

**VHV REASÜRANS ANONİM ŞİRKETİ**  
**BOARD OF DIRECTORS' ACTIVITY REPORT FOR THE YEAR 2022**

**Dear Shareholders,**

We hereby submit the board of directors' report regarding our activities for the year 2022 for your examination and approval.

**1. GENERAL INFORMATION**

<b>Company's</b>	
Trade Name	: <b>VHV Reasürans Anonim Şirketi</b>
Trade Registry No.	: 979611
Registered Office	: Büyükdere Caddesi No. 127 Astoria Kuleler B Blok Kat. 11 Esentepe Şişli İstanbul
Website	: <a href="http://www.vhvre.com">www.vhvre.com</a>
Branch Office	: -
Executives and number of employees	: Sebastian Reddemann – Chairman of the Board of Directors Maximilian Georg Ferdinand Stahl – Vice Chairman of the Board of Directors Orkide Yıldız Etiler - Board Member Fatih Ağacık – Board Member Hasan Okan Utkueri – Board Member

**1.1. Scope of Activity**

The main purpose of the Company is to operate in reinsurance field of business. The Company can provide reinsurance services inside and outside Turkey in accordance with the Company's articles of association, unless it is legally restricted.

**1.2. Statements regarding Capital Structure, Changes within the Fiscal Period, Privileged Shares and Voting Rights**

The Company was established with the share capital of TRY 100,000 divided into 100,000 shares; each having value of TRY 1.00 and share values and the share capital was fully subscribed and paid by the Company's sole shareholder VHV Allgemeine Versicherung AG in cash.

The Company's share capital was increased to TRY 65.955.271,89 at the Extraordinary General Assembly Meeting held on 5 January 2016 and registered with Istanbul Trade Registry on 12 February 2016. Increased amount of share capital is fully subscribed and paid by the Company's sole shareholder VHV Allgemeine Versicherung AG in cash. The shareholding structure of the Company did not change following this capital increase.

With the Extraordinary General Assembly Meeting held on May 31, 2022, registered by the Istanbul Trade Registry Directorate on 8 June 2022, the capital of our Company was increased to 616,800,000,00 Turkish Liras. All of the increased share prices have been committed in cash by VHV Allgemeine Versicherung AG, the sole shareholder of our

Company, at least 25% of the subscribed capital has been paid before registration and the remaining portion has also been paid.

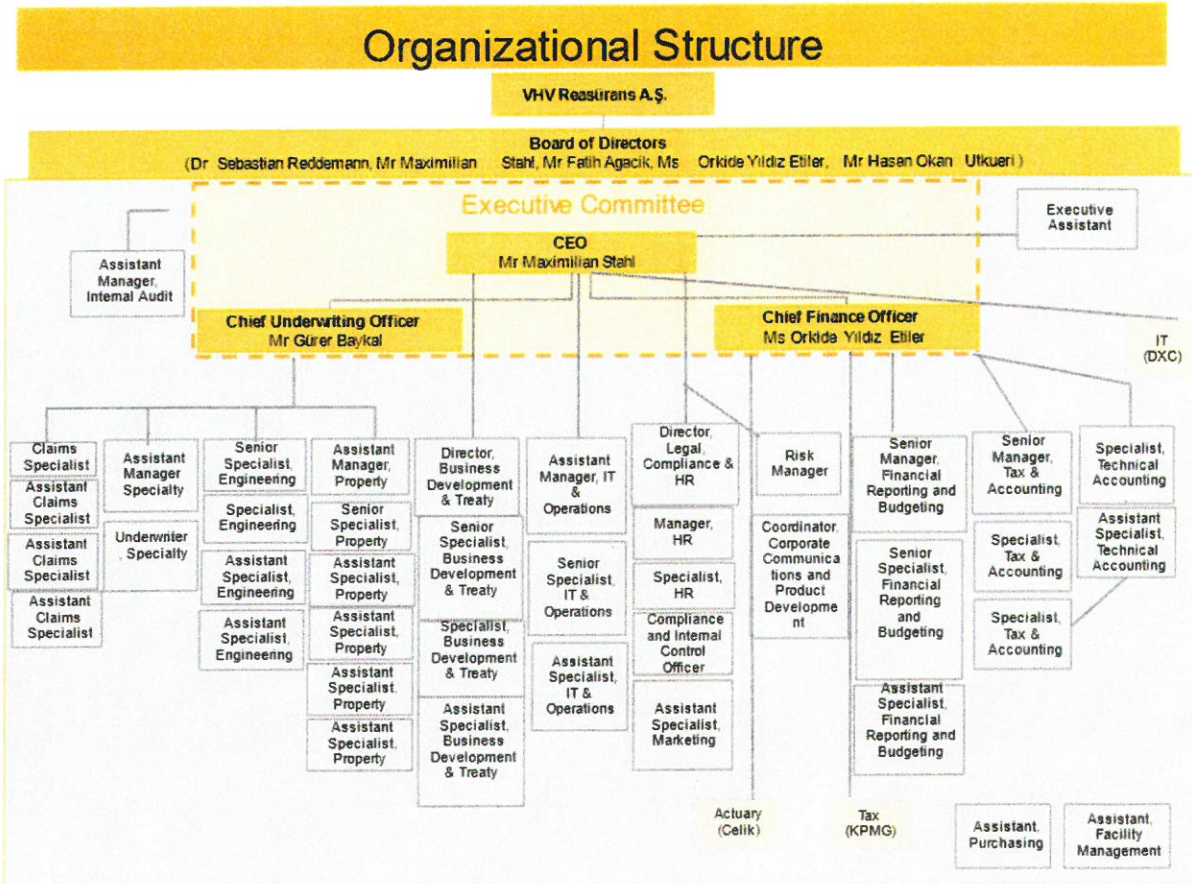
With the Extraordinary General Assembly Meeting held on 28 November 2022, registered by the Istanbul Trade Registry Directorate on 14 December 2022, the capital of our Company was increased to 703,500,000.00 Turkish Liras, divided into 703,500,000 shares with a nominal value of 1.00 (one). All of the increased share prices have been committed in cash by VHV Allgemeine Versicherung AG, the sole shareholder of our Company, at least 25% of the subscribed capital has been paid before registration and the remaining portion has also been paid.

### 1.3. Shareholding structure

Our Company's shareholding structure is as follows as of 31 December 2022:

Shareholder	Number of Shares	Value of the Shares (TRY)	Rate (%)
VHV Allgemeine Versicherung AG	703.500.000	703.500.000,00	100
<b>TOTAL</b>	<b>703.500.000</b>	<b>703.500.000,00</b>	<b>100</b>

### 1.4. Organizational Structure



### **1.5. Board of Directors, Executives and Number of Employees**

Our Company's board members are: Sebastian Reddemann, Maximilian Georg Ferdinand Stahl, Orkide Yıldız Etiler, Fatih Ağacık and Hasan Okan Utkueri and its executives are: Maximilian Stahl, Orkide Yıldız Etiler and Fatih Ağacık.

Our Company's number of employees is 45 as of the end of 2022.

### **1.6. Auditors**

Board of Directors appointed Güney Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik A.S. as independent auditor at BOD meeting held on 15 March 2023 with BOD decision number 2023/.

### **1.7. Prohibition on Entering into Transaction with the Company**

N/A

## **2. FINANCIAL RIGHTS PROVIDED TO MANAGING BODY MEMBERS AND THE EXECUTIVES**

### **2.1. Total amount of financial benefits provided such as attendance fee, premium, bonus and share profit**

The total salary payment amount paid to the executives is 3.504.996 TL as of 31 December 2022.

### **2.2. Information regarding the total amount of subsidies, journey, accommodation and representation costs, real and pecuniary opportunities, insurances and warranties so on**

N/A

## **3. RESEARCH AND DEVELOPMENT WORKS OF THE COMPANY**

N/A

## **4. ACTIVITIES OF THE COMPANY AND MAJOR DEVELOPMENTS REGARDING THE ACTIVITIES**

### **4.1. Information about the investments made by the company and the external services provided to our Company's departments on the related financial year**

The Company made several investments for securing company activities and assuring continuity of such activities. Having a state of the art technical infrastructure in the field of Information Technologies, the company established the current Insurance – Reinsurance



program (SICS), which is recognized by the leading players of international reinsurance market, and SAP system, which is a corporate resource-planning program, and it successfully implemented the integration project between these systems. Besides, the company invested in IFRS 17 project and provided various training opportunities in areas involving the overall sector and areas related to professions of its personnel for improving competency and efficiency of its personnel.

The external services received by the departments of our company in 2022 are as follows:

Accounting Department - audit certification and transfer pricing support,

Legal Department - legal service,

Human Resources Department - wage research service,

Finance Department - IFRS 17 Standard calculation program service, financial production service according to IFRS 17 Standard, IFRS 17 Standard implementation audit service

Internal Audit Department - Audit consultancy service

Information Technologies Department - Application support service, license renewal service, infrastructure, cloud technologies, software, network, hosting, domain automatic door, fingerprint reading, office heating and ventilation services

Financial Reporting Department – Financial consultancy and audit services

#### **4.2. Information regarding internal control system and internal audit activities together with Board of Directors' opinion in this matter,**

The Company has decided to appoint the persons foreseen by the legislation to form internal systems consisting of Internal Control, Internal Audit, Risk Management and Compliance units with the decision of Board of Directors.

With the decision of the Board of Directors, Nihan Şener was appointed as Risk Manager; Sebastian Reddemann has been appointed as a member of the Board of Directors for Internal Systems, Kenan Barış Dereli was appointed as Compliance and Internal Control Officer, and Ayşe Özlenen Çığ has been appointed as the Legal, Compliance and Human Resources Director.

Internal control is of great importance as it is a tool used by management to ensure that the management function is executed.

The basic philosophy of the existence of internal control is based on the idea that employees act per their own interests rather than Company interests.

The absence and / or ineffectiveness of internal control function leads to the loss of business assets, to management making incomplete or incorrect decisions, abuses and various losses (customer, profitability, efficiency, etc.).

In addition to ensuring that these threats are minimized, internal control also creates opportunities for managers to measure their performance, make decisions, and evaluate transactions.

The internal control function is a system of measures that are compatible and support each other.

Some of these controls are developed based on business processes, while others operate independently of business processes.

Consequently, internal control includes all measures and methods adopted and implemented to protect the organization's plan and Company's assets, to verify the accuracy and reliability of accounting information, to increase the efficiency of its activities, and to encourage its commitment to predetermined management policies.

2022 Internal Control Plan has been confirmed in the Executive Committee meeting dated 24.03.2022 and the annual Risk Report has been approved by the Executive Committee members as of 26.12.2022.

2022 Internal Audit Plan has been approved as of 24.12.2021 by the Board of Directors and the Internal Audit Reports approved during 2022 are as follows:

- • Purchasing Audit Report
- • Information Technologies Audit Report
- • Compliance Information Note Audit Report
- • Underwriting SLA Fact Sheet Audit Report
- • Business Continuity Management Audit Report
- • Human Resources Audit Report
- • Underwriting Fact Sheet Audit Report
- • Financial Audit Report
- • Underwriting Audit Report
- • Budget and Reporting Audit Report
- • Information Technologies Project Management Audit Report
- • Building and Property Management Audit Report

#### **4.3. Information regarding direct or indirect affiliates of the Company and share rates,**

In 2022, our Company VHV Reasürans A.Ş. has taken the decision to take over all 51,400,000 registered shares of Oman Insurance Company (PSC) in Dubai Insurance A.Ş.. After the transfer, Dubai Sigorta A.Ş. title has been changed to VHV Allgemeine Sigorta A.Ş. and our Company VHV Reasürans A.Ş. became the sole shareholder of VHV Allgemeine Sigorta.

**4.4. Information regarding the Company's shares acquired by itself**

With the General Assembly decision dated 22.12.2022, registered by the Istanbul Trade Registry Directorate on 27.12.2022, the shares of VHV Allgemeine Sigorta were increased to 163,900,000.00 Turkish Liras, divided into 163,900,000 registered shares, each with a nominal value of 1.00 TL. All increased shares have been paid in cash by our Company, VHV Reasürans AŞ.

**4.5. Statements regarding private and government audit executed in the fiscal year,**

N/A

**4.6. Information regarding lawsuits brought against the Company and which may threaten the financial situation and activities of the Company and their potential results.**

N/A

**4.7. Explanations regarding administrative and judicial sanctions about the Company and the board of director's members in relation to the practices against the legislation.**

N/A

**4.8. Information and evaluation regarding whether the aims determined in the previous terms are accomplished and the general assembly resolutions are executed or not; If the aims are not accomplished or the resolutions are not executed, information and evaluation regarding their reasons,**

N/A

**4.9. If an extraordinary general assembly meeting is held within the fiscal year, information with regard to the extraordinary general assembly including date of the meeting, resolutions held in the meeting and other transactions made in relation with this meeting,**

**4.10.** Two extraordinary general meetings were held in our company in 2022. At the first extraordinary general assembly dated May 31, 2022, the capital of our company was increased from 65,955,271,89 Turkish Liras to 616,800,000,00 Turkish Liras. In the second extraordinary general assembly dated 28 November 2022, the capital of our company was increased from 616,800,000,00 Turkish Liras to 703,500,000,00 Turkish Liras.

**4.11. Information regarding expenses of the company made within the fiscal year within the scope of donations and contributions and social responsibility projects,**

N/A

**4.12. If the company is subject to an enterprise system; legal transactions made with the holding company, with another company affiliated to the holding company, with**

**the guidance of the holding company in favor of the holding company or in favor of another company affiliated to the holding company and all other precautions taken or avoided to be taken in favor of the holding company or another company affiliated to the holding company within the past activity year,**

N/A

- 4.13. If the company is subject to an enterprise system; substituted performances, losses and equalization of losses that took place after the legal transactions stated under article (i) or after that the abovementioned precautions have been taken or avoided to be taken.**

N/A

## **5. FINANCIAL SITUATION**

- 5.1. Analysis and evaluation of financial position and activity results by the managing body; degree of implementing planned activities and the company's position against predetermined strategic goals,**

VHV Reasürans A.Ş. operated full-time in 2022 and followed a successful financial policy on the related period. This successful policy is based on stable and strong financial infrastructure provided by VHV Group that directly and indirectly controls the capital of VHV Reasürans A.Ş. and strict protection policy implemented by the Company in its operations and its advanced information technologies infrastructure. A review of the Company's financial statements as of 2022 year-end confirms that our assets are worth 1.508.876.921 TL and our liabilities are worth 670.096.476 TL. The paid-up capital of VHV Reasürans A.Ş. is TRY 703.500.000 and this capital is entirely cash capital.

### **Premium Production and Profitability**

VHV Reasürans A.Ş. produced premium worth 636.663.045 TL (2021: 295.952.352 TL). Besides, the amount of gross earned premium was 496.823.583 TL (2021: 264.347.750 TL TL). The targeted premium production and gross earned premium figures of the Company were respectively 527.183.113 TL ve 434.729.408 TL for the related period. VHV Reasürans A.Ş. gained commercial profit of 33.574.074 TL (2021: 85.044.057TL) at the end of 2022 and the abovementioned amount of profit exceeded the figure budgeted for the related financial period. If we bear in mind the correlation between the financial goals and actual figures of the Company, we can say that the company had a successful operating period and realized its goals.

### **Ability to Pay Indemnities**

Our company has paid a damage amount of 199.643.624 TL (2021: 83.658.751 TL) as of 2022 year-end. Besides, our company has financial position that can cover damage payments in 2022 operating year and on following periods thanks to its financial structure and technical reserves.

### **Insurance Coverage Amounts offered for branches**

Details of coverage amounts offered by the Company in 2022 are given below branch by branch:

	31 December 2022	31 December 2021
Facultative earthquake	193.671.148.695	76.989.862.799
Fire	114.481.551.810	46.996.554.341
Machinery breakdown	33.751.234.761	14.646.072.036
Loss of profits	32.518.579.778	11.389.159.149
Construction	27.592.091.927	10.213.285.029
Goods	15.860.427.643	8.310.147.165
Electronic devices	7.315.018.220	3.420.427.129
Assembly	5.591.259.252	1.116.607.147
Third party financial liability	1.374.435.939	925.253.097
Professional liability	1.429.566.832	1.055.421.604
State supported commercial credit	1.250.000	-
Credit	-	750.000
<b>Total</b>	<b>433.586.564.857</b>	<b>175.063.539.496</b>

### **5.2. Information about the yearly sales, efficiency, income generation capacity, profitability and debt / equity ratio of the company in comparison to the previous years and information about other facts giving an overall outlook of the company operations and future expectations,**

Premium production, profitability and debt / equity ratios of VHV Reasürans A.Ş. were as follows within the operating year of 2022.



	2022	2021
Premium Production	636.663.045	295.952.351
Period Profit / Loss	33.574.074	85.044.057
Period Profit, Tax and Legal Liabilities	-6.058.071	-21.413.900
Net Profit / Loss for the Period	27.516.003	63.630.157
Profitability Ratio	4,32%	21,50%
Debt / Equity Capital Ratio	79,89%	168,23%

**5.3. Determining whether the company capital is uncovered or whether the company is in debt and evaluation of the managing body,**

According to the "Regulation on Measurement and Assessment of Capital Requirements of Insurance and Reinsurance Companies and Pension Companies", which was published by the Turkish Prime Ministry Undersecretariat of Treasury, the required equity capital amount is 241.555.332 TL as of 31.12.2022 (31 December 2021: 102.754.013 TL) based on the calculations made by the Company. The equity capital, accepted pursuant to the related regulations of the Company as of 31 December 2022, is 681.070.645 TL (31 December 2021: 176.735.215 TL) and it is more than the amount of required equity capital. Accordingly, the capital of VHV Reasürans A.Ş. is covered and the company is not in debt, the excess of equity amount is 439.515.313 TL as of 31.12.2022 (31 December 2021: 73.981.201 TL).

**5.4. Measures planned for improving the company's financial structure of the company, if any,**

For determining the measures to be taken for improving the financial structure of the company, VHV Reasürans A.Ş. follows closely sector and economic developments, analyzes risks in detail by adopting a risk driven approach and, accordingly, the Company follows a reinsurance policy based on protection with a conservative approach. Besides, the company receives financial consultancy service from Wave Asset Management operating within the organizational structure of VHV Group.

**5.5. Information about the dividend distribution policy and if dividend is not to be distributed, the related reasons and suggestions on using the retained earnings**

VHV Reasürans A.Ş. earned commercial profit amounting to 33.574.074 TL TL as a result of its operations in 2022. The dividend distribution policy regarding the abovementioned profit shall be determined with a resolution to be made by the General Assembly meeting to be held by the Company regarding the year 2022.

**6. RISKS AND EVALUATION OF THE MANAGING BODY**

**6.1. Information regarding the risk management policy of the company to be applied for the anticipated risks, if any,**

In risk policies and their implementation:

- The regular information of the Board of Directors and top management concerning the risk types in activities in relation to the developments and changes in company activities, and how they appear,
- The definition, quantification and monitoring and checks of the risks in the company's basic activities as required, and the determination of the policies and risk limits in conformity with the company's goals and objectives and the principle of the substantiality of its financial body,
- The regular review of risk limits in accordance with the changes in the company's strategies, and its submission for the approval of the Board of Directors,
- Presenting all risks, prior to starting a new activity or commissioning a new product, that may result from this activity or product, and assessing them, and making sure the infrastructure and internal controls required for the management of the risks in question are carried out,
- Are generally under the responsibility of all first-degree signatory employees in accordance with the company's hierarchical structure in addition to the existing job descriptions.

**6.2. Studies and reports of the early detection and management of the risk committee, if established**

The Company's Risk Committee function is governed by the Executive Committee and reviews the periodic Risk Reports of the Internal Systems on a semi-annually basis and takes necessary measures.

The measures to be taken in case the risks are considered as "high" are determined by the Board of Directors.

**6.3. Prospective risks regarding sales, efficiency, income generation capacity, profitableness, debt/equity capital ratio and other subjects.**

The capital adequacy tables calculated periodically throughout the year and Solvency II reports are used to measure the productivity and the risks of the capital held by the Company and the necessary measures are presented to the Executive Board by the Executive Committee.

**7. CONCLUSION**

Under terms and conditions being known to us, an appropriate counter performance is provided in return for each legal transaction with the Holding Company, on the date of legal transactions stated on annual affiliation report. There is no taken or avoided to be taken measures and there is no incurred loss.

As a result of the examination of the Company's financial transactions with the Holding Company pursuant to Article 199 of the Code, it has been understood that all transactions of the Company are made on an arm's length basis and in compliance with the current market conditions and current market rates as of the transaction dates.

## 8. OTHER MATTERS

The contract dated 04.03.2022 signed between Oman Insurance Company and VHV Reasürans A.S. agreed to buy all shares of Dubai Sigorta A.Ş.  
The acquisition was completed on 14.06.2022. After the acquisition, our Company VHV Reasürans A.Ş. became the sole shareholder of Dubai Sigorta A.Ş. With the registration of Istanbul Trade Registry Directorate dated 16.09.2022, the company name of Dubai Sigorta A.Ş. was changed to VHV Allgemeine Sigorta A.Ş.

Kind Regards,



**Chairman of the  
Board of Directors**  
Sebastian Reddemann



**Vice Chairman of the  
Board of Directors**  
Maximilian Georg  
Ferdinand Stahl

**Member of the  
Board of Directors**  
Orkide Yıldız Etiler



**Member of the  
Board of Directors**  
Fatih Ağacık

