 2022, the Company has set aside TL 742,704,606 risk premium Mathematical Reserves and TL 223,316,464 Mathematical Reserves for production commission and expense share refunds for life branch. These amounts are TL 23,693,912 and TL 1,302,910 for personal accident branch, respectively.

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2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Mathematical Reserve (Continued)

The mortality experience in the Company's portfolio is more favourable compared to the life table based on the tariff, and the Actual / Expected Loss ratios for the last 3 years are given below in terms of number and amount. There has been an increase in the ratios in the last 2 years due to Covid.

| Years | Number Based Realised/ Expected Mortality Rate | | Amount Based Realised/ Expected Mortality Rate | |
|-------|---|----------|---|----------|
| | By pricing | CSO 2001 | By pricing | CSO 2001 |
| 2019 | 45.45% | 72.63% | 32.51% | 54.73% |
| 2020 | 54.19% | 94.31% | 39.89% | 70.00% |
| 2021 | 49.58% | 92.74% | 39.66% | 72.35% |

Expense Deferral of Mathematical Provision

Since the entire production commission to be returned to the policyholder in case of cancellation of the policy can be recovered from the intermediaries, the entire share of the Mathematical Provision is deferred. In case of cancellation of the policy, the portion of the Mathematical Provision related to the share of expenses to be returned to the policyholder is deferred. As of 31 December 2022, the Company has provided TL 131,191,250 production commission deferral provision and TL 62,250,223 expense share deferral provision for life branch. These amounts are TL 815,935 and TL 321,015 for personal accident branch, respectively.

Unearned Premium Reserve

The Company must make unearned premium provision for any contracts except for mathematical reserves of insurance contracts. Unearned premium provision is also made for the annually renewed and corresponding to annual insurance coverage of long-term insurance contracts including one year insurance coverage premiums. Death, life, and both covered by both death given in addition to these guarantees and collateral depends on the possibilities of life as well as accident, disability due to illness, medical expenses due to accident, unemployment, daily hospital benefits due to accident or illness, temporary disability, death by accident, accidental death in public transportation and the contracts that is given assurance as dangerous diseases are considered as life insurance contract and their premiums are accepted as life insurance premiums. In case of annual additional assurances are given with life insurance contracts as a package, these assurances are assessed separately from the life insurances which are given together.

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premium written. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. According to Regulation on Technical Reserves, unearned premium reserves and the reinsurers' share of the unearned premium reserves of policies written are calculated and accounted as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other expenses, on an accrual and on a gross basis (Note 17.15).

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2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Deferred Commission Expenses and Deferred Commission Income

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

According to paragraph 6 of Article 5 of the Regulation Regarding the Technical Reserves of Insurance and Reinsurance and Pension Companies and the Assets to be Invested in These Reserves, published by the Undersecretariat of Treasury on 7 August 2007 in the Official Gazette No. 26606, “Commissions paid on intermediary basis, subject to accrual, commissions received for the transferred reinsurance premiums to reinsurer, amounts paid for non-proportional reinsurance agreements and the part of a payment that is corresponding future period or periods of variable production expenses made and payments made for support services of preparation and sale of the tariffs and insurance contracts are accounted under related accounts.”

Unexpired Risk Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums. If the loss ratio calculated for a branch is higher than 85%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 85% with net unearned premium reserve for the related branch and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 85% with gross unearned premium reserve for the related branch. The difference between gross amount and net amount is recognized as reinsurers' share. The Company has not recorded any amount for net unexpired risk reserve since none of the branches exceed the loss ratio of 85% as of 31 December 2022 calculations.

Outstanding Claims Provision

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. For the compensation amounts incurred but not reported, effective from 1 January 2015 and numbered 2014/16 “Regarding life branch incurred but not reported outstanding claims provision calculation Circular” and in the framework related regulation, Company should reserve additional outstanding claim provision for incurred but not reported claims as of 5 December 2014.

As of 31 December 2022, difference between accrued and calculated provision for outstanding claims and the amount calculated with the actuarial chain ladder method in accordance with the Technical Provisions Regulation and related regulations of the “Circular Regarding the Outstanding claims” dated 5 December 2014, numbered 2014/16 and effective from 1 January 2015, are accounted as incurred but not reported compensation amount.

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2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Outstanding Claims Provision (Continued)

In accordance with the “Circular for discounting net cash flows arising from outstanding claims provision” dated 10 June 2016, numbered 2016/22 and published by the Undersecretariat of Treasury companies are allowed to discount net cash flows to be generated by the provision for outstanding claims. The Company did not choose to make such accounting policy changes and reflected the net outstanding claims provision for all branches as of 31 December 2022 in its financial statements without any discount.

In accordance with circular numbered 2014/16 and method applied in accordance with the prior circular, additional provision for outstanding claims for life branch is calculated by considering the weighted average that is determined by dividing the disability cover, which occurred before the accounting period but reported in subsequent periods, to the average assurance amounts for subjected years. Standard chain calculation methods, which are approved by company’s actuary and also approved in Circular numbered 2014/16 by Turkish Prime Ministry Undersecretariat Treasury is used for death and unemployment deposit. During this calculation, development factors were adjusted according to statistics. In this context, as of 31 December 2022, the net realized but unreported compensation amount that the Company will allocate for the life branch has been determined as TL 10,112,962.

With the Circular on the Amendment of the “Circular on the Provision for Outstanding Claims” dated 17 March 2015, 27 July 2015 and 29 February 2016, numbered 2015/7, 2015/28 and 2016/11, the effects of the aforementioned application change gradually. It has been allowed to be accounted for in 2015, 2016, 2017, 2018 and 2019. As of 28 February 2019, our company does not implement the gradual transition with the approval of our company actuary. As of 31 December 2022, TL 10,112,962 net realized but unreported compensation provision has been set aside for the life branch in its financial statements (31 December 2021: Life branch calculated net “Incurred but Not Reported Claims Amount”: TL 12,707,274) (Note 17.15).

The Company started its operations in the personal accident branch in January 2008. IBNR was calculated by using sector averages until 2016 for the personnel accident branch. As of 31 December 2017, the actuarial chain ladder method was used in order to calculate the IBNR account. However, due to the lack of sufficient damage data, IBNR was calculated by using the published sector averages for the development factors. As of 31 December 2018, Bornhuetter-Ferguson Calculation Method and standard chain calculation methods, which are approved by the Company’s actuary and also approved in Circular numbered 2014/16 by Turkish Prime Ministry Undersecretariat Treasury is used for death and unemployment deposit. During this calculation, development factors were adjusted according to statistics. As of 31 December 2022, TL 2,686,908 (31 December 2021: TL 4,662,420) for the personal accident branch has been set aside for a net realized but unreported outstanding claim provision (Note 17.15).

Assuming that our loss/premium ratio will be 65% according to our past statistics in the health branch, a net provision for incurred but not reported outstanding claims amounting to TL 4,738,873 has been set aside as of 31 December 2022 (31 December 2021: TL 1,228,692).

In accordance with Technical Provisions Regulations, the Company should prepare outstanding provision sufficiency table, which have specified format determined by Undersecretariat, at the end of every accounting period according to the gross amount of the new started branches and for the branches, that the Company actuary calculates outstanding claim provision in order to calculate the sufficiency for compensation provision as a result of the insufficient damage data. As of 31 December 2022, there are not any additional provision that is caused by outstanding claim sufficiency test (31 December 2021: None).

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2. Summary of Significant Accounting Policies (Continued)

2.24 Technical Provisions (Continued)

Outstanding Claims Provision (Continued)

In accordance with “The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims (IBNR)” dated 26 December 2011 and numbered 2011/23 (the “Communiqué numbered 2011/23”), insurance companies are allowed to calculate a earning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated earning ratio as of 31 December 2021. The Company has made reductions for the first time in the amount of the provision for outstanding claims by using the 15% ratio according to Circular numbered 2011/23, as a result of lack of completed case with all stages and/or being won in last five-years as of 31 December 2015. These calculations were based on the gross amount and reinsurance share of discount is calculated in accordance with reinsurance share of outstanding claims in lawsuit as of 31 December 2022.

Within the scope of the “Circular on Provision for Outstanding Claims in Sum Insurances (2022/9)”, which entered into force in 2022, in cases where the information and documents required by the relevant legislation cannot be obtained within 2 months from the date of notification to the right holders in life and personal accident insurances through provable communication tools and therefore it cannot be determined whether the compensation is covered by the guarantee or not, a discount can be applied from the outstanding claims amount allocated by the companies by making the best estimate according to the company's statistics for at least the last five years. Within the scope of this circular, the Company has made a discount from the provision for outstanding claims amounting to TL 9,443,338 as of 31 December 2022 by using the statistics of the past 5 years for the life branch.

Provision for outstanding claims related to unemployment coverage given in addition to life insurance is calculated by taking into consideration the duration of unemployment of the insured.

As of 31 December 2022, the Company has made a net reduction of TL 2,608,338 (31 December 2021: TL 2,598,871) in the provision for outstanding claims accrued with the earning rate calculated in the life branch (Note 17.15).

Provision for Renewal Premium

According to “Regulation on Technical Reserves”, insurance companies that put premium and discount into practice have to accounted provision for renewal for insured and beneficiary according to current year technical results. As of 31 December 2022, there is no renewal premium provision (31 December 2021: TL 318,290). Renewal Premium Provision is accounted as the Short-Term Other Technical Reserves account in the financial statement.

The renewal premium amount realized as of 31 December 2022 is TL 367,280 (31 December 2021: TL 327,175).

Equalisation Reserve

In accordance with the Regulation on Technical Reserves insurance companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. Based on the explanation numbered 2009/9 regarding “Application of Regulation on the Technical Reserves” the life and pension companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage in life and accident branches. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non- proportional reinsurance agreements are regarded as ceded premiums. As of 31 December 2022, the Company has set aside a net equalisation provision amounting to TL 62,354,092 and TL 3,187,117 for life and personal accident branches, respectively (31 December 2021: TL 47,363,444 for life branch and TL 2,113,854 for personal accident branch) (Note 17.15).

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2. Summary of Significant Accounting Policies (Continued)

2.25 Currency used

The Company uses functional currency as Turkish Lira (“TL”). Amounts on financial statements and notes has expressed in TL unless otherwise indicated.

2.26 Rounded amounts on the financial statements

TL Amounts on financial statements and notes has rounded to most approximate TL amount unless otherwise indicated.

2.27 Related Parties

a) An individual or a family member of this individual are approved to be related with the Company in cases of listed below:

- i. If the individual has management or common management right or controls over Company,
- ii. If the individual has significant influence on the Company,
- iii. If the individual is a member in board of directors.

b) An entity is approved to be related with the Company in cases of listed below:

- i. If the entity and the Company are in the same group,
- ii. If the Company are subsidiary or joint venture of this entity (or another entity which is in same group with the entity),
- iii. If the entity and the Company are joint venture of same third part entity,
- iv. If the entity are joint venture of a third part entity and the Company are subsidiary of the same third part entity,
- v. If Company, or related party of this company have benefit plan for their employees (Sponsor employers are also related to Company),
- vi. If the entity is controlled or controlled in common by an individual identified in article (a),
- vii. If an individual identified in article (a) paragraph (i) has an effect on the entity or there is a member of the key management personnel of the relevant entity(or parent of this entity).

Transactions of sources, services or liabilities between related parties, regardless of its amount are called related party transactions.

2.28 Subsequent events

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

3. Summary of Significant Accounting Policies

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

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3. Summary of Significant Accounting Policies (Continued)

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

Estimations and underlying assumptions of the estimations is consistently overviewed. Updates of the accounting estimation are taken in to records in the current and following period that effected by updating.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4.1 - Insurance risk management

Note 4.2 - Financial risk management

Note 10 - Reinsurance assets and liabilities

Note 12 - Loans and receivables

Note 21 - Deferred tax effect

Note 42 - Risks

4. Management of Insurance and Financial Risk

4.1 Insurance Risk Management

Insurance risk is the risk under any contract is the possibility that insured event occurs and the uncertainty of the amount of resulting claim.

In terms risks of companies that carry out their operations on life insurance, the most important risks which for insurance agreements are mortality, investment and reinsurance risks. The Company is established additional various committees to related administrative segments and proceed internal control methods to minimize operational risks

In concern with risks management arising from giving insurance guarantee, the Company determined risk assessment procedure, which is proper to agreed risk assessment conditions with contracted reinsurer and guarantee demands of the targeted insured segments. As part of reinsurance program bases that agreed with contracted reinsurer, the Company accepts or rejects insurance risks that substandard in accordance its risk assessment measurements, transferred risks that are above of a certain price as contracted or arbitrary to reinsurer companies.

Risk acceptance regulations is prepared to create effective risk assessment policy related to Company's insurance risks and risk assessment operations is performed in this context. Risk Assessment Committee is established to carry on effective insurance risk assessment study.

After realization of biotic risks that guaranteed by the Company, paying valid insurance reimbursement demands that assessment and paying appointed reimbursement to rights-holders within the shortest time is adopted by the Company.

The Company does not have any guaranteed dividend liabilities in the period, since there are not any life insurance agreement arising from saving life insurance branch.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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4. Management of Insurance and Financial Risk (Continued)

4.1 Insurance Risk Management (Continued)

There are various reasons for the insurance risk sensitivity. The Company manage these risks with effective risk assessment policy and proper reinsurance agreements besides reimbursement payment process.

The main goal of the risk evaluation is creating profitable business volume and developing this business volume in accordance with actuarial principles. Giving careful decisions by risk selection process and avoiding making wrong decisions and practices is needed to achieve this goal. The most important risk to person who apply to the Company to take out a policy could be defined as realization of the incurred reimbursement is higher than expected reimbursement. In addition, protecting life insurance companies against people that in a risky situation for life insurance and malicious injured is important. Risk assessment is a self-protection operation for the Company and against possible reimbursements payments to person, whose life is under risks. Although, probability of realization of this risky situation is low in total portfolio, amount of the reimbursement could be paid is essential for the Company's financial status and occasionally it is not possible to determine these risks.

Purpose of the insurance risk operation can be collected under three main topics:

- For the person that exposed to normal risks, bringing the risk premium rate to a reasonable level,
- Pricing an insurance product; benefiting from mortality value that constituted for normal and out of standard risk levels,
- Avoiding price disparity between normal and out of standard risk levels,

The Company's insurance risk assessment policy based on production strategy and distribution of risk in accordance with its type, size and geographical region. Risk assessment limits of the Risk Acceptance Regulation are reviewed in accordance with company needs and changing life insurance portfolio structure and also it has been paid attention to choose the right risk.

Insurance risk assessment tools that are accepted in the world and applied in the international area have been used in the company's risk assessment process. In the assessment of medical, personal and financial technical risks, controls are made according to the internet based insurance risk assessment tool called Swiss Re and numerical risk rating results that are obtained from this program are used by the Company.

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

| | 31 December 2022 | 31 December 2021 |
|-------------------|------------------------|------------------------|
| Life | 178,699,785,424 | 98,604,764,475 |
| Personal accident | 92,530,611,418 | 61,582,023,317 |
| Total | 271,230,396,842 | 160,186,787,792 |

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of the financial risk are market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Company's financial performance. The Company does not use derivative financial instruments. Risk management is carried out by management under policies approved by the Board of Directors.

Risks that the Company exposed related to pricing policies is as follows:

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4. Management of Insurance and Financial Risk (Continued)**4.2 Financial Risk Management****Market Risk****Currency risk**

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated receivables and payables. These risks are followed by analyzing foreign exchange position and restricted.

As of 31 December 2022, if US Dollar and Euro had appreciated/depreciated by 20% against TL and all other variables had remained constant, profit before tax as a result of foreign exchange gain/loss arising from the translation of US Dollar assets and liabilities was TL 36,624,058 (31 December 2021: TL 26,114,552), profit before tax would have been higher/lower by TL 1,533,364 (31 December 2021: TL 696,478) as a result of foreign exchange gain/loss due to the translation of Euro-denominated receivables and payables.

In foreign currency based transactions, monetary assets and liabilities in foreign currency are valued at the CBRT buying rates of 30 December 2022 and 30 December 2021 as of the balance sheet date. Only life mathematical reserves are valued over the effective sales rates of the CBRT as stated on the policies.

Payables and receivables denominated in foreign currencies are as follows:

| 31 December 2022 | US Dollar | TL Equivalent | Euro | TL Equivalent | Total TL Equivalent |
|---------------------------------------|-------------------|----------------------|----------------|----------------------|----------------------------|
| Cash and cash equivalents | 3,094,185 | 57,855,993 | 384,593 | 7,666,820 | 65,522,813 |
| Receivables from related parties | - | - | - | - | - |
| Available for sale financial assets | 28,429,372 | 531,580,931 | - | - | 531,580,931 |
| Total assets | 31,523,557 | 589,436,924 | 384,593 | 7,666,820 | 597,103,744 |
| Insurance Technical Provisions | 21,658,563 | 406,316,634 | - | - | 406,316,634 |
| Total liabilities | 21,658,563 | 406,316,634 | - | - | 406,316,634 |
| Foreign currency position, net | 9,864,994 | 183,120,290 | 384,593 | 7,666,820 | 190,787,110 |

| 31 December 2021 | US Dollar | TL Equivalent | Euro | TL Equivalent | Total TL Equivalent |
|---------------------------------------|-------------------|----------------------|----------------|----------------------|----------------------------|
| Receivables from related parties | 514,733 | 6,679,942 | 237,183 | 3,482,392 | 10,162,334 |
| Available for sale financial assets | 4,595 | 59,632 | - | - | 59,632 |
| Receivables from related parties | 20,416,000 | 264,948,645 | - | - | 264,948,645 |
| Total assets | 20,935,328 | 271,688,219 | 237,183 | 3,482,392 | 275,170,611 |
| Insurance Technical Provisions | 10,838,028 | 141,115,457 | - | - | 141,115,457 |
| Total liabilities | 10,838,028 | 141,115,457 | - | - | 141,115,457 |
| Foreign currency position, net | 10,097,300 | 130,572,762 | 237,183 | 3,482,392 | 134,055,154 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

4. Management of Insurance and Financial Risk (Continued)

4.2 Financial Risk Management

Market Risk

Interest rate risk on exposure

Interest rate risk is the risk that the trading securities portfolio is exposed to, the fluctuation in the market prices of the relevant financial assets as a result of changes in interest rates. The main risk to which non-trading portfolios are exposed is the loss that will occur as a result of the fluctuation in future cash flows and the decrease in the market values of financial assets as a result of changes in market interest rates. If the interest rates increase by 10%, it creates an additional loss of TL 24,666,291 to the equity, and if the interests decrease by 10%, it creates an additional profit effect of TL 26,511,964.

Fair value of the financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

i. Financial assets

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

ii. Financial liabilities

The fair values of liabilities from main operations and other financial liabilities are considered to approximate to their respective carrying values.

iii. Hierarchy of fair value

The Company evaluates its financial assets which are accounted with its fair values on 3 different levels by valuation methods.

Level 1: Quotation prices on active markets of the identical assets and liabilities which the Company can reach on the evaluating date (unrevised prices)

Level 2: The data except the quotation prices on Level 1, observable directly or indirectly relating to the asset or liability,

Level 3: Unobservable data relating to the asset or liability.

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

4. Management of Insurance and Financial Risk (Continued)

4.2 Financial Risk Management (Continued)

In this framework, as of 31 December 2022, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|--------------------|----------|----------|--------------------|
| Financial assets: | | | | |
| Financial assets held for sale | 531,580,931 | - | - | 531,580,931 |
| Total | 531,580,931 | - | - | 531,580,931 |

As of 31 December 2021, the fair value classification of financial assets and liabilities is as follows:

| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|--------------------|----------|----------|--------------------|
| Financial assets: | | | | |
| Financial assets held for sale | 264,948,645 | - | - | 264,948,645 |
| Total | 264,948,645 | - | - | 264,948,645 |

Credit risk

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

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

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

Liquidity risk

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

The company proposes to over its liabilities indicated below, with its financial assets and with its cash and cash equivalents placed under its assets. The term analysis of the assets and liabilities of the Company as of 31 December 2022 and 2021 is as shown.

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4. Management of Insurance and Financial Risk (Continued)

4.2 Financial Risk Management (Continued)

| 31 December 2022 | No Maturity | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 years and over | Unallocated | Total |
|--|-------------------|--------------------|--------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| Assets | | | | | | | | |
| Cash and Cash Equivalents | 23,964,161 | 827,304,459 | 272,782,186 | - | - | - | - | 1,124,050,806 |
| Financial Assets and Financial Investments at Insurees' Risk | - | - | 3,773,542 | - | 47,922,643 | 479,884,746 | 503,766 | 532,084,697 |
| Receivables from Main Operations | - | 24,854,400 | 14,795,265 | 35,303,588 | 690,427 | - | 2,489,612,860 | 2,565,256,540 |
| Receivables from Related Parties | - | - | - | - | - | - | - | - |
| Prepaid Expenses and Income Accruals | - | 965,593 | 5,363,245 | 135,057,525 | 173,674,047 | 1,000,703 | - | 316,061,113 |
| Other Current Assets | - | 608,523 | - | - | - | - | - | 608,523 |
| Other Receivables | - | - | - | - | 3,831,928 | - | - | 3,831,928 |
| Property, Plant and Equipment | - | - | - | - | - | - | 39,080,526 | 39,080,526 |
| Intangible Assets | - | - | - | - | - | - | 33,307,020 | 33,307,020 |
| Other Non-Current Assets | - | - | - | 7,553,165 | 1,424,571 | - | 28,568,606 | 37,546,342 |
| Total Assets | 23,964,161 | 853,732,975 | 296,714,238 | 177,914,278 | 227,543,616 | 480,885,449 | 2,591,072,778 | 4,651,827,495 |
| Liabilities | | | | | | | | |
| Financial Liabilities | - | - | - | 8,215,103 | 14,096,257 | - | - | 22,311,360 |
| Payables from Main Operations | - | 51,261,922 | 29,814,902 | 8,138,086 | - | - | 2,457,610,427 | 2,546,825,337 |
| Due to Related Parties | - | 3,636,961 | 4,129,878 | - | - | - | - | 7,766,839 |
| Other Payables | - | - | 15,313,189 | - | - | - | - | 15,313,189 |
| Insurance Technical Provisions | - | 1,169,259 | 11,672,074 | 345,081,615 | 514,187,541 | 417,975,150 | 161,333,425 | 1,451,219,064 |
| Taxes, and Other Liabilities, and Provision | - | 36,710,461 | - | 31,830,356 | - | - | - | 68,540,817 |
| Deferred Income and Expense Accruals | - | 63,956 | 588,417 | 15,946,253 | - | - | - | 16,598,626 |
| Other Current Liabilities | - | 28,949,827 | - | 1,758,789 | 5,698,284 | - | - | 36,406,900 |
| Provisions for Other Risks | - | - | - | - | - | - | 30,275,835 | 30,275,835 |
| Shareholders' Equity | - | - | - | - | - | - | 456,569,528 | 456,569,528 |
| Total Liabilities and Shareholder's Equity | - | 121,792,386 | 61,518,460 | 410,970,202 | 533,982,082 | 417,975,150 | 3,105,589,215 | 4,651,827,495 |
| Net excess liquidity/(deficit) | 23,964,161 | 731,940,588 | 235,195,778 | (233,055,924) | (306,438,465) | 62,910,299 | (514,516,437) | - |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

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4. Management of Insurance and Financial Risk (Continued)

4.2 Financial Risk Management (Continued)

| 31 December 2021 | No Maturity | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and over | Unallocated | Total |
|--|------------------|--------------------|--------------------|---------------------|----------------------|--------------------|----------------------|----------------------|
| Assets | | | | | | | | |
| Cash and Cash Equivalents | 6,497,440 | 551,013,624 | 128,067,449 | - | - | - | - | 685,578,513 |
| Financial Assets and Financial Investments at Insurees' Risk | - | - | - | 2,543,253 | 33,413,291 | 228,992,101 | 503,766 | 265,452,411 |
| Receivables from Main Operations | - | 15,446,614 | 11,067,777 | 26,684,870 | 5,507,945 | - | 1,327,681,108 | 1,386,388,314 |
| Receivables from Related Parties | - | - | - | 59,632 | - | - | - | 59,632 |
| Prepaid Expenses and Income Accruals | - | 482,080 | 2,775,505 | 40,963,368 | - | - | - | 44,220,953 |
| Other Current Assets | - | - | 190,445 | - | - | - | - | 190,445 |
| Other Receivables | - | - | - | - | 535,792 | - | - | 535,792 |
| Property, Plant and Equipment | - | - | - | - | - | - | 15,939,604 | 15,939,604 |
| Intangible Assets | - | - | - | - | - | - | 26,206,505 | 26,206,505 |
| Other Non-Current Assets | - | - | 2,978,059 | 297,013 | 737,249 | - | 12,241,404 | 16,253,725 |
| Total Assets | 6,497,440 | 566,942,318 | 145,079,235 | 70,548,136 | 40,194,277 | 228,992,101 | 1,382,572,387 | 2,440,825,894 |
| Liabilities | | | | | | | | |
| Financial Liabilities | - | - | - | 3,633,037 | 7,849,054 | - | - | 11,482,091 |
| Payables from Main Operations | - | 24,700,047 | 2,996,073 | 4,887,781 | - | - | 1,321,806,842 | 1,354,390,743 |
| Due to Related Parties | - | 128,049 | 1,308,961 | - | - | - | - | 1,437,010 |
| Other Payables | - | - | 9,752,200 | - | - | - | - | 9,752,200 |
| Insurance Technical Provisions | - | 733,335 | 7,048,754 | 120,748,456 | 268,367,275 | 150,492,584 | 119,833,732 | 667,224,136 |
| Taxes, and Other Liabilities, and Provision | - | 7,796,875 | 27,565,051 | - | - | - | - | 35,361,926 |
| Deferred Income and Expense Accruals | - | 41,374 | 379,973 | 11,824,730 | - | - | - | 12,246,077 |
| Other Current Liabilities | - | - | 11,912,237 | 1,389,661 | 3,476,895 | - | - | 16,778,793 |
| Provisions for Other Risks | - | - | - | - | - | - | 11,102,533 | 11,102,533 |
| Shareholders' Equity | - | - | - | - | - | - | 321,050,384 | 321,050,384 |
| Total Liabilities and Shareholder's Equity | - | 33,399,681 | 60,963,249 | 142,483,665 | 279,693,224 | 150,492,584 | 1,773,793,491 | 2,440,825,894 |
| Net excess liquidity/(deficit) | 6,497,440 | 533,542,637 | 84,115,986 | (71,935,529) | (239,498,947) | 78,499,517 | (391,221,104) | - |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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4. Management of Insurance and Financial Risk (Continued)

4.2 Financial Risk Management (Continued)

Mortality Risk

The Company is subject to mortality risk if the actual death claims are higher than expected death rates in the mortality tables used in pricing the policies. The Company uses the appropriate mortality table for each product. In addition, the tariffs are updated according to the loss ratio of each product.

Capital management

The Company's objectives when managing the capital are:

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

| | 31 December 2022 | 31 December 2021 |
|--|--------------------|--------------------|
| 1st Method | | |
| Equity Required for Life Branch | 153,802,712 | 80,253,189 |
| Equity Required for Pension Branch | 12,252,806 | 6,587,371 |
| Equity Required for Non-Life Branches | 30,373,749 | 10,199,475 |
| Total Required Equity | 196,429,267 | 97,040,036 |
| 2nd Method | | |
| Equity Required for Active Risk | 98,697,129 | 49,668,652 |
| Equity Required for Underwriting Risk | 118,269,570 | 55,934,496 |
| Equity Required for Outstanding Claims Reserve | 4,634,102 | 3,171,355 |
| Equity Required for Reinsurance Risk | 7,795,720 | 3,906,149 |
| Equity Required for Interest and Currency Risk | 15,262,969 | 10,724,412 |
| Total Required Equity | 244.659.490 | 123.405.064 |
| Capital Sum ⁽⁴⁾ | 522,110,738 | 370,527,682 |
| Capital Adequacy Result | 277,451,248 | 247,122,617 |

Pursuant to the Regulation on the Amendment of the Regulation of the Ministry of Treasury and Finance on the Measurement and Evaluation of the Capital Adequacy of Insurance, Reassurance and Pension Companies, as of 31 December 2022, the amount of Equity Required for Excessive Premium Increase has not been calculated and has not been reflected in the capital adequacy table (31 December 2021: not calculated).

As of 31 December 2022, the balancing provision has been added to the equity amount in accordance with the table format (31 December 2021: added).

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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5. Segment Information

Disclosed in Note 2.1.

6. Property, Plant and Equipment

The movement of property, plant and equipment for the period between 1 January – 31 December 2022 are as follows:

| | 1 January 2022 | Additions | Disposals | 31 December 2022 |
|--|---------------------|--------------------|-----------|---------------------|
| Cost: | | | | |
| Machinery and equipment | 15,754,734 | 13,185,828 | - | 28,940,562 |
| Leasehold improvements | 6,934,957 | 2,687,785 | - | 9,622,742 |
| Total cost | 22,689,691 | 15,873,613 | - | 38,563,304 |
| Accumulated depreciation: | | | | |
| Machinery and equipment | (10,329,918) | (2,631,995) | - | (12,961,913) |
| Leasehold improvements | (6,336,867) | (284,918) | - | (6,621,785) |
| Total accumulated depreciation: | (16,666,785) | (2,916,913) | - | (19,583,698) |
| Net Book Value | 6,022,906 | | | 18,979,606 |

The movement of property, plant and equipment for the period between 1 January – 31 December 2021 are as follows:

| | 1 January 2021 | Additions | Disposals | 31 December 2021 |
|--|---------------------|--------------------|-----------|---------------------|
| Cost: | | | | |
| Machinery and equipment | 12,661,111 | 3,093,623 | - | 15,754,734 |
| Leasehold improvements | 6,543,844 | 391,113 | - | 6,934,957 |
| Total cost | 19,204,955 | 3,484,736 | - | 22,689,691 |
| Accumulated depreciation: | | | | |
| Machinery and equipment | (8,541,392) | (1,788,526) | - | (10,329,918) |
| Leasehold improvements | (6,257,161) | (79,706) | - | (6,336,867) |
| Total accumulated depreciation: | (14,798,553) | (1,868,232) | - | (16,666,785) |
| Net Book Value | 4,406,402 | | | 6,022,906 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

6. Property, Plant and Equipment (Continued)

The movement table of the asset usage rights registered by the Company within the scope of TFRS 16 is as follows:

| Rights-of-use assets | 1 January 2022 | Additions | Disposals | 31 December 2022 |
|-------------------------------------|-----------------------|--------------------|--------------------|-------------------------|
| Properties | 13,562,518 | 6,579,100 | - | 20,141,618 |
| Vehicles | 7,595,108 | 9,998,655 | (4,001,633) | 13,592,130 |
| Total | 21,157,626 | 16,577,755 | (4,001,633) | 33,733,748 |
| Accumulated depreciation (-) | | | | |
| Properties | (6,219,320) | (3,801,550) | | (10,020,871) |
| Vehicles | (5,021,609) | (2,519,093) | 3,928,745 | (3,611,957) |
| Total | (11,240,929) | (6,320,643) | 3,928,745 | (13,632,828) |
| Net book value | 9,916,696 | | | 20,100,920 |
| Right-of-use assets | | | | |
| | 1 January 2021 | Additions | Disposals | 31 December 2021 |
| Properties | 11,913,482 | 1,649,037 | - | 13,562,518 |
| Vehicles | 6,209,974 | 1,702,398 | (317,264) | 7,595,108 |
| Total | 18,123,456 | 3,351,435 | (317,264) | 21,157,626 |
| Accumulated depreciation (-) | | | | |
| Properties | (4,142,606) | (2,076,714) | - | (6,219,320) |
| Vehicles | (3,173,888) | (2,094,482) | 246,761 | (5,021,609) |
| Total | (7,316,494) | (4,171,196) | 246,761 | (11,240,929) |
| Net book value | 10,806,962 | | | 9,916,696 |

7. Investment Properties

The Company has no investment property as of 31 December 2022 (31 December 2021: None).

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8. Intangible Assets

The movement of intangible assets for the period between 1 January – 31 December 2022 are as follows:

| | 1 January 2022 | Additions | Disposals | 31 December 2022 |
|----------------------------------|-------------------|------------------|-----------|-------------------|
| Cost: | | | | |
| Rights | 88,925,386 | 22,990,390 | | 111,915,776 |
| Accumulated depreciation: | | | | |
| Rights | (62,718,881) | (15,889,875) | | (78,608,756) |
| Net book value | 26,206,505 | 7,100,515 | | 33,307,020 |

The movement of intangible assets for the period between 1 January – 31 December 2021 are as follows:

| | 1 January 2021 | Additions | Disposals | 31 December 2021 |
|----------------------------------|-------------------|--------------------|-----------|-------------------|
| Cost: | | | | |
| Rights | 73,418,770 | 15,506,616 | - | 88,925,386 |
| Accumulated depreciation: | | | | |
| Rights | (50,385,730) | (12,333,151) | - | (62,718,881) |
| Net book value | 23,033,040 | (2,385,745) | - | 26,206,505 |

9. Investments in Associates

The Company does not have any investments in associates accounted for using the equity accounting method (31 December 2021: None).

10. Reinsurance Assets and Liabilities

| Reinsurance Assets/(Liabilities) | 31 December 2022 | 31 December 2021 |
|---|-------------------------|-------------------------|
| Reinsurers' share of unearned premiums reserve | 39,558,304 | 15,320,266 |
| Reinsurers' share of outstanding claims provision | 25,050,890 | 25,611,954 |
| Equalization provision reinsurers' share | 1,828,261 | 1,153,219 |
| Deferred reinsurance commissions | (11,204,949) | (7,487,791) |
| Receivables/(payables) to reinsurance companies | (24,901,074) | 4,647,594 |
| Total | 30,331,432 | 39,245,242 |

There is no impairment recognized for the reinsurance assets.

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10.10. Reinsurance Assets and Liabilities (Continued)

Income and expenses accounted for in the income statement for the Company's reinsurance contracts are presented in the following table:

| Reinsurance Income/(Expenses) | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---|---|
| Reinsurers' share of change in unearned premiums reserve | 24,238,038 | 3,234,893 |
| Reinsurers' share in paid claims | 19,322,910 | 12,539,797 |
| Commission received from reinsurers | 15,202,114 | 13,107,176 |
| Reinsurers' share of change in the equalization provision | 675,042 | 230,378 |
| Reinsurers' share in check-up expense | 33,401 | 7,274 |
| Reinsurers' share in change in outstanding claim provision | (561,064) | 13,673,317 |
| Premiums ceded to reinsurers | (65,032,145) | (28,431,856) |
| Total | (6,121,704) | 14,360,979 |

11. Financial Assets**11.1 Sub-categorization of the items presented compatible to the Company's operations:**

The details of the Company's financial assets as of 31 December 2022 are as follows:

| | 31 December 2022 | | | |
|--|-------------------------|--------------------|--------------------|-------------------------|
| | Nominal Value | Cost Price | Fair Value | Registered Value |
| <i>Available-for-Sale Financial Assets</i> | | | | |
| Government Bonds - Eurobond | 583,218,675 | 337,133,042 | 531,580,931 | 531,580,931 |
| Total | 583,218,675 | 337,133,042 | 531,580,931 | 531,580,931 |

The details of the Company's financial assets as of 31 December 2021 are as follows:

| | 31 December 2021 | | | |
|--|-------------------------|--------------------|--------------------|-------------------------|
| | Nominal Value | Cost Price | Fair Value | Registered Value |
| <i>Available-for-Sale Financial Assets</i> | | | | |
| Government Bonds - Eurobond | 277,869,679 | 187,790,024 | 264,948,645 | 264,948,645 |
| Total | 277,869,679 | 187,790,024 | 264,948,645 | 264,948,645 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

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11. Financial Assets (Continued)**11.1 Sub-categorization of the items presented compatible to the Company’s operations: (Continued)**

The details of the weighted average interest rates of the Company as of 31 December 2022 and 31 December 2021 are as follows:

| Company portfolio | 31 December 2022 | 31 December 2021 |
|----------------------------|-------------------------|-------------------------|
| Government Bonds-Eurobond: | | |
| US Dollar | 6.65% | 6.67% |

The breakdown of financial assets in the Company’s 31 December 2022 portfolio in foreign currency is as follows:

| | Currency | Currency Amount | Rate | TL Amount |
|---------------------------|-----------------|------------------------|-------------|--------------------|
| Government Bonds-Eurobond | USD | 28,429,372 | 18.6983 | 531,580,931 |
| Total | | | | 531,580,931 |

The breakdown of financial assets in the Company’s 31 December 2021 portfolio in foreign currency is as follows:

| | Currency | Currency Amount | Rate | TL Amount |
|---------------------------|-----------------|------------------------|-------------|--------------------|
| Government Bonds-Eurobond | USD | 20,416,000 | 12.9775 | 264,948,645 |
| Total | | | | 264,948,645 |

There are no permanently impaired financial assets in the Company’s financial asset portfolios. The movements of the Company’s financial assets during the period are as follows:

| | 2022 | 2021 |
|---|--------------------|--------------------|
| Opening balance - 1 January | 264,948,645 | 57,430,407 |
| Purchases during the period | 149,343,018 | 137,978,244 |
| Amortisation or sales (-) | - | - |
| Change in amortized cost income of financial assets | - | - |
| Change in the fair value of financial assets | 117,289,268 | 69,539,994 |
| Closing balance – 31 December | 531,580,931 | 264,948,645 |

Maturity analysis of financial assets available for sale is as follows:

| 31 December 2022 | No Maturity | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 years and over | Unallocated | Total |
|---------------------------|--------------------|----------------------|-------------------|--------------------|------------------|-------------------------|--------------------|--------------|
| Government Bonds-Eurobond | - | - | 3,773,541 | - | 47,922,644 | 479,884,746 | - | 531,580,931 |
| 31 December 2021 | No Maturity | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 years and over | Unallocated | Total |
| Government Bonds-Eurobond | - | - | - | 2,543,253 | 33,413,291 | 228,992,101 | - | 264,948,645 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

11. Financial Assets (Continued)

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

None (31 December 2021: None).

11.3 Securities representing borrowings amortized during the year:

None (31 December 2021: None).

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

As of 31 December 2022, TL 503,766, which is included in the financial fixed assets of the Company, consists of the shares in the Pension Monitoring Center ("EGM") (31 December 2021: TL 503,766). Since EGM is not traded in an active market, it has no fair value.

11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers:

None (31 December 2021: None).

11.6 Value increase on financial assets in the last three years:

Value increase on financial assets disclosed under Notes 11.7 and 26.

11.7 – 11.9 Other information about financial assets:

Disclosed under Note 26.

12. Loans and Receivables

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

| | 31 December 2022 | 31 December 2021 |
|---|----------------------|----------------------|
| Receivables from pension operations | 2,468,823,474 | 1,333,366,470 |
| Due from insurance operations | 87,138,110 | 50,810,384 |
| Bank-guaranteed credit card receivables with a maturity of more than three months | 9,294,956 | 2,211,460 |
| Prepaid expenses | 2,843,694 | 1,761,284 |
| Doubtful receivables from main operations | 43,043 | 44,471 |
| Due from related parties | - | 59,632 |
| Provision for doubtful receivables from main operations (-) | (43,043) | (44,471) |
| Total | 2,568,100,234 | 1,388,209,230 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

12. Loans and Receivables (Continued)

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

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

12.3 Total mortgages and collaterals obtained for receivables:

The Company does not have any assurance for receivables (31 December 2021: None).

12.4 Receivables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates to TL:

Company's receivables and payables in foreign currency with the related parties are disclosed in Note 4.2.

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

| | 31 December 2022 | 31 December 2021 |
|-------------------|-------------------|-------------------|
| Overdue | 21,230,688 | 8,628,800 |
| Up to 3 months | 28,437,272 | 22,356,769 |
| 3 - 6 months | 20,582,331 | 12,008,505 |
| 6 months - 1 year | 16,887,819 | 7,816,310 |
| Total | 87,138,110 | 50,810,384 |

The details of the overdue but not doubtful receivables are as follows:

| | 31 December 2022 | 31 December 2021 |
|-------------------|-------------------|------------------|
| Up to 3 months | 20,779,405 | 8,382,227 |
| 3 - 6 months | 219,840 | 176,353 |
| 6 months - 1 year | 231,443 | 70,220 |
| Total | 21,230,688 | 8,628,800 |

The Company does not have any assurance for the receivables that are overdue which are explained above.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

12. Loans and Receivables (Continued)**12.5 - 12.7 Other information about loans and receivables: (Continued)**

As of 31 December 2022, entrance fee receivables amounting to TL 43,043 (31 December 2021: TL 44,471) included in receivables from retirement activities are reclassified to doubtful receivables arising from main operations, and a provision has been made for this balance in the financial statements.

As of 31 December 2022, entrance fee receivables included in receivables from retirement activities are TL 1,481,415 (31 December 2021: TL 1,600,662) and overdue entrance fees are TL 1,481,415 (31 December 2021: TL 1,600,662).

13. Derivative Financial Instruments

None (31 December 2021: None).

14. Cash and Cash Equivalents

Cash and cash equivalents that are included the statement of cash flows as of 31 December 2022 and 31 December 2021 are presented in Note 2.12 and the details of bank deposits of the Company are as follows:

| | 31 December 2022 | 31 December 2021 |
|--|----------------------|--------------------|
| Banks | 1,065,139,972 | 655,790,234 |
| - TL | 999,617,159 | 645,627,900 |
| - Foreign Currency (Note 4.2) | 65,522,813 | 10,162,334 |
| Bank guaranteed credit card receivables with maturities less than three months | 58,910,834 | 29,788,279 |
| Total | 1,124,050,806 | 685,578,513 |

The blockage period for credit card receivables less than 3-month-maturity of the Company is in the range of 25-38 days as of 31 December 2022 (31 December 2021: 25-38 days).

The detail of the bank deposits of the Company is as follows:

| | 31 December 2022 | 31 December 2021 |
|-------------------|----------------------|--------------------|
| Deposits | | |
| - time deposits | 1,041,175,811 | 649,292,794 |
| - demand deposits | 23,964,161 | 6,497,440 |
| Total | 1,065,139,972 | 655,790,234 |

As of 31 December 2022, the Company has time deposits blocked amounting to TL 478,030,033 (including interest accruals) (31 December 2021: TL 369,789,226) (Note 43).

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

14. Cash and Cash Equivalents (Continued)

The weighted average interest rates of the time deposits are as follows:

| | 31 December 2022 (%) | 31 December 2021 (%) |
|----------------|----------------------|----------------------|
| Interest Rates | | |
| - TL | 26.34 | 18.14 |
| - US Dollar | 2.66 | 0.85 |
| - EUR | 1.57 | 0.01 |

15. Capital

Movements of the legal reserves during the year are as follows:

| | 1 January 2022 | | Issued Capital | | Amortized | | 31 December 2022 | |
|-----------------|-------------------|-------------------|----------------|------------|-----------|------------|-------------------|-------------------|
| | Units | Nominal TL | Units | Nominal TL | Units | Nominal TL | Units | Nominal TL |
| Paid-in capital | 45,000,000 | 45,000,000 | - | - | - | - | 45,000,000 | 45,000,000 |
| Total | 45,000,000 | 45,000,000 | - | - | - | - | 45,000,000 | 45,000,000 |

| | 1 January 2021 | | Issued Capital | | Amortized | | 31 December 2021 | |
|-----------------|-------------------|-------------------|----------------|------------|-----------|------------|-------------------|-------------------|
| | Units | Nominal TL | Units | Nominal TL | Units | Nominal TL | Units | Nominal TL |
| Paid-in capital | 45,000,000 | 45,000,000 | - | - | - | - | 45,000,000 | 45,000,000 |
| Total | 45,000,000 | 45,000,000 | - | - | - | - | 45,000,000 | 45,000,000 |

The company does not liable to registered capital system. The details of dividend distribution is disclosed under Note 38.

There are not any shares held by the Company itself (31 December 2021: None).

The Company does not have any future delivery and equity share sales arising from contracts (31 December 2021: None).

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

15. Capital (Continued)**Legal Reserves:**

Retained earnings as per the statutory financial statements, other than legal reserve requirements as referred below, are available for distribution. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is 10% of the distributed profit exceeding 5% of the paid / issued capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses unless they exceed 50% of paid- in share capital and are not available for any other usage.

Movements of the legal reserves and other legal reserves during the year are as follows:

| | 2022 | 2021 |
|--------------------------------------|-------------------|-------------------|
| Legal Reserves: | | |
| Opening balance - 1 January | 22,500,000 | 22,500,000 |
| Changes during the period | - | - |
| Closing balance - 31 December | 22,500,000 | 22,500,000 |

Other profit reserves consist of severance pay and actuarial losses and their movements during the period are as follows:

| | 2022 | 2021 |
|--------------------------------------|---------------------|--------------------|
| Other Profit Reserves: | | |
| Opening balance - 1 January | (4,688,705) | (2,597,374) |
| Changes during the period | (11,772,659) | (2,091,331) |
| Closing balance - 31 December | (16,461,364) | (4,688,705) |

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Valuation of Financial Assets: | | |
| Deferred tax effect | 8,723,448 | 2,904,878 |
| Valuation of financial assets differences | (34,893,791) | (14,524,392) |
| Total - 31 December | (26,170,343) | (11,619,514) |

16. Other Reserves and Equity Component of Discretionary Participation Feature

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

17. Insurance Liabilities and Reinsurance Assets

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

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Required guarantee amount to be provided for life branch ^(*) | 1,041,923,755 | 480,023,895 |
| Guarantee amount provided for life branch ^(**) | 534,083,238 | 490,559,148 |
| Required guarantee amount to be provided for non-life branch ^(*) | 44,551,745 | 27,612,606 |
| Guarantee amount provided for non-life branch ^(**) | 56,187,946 | 26,800,501 |

^(*) Under the article 4 of the “The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies”, published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

^(**) Under the article 7 of the “The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies”, published in accordance with the Insurance Law, in the Official Gazette dated 17 August 2007 and numbered 26616, the insurance and private pension companies operating in personal accident and life branches have to establish guarantees in two months that following capital adequacy calculation period. The Company does not have any blockage deficit as of 31 December 2022 (The company does not have any blockage deficit as of 31 December 2021).

17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status:

| | 2022 Number of Policies | 2021 Number of Policies |
|--------------------------------------|-------------------------|-------------------------|
| Opening balance - 1 January | 2,721,607 | 2,401,551 |
| Addition | 5,038,444 | 3,459,017 |
| Disposal | (4,229,028) | (3,138,961) |
| Closing Balance - 31 December | 3,531,023 | 2,721,607 |

| | 31 December 2022 | 31 December 2021 |
|---|-------------------|-------------------|
| Mathematical reserves - Life | 57,202,593 | 21,407,372 |
| Mathematical reserves - Personal accident | 1,652,609 | 572,638 |
| Mathematical reserves – Short-Term | 58,855,202 | 21,980,010 |

| | 31 December 2022 | 31 December 2021 |
|---|--------------------|--------------------|
| Mathematical reserves - Life | 908,818,478 | 403,186,396 |
| Mathematical reserves - Personal accident | 23,344,213 | 15,673,464 |
| Mathematical reserves – Long-Term | 932,162,691 | 418,859,859 |
| Total | 991,017,893 | 440,839,869 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.3 Insurance guarantees given for non-life branches:

Disclosed in Note 4.

17.4 Unit prices of pension funds established by the Company:

| Emeklilik Yatırım Fonu Adı | Unit Prices | |
|---|----------------------|-----------------------|
| | 31 December 2022 (*) | 31 December 2021 (**) |
| CHH Birinci Hisse Senedi Emeklilik Yatırım Fonu | 0,020624 | 0,137112 |
| CHM Dinamik Değişken Emeklilik Yatırım Fonu | 0,020624 | 0,055161 |
| CHN Dengeli Değişken Emeklilik Yatırım Fonu | 0,020624 | 0,046696 |
| CHL Para Piyasası Emeklilik Yatırım Fonu | 0,020624 | 0,037003 |
| CHK Borçlanma Araçları Emeklilik Yatırım Fonu | 0,020624 | 0,032538 |
| CGE Dengeli Değişken Grup Emeklilik Yatırım Fonu | 0,037863 | 0,032839 |
| CHT Katkı Emeklilik Yatırım Fonu | 0,020624 | 0,020474 |
| CGG Borçlanma Araçları Grup Emeklilik Yatırım Fonu | 0,037863 | 0,022030 |
| CHS Standart Emeklilik Yatırım Fonu | 0,020624 | 0,023041 |
| CHG OKS Agresif Değişken Emeklilik Yatırım Fonu | 0,020624 | 0,032810 |
| CHD OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu | 0,100671 | 0,029635 |
| CHI OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu | 0,020624 | 0,026693 |
| CHO OKS Atak Değişken Emeklilik Yatırım Fonu | 0,020624 | 0,027373 |
| CHA OKS Dengeli Değişken Emeklilik Yatırım Fonu | 0,037863 | 0,024298 |
| CFB Başlangıç Emeklilik Yatırım Fonu | 0,024347 | 0,020140 |
| CFY Başlangıç Katılım Emeklilik Yatırım Fonu | 0,037863 | 0,019085 |
| CFE OKS Katılım Standart Emeklilik Yatırım Fonu | 0,037863 | 0,021057 |
| CFA Altın Emeklilik Yatırım Fonu | 0,040081 | 0,026768 |
| CHC OKS Muhafazakar Değişken Emeklilik Yatırım Fonu | 0,037863 | 0,019448 |
| CHU OKS Standart Emeklilik Yatırım Fonu | 0,020624 | 0,019415 |
| CFD Dış Borçlanma Araçları Emeklilik Yatırım Fonu | 0,033719 | 0,022719 |
| CFK Katılım Katkı Emeklilik Yatırım Fonu | 0,037863 | 0,013392 |
| CFC Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu | 0,017954 | 0,011825 |

(*) Unit prices of funds are evaluated amount as of 29 December 2022.

(**) Unit prices of funds are evaluated as of 30 December 2021.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.5 Units and amounts of share certificates in portfolio and in circulation:

As of 31 December 2022 and 31 December 2021, the number and amount of participation certificates and circulating participation certificates in the portfolio are as follows:

| | | 31 December 2022 ^(*) | | | |
|--------------|---|---------------------------------|----------------------|---------------------------|------------------------|
| | | in Circulation | | in Portfolio | |
| | | Unit | Amount | Unit | Amount |
| CHK | Borçlanma Araçları Emeklilik Yatırım Fonu | 8,254,082,697 | 418,647,074 | 11,745,917,303 | 595,752,926 |
| CHT | Katkı Emeklilik Yatırım Fonu | 8,654,460,340 | 326,108,720 | 991,345,539,660 | 37,354,891,280 |
| CHL | Para Piyasası Emeklilik Yatırım Fonu | 3,451,156,043 | 153,466,007 | 6,548,843,957 | 291,213,993 |
| CHN | Dengeli Değişken Emeklilik Yatırım Fonu | 2,709,266,377 | 292,570,967 | 7,290,733,623 | 787,319,033 |
| CHH | Birinci Hisse Senedi Emeklilik Yatırım Fonu | 995,793,665 | 474,119,271 | 9,004,206,335 | 4,287,100,729 |
| CFA | Altın Emeklilik Yatırım Fonu | 6,669,891,225 | 267,335,910 | 993,330,108,775 | 39,813,664,090 |
| CHM | Dinamik Değişken Emeklilik Yatırım Fonu | 1,024,069,704 | 158,115,338 | 8,975,930,296 | 1,385,874,662 |
| CHU | OKS Standart Emeklilik Yatırım Fonu | 2,570,655,881 | 94,129,706 | 997,429,344,119 | 36,522,870,294 |
| CFE | OKS Katılım Standart Emeklilik Yatırım Fonu | 1,744,201,598 | 66,040,705 | 1,998,255,798,402 | 75,659,959,295 |
| CHS | Standart Emeklilik Yatırım Fonu | 966,183,941 | 42,413,543 | 9,033,816,059 | 396,566,457 |
| CFD | Dış Borçlanma Araçları Emeklilik Yatırım Fonu | 2,019,163,993 | 68,084,191 | 997,980,836,007 | 33,650,915,809 |
| CGG | Borçlanma Araçları Grup Emeklilik Yatırım Fonu | 482,545,186 | 16,522,347 | 9,517,454,814 | 325,877,653 |
| CGE | Dengeli Değişken Grup Emeklilik Yatırım Fonu | 240,105,253 | 18,887,880 | 9,759,894,747 | 767,762,120 |
| CFB | Başlangıç Emeklilik Yatırım Fonu | 591,328,746 | 14,397,081 | 1,999,408,671,254 | 48,679,602,919 |
| CFY | Başlangıç Katılım Emeklilik Yatırım Fonu | 443,514,571 | 10,183,982 | 1,999,556,485,429 | 45,913,816,018 |
| CFK | Katılım Katkı Emeklilik Yatırım Fonu | 386,938,495 | 7,980,220 | 1,999,613,061,503 | 41,240,019,780 |
| CFC | Orta Vadeli Borçlanma Araçları Emeklilik Yatırım Fonu | 125,617,846 | 2,255,343 | 999,874,382,154 | 17,951,744,657 |
| CHG | OKS Agresif Değişken Emeklilik Yatırım Fonu | 48,715,546 | 5,857,557 | 999,951,284,454 | 120,234,142,443 |
| CHA | OKS Dengeli Değişken Emeklilik Yatırım Fonu | 30,624,752 | 1,910,188 | 999,951,366,610 | 62,370,966,541 |
| CHO | OKS Atak Değişken Emeklilik Yatırım Fonu | 24,725,432 | 2,031,466 | 999,962,216,884 | 82,157,895,701 |
| CHI | OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu | 10,520,416 | 745,719 | 999,944,659,567 | 70,879,077,304 |
| CHD | OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu | 9,538,873 | 960,288 | 999,947,620,594 | 100,665,726,913 |
| CHC | OKS Muhafazakar Değişken Emeklilik Yatırım Fonu | 4,711,043 | 115,929 | 999,951,094,239 | 24,606,796,527 |
| Total | | 41,457,811,623 | 2,442,879,432 | 19,048,379,266,786 | 846,539,557,145 |

(*) Forward value transactions are updated on T+1 day in the shares of the table in circulation, on the other hand since the accounting record occurs at T + 2 days it shows differences in the shares in circulation and receivables/payables from long-term operations in pensions.

Money not sought by right holders; Circular on the Amendment to the Circular on the Private Pension System (2019/3), under the title of the thirteenth section other provisions Article 5 was evaluated in the relevant period in the closure; the Company has 757 contract units, 3,963,464 number of funds and amount of 150,068.63 in CFE fund, 530 contract units, 8,024,506 number of funds and amount of 352,259.72 in CHS fund, 548 contract units, 3,329,425 number of funds and amount of 121,913.58 in CHU fund.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022**

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

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.5 Units and amounts of share certificates in portfolio and in circulation (Continued):**

| | | 31 December 2022 ^(*) | | | |
|--------------|---|---------------------------------|----------------------|---------------------------|------------------------|
| | | in Circulation | | in Portfolio | |
| | | Unit | Amount | Unit | Amount |
| CHK | Kamu Borçlanma Araçları Emeklilik Yatırım Fonu | 9,140,289,053 | 297,406,725 | 10,859,710,947 | 353.353.275 |
| CHT | Katkı Emeklilik Yatırım Fonu | 8,572,751,145 | 175,518,507 | 991,427,248,855 | 20.298.481.493 |
| CHL | Para Piyasası Emeklilik Yatırım Fonu | 4,216,197,665 | 156,011,962 | 5,783,802,335 | 214.018.038 |
| CHN | Dengeli Değişken Emeklilik Yatırım Fonu | 3,104,873,674 | 144,985,181 | 6,895,126,326 | 321.974.819 |
| CHH | Birinci Hisse Senedi Emeklilik Yatırım Fonu | 1,043,644,366 | 143,096,166 | 8,956,355,634 | 1.228.023.834 |
| CFA | Altın Emeklilik Yatırım Fonu | 5,539,002,669 | 148,268,023 | 994,460,997,331 | 26.619.731.977 |
| CHM | Dinamik Değişken Emeklilik Yatırım Fonu | 1,060,387,195 | 58,492,018 | 8,939,612,805 | 493.117.982 |
| CHU | OKS Standart Emeklilik Yatırım Fonu | 2,531,074,639 | 49,140,814 | 997,468,925,361 | 19.365.611.384 |
| CFE | OKS Katılım Standart Emeklilik Yatırım Fonu | 1,796,198,014 | 37,822,542 | 1,998,203,801,986 | 42.076.743.112 |
| CHS | Standart Emeklilik Yatırım Fonu | 1,083,046,271 | 24,954,469 | 8,916,953,729 | 205.455.531 |
| CFD | Dış Borçlanma Araçları Emeklilik Yatırım Fonu | 1,639,784,945 | 37,254,274 | 998,360,215,055 | 22.681.745.726 |
| CGG | Kamu Borçlanma Araçları Grup Emeklilik Yatırım Fonu | 545,585,147 | 12,019,241 | 9,454,414,853 | 208.280.759 |
| CGE | Dengeli Değişken Grup Emeklilik Yatırım Fonu | 272,028,863 | 8,933,156 | 9,727,971,137 | 319.456.844 |
| CFB | Başlangıç Emeklilik Yatırım Fonu | 396,953,616 | 7,994,646 | 1,999,603,046,384 | 40.272.005.354 |
| CFY | Başlangıç Katılım Emeklilik Yatırım Fonu | 343,032,811 | 6,546,781 | 1,999,656,967,189 | 38.163.453.219 |
| CFK | Katılım Katkı Emeklilik Yatırım Fonu | 314,214,655 | 4,207,963 | 1,999,685,785,341 | 26.779.792.037 |
| CFC | Borçlanma Araçları Emeklilik Yatırım Fonu | 56,105,957 | 663,453 | 999,943,894,043 | 11.824.336.547 |
| CHG | OKS Agresif Değişken Emeklilik Yatırım Fonu | 35,026,052 | 1,149,205 | 999,964,973,948 | 32.808.850.795 |
| CHA | OKS Dengeli Değişken Emeklilik Yatırım Fonu | 19,771,984 | 480,420 | 999,980,228,016 | 24.297.519.580 |
| CHO | OKS Atak Değişken Emeklilik Yatırım Fonu | 18,897,917 | 517,293 | 999,981,102,083 | 27.372.482.707 |
| CHI | OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu | 6,986,461 | 186,490 | 999,993,013,539 | 26.692.813.510 |
| CHD | OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu | 5,112,933 | 151,522 | 999,994,887,067 | 29.634.848.478 |
| CHC | OKS Muhafazakar Değişken Emeklilik Yatırım Fonu | 4,476,583 | 87,061 | 999,995,523,417 | 19.447.912.939 |
| Total | | 41,745,442,615 | 1,315,887,910 | 19,048,254,557,385 | 411,680,009,941 |

(*) Forward value transactions are updated on T+1 day in the shares of the table in circulation, on the other hand since the accounting record occurs at T + 2 days it shows differences in the shares in circulation and receivables/payables from long-term operations in pensions.

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.6 Numbers and portfolio amounts of the individual and group pension funds’ participants (entered, left, cancelled during the period and the current participants):

| 1 January – 31 December 2022 | | | | | | | | |
|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|--|---|---------------|----------------------|
| | Additions in the period | TL additions in the period | Allocated in the period | Allocated TL in the period | Cancelled in the period ^(*) | Cancelled TL in the period ^(*) | Current Unit | Current TL |
| Individual | 553 | 39,523,918 | 6,420 | 206,772,696 | - | - | 50,794 | 1,871,179,609 |
| Group | 16 | 42,847 | 1,137 | 36,978,306 | - | - | 9,920 | 363,340,733 |
| Total | 569 | 39,566,765 | 7,557 | 243,751,002 | - | - | 60,714 | 2,234,520,342 |

^(*) Canceled units during period are not shown because they are not effective TL equivalent.

| 1 January – 31 December 2021 | | | | | | | | |
|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|--|---|---------------|----------------------|
| | Additions in the period | TL additions in the period | Allocated in the period | Allocated TL in the period | Cancelled in the period ^(*) | Cancelled TL in the period ^(*) | Current Unit | Current TL |
| Individual | 372 | 18,414,314 | 7,186 | 181,024,264 | - | - | 56,655 | 1,012,645,340 |
| Group | 8 | 70,407 | 1,267 | 30,177,023 | - | - | 11,047 | 191,117,287 |
| Total | 380 | 18,484,721 | 8,453 | 211,201,287 | - | - | 67,702 | 1,203,762,627 |

^(*) Canceled units during period are not shown because they are not effective TL equivalent.

As of 31 December 2022 and 31 December 2021, the data for the automatic participation system in corporate pension contracts are as follows:

| 1 January – 31 December 2022 | | | | | | | | |
|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|--|---|----------------|--------------------|
| | Additions in the period | TL additions in the period | Allocated in the period | Allocated TL in the period | Cancelled in the period ^(*) | Cancelled TL in the period ^(*) | Current Unit | Current TL |
| Group ^(**) | 68,932 | 18,655,045 | 53,935 | 58,247,872 | - | - | 145,621 | 213,905,701 |
| Total | 68,932 | 18,655,045 | 53,935 | 58,247,872 | - | - | 145,621 | 213,905,701 |

^(*) Cancellations in period TL are not shown since that are not effective equivalents in TL.

^(**) Table above shows information of the automatic participation system in corporate pension contracts as of 1 January – 31 December 2022.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.6 Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants): (Continued)**

| 1 January – 31 December 2021 | | | | | | | | |
|------------------------------|-------------------------|----------------------------|-------------------------|----------------------------|--|---|----------------|--------------------|
| | Additions in the period | TL additions in the period | Allocated in the period | Allocated TL in the period | Cancelled in the period ^(*) | Cancelled TL in the period ^(*) | Current Unit | Current TL |
| Group ^(**) | 65,967 | 9,663,477 | 54,436 | 40,227,561 | - | - | 130,624 | 112,567,847 |
| Total | 65,967 | 9,663,477 | 54,436 | 40,227,561 | - | - | 130,624 | 112,567,847 |

^(*) Cancellations in period TL are not shown since that are not effective equivalents in TL.

^(**) Table above shows information of the automatic participation system in corporate pension contracts as of 1 January – 31 December 2021.

17.7 Valuation methods used in calculating profit share in life insurance with profit share:

None. (31 December 2021: None).

17.8 Distribution of the number of new private pension participants and their gross and net participation shares as individual and corporate:

| | 1 January – 31 December 2022 | | | 1 January – 31 December 2021 | | |
|---------------------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Individual ^(*) | 553 | 30,857,599 | 30,857,599 | 372 | 16,911,549 | 16,911,549 |
| Corporate ^(*) | 16 | 48,041 | 47,654 | 8 | 57,372 | 57,312 |
| Total | 569 | 30,905,640 | 30,905,253 | 380 | 16,968,921 | 16,968,861 |

^(*) Agreements that new entrances in the current year in order that not standing at the end of the period have been included (Agreements that comes from other companies have been included to new entrance amount).

As of 31 December 2022 and 2021, the data for the Automatic Participation System in corporate pension contracts are as follows:

| | 1 January – 31 December 2022 | | | 1 January – 31 December 2021 | | |
|---------------------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Individual ^(*) | - | - | - | - | - | - |
| Corporate ^(*) | 68,932 | 29,913,090 | 29,913,090 | 65,967 | 16,969,604 | 16,969,604 |
| Total | 68,932 | 29,913,090 | 29,913,090 | 65,967 | 16,969,604 | 16,969,604 |

^(*) The table above shows information of Automatic Participation System in Corporate Pension Contracts as of 1 January – 31 December 2022 and 2021.

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another Companies during the period:**

| | 1 January – 31 December 2022 | | | 1 January – 31 December 2021 | | |
|--------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Individual | 134 | 2,769,976 | 2,769,976 | 117 | 15,093,383 | 15,093,383 |
| Corporate | - | - | - | 2 | 47,683 | 47,683 |
| Total | 134 | 2,769,976 | 2,769,976 | 119 | 15,141,066 | 15,141,066 |

As of 31 December 2022 and 2021, Automatic Participation System data in Corporate Pension contracts are as follows:

| | 1 January – 31 December 2022 | | | 1 January – 31 December 2021 | | |
|--------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Corporate | 48 | 8,285 | 8,285 | 166 | 306,693 | 306,693 |
| Total | 48 | 8,285 | 8,285 | 166 | 306,693 | 306,693 |

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period:

None (1 January – 31 December 2021: None).

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

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another Company or that left the Company but did not transfer to another Company:

| | 1 January - 31 December 2022 | | | 1 January - 31 December 2021 | | |
|---------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Individual | 6,420 | 104,412,585 | 103,944,808 | 7,186 | 119,754,172 | 119,056,661 |
| Corporate (*) | 1,137 | 15,814,048 | 15,744,839 | 1,267 | 18,402,503 | 18,306,971 |
| Total | 7,557 | 120,226,633 | 119,689,647 | 8,453 | 138,156,675 | 137,363,632 |

(*) Table above shows the data of the individual pension system in the 1 January – 31 December 2022 and 2021 corporate pension contracts.

As of 31 December 2022 and 2021, the data of the Automatic Participation System in the corporate pension contracts are as follows:

| | 1 January - 31 December 2022 | | | 1 January - 31 December 2021 | | |
|---------------|------------------------------|---------------------------|-------------------------|------------------------------|---------------------------|-------------------------|
| | Number of Policies | Gross Contribution Amount | Net Contribution Amount | Number of Policies | Gross Contribution Amount | Net Contribution Amount |
| Corporate (*) | 53,935 | 40,786,278 | 40,786,278 | 54,436 | 33,244,720 | 33,244,720 |
| Total | 53,935 | 40,786,278 | 40,786,278 | 54,436 | 33,244,720 | 33,244,720 |

(*) Table above shows information of the automatic participation system in corporate pension contracts as of 1 January – 31 December 2022 and 2021.

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period:**

| | 1 January – 31 December 2022 | | 1 January – 31 December 2021 | |
|--------------|------------------------------|----------------------|------------------------------|----------------------|
| | Number of Policies | Net Premium | Number of Policies | Net Premium |
| Individual | 39,336 | 257,114,632 | 47,976 | 112,849,845 |
| Group | 4,999,108 | 1,832,104,189 | 3,411,041 | 888,426,126 |
| Total | 5,038,444 | 2,089,218,821 | 3,459,017 | 1,001,275,971 |

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life policyholders that left the portfolio during the period:

| | 1 January – 31 December 2022 | | | |
|--------------|------------------------------|----------------------|----------------------|---------------------------|
| | Number of Policies | Gross Premium | Net Premium | Mathematical Reserve (TL) |
| Individual | 45,302 | (22,959,937) | (25,919,695) | 6,733,094 |
| Group | 4,183,726 | (686,847,166) | (650,037,272) | 291,857,510 |
| Total | 4,229,028 | (709,807,103) | (675,956,967) | 298,590,604 |

| | 1 January – 31 December 2021 | | | |
|--------------|------------------------------|----------------------|--------------------|---------------------------|
| | Number of Policies | Gross Premium | Net Premium | Mathematical Reserve (TL) |
| Individual | 62,707 | (16,587,855) | 110,173,026 | 755,346 |
| Group | 3,076,254 | (352,886,223) | 870,509,126 | 59,080,524 |
| Total | 3,138,961 | (369,474,078) | 980,682,152 | 59,835,870 |

17.14 Profit share distribution rate to the life policyholders:

The Company does not have any cumulative life insurance which is liable to dividend distribution (31 December 2021 : None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

| Gross technical provisions | 31 December 2022 | 31 December 2021 |
|-----------------------------------|-------------------------|-------------------------|
| Mathematical Provision | 991,017,893 | 440,839,869 |
| Unearned Premium Provision | 338,626,050 | 121,870,800 |
| Outstanding Claims Provision | 120,643,105 | 95,650,099 |
| Equalisation Provision | 67,369,471 | 50,630,517 |
| Renewal Premium Allowance | - | 318,290 |
| Total | 1,517,656,519 | 709,309,575 |
| Reinsurer's share | | |
| Equalisation Provision | (1,828,261) | (1,153,219) |
| Outstanding Claims Provision | (25,050,890) | (25,611,954) |
| Unearned Premium Provision | (39,558,304) | (15,320,266) |
| Total | (66,437,455) | (42,085,439) |
| Net technical provisions | | |
| Mathematical Provision | 991,017,893 | 440,839,869 |
| Unearned Premium Provision | 299,067,746 | 106,550,534 |
| Outstanding Claims Provision | 95,592,215 | 70,038,145 |
| Equalisation Provision | 65,541,210 | 49,477,298 |
| Renewal Premium Allowance | - | 318,290 |
| Total | 1,451,219,064 | 667,224,136 |

Outstanding Claims Provision

| | 31 December 2022 | | |
|---|-------------------------|--------------------------|-------------------|
| | Gross | Reinsurer's Share | Net |
| Outstanding Claims Provision | 98,877,056 | (18,215,246) | 80,661,810 |
| Calculated Discount Amount According to Winning Ratio | (3,262,357) | 654,019 | (2,608,338) |
| Claims Incurred but not Reported | 25,028,406 | (7,489,663) | 17,538,743 |
| Total | 120,643,105 | (25,050,890) | 95,592,215 |
| | 31 December 2021 | | |
| | Gross | Reinsurer's Share | Net |
| Outstanding Claims Provision | 75,536,926 | (21,498,296) | 54,038,630 |
| Calculated Discount Amount According to Winning Ratio | (3,328,534) | 729,663 | (2,598,871) |
| Claims Incurred but not Reported | 23,441,707 | (4,843,321) | 18,598,386 |
| Total | 95,650,099 | (25,611,954) | 70,038,145 |

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

Claims Incurred but not Reported

| | 31 December 2022 | | |
|-------------------|-------------------|--------------------|-------------------|
| | Gross | Reinsurer's Share | Net |
| Life | 12,604,091 | (2,491,129) | 10,112,962 |
| Personal Accident | 7,685,442 | (4,998,534) | 2,686,908 |
| Health | 4,738,873 | - | 4,738,873 |
| Total | 25,028,406 | (7,489,663) | 17,538,743 |

| | 31 December 2021 | | |
|-------------------|-------------------|--------------------|-------------------|
| | Gross | Reinsurer's Share | Net |
| Life | 14,217,497 | (1,510,223) | 12,707,274 |
| Personal Accident | 7,995,518 | (3,333,098) | 4,662,420 |
| Health | 1,228,692 | - | 1,228,692 |
| Total | 23,441,707 | (4,843,321) | 18,598,386 |

Outstanding claims provision movement table

| | 2022 | | |
|---|--------------------|---------------------|-------------------|
| | Gross | Reinsurer's Share | Net |
| Opening balance - 1 January | 75,536,926 | (21,498,296) | 54,038,630 |
| Paid claims | (410,153,036) | 19,322,910 | (390,830,126) |
| Change | 433,493,166 | (16,039,860) | 417,453,306 |
| Closing balance - 31 December | 98,877,056 | (18,215,246) | 80,661,810 |
| Calculated discount amount according to winning ratio | (3,262,357) | 654,019 | (2,608,338) |
| Claims incurred but not reported | 25,028,406 | (7,489,663) | 17,538,743 |
| Total | 120,643,105 | (25,050,890) | 95,592,215 |
| | 2021 | | |
| | Gross | Reinsurer's Share | Net |
| Opening balance - 1 January | 48,494,399 | (9,320,099) | 39,174,300 |
| Paid claims | (164,674,223) | 12,539,797 | (152,134,426) |
| Change | 191,716,750 | (24,717,994) | 166,998,756 |
| Closing balance - 31 December | 75,536,926 | (21,498,296) | 54,038,630 |
| Calculated discount amount according to winning ratio | (3,328,534) | 729,663 | (2,598,871) |
| Claims incurred but not reported | 23,441,707 | (4,843,321) | 18,598,386 |
| Toplam | 95,650,099 | (25,611,954) | 70,038,145 |

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued)****Unearned premium provision movement table**

| | 2022 | | | | | |
|--------------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 68,952,612 | (11,590,913) | 57,361,699 | 52,918,188 | (3,729,353) | 49,188,835 |
| Net Change | 141,744,881 | (19,459,449) | 122,285,432 | 75,010,369 | (4,778,589) | 70,231,780 |
| Closing Balance – 31 December | 210,697,493 | (31,050,362) | 179,647,131 | 127,928,557 | (8,507,942) | 119,420,615 |
| | 2021 | | | | | |
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 61,839,047 | (10,005,986) | 51,833,061 | 36,171,394 | (2,079,387) | 34,092,007 |
| Net Change | 7,113,564 | (1,584,927) | 5,528,637 | 16,746,796 | (1,649,966) | 15,096,830 |
| Closing Balance – 31 December | 68,952,611 | (11,590,913) | 57,361,698 | 52,918,190 | (3,729,353) | 49,188,837 |

As of 31 December 2022, deferred commission expenses and other deferred production expenses are TL 250,646,181 and TL 62,571,238, respectively. Deferred commission income is TL 11,204,951. (31 December 2021: TL 42,459,669 and 31 December 2021: TL 7,487,793).

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued)****Equalization provision movement table ^(*)**

| | 2022 | | | | | |
|--------------------------------------|-------------------|--------------------|-------------------|------------------|-------------------|------------------|
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 48,370,283 | (1,006,839) | 47,363,443 | 2,260,234 | (146,380) | 2,113,854 |
| Net Change | 15,526,279 | (535,630) | 14,990,648 | 1,212,676 | (139,412) | 1,073,263 |
| Closing Balance - 31 December | 63,896,561 | (1,542,469) | 62,354,092 | 3,472,910 | (285,793) | 3,187,117 |
| | 2021 | | | | | |
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 38,937,593 | (823,066) | 38,114,527 | 1,737,054 | (99,775) | 1,637,279 |
| Net Change | 9,432,690 | (183,773) | 9,248,916 | 523,180 | (46,605) | 476,575 |
| Closing Balance - 31 December | 48,370,283 | (1,006,839) | 47,363,443 | 2,260,234 | (146,380) | 2,113,854 |

^(*) Under the change in other technical provisions, the renewal is accounted for together with the premium provision. As of 2022, there is no provision for renewal premium, however, this amount will also be included in the income statement since the transferred renewal premium reserve and the incurred renewal premium are netted together.

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued)****Mathematical provision movement table**

| | 2022 | | | | | |
|--------------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 424,593,767 | - | 424,593,767 | 16,246,101 | - | 16,246,101 |
| Net Change | 541,427,302 | - | 541,427,302 | 8,750,721 | - | 8,750,721 |
| Closing Balance - 31 December | 966,021,071 | - | 966,021,071 | 24,996,822 | - | 24,996,822 |
| | 2021 | | | | | |
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 280,770,083 | - | 280,770,083 | 17,165,808 | - | 17,165,808 |
| Net Change | 143,823,684 | - | 143,823,684 | (919,707) | - | (919,707) |
| Closing Balance - 31 December | 424,593,767 | - | 424,593,767 | 16,246,101 | - | 16,246,101 |

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17. Insurance Liabilities and Reinsurance Assets (Continued)**17.15 - 17.19 Other required information about liabilities from insurance agreements: (Continued):****Renewal premium provision movement table ^(*)**

| | 2022 | | | | | |
|--------------------------------------|----------------|-------------------|----------------|----------|-------------------|----------|
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 318,290 | - | 318,290 | - | - | - |
| Net Change | (318,290) | | (318,290) | - | - | - |
| Closing Balance - 31 December | - | - | - | - | - | - |
| | 2021 | | | | | |
| | Life | | | Non-life | | |
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Opening Balance - 1 January | 261,304 | - | 261,304 | - | - | - |
| Net Change | 56,986 | | 56,986 | - | - | - |
| Closing Balance - 31 December | 318,290 | - | 318,290 | - | - | - |

^(*) It is accounted for under the change in other technical provisions

The Company does not have mathematical reserves expressed in foreign currency and net outstanding claims and compensation provisions that have been notified.

18. Investment Contract Liabilities

None (31 December 2021: None).

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19. Trade and Other Payables, Deferred Income

| | 31 December 2022 | 31 December 2021 |
|--|----------------------|----------------------|
| Payables from retirement activities | 2,476,725,106 | 1,333,220,992 |
| Payables to intermediaries, policyholders and reinsurers | 70,100,231 | 21,169,751 |
| Payables to vendors | 15,313,189 | 9,752,200 |
| Deferred commission income | 11,204,949 | 7,487,791 |
| Expense accruals ^(*) | 5,393,677 | 4,758,286 |
| Payables to related parties | 4,129,878 | 1,308,961 |
| Payables to personnel | 3,636,961 | 128,049 |
| | 3,636.961 | 128.049 |
| Total | 2,586,503,991 | 1,377,826,030 |

^(*) As of 31 December 2022, TL 2,659,820 of expense accruals consists of sales expenses and TL 2,733,857 consists of other expenses (As of 31 December 2021, TL 4,251,716 of expense accruals consists of sales-related expenses and TL 506,570 consists of other expenses).

20. Financial Liabilities

The movement of total lease liabilities within the scope of transition to leases standard TFRS 16 are as follows:

| | 31 December 2022 | 31 December 2021 |
|---|-------------------|-------------------|
| Short-term lease liabilities | 8,215,103 | 3,633,037 |
| Long-term lease liabilities | 14,096,257 | 7,849,054 |
| Total lease liabilities | 22,311,359 | 11,482,091 |
| | 2022 | 2021 |
| Total lease liability as of 1 January | 11,482,091 | 12,951,738 |
| New/(expired contracts) | 16,492,193 | 3,276,006 |
| Rental payments (real estate and motor vehicles) ^(*) | (9,018,061) | (6,745,728) |
| Interest expenses | 3,355,136 | 2,000,075 |
| Total lease liability as of 31 December | 22,311,359 | 11,482,091 |

^(*) It includes the prepaid lease expenses related to the lease agreements under TFRS 16.

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

21. Deferred Income Tax

The Company calculates its deferred income tax assets and liabilities using the liability method, taking into account the effects of temporary differences in balance sheet items as a result of different evaluations between these financial statements and the Tax Procedure Law.

Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The rates applied for deferred tax assets and liabilities calculated over temporary differences that will occur in the future periods are classified as 25% on the basis of expected realization periods of tax assets and liabilities in accordance with the related legislation.

Deferred tax assets are reflected in the records, provided that it is highly likely to benefit from temporary differences by obtaining taxable profit in the future. As of 31 December 2022 and 31 December 2021, the details of the temporary differences, deferred income tax assets and liabilities calculated using enacted tax rates are as follows:

| Deferred income tax assets | Cumulative temporary differences | | Deferred income tax assets/ (liabilities) | |
|--|----------------------------------|---------------------|---|--------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Equalization provision | 65,541,210 | 49,477,298 | 16,385,303 | 9,895,460 |
| Government bonds | 35,169,673 | 12,811,756 | 8,792,416 | 2,562,349 |
| Provision for employment termination benefits | 30,275,835 | 11,102,533 | 7,568,959 | 2,220,507 |
| Provision for premium | 28,949,828 | 11,912,237 | 7,237,457 | 2,978,059 |
| Provision for vacation | 3,767,766 | 2,081,212 | 941,942 | 416,242 |
| Provision for lawsuit | 3,193,348 | 2,687,042 | 798,337 | 618,020 |
| Leased Assets | 1,316,472 | 678,217 | 329,118 | 135,643 |
| Provision for doubtful receivables | 43,043 | 44,471 | 10,761 | 8,894 |
| Renewal premium provision | - | 318,290 | - | 79,573 |
| Total | 168,257,174 | 91,113,056 | 42,064,293 | 18,914,747 |
| Deferred income tax liabilities | | | | |
| Receivables- borrowings rediscount | (652,132) | (202,701) | (163,033) | (50,675) |
| Property, plant and equipment/ intangible assets | (17,419,671) | (11,349,335) | (4,354,918) | (2,610,347) |
| Total | (18,071,803) | (11,552,036) | (4,517,951) | (2,661,022) |
| Net deferred income tax assets (Note 35) | 150,185,371 | 79,561,020 | 37,546,342 | 16,253,725 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

21. Deferred Income Tax (Continued)

The movement in the deferred income tax assets in the current year is as follow:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Opening balance - 1 January | 16,253,725 | 9,941,499 |
| Deferred tax income (Note 35) | 11,159,102 | 1,730,503 |
| Financial asset valuation deferred tax effect | 5,818,569 | 4,058,891 |
| Actuarial loss/gain deferred tax effect | 4,314,945 | 522,832 |
| Closing balance - 31 December | 37,546,342 | 16,253,725 |

22. Retirement Benefit Obligations

| | 31 December 2022 | 31 December 2021 |
|---|-------------------|-------------------|
| Provision for employment termination benefits | 30,275,835 | 11,102,533 |
| Total | 30,275,835 | 11,102,533 |

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). After the changes made on 23 May 2002 in the legislation, some process of transition clauses related to the length of service before retirement have been omitted.

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 as of 31 December 2022 (31 December 2021: TL 10,848.59).

The provision for employment termination benefits liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

| | 31 December 2022 | 31 December 2021 |
|-------------------|------------------|------------------|
| Discount rate (%) | 10.60 | 18.45 |
| Inflation (%) | 8.43 | 15.00 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

22. Retirement Benefit Obligations (Continued)

The turnover ratio for the estimation of the probability of retirement is as follows on the basis of years of service.

| | 31 December 2022 | 31 December 2021 |
|---------------------------|------------------|------------------|
| 0-2 service years (%) | 85.00 | 85.00 |
| 2-5 service years (%) | 90.00 | 90.00 |
| 5-10 service years (%) | 96.00 | 96.00 |
| 10-15 service years (%) | 99.00 | 99.00 |
| 15 over service years (%) | 100.00 | 100.00 |

The movement in the provision for employment termination benefits in the current period is as follows:

| | 2022 | 2021 |
|--------------------------------------|-------------------|-------------------|
| Opening balance - 1 January | 11,102,533 | 7,313,266 |
| Service cost | 7,534,639 | 2,625,290 |
| Actuarial loss/(gain) | 13,937,604 | 2,614,163 |
| Interest cost | 1,992,415 | 917,607 |
| Paid during the period | (4,291,356) | (2,367,793) |
| Closing balance - 31 December | 30,275,835 | 11,102,533 |

23. Provisions for Other Liabilities and Charges

Commitments not included in the liabilities are explained in Note 43. Guarantees and guarantees received are explained in Note 12.3.

The details of the provisions classified under other short and long term liabilities in the balance sheet are as follows:

| | 31 December 2022 | 31 December 2021 |
|-----------------------|-------------------|-------------------|
| Provision for bonus | 28,949,828 | 11,912,237 |
| Provision for lawsuit | 3,193,348 | 2,687,042 |
| Other | 4,263,724 | 2,179,514 |
| Total | 36,406,900 | 16,778,793 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

24. Net Insurance Premium Revenue

| | 1 January - 31 December 2022 | | | 1 January - 31 December 2021 | | |
|--------------|------------------------------|---------------------|----------------------|------------------------------|---------------------|----------------------|
| | Gross | Reinsurer's Share | Net | Gross | Reinsurer's Share | Net |
| Life | 2,089,218,821 | (48,772,787) | 2,040,446,034 | 1,001,275,971 | (20,593,819) | 980,682,152 |
| Non-life | 264,890,797 | (16,259,358) | 248,631,439 | 104,000,878 | (7,838,037) | 96,162,841 |
| Total | 2,354,109,618 | (65,032,145) | 2,289,077,473 | 1,105,276,849 | (28,431,856) | 1,076,844,993 |

25. Fee (Contribution) Income

The details of pension branch income of the Company for the period ended 31 December 2022 and 2021 is as follow:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Fund management expense charge | 21,692,491 | 13,641,063 |
| Management expense charge | 1,078,475 | 1,414,163 |
| Entrance fee | 405,733 | 524,018 |
| Capital Allocation Advance Value Increases / Decreases | (2,935,880) | 1,089,929 |
| Special Service Expense Deduction | - | 1,220 |
| Total | 20,240,819 | 16,670,393 |

26. Investment Income/Expenses

The details of the investment income are as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---------------------------------------|---------------------------------|---------------------------------|
| Available for sale investments | | |
| Interest income | 27,147,136 | 6,035,711 |
| Valuation income/expenses | 3,369,461 | 1,979,195 |
| Investment value increases/decreases | (1,226,812) | (521,032) |
| Other | 4,682,822 | 757,866 |
| Cash and cash equivalents | | |
| Interest income | 148,439,999 | 102,404,301 |
| Valuation income/expenses | 10,630,172 | 8,366,855 |
| Total | 193,042,778 | 119,022,896 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

27. Net Income Accrual on Financial Assets

Information about net income accrual on available-for-sale financial assets is disclosed in Note 26.

28. Net Fair Value Gains on Assets at Fair Value Through Income

Disclosed in Notes 2.8, 11 and 26.

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Agreement Benefits

None (31 December 2021: None).

31. Other Necessary Expenses

Operating expenses classified under technical part:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|------------------------|------------------------------|------------------------------|
| -Life | 693,957,692 | 520,799,985 |
| -Non-life | 120,998,667 | 41,486,283 |
| -Pension | 21,496,669 | 13,612,951 |
| Total (Note 32) | 836,453,028 | 575,899,219 |

Operating expenses classified under non-technical part:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|------------------------|------------------------------|------------------------------|
| Depreciation | 25,127,433 | 18,372,579 |
| Total (Note 32) | 25,127,433 | 18,372,579 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

32. Expenses by Nature

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|-------------------------------|------------------------------|------------------------------|
| Production expenses | 505,227,574 | 425,248,684 |
| Personnel expenses (Note 33) | 266,579,240 | 112,860,553 |
| Management expenses | 28,003,569 | 13,836,791 |
| Depreciation expenses | 25,127,433 | 18,372,579 |
| Marketing and sales expenses | 23,357,153 | 10,213,664 |
| Outsourced services expenses | 18,199,750 | 16,142,571 |
| Reinsurance commission income | (15,202,114) | (13,107,176) |
| Other | 10,287,856 | 10,704,132 |
| Total | 861,580,461 | 594,271,798 |

33. Employee Benefit Expenses

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|---|------------------------------|------------------------------|
| Salary payments | 139,041,253 | 72,226,017 |
| Bonuses | 34,328,445 | 621,553 |
| Success premium to sales force | 23,987,628 | 9,889,712 |
| Employer's share of social security premium | 21,563,505 | 11,125,042 |
| Employee benefits | 21,013,257 | 9,515,453 |
| Education expenses | 13,123,091 | 3,821,078 |
| Employment termination benefit payments | 4,291,356 | 2,367,793 |
| Transportation expense for personnel | 3,304,336 | 723,273 |
| Employer's share of unemployment insurance | 2,955,911 | 1,548,043 |
| Termination benefits | 2,065,042 | 839,446 |
| Unused vacation payments | 905,417 | 183,143 |
| Total (Note 32) | 266,579,240 | 112,860,553 |

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

34. Financial Costs

34.1 Total financial expenses for the period:

34.1.1 Production cost related expenses: None (1 January – 31 December 2021: None).

34.1.2 Expenses related to fixed assets: None (1 January – 31 December 2021: None).

34.1.3 Direct expenses: None (1 January – 31 December 2021: None).

34.2 Financial expenses related to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately):

None (1 January – 31 December 2021: None).

34.3 Sales to/purchases from shareholders, subsidiaries and investments (any amount exceeding 20% of total will be disclosed separately):

Disclosed in Note 45.

34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and associates (Any amount exceeding 20% of total will be disclosed separately):

Disclosed in Note 45.

35. Income Taxes

The tax income and expenses included in the income statements for the years ended 31 December 2022 and 2021 are summarized below:

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| Provision for tax (-) | (152,909,054) | (93,683,376) |
| Prepaid taxes | 121,078,698 | 66,118,326 |
| Total tax liability (-), net | (31,830,356) | (27,565,050) |
| Deferred tax asset (Note 21) | 42,064,293 | 18,914,747 |
| Deferred tax liability (Note 21) | (4,517,951) | (2,661,022) |
| Deferred tax assets/(liabilities) net (Note 21) | 37,546,342 | 16,253,725 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

35. Income Taxes (Continued)

| | 31 December 2022 | 31 December 2021 |
|--------------------------------|----------------------|---------------------|
| Current period tax expense (-) | (152,909,054) | (93,683,376) |
| Deferred tax income/(expense) | 11,159,102 | 1,730,503 |
| Total tax expense (-) | (141,749,952) | (91,952,873) |

Realized tax expense reconciliation is as follows:

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Deferred tax and corporate tax before profit | 573,340,668 | 361,700,957 |
| Tax rate | 25% | 25% |
| Calculated tax expense | (143,335,167) | (90,425,239) |
| The effect of non-deductible expenses | (1,137,652) | (1,500,083) |
| Other | 2,722,867 | (27,551) |
| Total tax expense | (141,749,952) | (91,952,873) |

36. Net Foreign Exchange Gains

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|-----------------------|---------------------------------|---------------------------------|
| Current accounts, net | 146,683,987 | 92,812,205 |
| Total | 146,683,987 | 92,812,205 |

37. Earnings Per Share

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

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

38. Dividends Per Share

With the decision of Company’s Ordinary General Assembly Meeting on 30 March 2022, gross profit amounting TL 269,748,084 belong to 2021 period have been paid in cash gross value of net profit; due to the fact that the amount of the first legal reserve has reached 20% of the basic capital, the first legal reserve are not allocated, the first legal reserves and second legal reserve due to the fact that the total amount of the legal reserves has reached 50% of the capital, the second legal reserve are not allocated. It has been decided to pay the shareholders a total amount of TL 269,748,084 including TL 2,250,000 first dividend and TL 267,498,084 second dividend, and on 7 June 2022, it has paid to the shareholders in the rate of their shares.

(2021: With the decision of Company’s Ordinary General Assembly Meeting on 30 March 2021, gross profit amounting TL 185,645,859 belong to 2020 period have been paid in cash gross value of net profit; due to the fact that the amount of the first legal reserve has reached 20% of the basic capital, the first legal reserve are not allocated, the first legal reserves and second legal reserve due to the fact that the total amount of the legal reserves has reached 50% of the capital, the second legal reserve are not allocated. It has been decided to pay the shareholders a total amount of TL 185,645,859 including TL 2,250,000 first dividend and TL 183,395,859 second dividend).

39. Cash Generated from Operations

Disclosed in cash flow statement.

40. Convertible Bonds

None (31 December 2021: None).

41. Cash Convertible Preferred Shares

None (31 December 2021: None).

42. Risks

| | 31 December 2022 | 31 December 2021 |
|--|-------------------|-------------------|
| Claim litigations against the Company - gross | 30,548,991 | 28,867,489 |
| Labour litigations against the Company (Note 23) | 3,193,348 | 2,687,042 |
| Total | 33,742,339 | 31,554,531 |

Provision amounts required for the lawsuits filed against the aforementioned are taken into consideration in the related provision accounts in the accompanying financial statements.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

43. Commitments

All of the guarantees and sureties given are as follows:

| | 31 December 2022 | 31 December 2021 |
|-------------------------------------|------------------|------------------|
| Domestic letters of guarantee given | 5,271,145 | 4,441,123 |
| Total | 5,271,145 | 4,441,123 |

As of 31 December 2022, the Company has no contractual commitments to acquire property, plant and equipment and intangible assets (31 December 2021: None).

The total amount of mortgages or guarantees on the assets:

| | 31 December 2022 | 31 December 2021 |
|--|--------------------|--------------------|
| Banks deposits (Notes 14) ^(*) | 478,030,033 | 369,789,226 |
| Government Bonds – Eurobond | 112,241,151 | 147,570,423 |
| Total | 590,271,184 | 517,359,649 |

^(*) As of 31 December 2022, bank deposits given as collateral include an interest accrual of TL 4,742,900 (31 December 2021: TL 4,472,103).

44. Business Combinations

None (31 December 2021: None).

45. Related Party Transactions

Cigna Nederland Gamma B.V companies, QNB Finansbank A.Ş. companies and senior management of the Company are defined as related parties in terms of financial statements.

Top management as chairman and member of the Board of Directors, chief executive, general coordinator, deputy managers benefits from salary and other benefits in current period are disclosed under Note 1.6.

| a) Bank deposits | 31 December 2022 | 31 December 2021 |
|-------------------------|--------------------|-------------------|
| QNB Finansbank A.Ş. | 136.395.509 | 16.524.768 |
| Total | 136,395,509 | 16,524,768 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**NOTES TO THE FINANCIAL
STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2022**

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

45. Related Party Transactions (Continued)

| b) Receivables from insurance operations | 31 December 2022 | 31 December 2021 |
|---|-------------------------|-------------------------|
| QNB Finans Finansal Kiralama A.Ş. | 629,816 | 76,218 |
| QNB Finansbank A.Ş. | 12,712 | 2,818 |
| QNB Finans Portföy A.Ş. | 4,195 | 70 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | 1,078 | 1,120 |
| İbtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | 597 | - |
| Total | 644,243 | 80,226 |
| c) Payables from insurance operations | 31 December 2022 | 31 December 2021 |
| QNB Finansbank A.Ş. | 36.597.762 | 20.138.797 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | | |
| Cigna Global Reinsurance | 466,151 | 600,509 |
| QNB Finans Finansal Kiralama A.Ş. | 123,970 | 124,652 |
| Hemendal Finansman A.Ş. | 1,256 | 1,216 |
| İbtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | | 727 |
| QNB Finans Faktoring A.Ş. | 243 | 206 |
| Total | 37,189,382 | 20,866,106 |
| d) Payables from other operations | 31 December 2022 | 31 December 2021 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | 2,425,846 | 482,545 |
| İbtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | 136,515 | 76,783 |
| QNB Finans Portföy Yönetimi A.Ş. | 1,567,517 | 720,807 |
| QNB Finansbank A.Ş. | - | 28.826 |
| Total | 4,129,878 | 1,308,961 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.**NOTES TO THE FINANCIAL
STATEMENTS FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2022**

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

45. Related Party Transactions (Continued)

| e) Receivables from other operations | 31 December 2022 | 31 December 2021 |
|---|-------------------------|-------------------------|
| CIGNA Global Holding Incorporation | - | 40,165 |
| Cigna International Corporation | - | 19,467 |
| Total | - | 59,632 |
| f) Renewal Premium Provision | 31 December 2022 | 31 December 2021 |
| Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma,Geliştirme,Danışmanlık,Destek San.ve Tic. A.Ş. | - | 29,368 |
| QNB Finans Faktoring A.Ş. | - | 6,786 |
| QNB Finans Finansal Kiralama A.Ş. | - | 4,056 |
| QNB E-Finans A.Ş. | - | 2,370 |
| QNB Finans Portföy Yönetimi A.Ş. | - | 1,715 |
| QNB Finansbank A.Ş. | - | 252,491 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | - | 9,223 |
| Hemendal Finansman A.Ş. | - | 40 |
| Total | - | 306,049 |
| g) Incured renewal premium provisions | 31 December 2022 | 31 December 2021 |
| QNB Finansbank A.Ş. | 277,964 | 273,424 |
| Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma,Geliştirme,Danışmanlık,Destek San.ve Tic. A.Ş. | 35,743 | 30,949 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | 10,855 | 10,878 |
| QNB Finans Faktoring A.Ş. | 7,766 | 9,066 |
| QNB Finans Finansal Kiralama A.Ş. | 4,269 | - |
| QNB E-Finans A.Ş. | 2,587 | - |
| QNB Finans Portföy Yönetimi A.Ş. | 1,971 | 1,850 |
| Hemendal Finansman A.Ş. | 40 | 254 |
| Total | 341,195 | 326,421 |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

45. Related Party Transactions (Continued)

| | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|-----------------------------------|---------------------------------|---------------------------------|
| h) Interest income | | |
| QNB Finansbank A.Ş. | - | 1,510,230 |
| QNB Finans Portföy Yönetimi A.Ş. | 1,422,597 | - |
| Total | 1,422,597 | 1,510,230 |
| i) Rent Expenses | | |
| QNB Finansbank A.Ş. | 242,556 | 196,484 |
| Total | 242,556 | 196,484 |
| k) Commission expenses | | |
| QNB Finansbank A.Ş. | (499,121,809) | (421,209,937) |
| QNB Finans Finansal Kiralama A.Ş. | (6,105,765) | (4,038,747) |
| Total | (505,227,574) | (425,248,684) |
| l) Direct premium income | | |
| QNB Finansbank A.Ş. | 2,339,076,258 | 1,094,980,248 |
| QNB Finans Finansal Kiralama A.Ş. | 14,822,527 | 9,783,366 |
| Total | 2,353,898,785 | 1,104,763,614 |
| m) Reinsurance expenses | | |
| CIGNA Global Reinsurance | (1,127,362) | (1,163,724) |
| Total | (1,127,362) | (1,163,724) |

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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45. Related Party Transactions (Continued)

| n) Operating expenses | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|--|---------------------------------|---------------------------------|
| QNB Finans Finansal Kiralama A.Ş. | (17,812) | - |
| QNB E-Finans A.Ş. | (115,832) | - |
| QNB Finans Portföy Yönetimi A.Ş. | (2,927,949) | (1,514,195) |
| Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | (4,433,591) | (2,060,992) |
| QNB Finansbank A.Ş. | (9,714,075) | (8,362,114) |
| QNB Finans Yatırım Menkul Değerler A.Ş. | (13,566,707) | (1,616,423) |
| CIGNA HLA Technology Services | - | (1,031) |
| CIGNA Global Holdings Incorporation | - | (98,712) |
| Total | (30,775,966) | (13,653,467) |
| o) Premiums received | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
| QNB Finansbank A.Ş. | 788,061 | 844,025 |
| Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | 75,094 | 64,821 |
| QNB Finans Yatırım Menkul Değerler A.Ş. | 23,291 | 23,145 |
| QNB Finans Faktoring A.Ş. | 19,072 | 19,007 |
| QNB Finans Finansal Kiralama A.Ş. | 13,822 | 13,779 |
| QNB Finans Portföy Yönetimi A.Ş. | 4,701 | 4,245 |
| Hemendal Finansman A.Ş. | 80 | 514 |
| Total | 924,121 | 969,536 |

45.1 Doubtful receivables from shareholders, associates and subsidiaries:

None (31 December 2021: None).

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

45. Related Party Transactions (Continued)

45.2 Breakdown of associates and subsidiaries having an indirect shareholding and management relationship with the Company; names, participation rates and amounts of associates and subsidiaries; profit/loss and net profit/loss in the latest financial statements, the period of these financial statements, whether these financial statements are prepared in accordance with the accounting principles and standards as set out in the insurance legislation, whether they are independently audited and the opinion type of the independent audit report:

None (31 December 2021: None).

45.3 Bonus shares obtained through internally funded capital increases of equity investments and subsidiaries:

None (31 December 2021: None).

45.4 Rights on immovable and their value:

None (31 December 2021: None).

45.5 Total amount of guarantees, commitments and securities given in favour of shareholders, subsidiaries and investments:

None (31 December 2021: None).

46. Events After the Balance Sheet Date

It was decided to sell total of 22,950,000 shares with a nominal value of TL 22,950,000.-, corresponding to 51% of the company's capital, owned by QNB Finansbank and Cigna Nederland Gamma B.V., which own 49% of the company's capital, to QNB Finansbank for a price of TL 1,000,000,000, and a Share Purchase Agreement was signed between the parties on 21 October 2022. The aforementioned share transfer transaction, after obtaining the necessary permits, due to the fact that the original of the certificates subject to the transfer, which took place with the General Assembly held on 21 December 2022, could not be found, a lawsuit was filed by the Bank for the annulment of the certificates. A lawsuit has been filed by the Bank for the cancellation of the certificates. The registration of the General Assembly regarding the share transfer was completed on 13 January 2023.

Necessary analyzes have been made on the compensation burden that may occur on the Company due to the earthquake that occurred in our country on 6 February 2023 and the possible impact of the said burden on the Company's equity. Within the framework of the reinsurance policy currently in use, the Company holds the collateral risk up to TL 500 thousand on a person basis, while the collateral risk above this amount is transferred to the reinsurer within the scope of the reinsurance agreement. Guarantee payments with a high amount with the mentioned treaty will be covered by the reinsurance company. The collateral risks that are below the conservation limit and will be covered by the Company have been transferred to the reinsurer within the framework of the Cat XL contract, which we have also taken under protection for catastrophic events such as earthquakes. The remaining portion of the compensation claims that will arise as a result of this disaster will be shared with the reinsurer company in accordance with the terms of the Cat XL contract. After the aforementioned reinsurance protections, there is an equalization provision for the compensation amount remaining on the Company pursuant to the terms of the contract, and due diligence studies and evaluations are carried out by the Company management.

The Law numbered 7438 on Social Security and General Health Insurance and the Law numbered 375 on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Company are still in progress.

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

47. Other

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

| a) Other Miscellaneous Current Liabilities | 31 December 2022 | 31 December 2021 |
|--|-------------------|-------------------|
| Provision for bonus | 28,949,828 | 11,912,237 |
| Provision expense of unused vacation | 3,767,766 | 2,081,212 |
| Legal provision | 3,193,348 | 2,687,042 |
| Other | 495,958 | 98,302 |
| Total | 36,406,900 | 16,778,793 |

47.2 Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets:

None (31 December 2021: None).

47.3 Claim recovery receivables followed under off-balance sheet items:

None (31 December 2021: None).

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses:

None (1 January – 31 December 2021: None).

CIGNA SAĞLIK HAYAT VE EMEKLİLİK A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

47. Other (Continued)**47.5 Information required to be submitted by the Ministry of Treasury and Finance:**

Provision and rediscount expenses /(income) for the period

| | 1 January - 31 December 2022 | 1 January - 31 December 2021 |
|--|---------------------------------|---------------------------------|
| Bonus provision | 28,949,828 | 11,912,237 |
| Provision for employment termination benefit | 3,085,698 | 1,175,104 |
| Provision expense of unused vacation | 1,686,553 | 522,594 |
| Legal provision | 506,306 | (1,457,212) |
| Provision for doubtful receivables | (1,428) | (794) |
| Rediscount expense/(income) | (1,464,676) | 302,358 |
| Total | 32,762,281 | 12,454,287 |

Fees for Services Obtained from Independent Auditor/Independent Audit Firm:

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Independent audit fee for the reporting period ^(*) | 429,000 | 220,000 |
| Total | 429,000 | 220,000 |

^(*) Audit fee is VAT excluded.

Balance Sheet

| ACCOUNT NAME | 31.12.2022 | 31.12.2021 | DIFFERENCE (TL) | DIFFERENCE (%) |
|--|----------------------|----------------------|----------------------------------|----------------|
| A- CASH AND CASH EQUIVALENTS | 1,124,050,806 | 685,578,513 | 438,472,293 | 63.96% |
| B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK | 531,580,931 | 264,948,645 | 266,632,286 | 100.64% |
| C- RECEIVABLES FROM MAIN OPERATIONS | 114,695,339 | 68,914,104 | 45,781,235 | 66.43% |
| D- DUE FROM RELATED PARTIES | - | 59,632 | (59,632) | (100.00%) |
| E- OTHER RECEIVABLES | - | - | - | .00% |
| F- PREPAID EXPENSES AND INCOME ACCRUALS | 141,386,363 | 44,220,953 | 97,165,410 | 219.73% |
| G- OTHER CURRENT ASSETS | 608,523 | 190,445 | 418,079 | 219.53% |
| I- TOTAL CURRENT ASSETS | 1,912,321,962 | 1,063,912,292 | 848,409,671 | 79.74% |
| A- RECEIVABLES FROM MAIN OPERATIONS | 2,450,561,201 | 1,317,474,210 | 1,133,086,991 | 86.00% |
| B- DUE FROM RELATED PARTIES | - | - | - | .00% |
| C- OTHER RECEIVABLES | 3,831,928 | 535,792 | 3,296,136 | 615.19% |
| D- FINANCIAL ASSETS | 503,766 | 503,766 | - | .00% |
| E- TANGIBLE ASSETS | 39,080,526 | 15,939,604 | 23,140,922 | 145.18% |
| F- INTANGIBLE ASSETS | 33,307,020 | 26,206,505 | 7,100,515 | 27.09% |
| G- PREPAID EXPENSES AND INCOME ACCRUALS | 174,674,750 | (0) | 174,674,750 (1,746,747,500 100%) | |
| H- OTHER NON- CURRENT ASSETS | 37,546,342 | 16,253,725 | 21,292,617 | 131.00% |
| II- TOTAL LONG TERM ASSETS | 2,739,505,533 | 1,376,913,602 | 1,362,591,931 | 98.96% |
| TOTAL ASSETS (I+II) | 4,651,827,495 | 2,440,825,894 | 2,211,001,602 | 90.58% |
| A- BORROWINGS | 8,215,103 | 3,633,037 | 4,582,066 | 126.12% |
| B- PAYABLES FROM MAIN OPERATIONS | 96,264,136 | 36,916,533 | 59,347,603 | 160.76% |
| C- DUE TO RELATED PARTIES | 7,766,839 | 1,437,010 | 6,329,829 | 440.49% |
| D- OTHER PAYABLES | 15,313,189 | 9,752,200 | 5,560,989 | 57.02% |
| E- INSURANCE TECHNICAL RESERVES | 453,515,163 | 198,886,979 | 254,628,184 | 128.03% |
| F- TAXES AND OTHER LIABILITIES AND PROVISIONS | 68,540,817 | 35,361,926 | 33,178,891 | 93.83% |
| G- PROVISIONS FOR OTHER RISKS | - | - | - | .00% |
| H- DEFERRED INCOME AND EXPENSE ACCRUALS | 16,598,626 | 10,836,048 | 5,762,578 | 53.18% |
| I- OTHER SHORT TERM LIABILITIES | 36,406,900 | 16,778,793 | 19,628,107 | 116.98% |
| III- TOTAL SHORT TERM LIABILITIES | 702,620,773 | 313,602,527 | 389,018,247 | 124.05% |
| A- BORROWINGS | 14,096,257 | 7,849,054 | 6,247,203 | 79.59% |
| B- PAYABLES FROM MAIN OPERATIONS | 2,450,561,201 | 1,317,474,210 | 1,133,086,991 | 86.00% |
| C- DUE TO RELATED PARTIES | - | - | - | .00% |
| D- OTHER PAYABLES | - | - | - | .00% |
| E- INSURANCE TECHNICAL RESERVES | 997,703,901 | 468,337,157 | 529,366,744 | 113.03% |
| F- OTHER LIABILITIES AND PROVISIONS | - | - | - | .00% |
| G- PROVISIONS FOR OTHER RISKS | 30,275,835 | 11,102,533 | 19,173,302 | 172.69% |
| H- DEFERRED INCOME AND EXPENSE ACCRUALS | (0) | 1,410,029 | (1,410,029) | (100.00%) |
| I- OTHER LONG TERM LIABILITIES | - | - | - | .00% |
| IV- TOTAL LONG TERM LIABILITIES | 3,492,637,194 | 1,806,172,983 | 1,686,464,211 | 93.37% |
| A- PAID IN CAPITAL | 45,000,000 | 45,000,000 | - | .00% |
| CAPITAL | 45,000,000 | 45,000,000 | - | .00% |
| UNPAID CAPITAL (-) | - | - | - | .00% |
| B- CAPITAL RESERVES | - | - | - | .00% |
| C- PROFIT RESERVES | (20,021,188) | 6,302,300 | (26,323,488) | (417.68%) |
| D- RETAINED EARNINGS | - | - | - | .00% |
| E- ACCUMULATED DEFICIT (-) | - | - | - | .00% |
| F- NET PROFIT (LOSS) FOR THE PERIOD | 431,590,716 | 269,748,084 | 161,842,632 | 60.00% |
| V. TOTAL EQUITY | 456,569,528 | 321,050,384 | 135,519,144 | 42.21% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V) | 4,651,827,495 | 2,440,825,894 | 2,211,001,601 | 90.58% |

Balance Sheet (5-Years)

| ACCOUNT NAME | 31.12.2022 | 31.12.2021 | 31/12/2020 | 31/12/2019 | 31/12/2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| A- CASH AND CASH EQUIVALENTS | 1,124,050,806 | 685,578,513 | 650,598,910 | 569,981,403 | 443,621,883 |
| B- FINANCIAL ASSETS AND FINANCIAL INVESTMENTS AT POLICYHOLDER'S RISK | 531,580,931 | 264,948,645 | 57,430,407 | - | - |
| C- RECEIVABLES FROM MAIN OPERATIONS | 114,695,339 | 68,914,104 | 55,597,293 | 56,705,891 | 49,180,718 |
| D- DUE FROM RELATED PARTIES | - | 59,632 | 611,512 | 428,421 | 66,799 |
| E- OTHER RECEIVABLES | - | - | - | - | - |
| F- PREPAID EXPENSES AND INCOME ACCRUALS | 141,386,363 | 44,220,953 | 36,530,980 | 36,931,063 | 30,204,071 |
| G- OTHER CURRENT ASSETS | 608,523 | 190,445 | 139,720 | 2,850 | 4,762 |
| I- TOTAL CURRENT ASSETS | 1,912,321,962 | 1,063,912,292 | 800,908,822 | 664,049,628 | 523,078,233 |
| A- RECEIVABLES FROM MAIN OPERATIONS | 2,450,561,201 | 1,317,474,210 | 1,133,324,484 | 1,003,657,633 | 812,090,618 |
| B- DUE FROM RELATED PARTIES | - | - | - | - | - |
| C- OTHER RECEIVABLES | 3,831,928 | 535,792 | 23,838 | 23,838 | 23,838 |
| D- FINANCIAL ASSETS | 503,766 | 503,766 | 391,100 | 391,100 | 391,100 |
| E- TANGIBLE ASSETS | 39,080,526 | 15,939,604 | 15,213,364 | 13,175,280 | 3,276,159 |
| F- INTANGIBLE ASSETS | 33,307,020 | 26,206,505 | 23,033,040 | 14,809,390 | 13,551,551 |
| G- PREPAID EXPENSES AND INCOME ACCRUALS | 174,674,750 | (0) | - | - | - |
| H- OTHER NON- CURRENT ASSETS | 37,546,342 | 16,253,725 | 9,941,499 | 9,088,391 | 6,874,523 |
| II- TOTAL LONG TERM ASSETS | 2,739,505,533 | 1,376,913,602 | 1,181,927,325 | 1,041,145,632 | 836,207,789 |
| TOTAL ASSETS (I+II) | 4,651,827,495 | 2,440,825,894 | 1,982,836,147 | 1,705,195,260 | 1,359,286,022 |
| A- BORROWINGS | 8,215,103 | 3,633,037 | 4,485,841 | 2,297,930 | - |
| B- PAYABLES FROM MAIN OPERATIONS | 96,264,136 | 36,916,533 | 31,351,527 | 29,078,497 | 30,466,847 |
| C- DUE TO RELATED PARTIES | 7,766,839 | 1,437,010 | 1,329,685 | 1,341,671 | 803,868 |
| D- OTHER PAYABLES | 15,313,189 | 9,752,200 | 14,283,575 | 4,772,237 | 4,044,584 |
| E- INSURANCE TECHNICAL RESERVES | 453,515,163 | 198,886,979 | 162,746,242 | 149,366,944 | 130,136,517 |
| F- TAXES AND OTHER LIABILITIES AND PROVISIONS | 68,540,817 | 35,361,926 | 19,804,581 | 14,093,127 | 12,419,889 |
| G- PROVISIONS FOR OTHER RISKS | - | - | - | - | - |
| H- DEFERRED INCOME AND EXPENSE ACCRUALS | 16,598,626 | 10,836,048 | 7,892,766 | 4,401,785 | 2,968,321 |
| I- OTHER SHORT TERM LIABILITIES | 36,406,900 | 16,778,793 | 15,903,031 | 16,998,717 | 14,754,177 |
| III- TOTAL SHORT TERM LIABILITIES | 702,620,773 | 313,602,527 | 257,797,248 | 222,350,908 | 195,594,204 |
| A- BORROWINGS | 14,096,257 | 7,849,054 | 8,465,897 | 7,452,372 | - |
| B- PAYABLES FROM MAIN OPERATIONS | 2,450,561,201 | 1,317,474,210 | 1,133,324,484 | 1,003,657,633 | 812,090,618 |
| C- DUE TO RELATED PARTIES | - | - | - | - | - |
| D- OTHER PAYABLES | - | - | - | - | - |
| E- INSURANCE TECHNICAL RESERVES | 997,703,901 | 468,337,157 | 320,355,786 | 241,288,727 | 181,897,070 |
| F- OTHER LIABILITIES AND PROVISIONS | - | - | - | - | - |
| G- PROVISIONS FOR OTHER RISKS | 30,275,835 | 11,102,533 | 7,313,266 | 4,349,737 | 3,721,701 |
| H- DEFERRED INCOME AND EXPENSE ACCRUALS | (0) | 1,410,029 | 304,411 | 50,655 | - |
| I- OTHER LONG TERM LIABILITIES | - | - | - | - | - |
| IV- TOTAL LONG TERM LIABILITIES | 3,492,637,194 | 1,806,172,983 | 1,469,763,844 | 1,256,799,124 | 997,709,389 |
| A- PAID IN CAPITAL | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 |
| CAPITAL | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 |
| UNPAID CAPITAL (-) | - | - | - | - | - |
| B- CAPITAL RESERVES | - | - | - | - | - |
| C- PROFIT RESERVES | (20,021,188) | 6,302,300 | 24,629,196 | 21,574,385 | 22,155,341 |
| D- RETAINED EARNINGS | - | - | - | - | 1,432,174 |
| E- ACCUMULATED DEFICIT (-) | - | - | - | - | - |
| F- NET PROFIT (LOSS) FOR THE PERIOD | 431,590,716 | 269,748,084 | 185,645,859 | 159,470,843 | 97,394,915 |
| V. TOTAL EQUITY | 456,569,528 | 321,050,384 | 255,275,055 | 226,045,228 | 165,982,431 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (III+ IV+V) | 4,651,827,495 | 2,440,825,894 | 1,982,836,147 | 1,705,195,260 | 1,359,286,024 |

Income Statement

| ACCOUNT NAME | 31.12.2022 | 31.12.2021 | DIFFERENCE (TL) | DIFFERENCE (%) |
|--|--------------------|--------------------|---------------------|------------------|
| Non- Life Technical Income | 178,399,659 | 81,066,011 | 97,333,648 | 120.07% |
| Non- Life Technical Expense | (168,061,234) | (51,899,938) | (116,161,295) | 223.82% |
| NON-LIFE TECHNICAL RESULTS | 10,338,425 | 29,166,073 | (18,827,647) | (64.55%) |
| Life Technical Income | 1,918,160,602 | 975,153,515 | 943,007,087 | 96.70% |
| Life Technical Expense (-) | (1,629,570,247) | (826,344,572) | (803,225,675) | 97.20% |
| LIFE TECHNICAL RESULTS | 288,590,355 | 148,808,943 | 139,781,412 | 93.93% |
| Pension Technical Income | 23,176,699 | 16,670,393 | 6,506,306 | 39.03% |
| Pension Technical Expense (-) | (27,904,203) | (14,678,122) | (13,226,081) | 90.11% |
| PENSION TECHNICAL RESULTS | (4,727,504) | 1,992,271 | (6,719,775) | (337.29%) |
| TECHNICAL RESULTS | 294,201,276 | 179,967,287 | 114,233,990 | 63.47% |
| Investment Income | 357,353,445 | 219,466,416 | 137,887,029 | 62.83% |
| Investment Expense (-) | (48,009,331) | (28,856,369) | (19,152,962) | 66.37% |
| Income/Expense from Other and Extraordinary Operations (+/-) | (19,045,620) | (7,145,874) | (11,899,746) | 166.53% |
| Net Profit/(Loss) for the Period | 431,590,716 | 269,748,084 | 161,842,633 | 60.00% |
| Profit/(Loss) for the Period | 584,499,770 | 363,431,460 | 221,068,311 | 60.83% |
| Corporate Tax Charge (-) | (152,909,054) | (93,683,376) | (59,225,678) | 63.22% |
| NET PROFIT/(LOSS) FOR THE PERIOD | 431,590,716 | 269,748,084 | 161,842,633 | 60.00% |

Income Statement (5-Years)

| ACCOUNT NAME | 31.12.2022 | 31.12.2021 | 31/12/2020 | 31/12/2019 | 31/12/2018 |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| Non- Life Technical Income | 178,399,659 | 81,066,011 | 80,075,841 | 69,177,980 | 62,727,656 |
| Non- Life Technical Expense | (168,061,234) | (51,899,938) | (40,629,992) | (39,148,964) | (40,237,380) |
| NON-LIFE TECHNICAL RESULTS | 10,338,425 | 29,166,073 | 39,445,849 | 30,029,016 | 22,490,276 |
| Life Technical Income | 1,918,160,602 | 975,153,515 | 824,831,453 | 653,449,568 | 402,938,738 |
| Life Technical Expense (-) | (1,629,570,247) | (826,344,572) | (685,140,353) | (541,424,604) | (346,104,011) |
| LIFE TECHNICAL RESULTS | 288,590,355 | 148,808,943 | 139,691,100 | 112,024,964 | 56,834,727 |
| Pension Technical Income | 23,176,699 | 16,670,393 | 15,789,985 | 16,199,170 | 16,983,396 |
| Pension Technical Expense (-) | (27,904,203) | (14,678,122) | (13,282,300) | (13,886,957) | (9,071,925) |
| PENSION TECHNICAL RESULTS | (4,727,504) | 1,992,271 | 2,507,685 | 2,312,213 | 7,911,471 |
| TECHNICAL RESULTS | 294,201,276 | 179,967,287 | 181,644,634 | 144,366,193 | 87,236,474 |
| Investment Income | 357,353,445 | 219,466,416 | 86,819,590 | 92,905,459 | 69,177,910 |
| Investment Expense (-) | (48,009,331) | (28,856,369) | (24,039,908) | (21,204,230) | (18,445,143) |
| Income/Expense from Other and Extraordinary Operations | (19,045,620) | (7,145,874) | (3,890,329) | (8,814,267) | (10,623,185) |
| Net Profit/(Loss) for the Period | 431,590,716 | 269,748,084 | 185,645,859 | 159,470,843 | 97,394,915 |
| Profit/(Loss) for the Period | 584,499,770 | 363,431,460 | 240,533,987 | 207,253,155 | 127,346,056 |
| Corporate Tax Charge (-) | (152,909,054) | (93,683,376) | (54,888,128) | (47,782,312) | (29,951,141) |
| NET PROFIT/(LOSS) FOR THE PERIOD | 431,590,716 | 269,748,084 | 185,645,859 | 159,470,843 | 97,394,915 |

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Cigna Sağlık Hayat ve Emeklilik A.Ş.

1) Opinion

As we have audited the full set financial statements of Cigna Sağlık Hayat ve Emeklilik A.Ş. ("the Company") for the period between 01/01/2022–31/12/2022, we have also audited the annual report for the same period.

In our opinion, the financial information provided in the Management's annual report and the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued based on insurance laws and regulations and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Financial Statements

We have presented unqualified opinion for the Company's full set financial statements for the period between 01/01/2022–31/12/2022 in our Auditor's Report dated 10 March 2023.

4) Management's Responsibility for the Annual Report

The Company Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Company's flow of operations for that year and the Company's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Company's development and risks that the Company may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Company's activities subsequent to the financial year ends,
 - The Company's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and financial information in the annual report within the scope of the provisions of the TCC are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued based on insurance laws and regulations and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Company's financial performance, are fairly presented in all material respects, and are consistent with the full set audited financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
 Member of DELOITTE TOUCHE TOHMATSU LIMITED



Yaman Polat, SMMM
 Partner

İstanbul, 29 March 2023

Unconsolidated Year-end Financial Report Prepared by CIGNA Sađlık Hayat ve Emeklilik A.Ş. as of December 31, 2022

The Annual Report of our Company for the fiscal year ended December 31, 2022, is prepared and presented in accordance with the procedures and principles set forth by the Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies and Article 516 of the Turkish Commercial Code.

Yours sincerely,



Mehmet Ömer Arif ARAS
Chairman of the Board



Emine Pınar KURİŞ
Member of the Board of Directors /
Chief Executive Officer



Ümit SÖNMEZ
Financial Control and Reporting, Technical
and Actuary Activities Executive Vice President



Ece KAZCILAR
Financial Control and Reporting Group Manager

Regional CIGNA Representatives

| Cigna Region | Cigna Regional Manager | Address |
|--------------------|------------------------|--|
| Mediterranean | Ozan Savaş KARADUMAN | Tarım Mahallesi Aspendos Bulvarı No: 92 07050 Muratpaşa/Antalya |
| Ankara | Gökhan KURNE | Atatürk Bulvarı No: 140 Kat: 2 Kavaklıdere/Ankara |
| Europe 1 | Volkan DEMİRALAY | Esentepe Mah. Büyükdere Caddesi No: 209 Kristal Kule Genel Müdürlüğü Şişli/Istanbul |
| Europe 2 | Özge DEMİRALAY | 15 Temmuz Mahallesi Bahar Caddesi Nuroi Park J Blok İş Ofisi No: 43 Kat: 3 Güneşli Bağcılar/Istanbul |
| Çukurova | Ayfer GÜRBÜZ | Çınarlı Mahallesi 61027 Sok. Nuri Çomu İş Merkezi A Blok N:18 Kat:10 Seyhan/Adana |
| Southeast Anatolia | Ruşen ÖNGENER | Mücahitler Mah. 9Gazi Muhtar Paşa Bulvarı No: 48 Şehitkamil/Gaziantep |
| Aegean | Berrak HUNTÜRK ÖNDER | Şehit Nevres Bulvarı No: 8 Kat: 1 Alsancak/İzmir |
| Marmara | Hakan UYAR | Balat Mah. Sanayi Cad. İnallar Cadde Plaza No: 435/6 Kat: 1 16140 Nilüfer/Bursa |
| Northeast Anatolia | Ayşin DOĞMA | Kozyatağı Mah. Kaya Sultan Sok Nanda Plaza No: 83/1-A Kadıköy/Istanbul |
| Bosphorus | Fatih Gürkan GÜRSOY | Şehit Mehmet Fatih Öngül Sok Odak Binası No: 6 Kat 2 Kozyatağı/Istanbul |
| Anatolia | Candaş KAHYA | Şehit Mehmet Fatih Öngül Sk. No: 6 K: 3 Odak Plaza Kozyatağı – Istanbul |



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Registration Number: 631745
Mersis Number: 0388 0583 1150 0013

Cigna Saęlık Hayat ve Emeklilik A.Ş.