

(Convenience translation of independent auditors' report and  
unconsolidated financial statements originally issued in Turkish)

## **VHV Reasürans Anonim Şirketi**

**Unconsolidated Financial Statements as of December 31, 2023  
together with the Independent Auditors' Report**



Güney Bağımsız Denetim ve SMMM A.Ş.  
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**INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of VHV Reasürans Anonim Şirketi**

**A) Independent Audit of Unconsolidated Financial Statements**

**1) Opinion**

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

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

**2) Basis for Opinion**

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

**3) Key Audit Matters**

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



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<b>Key Audit Matter</b>	<b>How the key audit matter was addressed in the audit</b>
<b>Incurred But Not Reported Outstanding Claims Reserve</b>	
<p>As of December 31, 2023, Company has insurance liabilities of TL 485.478.251 representing 11% of the Company's total liabilities. The Company has reflected a net provision of TL 345.659.213 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 90.494.920) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's unconsolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the unconsolidated financial statements are sufficient.</p>

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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



Tolga Özdemir, SMMM  
Partner

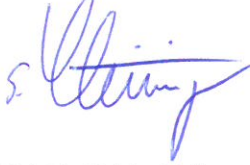
March 25, 2024  
Istanbul, Turkey

**VHV REASÜRANS ANONİM ŞİRKETİ**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023**

We confirm that the unconsolidated financial statements and related disclosures and footnotes as at December 31,2023 which were prepared in accordance with the accounting principles and standards in force as per the regulations of T.C. Hazine ve Maliye Bakanlığı are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

İstanbul,

Sebastian Johann Steininger  
Chairman of the Board



Orkide Yıldız Etiler  
Member of the Board Directors  
Chief Financial Officer



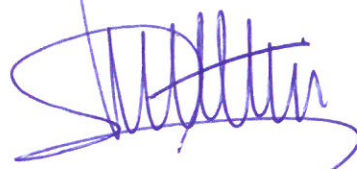
Emrah Balkan  
Member of the Board Directors  
Chief Underwriting Officer



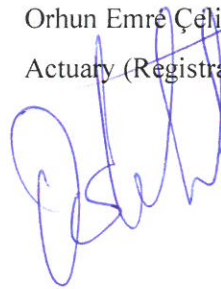
Maximilian G.F. Stahl  
Vice Chairman of the Board  
Chief Executive Officer



Okan Utkueri  
Member of the Board Directors  
Member of the Audit Committee



Orhun Emre Çelik  
Actuary (Registration No:40)



**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As of December 31, 2023**  
(Currency: Turkish Lira (TL))

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ASSETS			
I- Current Assets	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
<b>A- Cash and Cash Equivalents</b>	<b>4.2, 14</b>	<b>1.099.425.884</b>	<b>404.555.760</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4.2, 14	1.099.425.884	404.555.760
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months		-	-
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>		<b>-</b>	<b>84.819.307</b>
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading		-	84.819.307
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>4.2, 12</b>	<b>1.482.240.779</b>	<b>365.093.693</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4.2, 12	1.444.163.706	365.093.693
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		38.077.073	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>D- Due from Related Parties</b>	<b>4.2, 12</b>	<b>6.002.435</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	4.2, 12	6.002.435	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>E- Other Receivables</b>	<b>4.2, 12</b>	<b>511.421</b>	<b>224.525</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2, 12	318.623	224.525
4- Other Miscellaneous Receivables	4.2, 12	192.798	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>133.403.224</b>	<b>62.934.836</b>
1- Deferred Acquisition Costs	17	113.634.847	51.203.592
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2, 45	16.757.708	9.420.128
4- Other Prepaid Expenses		3.010.669	2.311.116
<b>G- Other Current Assets</b>		<b>232.089</b>	<b>2.066.086</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	19	116.103	2.066.086
3- Deferred Tax Assets		-	-
4- Job Advances	4.2, 12	115.986	-
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>2.721.815.832</b>	<b>919.694.207</b>

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As of December 31, 2023**  
(Currency: Turkish Lira (TL))

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ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>	9	571.624.416	571.624.416
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	9	571.624.416	571.624.416
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	6	11.206.628	1.945.313
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	2.884.865	1.771.931
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	329.706	329.706
8- Tangible Assets Acquired Through Finance Leases	6	23.025.055	9.010.636
9- Accumulated Depreciation	6	(15.032.998)	(9.166.960)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	8	7.725.034	5.114.094
1- Rights	8	6.530.126	4.418.887
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		357.200	-
6- Accumulated Amortization	8	(2.697.897)	(2.419.516)
7- Advances Paid for Intangible Assets	8	3.535.605	3.114.723
<b>G-Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H-Other Non-Current Assets</b>	21	16.110.049	10.498.891
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	16.110.049	10.498.891
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		606.666.127	589.182.714
<b>TOTAL ASSETS</b>		3.328.481.959	1.508.876.921

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



**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As of December 31, 2023**  
(Currency: Turkish Lira (TL))

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<b>LIABILITIES</b>			
<b>III- Short-Term Liabilities</b>	<b>Note</b>	<b>Audited Current Period December 31, 2023</b>	<b>Audited Prior Period December 31, 2022</b>
<b>A- Financial Liabilities</b>	<b>4.2, 20</b>	<b>6.701.963</b>	<b>347.717</b>
1- Borrowings from Financial Institutions		129.688	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	4.2, 20	6.572.275	347.717
<b>B- Payables Arising from Main Operations</b>	<b>4.2,19</b>	<b>1.851.126.478</b>	<b>423.516.783</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2,19	1.822.647.031	423.516.783
3- Cash Deposited by Insurance and Reinsurance Companies		28.479.447	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
<b>C-Due to Related Parties</b>		<b>-</b>	<b>1.794</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	1.794
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2, 19</b>	<b>4.077.458</b>	<b>2.629.643</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2, 19	4.077.458	2.629.643
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>17</b>	<b>476.127.637</b>	<b>166.657.679</b>
1- Reserve for Unearned Premiums - Net	17	105.437.779	29.052.870
2- Reserve for Unexpired Risks- Net	2.27,17	25.030.645	36.570.912
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	345.659.213	101.033.897
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>19</b>	<b>3.917.419</b>	<b>1.342.003</b>
1- Taxes and Funds Payable	19	2.573.373	902.785
2- Social Security Premiums Payable	19	1.344.046	439.218
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	19	-	9.730.809
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	19	-	(9.730.809)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>10.418.606</b>	<b>5.084.652</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits	23,19	3.318.606	1.084.652
3- Provisions for Costs	23,19	7.100.000	4.000.000
<b>H- Deferred Income and Expense Accruals</b>	<b>10</b>	<b>134.077.839</b>	<b>64.037.731</b>
1- Deferred Commission Income	10,19	132.317.807	63.673.907
2- Expense Accruals	23	1.760.032	363.824
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short Term Liabilities		-	-
<b>III – Total Short-Term Liabilities</b>		<b>2.486.447.400</b>	<b>663.618.002</b>

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Balance Sheet**  
**As of December 31, 2023**  
(Currency: Turkish Lira (TL))

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<b>LIABILITIES</b>			
<b>IV- Long-Term Liabilities</b>	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
<b>A- Financial Liabilities</b>		<b>552.836</b>	<b>-</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		552.836	-
<b>B- Payables Arising from Main Operations</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>-</b>	<b>-</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>2.28, 17</b>	<b>9.350.614</b>	<b>6.195.093</b>
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.28, 17	9.350.614	6.195.093
<b>F-Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>1.236.039</b>	<b>283.381</b>
1- Provisions for Employment Termination Benefits	23	1.236.039	283.381
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>11.139.489</b>	<b>6.478.474</b>

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

<b>SHAREHOLDERS' EQUITY</b>			
	<b>Note</b>	<b>Audited Current Period December 31, 2023</b>	<b>Audited Prior Period December 31, 2022</b>
<b>V- Shareholders' Equity</b>			
<b>A- Paid in Capital</b>		<b>703.500.000</b>	<b>703.500.000</b>
1- (Nominal) Capital	2.13,15	703.500.000	703.500.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>7.423.164</b>	<b>6.076.855</b>
1- Legal Reserves	15	7.605.680	5.959.631
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves	15	(182.516)	117.224
<b>D- Retained Earnings</b>		<b>127.557.541</b>	<b>101.687.587</b>
1- Retained Earnings		127.557.541	101.687.587
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>(7.585.635)</b>	<b>27.516.003</b>
1- Net Profit for the Year		-	27.516.003
2- Net Loss for the Year		(7.585.635)	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>830.895.070</b>	<b>838.780.445</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3.328.481.959</b>	<b>1.508.876.921</b>

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Statement of Income**  
**For the Year Ended December 31, 2023**  
(Currency: Turkish Lira (TL))

*Convenience translation of independent auditors' report  
and unconsolidated financial statements  
Originally Issued in Turkish*

	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
<b>TECHNICAL SECTION</b>			
<b>A- Non-Life Technical Income</b>		<b>392.476.988</b>	<b>79.520.967</b>
1- Earned Premiums (Net of Reinsurer Share)		162.787.437	12.834.746
1.1- Written Premiums (Net of Reinsurer Share)	17	227.632.079	62.686.669
1.1.1- Written Premiums, Gross	17	1.503.787.096	636.663.045
1.1.2- Written Premiums, Ceded	10,17	(1.276.155.017)	(573.976.376)
1.1.3- Written Premiums, transferred to SSI	17	-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(76.384.909)	(18.518.180)
1.2.1- Reserve for Unearned Premiums, gross	17	(373.767.539)	(139.839.462)
1.2.2- Reserve for Unearned Premiums, ceded	17	297.382.630	121.321.282
1.2.3- Reserve for Unearned Premiums, SSI share		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	11.540.267	(31.333.743)
1.3.1- Reserve for Unexpired Risks, gross	17	131.363.639	(246.555.532)
1.3.2- Reserve for Unexpired Risks, ceded	17	(119.823.372)	215.221.789
2- Investment Income - Transferred from Non-Technical Section		229.689.551	66.608.104
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4. Accrued Salvage and Subrogation Income		-	78.117
<b>B- Non-Life Technical Expense</b>		<b>(458.002.576)</b>	<b>(113.729.913)</b>
1- Incurred Losses (Net of Reinsurer Share)	17, 29	(412.309.584)	(91.282.771)
1.1- Claims Paid (Net of Reinsurer Share)	17, 29	(167.684.268)	(23.811.089)
1.1.1- Claims Paid, Gross	17, 29	(870.606.395)	(199.643.624)
1.1.2- Claims Paid, Ceded	10, 17	702.922.127	175.832.535
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17, 29	(244.625.316)	(67.471.682)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(2.502.518.033)	(460.750.510)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	2.257.892.717	393.278.828
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(3.155.521)	(3.141.323)
4- Operating Expenses	32	(42.537.471)	(19.305.819)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expense		-	-
6.1- Other Technical Expense, gross		-	-
6.2- Other Technical Expense, ceded		-	-
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>(65.525.588)</b>	<b>(34.208.946)</b>
<b>D- Life Technical Income</b>		<b>-</b>	<b>-</b>
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Statement of Income**  
**For the Year Ended December 31, 2023**  
(Currency: Turkish Lira (TL))

*Convenience translation of independent auditors' report  
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Originally Issued in Turkish*

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

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Statement of Income**  
**For the Year Ended December 31, 2023**  
(Currency: Turkish Lira (TL))

*Convenience translation of independent auditors' report  
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	Note	Audited Current Period December 31, 2023	Audited Prior Period December 31, 2022
<b>I-NON-TECHNICAL SECTION</b>			
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>(65.525.588)</b>	<b>(34.208.946)</b>
<b>F- Net Technical Income – Life (D-E)</b>		-	-
<b>I - Net Technical Income – Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>(65.525.588)</b>	<b>(34.208.946)</b>
<b>K- Investment Income</b>		<b>276.131.472</b>	<b>120.900.175</b>
1- Income from Financial Assets	4.2	869.696	21.180.973
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	4.2,11	-	3.550.196
4- Foreign Exchange Gains	4.2	275.261.776	96.169.006
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions		-	-
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(238.072.657)</b>	<b>(70.789.484)</b>
1- Investment Management Expenses (inc. interest)	4.2	(1.200.040)	(419.116)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		(1.038.647)	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(229.689.551)	(66.608.104)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses		-	-
7- Depreciation and Amortization Expenses	6.8	(6.144.419)	(3.762.264)
8- Other Investment Expenses		-	-
<b>M- Income and Expenses From Other and Extraordinary Operations</b>		<b>19.881.138</b>	<b>17.672.329</b>
1- Provisions	47	(2.343.841)	(740.730)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	5.577.477	10.395.670
6- Deferred Taxation (Deferred Tax Liabilities)	35	-	-
7- Other Income	47	17.710.925	8.613.449
8- Other Expenses and Losses	47	(512.403)	(351.736)
9- Prior Year's Income		4.473	27.628
10- Prior Year's Expenses and Losses		(555.493)	(271.952)
<b>N- Net Profit for the Year</b>		<b>(7.585.635)</b>	<b>27.516.003</b>
1- Profit for the Year		(7.585.635)	33.574.074
2- Corporate Tax Provision and Other Fiscal Liabilities	35	-	(6.058.071)
3- Net Profit for the Year		(7.585.635)	27.516.003
4- Monetary Gains and Losses		-	-

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

**VHV Reasürans Anonim Şirketi**  
**Unconsolidated Statement of Change in Equity**  
**For the Year Ended December 31, 2023**

(Currency: Turkish Lira (TL))

*Convenience translation of independent auditors' report  
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Audited – Change in Equity – December 31, 2022												
	Notes	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Earnings /Previous Years' Losses	Total
<b>I – Balance at the end of the previous year – December 31, 2021</b>		<b>65.955.272</b>	-	-	-	-	<b>2.778.123</b>	-	<b>78.952</b>	<b>63.630.157</b>	<b>41.238.938</b>	<b>173.681.442</b>
<b>II- Correction</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III- Restated Balances (January 1, 2022)</b>		<b>65.955.272</b>	-	-	-	-	<b>2.778.123</b>	-	<b>78.952</b>	<b>63.630.157</b>	<b>41.238.938</b>	<b>173.681.442</b>
A – Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 –In cash	15	637.544.728	-	-	-	-	-	-	-	-	-	<b>637.544.728</b>
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income	23	-	-	-	-	-	-	-	38.272	-	-	<b>38.272</b>
D – Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	27.516.003	-	<b>27.516.003</b>
I – Other reserves and transfers from retained earnings	15	-	-	-	-	-	3.181.508	-	-	(63.630.157)	60.448.649	-
J – Dividends paid		-	-	-	-	-	-	-	-	-	-	-
<b>IV- Balance at the end of the period December 31, 2022</b>		<b>703.500.000</b>	-	-	-	-	<b>5.959.631</b>	-	<b>117.224</b>	<b>27.516.003</b>	<b>101.687.587</b>	<b>838.780.445</b>
Audited Changes in Equity – December 31, 2023												
	Notes	Share Capital	Treasury Shares	Value Increase in Assets	Inflation Adjustments	Currency Translation Adjustments	Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit for the Period	Retained Earnings /Previous Years' Losses	Total
<b>I – Balance at the end of the previous year – December 31, 2022</b>		<b>703.500.000</b>	-	-	-	-	<b>5.959.631</b>	-	<b>117.224</b>	<b>27.516.003</b>	<b>101.687.587</b>	<b>838.780.445</b>
<b>II- Correction</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III- Restated Balances (January 1, 2023)</b>		<b>703.500.000</b>	-	-	-	-	<b>5.959.631</b>	-	<b>117.224</b>	<b>27.516.003</b>	<b>101.687.587</b>	<b>838.780.445</b>
A – Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 –In cash		-	-	-	-	-	-	-	-	-	-	-
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income	23	-	-	-	-	-	-	-	(299.740)	-	-	<b>(299.740)</b>
D – Change in the value of financial assets		-	-	-	-	-	-	-	-	-	-	-
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	(7.585.635)	-	<b>(7.585.635)</b>
I – Other reserves and transfers from retained earnings	15	-	-	-	-	-	1.646.049	-	-	(27.516.003)	25.869.954	-
J – Dividends paid		-	-	-	-	-	-	-	-	-	-	-
<b>IV- Balance at the end of the period December 31, 2023</b>		<b>703.500.000</b>	-	-	-	-	<b>7.605.680</b>	-	<b>(182.516)</b>	<b>(7.585.635)</b>	<b>127.557.541</b>	<b>830.895.070</b>

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

**VHV Reasürans Anonim Şirketi**  
**Statement of Cashflow**  
**For the Year Ended December 31, 2023**  
*(Currency: Turkish Lira (TL))*

*Convenience translation of independent auditors' report  
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	Note	Audited Current Period 1 January- December 31, 2023	Audited Prior Period 1 January- December 31, 2022
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		2.029.173.573	1.591.337.245
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(1.595.773.129)	(1.550.824.947)
6. Cash used in pension business		-	-
<b>7. Cash provided from operating activities</b>		<b>433.400.444</b>	<b>40.512.298</b>
8. Interest paid		-	-
9. Income taxes paid	19	-	(28.130.273)
10. Other cash inflows		36.142.422	100.609.897
11. Other cash outflows		(5.906.355)	(896.512)
<b>12. Net cash provided from operating activities</b>		<b>463.636.511</b>	<b>112.095.410</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		-	-
2. Acquisition of tangible assets	6, 8	(4.002.255)	(2.255.196)
3. Acquisition of financial assets		-	(656.443.723)
4. Disposal of financial assets		83.780.660	-
5. Interests received		546.417	21.116.626
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows		(1.200.040)	(2.797.580)
<b>9. Net cash provided by investing activities</b>		<b>79.124.782</b>	<b>(640.379.873)</b>
<b>C. Cash used in financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(16.823.795)	(4.124.042)
4. Dividends paid		-	-
5. Other cash inflows		-	637.544.728
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>(16.823.795)</b>	<b>633.420.686</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>168.609.347</b>	<b>18.709.491</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>694.546.845</b>	<b>123.845.714</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>404.481.450</b>	<b>280.635.736</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>1.099.028.295</b>	<b>404.481.450</b>

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



**VHV Reasürans Anonim Şirketi**  
**Statement of Profit Distribution**  
**For the Year Ended December 31, 2023**  
(Currency: Turkish Lira (TL))

*Convenience translation of independent auditors' report  
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	Note	Audited Current Period December 31, 2023 <sup>(*)</sup>	Audited Prior Period December 31, 2022 <sup>(**)</sup>
<b>I. DISTRIBUTION OF THE PERIOD PROFIT</b>			
1.1. PERIOD PROFIT <sup>(*)</sup>		(7.585.635)	33.574.074
1.2. TAXES AND DUTIES PAYABLE	35	-	(6.058.071)
1.2.1. Corporate Tax (Income Tax)	35	-	(6.058.071)
1.2.2. Income Tax Deductions		-	-
1.2.3. Other Taxes and Legal Duties		-	-
<b>A. CURRENT PERIOD PROFIT (1.1 – 1.2)</b>		<b>(7.585.635)</b>	<b>27.516.003</b>
1.3. ACCUMULATED LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVES (-)		-	1.646.049
1.5. OTHER STATUTORY RESERVES (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION</b>		<b>-</b>	<b>25.869.954</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of privileged shares		-	-
1.6.3. To owners of redeemed shares		-	-
1.6.4. To holders profit sharing bonds		-	-
1.6.5. To holders of profit and loss sharing certificates		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. To owners of ordinary shares		-	-
1.10.2. To owners of privileged shares		-	-
1.10.3. To owners of redeemed shares		-	-
1.10.4. To holders profit sharing bonds		-	-
1.10.5. To holders of profit and loss sharing certificates		-	-
1.11. LEGAL RESERVES (-)		-	-
1.12. STATUTORY RESERVES(-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		<b>-</b>	<b>-</b>
2.1. APPROPRIATED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of privileged shares		-	-
2.3.3. To owners of redeemed shares		-	-
2.3.4. To holders of profit sharing bonds		-	-
2.3.5. To holders of profit and loss sharing certificates		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE</b>		<b>-</b>	<b>-</b>
3.1. TO OWNERS OF ORDINARY SHARES		-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3. TO OWNERS OF PRIVILEGED SHARES		-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		<b>-</b>	<b>-</b>
4.1. TO OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PRIVILEGED SHARES		-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)		-	-

<sup>(\*)</sup> Due to profit distribution proposal for the year 2023 has not prepared by the Board of Directors, profit distribution table has not been filled yet.

<sup>(\*\*)</sup> Figures for 2022 are filled in accordance with the profit distribution decision.

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

## **1 General Information**

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

As of December 31, 2023, the shareholder having direct or indirect control over the shares of VHV Reasürans Anonim Şirketi ("the Company") is VHV Allgemeine Versicherung AG ("VHV Group") having 100% of the outstanding shares.

### **1.2 Domicile and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)**

The Company was registered in Turkey in 15 June 2015 and has the status of 'Incorporated Company'. The address of the Company's registered office is Büyükdere Cd. No: 127 Astoria Kuleler B Blok Kat: 11 34394 Esentepe Şişli, İstanbul.

### **1.3 Business of the Company**

The Company was registered on 15 June 2015, reinsurance activity licence was received from The ministry of Treasury and Finance of Turkey ("Turkish Treasury") and the approval letter dated 24 March 2016, and numbered 38681552-301.02[301.02]/-E.9070. The Company has started reinsurance activities at 1 July 2016.

The Company is primarily engaged in reinsurance and retrocession businesses in domestic and international markets. The Company may make all types of reinsurance and retrospective contracts that are legally incompatible with the Company's domestic and international transactions and may carry out all kinds of transactions related to these matters.

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

The Company conducts its operations in accordance with the Insurance Law No.5684 (the "Insurance Law") issued in 14 June 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by the Turkish Treasury based on the Insurance Law. The Company operates in insurance branches as mentioned above *Note 1.3 Business of the Company*.

## 1 General Information (continued)

### 1.5 The average number of the personnel during the year in consideration of their categories

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

	December 31, 2023	December 31, 2022
Senior management personnel	3	3
Other personnel	53	42
<b>Total</b>	<b>56</b>	<b>45</b>

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

For the year ended December 31, 2023, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers is amounting to TL 6.094.150 (December 31, 2022: TL 3.504.996).

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

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

Under the said circular, companies may distribute the operating expenses of the technical department to the insurance departments by the method recommended by the The ministry of Treasury and Finance of Turkey or by the method which approved by The ministry of Treasury and Finance of Turkey. In this context, the Company makes its direct costs directly and externally within the rates determined by taking into consideration the benefit and service expenses and other operating expenses based on the gross written premiums for the first year of operation.

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

The accompanying financial statements comprise only the unconsolidated financial information of the Company. As further discussed in note 2.2 - Consolidation, the Company has prepared consolidated financial statements As of December 31, 2023 separately.

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

Trade name of the Company : VHV Reasürans Anonim Şirketi  
Registered address of the head office : Büyükdere Cd. No:127 Astoria Kuleler B Blok Kat:11  
34394 Şişli/İstanbul  
The web page of the Company : [www.vhvre.com](http://www.vhvre.com)

### 1.10 Subsequent events

Explanations related to subsequent events are disclosed in Note 46 – *Subsequent events*.

The financial statements for the period January 1 – December 31, 2023 have been approved by the Board of Directors on March 25, 2024.

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

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

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

According to numbered 4<sup>th</sup> related law of the accounting for the procedures and principles regarding the accounting of insurance contracts, subsidiaries, jointly controlled partnerships and associates and the preparation of financial statements to be announced to the public and explanations and footnotes related also shall be determined by notices to be issued by the The Ministry of Treasury and Finance of Turkey .

The "Communiqué on Presentation of Financial Statements" published in the Official Gazette No. 26851 dated 18 April 2008 and numbered 26851 arranges the comparison of the financial statements with the financial statements of the prior periods and other companies along with the format and content of the financial statements.

## **2. Summary of significant accounting policies** *(continued)*

### **2.1.2 Other accounting policies appropriate for the understanding of the financial statements.**

#### **Accounting in hyperinflationary countries**

As of December 31, 2004, the financial statements of companies operating in Turkey have been expressed in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies, reflecting the adjustments made due to changes in the general purchasing power of TL. TAS 29 requires that financial statements prepared in the currency of hyperinflationary economies are to be shown in the unit of measurement at the end of the reporting period, and balances for previous periods are also presented in the same unit.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to "TAS 29 Financial Reporting in Hyperinflation Economies". Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") announced that financial statements of insurance and reinsurance companies as of 31 December 2023 would not be subject to the inflation adjustment in accordance with IPPRSA Board decision on 6 December 2023. Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Company as of 31 December 2023.

#### **Other accounting policies**

The company records premiums, commissions and compensation accruals based on notices made to them by insurance and reinsurance companies, and these notices are delayed due to the fact that the sedan companies in question have closed their own accounts; the premiums, compensation and commission accruals written are accounted for in the Company's financial statements with a delay of 3 months. Therefore, the amounts contained in the financial statements for such income statement items consist of the three-month accounting period between 30 September and December 31, 2022 and the quarterly accounting period ended January 1-September 31, 2021, and balance sheet items with direct connection to them do not reflect the actual status as of December 31, 2023 due to this delay. However, in a statement issued by the Turkish Ministry of Treasury and Finance on November 8, 2019 and company no. 38681552-111.01-E.480979, it is stated that it is not a problem to account and report the accruals of premiums, commissions and compensation within the framework of the latest information provided that the company's account summaries are provided in financial reports, subject to the delayed arrival of the company's account summaries.

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

### **2.1.3 Current and presentation currency**

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

### **2.1.4 Rounding scale of the amounts presented in the financial statements**

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

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

The accompanying financial statements are prepared on the historical cost basis.

## **2 Summary of significant accounting policies (continued)**

### **2.1.6 Accounting policies, changes in accounting estimates and errors**

If changes of accounting estimations are related to only one period, it is applied on current period which is change made. If it's related to future period, it is applied rewardingly on future period. No changes were made on accounting estimation during current period.

Significant changes in accounting policies and identified significant accounting errors are applied retrospectively and previous period of financial statements are restated. In current period, there have been no changes in accounting policies and no significant accounting errors identified.

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

### **2.1.7 Comparative information and correction of financial statements dated the previous period**

In order to enable the determination of financial situation and performance trends, the Company's financial statements for the current period are prepared in comparison with the previous period. Comparative information is reclassified when deemed necessary in order to ensure compliance with the presentation of the current period financial statements.

## **2.2 Consolidation**

T.C. March December 31, 2008 and numbered 27097 by the Ministry of Treasury and Finance published in the Official Gazette "Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") with insurance, reinsurance and pension companies; Since March 31, 2009, in addition to the unconsolidated financial statements are required to publish consolidated financial statements.

In this context, VHV Allgemeine Sigorta Anonim Şirketi ("VHV Allgemeine Sigorta"), which is an affiliate partner of the Company, has been established) consolidated financial statements are also prepared by consolidating the financial statements according to the full consolidation method.

## **2.3 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of December 31, 2023, the Company operates in non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market.

## **2 Summary of significant accounting policies (continued)**

### **2.4 Foreign currency transactions**

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

### **2.5 Tangible assets**

Tangible assets are recorded at cost. Depreciation on tangible assets is calculated using straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

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

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

There are not any pledges, mortgages and other encumbrances on tangible fixed assets.

There are not any changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation rates and estimated useful lives are as follows:

<b>Tangible assets</b>	<b>Estimated useful lives (years)</b>	<b>Depreciation rates (%)</b>
Machinery and equipment	5-10	10-20
Leasehold improvements	5-10	10-20
Right of use assets	2-3	33,3 - 50

### **2.6 Investment property**

The Company has not any investment property as of the reporting date (December 31, 2022: None).

### **2.7 Intangible assets**

Intangible assets are recorded at cost in compliance with "TAS 38 – Accounting for intangible assets".

#### *Intangible assets acquired*

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives (5 - 15 years). Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

## **2 Summary of significant accounting policies (continued)**

### **2.7 Intangible assets (continued)**

#### *Computer software*

Acquired computer software licences are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives. Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs for more than one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs, which are considered to be fixed assets, are amortized over their useful lives (not exceeding 3 years).

### **2.8 Financial assets**

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

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

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

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

“Cash and cash equivalents” based for preparing statement of cash flow are; the Company’s free use or unblocked cash, received checks, other cash and cash equivalents and demand deposits with time deposits original maturities less than three months and financial investments.

### **2.9 Impairment on assets**

#### **Impairment on financial assets**

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

Loans and receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts. The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.



## **2 Summary of significant accounting policies (continued)**

### **2.9 Impairment on assets (continued)**

#### **Impairment on financial assets (continued)**

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

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

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

### **2.10 Derivative financial instruments**

As of the reporting date, the Company has not any derivative financial instruments (December 31, 2022: None).

### **2.11 Offsetting of financial assets**

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

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

### **2.12 Cash and cash equivalents**

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

## 2 Summary of significant accounting policies (continued)

### 2.13 Capital

The shareholder having direct or indirect control over the shares of the Company is VHV Allgemeine Versicherung AG. ("VHV Group") by having 100% of the outstanding shares of the Company. As of December 31, 2023 and 2022, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2023		December 31, 2022	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
VHV Allgemeine Versicherung AG.	703.500.000	100	703.500.000	100
<b>Paid in capital</b>	<b>703.500.000</b>	<b>100</b>	<b>703.500.000</b>	<b>100</b>

#### Sources of the capital increases during the year

None.

#### Privileges on common shares representing share capital

There are not any privileges on common shares representing share capital.

#### Registered capital system in the Company

None.

#### Repurchased own shares by the Company

None.

### 2.14 Insurance and investment contracts - classification

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

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

The Company acts as a reinsurer when writing insurance from an insurance company (cedent) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts. As at the reporting date, the Company does not have a contract which is classified as an investment contract.

## **2 Summary of significant accounting policies (continued)**

### **2.15 Insurance contracts and investment contracts with discretionary participation feature**

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

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

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

### **2.16 Investment contracts without discretionary participation feature**

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

### **2.17 Liabilities**

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

## **2 Summary of significant accounting policies (continued)**

### **2.18 Income taxes**

#### **Corporate tax**

Assembly of Turkey on 5 July 2023 and published in the Official Gazette dated 15 July 2023. According to this; the corporate tax rate has been increased from 25% to 30% for banks, Companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, starting from the declarations that will be submitted as of 1 October 2023.

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

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

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

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

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

## **2 Summary of significant accounting policies (continued)**

### **2.18 Income taxes (continued)**

#### **Deferred tax**

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

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

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

As of July 15, 2023; The 50% tax exemption stipulated in Law No. 5520 for immovable sales gains has been abolished. However, this exemption will be applied as 25% to the sales of immovables that were in the assets of the enterprises before July 15, 2023. The said change was made in the deferred tax calculations for the current period. As of December 31, 2023, the applicable corporate tax rate is 30%, therefore 30% tax rate was used for the calculation. (December 31, 2022: 25%)

#### **Transfer pricing**

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

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

## 2 Summary of significant accounting policies (continued)

### 2.19 Employed benefits

#### Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount As of December 31, 2023 is TL 23.489 (December 31, 2022: TL 15.371)

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*. After the revision of TAS 19, as the amount of actuarial gain and loss are presented under the other profit reserves, which were previously shown under the income statement. The major actuarial assumptions used in the calculation of the total liability As of December 31, 2023 are as follows:

	December 31, 2023	December 31, 2022
Discount rate	2,92%	2,59%
Expected rate of salary/limit increase	21,50%	18,00%
Estimated employee turnover rate	39,00%	7,04%

The above expected rate of salary/limit increase is determined according to the annual inflation expectations of the government.

#### Other benefits

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

### 2.20 Provisions

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is not any probability of cash outflow from the Company to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

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

## **2 Summary of significant accounting policies (continued)**

### **2.21 Revenue recognition**

#### **Written premiums**

Written premiums represent premiums taken from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocession companies are accounted as “written premiums, ceded” in the profit or loss statement.

#### **Claims paid**

Claims paid represent payments of the Company as a reinsurance company when risks taken from insurance and reinsurance companies are realized. Claims are recognised as expense upon the receipt of notifications. Notifications have not specific periods and depend on the initiative of the insurance and reinsurance companies. The net amount of claims paid As of December 31, 2023 is TL 167.684.268 (December 31, 2022: TL 23.811.089).

#### **Commission income and expenses**

Commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced.

#### **Interest income and expenses**

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

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

#### **Trading income/expense**

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

#### **Dividends**

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

## **2 Summary of significant accounting policies (continued)**

### **2.22 Leasing transaction**

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

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

#### **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- (a) the initial measurement of the lease liability
- (b) any lease payments made on or before the commencement date of the lease, less any lease incentives received; and
- (c) All initial direct costs incurred by the company. Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably certain, the Company depreciates the right-of-use asset until the end of the useful life of the underlying asset from the actual commencement of the lease. Right-of-use assets are subject to impairment assessment.

#### **Lease liabilities**

The Company measures the lease liability over the present value of the unpaid lease payments at the commencement date of the lease. At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

- (a) fixed payments,
- (b) variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- (c) Amounts expected to be paid by the Company under residual value commitments
- (d) If the Company is reasonably confident that it will exercise the call option, the exercise price of that option
- (e) penalties for termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

Variable lease payments that are not tied to an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs.

The revised discount rate for the remaining part of the company's lease term, if the implied interest rate in the lease can be easily determined, as this rate; If it cannot be determined easily, it is determined as the alternative borrowing interest rate of the Company at the date of reassessment.



## 2 Summary of significant accounting policies (continued)

### 2.22 Leasing transaction (continued)

After the lease actually commenced, the company measures its lease liability as follows:

- (a) increase the carrying amount to reflect the interest on the lease liability, and
- (b) Decreases book value to reflect lease payments made.

In addition, the value of the finance lease liabilities is remeasured if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset.

The right-of-use asset calculated in relation to the lease agreements is accounted for in the "Tangible Assets" account.

The interest expense on the lease liability is accounted for in the "Investment Management Expense - Interest Included" account, and the depreciation expense of the right-of-use asset is accounted for under the "Depreciation and Amortization Expenses" account.

Information on the duration of the operating leases and discount rates applied are as follows:

<u>Assets subject to operational leasing</u>	<u>Contract Period (Year)</u>	<u>Discount Rate - TL (%)</u>
Buildings	2 years	24,2
Vehicles	2-3 years	24,2-35,94

### 2.23 Dividend distribution

The Company held on March 29, 2023 by unanimous decision taken at the Ordinary General Meeting it was decided not to distribute the profit of 2022.

### 2.24 Reserve for unearned premiums

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

- Reserve for unearned premiums are calculated on the basis of 1/8 for reinsurance and retrocession transactions that are not subject to basis of day or 1/24 due to application limitations.

- For commodity transportation policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

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

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

## **2 Summary of significant accounting policies (continued)**

### **2.25 Provision for outstanding claims**

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and August 7, 2007 dated, companies are obliged to reserve outstanding claims provision for unearned compensation amounts that have been accrued and calculated but have not yet been paid in the previous accounting period or if this amount has not been calculated the provision should be reserved for the estimated amount that have accrued but have not been reported (IBNR).

In accordance with the Regulation, the calculation of provisions for outstanding claims and outstanding claims reserve adequacy difference calculated by the Company's actuary for the five years following the start of the activity are calculated. In addition, adequate differences will be calculated for extracted major damages that are determined by the actuary. The procedures and principles regarding the calculation of provisions for outstanding claim adequacy difference, the article to be sent to the Republic of Turkey Ministry of Treasury and Finance and the addition of the calculated difference to provision for outstanding claims shall be determined by the Republic of Turkey Ministry of Treasury and Finance.

As of December 31, 2023, the calculation of the loss provisions incurred but not reported has been made. The calculation was made by separating the optional works and treatment works. IBNR calculation was carried out using ACLM methods in branches of discretionary work. IBNR calculation was carried out using Standard Chain methods in the Fire and Natural Disasters and General Damages branches, Damage Premium methods in the General Liability branch, and Bornhutter Ferguson (BF) methods in the Financial Losses and Transportation branches. In the branches of treatment works, gross and retrocession final loss premium (L/P) rates estimated by the Company officials on the basis of the activity line were used in the IBNR calculation for all branches except Fire and Natural Disasters until September 30, 2023, while excluding the Disease / Health branch as of December 31, 2023. Final loss and final premium amounts were calculated for all branches with the Standard Chain method, using business year-based triangles; Using these amounts, IBNR was calculated using the final L/P ratios obtained on a business year basis. The IBNR amount falling to the retrocessionary share is calculated based on the retrocessionary share of the damage amount incurred on a main branch basis.

As of December 31, 2023, the Company has calculated IBNR amounting to gross TL 594.286.627 (December 31, 2022: TL 234.101.623) and net amount of TL 90.494.920 in the financial statements (December 31, 2022: TL 829.404.346).

With the "Circular No. 2017/02 on Discounting Net Cash Flows Arising from Outstanding Compensation Provisions" published on 15 September 2017, companies were given the right to discount their net cash flows arising from outstanding compensation provisions. During the reporting period, the Company applied a discount in the General Liability branch of outstanding compensation, and the Circular Amending the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Compensation (2024/3) published on 15/01/2024 and Article 7 of the Circular No. 2016/22 were determined as "Net cash flows are discounted to the cash value, taking into account the rate of 35% as of the date of the financial reporting period." Taking into account the 35% discount rate, the amounts found as of December 31, 2023 were reflected in the records.

### **2.26 Mathematical provisions**

In accordance with the Communiqué on Technical Reserves, companies operating in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts. Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of

**VHV Reasürans Anonim Şirketi**

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liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method). Mathematical provisions are recorded based on the data sent by ceding companies.

## 2 Summary of significant accounting policies (continued)

### 2.27 Reserve for unexpired risk

In accordance with the Communiqué on Technical Reserves, while providing reserve for unearned premiums, in each accounting period, the companies should perform adequacy test covering the preceding 12 months due to the probability that future claims and compensations of the outstanding policies may be in excess of the reserve for unearned premiums already provided. In performing this test, it is required to multiply the reserve for unearned premiums, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (provision for outstanding claims, net at the end of the period + claims paid, net – provision for outstanding claims, net at the beginning of the period) to earned premiums (written premiums, net + reserve for unearned premiums, net at the beginning of the period – reserve for unearned premiums, net at the end of the period). In the calculation of earned premiums; deferred commission expenses paid to the agencies and deferred commission income received from the reinsurance firms which were netted off from reserve for unearned premiums both at the beginning of the period and at the end of the period are not taken into consideration.

According to the “Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in Official Gazette no 28356 dated July 17, 2012; besides the net reserve for unexpired risk detailed in the above, gross reserve for unexpired risk is also calculated. The test is performed on main branch basis and in case where the net and gross expected claim/premium ratio is higher than 95%, reserve calculated by multiplying the exceeding portion of the expected claim/premium ratio with the reserve for unearned premiums of that main branch is added to the reserves of that branch. Difference between the gross and net amount is represents reinsurer’s share. Premiums paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

In order to eliminate the misleading impact of change in calculation method of provision for outstanding claims, provision for outstanding claims of the previous period is calculated by the new method and the amount calculated by the new method as provision for outstanding claims at the beginning of the period is used for calculation of reserve for unexpired risk.

As a result of new start of the company according to “Regulation on the technical provisions and assets which are to be invested of Insurance and Reinsurance and Pension Companies” (“Regulation”), DERK is not calculated on net claim/premium ratio (outstanding claims (net) + claims paid (net) – provision for outstanding claims, net at the beginning of the period) / (written premiums (net) + reserve for unearned premiums, net at the beginning of the period – reserve for unearned premiums (net)) for one year. According to 6<sup>th</sup> subclause of 6<sup>th</sup> article of Regulation, DERK is calculated on net claim/premium ratio (outstanding claims (net) + claims paid (net)) / ((written premiums (net) – reserve for unearned premiums (net)) as not to take catastrophic excess of loss reinsurance premiums on a sub-branch basis. If the net claims/premiums ratio exceeds 95% , net amount of DERK is calculated as ratio which exceeds 95% by multiplying with net amount of unearned premiums reserve, gross DERK is calculated by multiplying with gross amount of unearned premiums reserve.

According to the Circular numbered 2012/15 dated 10 December 2012, reserve for unexpired risks are calculated on main branches. As at the reporting date, the Company has provided net reserve for unexpired risk amounting to TL 25.030.645 in the accompanying financial statements (December 31, 2022: TL 36.570.912).

## **2 Summary of significant accounting policies (continued)**

### **2.28 Equalization reserve**

In accordance with the Communiqué on Technical Reserves put into effect starting from 10 November 2021, the companies should provide reserve provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Equalization reserve, started to be provided in 2008, is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for non-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms. The companies should provide equalization reserve up to reaching 150% of the highest premium amount written in a year within the last five years. In case where claims incurred, the amounts below exemption limits as stated in the contracts and the share of the reinsurance firms cannot be deducted from equalization reserve. Claims payments are deducted from first year's equalization reserve by first in first out method.

With the Communiqué released on July 28, 2010 and numbered 27655 "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves", ceded premiums of earthquake and credit for non-proportional reinsurance contracts covered multiple branches should be calculated according to percentage of premiums of those branches within the total premiums unless the Company is determined any other methods. Share of earthquake and credit premium of written premiums for non-proportional reinsurance contracts is based on share of earthquake and credit premiums of proportional reinsurance contracts. In accordance with the Communiqué on Technical Reserves, the Company considers 11% of net death premium (including damage payments) as earthquake premium and 12% of that amount is calculated as equalization reserve since the Company not having sufficient data for calculation. After five financial years, in case that provision amount is less than previous year a mount depending on written premiums, the difference is recognized in other profit reserves under equity. This amount recorded in equity can either be kept under reserves or can also be used in capital increase or paying claims

Equalization reserve are presented under "other technical reserves" within long term liabilities in the accompanying financial statements. As at the reporting date, the Company has recognized equalization reserve amounting to TL 9.350.614 (December 31, 2022: TL TL 6.195.093). As a result of the earthquakes that occurred as of December 31, 2023, the remaining amount of TL 6.132.827 in conservation has been deducted from the balancing provision for previous years.

## **2 Summary of significant accounting policies (continued)**

### **2.29 Related parties**

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

For the purpose of the financial statements, a party is deemed to be related to the Group if one of the following criteria exists:

(a) Through one or more agents of that party, directly or indirectly:

- Controls, is controlled by, or is under joint control with the entity (including parents, subsidiaries and subsidiaries in the same line of business);
- Has a stake that will enable it to have significant influence over the Group; or
- has joint control over the Group;

(b) the party is an affiliate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) the party is a close family member of any individual mentioned in (a) or (d);

(f) the Party; is an entity that is controlled, jointly controlled, or under significant influence or in which any individual referred to in (d) or (e) has a significant voting right, directly or indirectly;

(g) The party has post-employment benefit plans for employees of the entity or an entity that is a related party.

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are paid for.

Some business relationships may be entered into with related parties due to ordinary activities.

### **2.30 Earning per share**

Earnings per share presented in the income statement are calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year. Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior years' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations.

### **2.31 Subsequent events**

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

## 2 Summary of significant accounting policies (continued)

### 2.32 The new standards, amendments and interpretations

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

**i) The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows:**

**Amendments to TAS 8 - Definition of Accounting Estimates**

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

**Amendments to TAS 1 - Disclosure of Accounting Policies**

In August 2021, POA published amendments to TAS 1, in which it provides guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in TAS 1 are valid for annual periods beginning on or after January 1, 2023. Due to the absence of a definition of the term "significant" in TFRS, POA has decided to replace this term with the term "significant" in the context of disclosure of accounting policy information. 'Important' is a term defined in TFRS and is largely understood by users of financial statements according to POA. When evaluating the materiality of accounting policy information, enterprises should take into account both the size of transactions, other events or circumstances, and their nature. In addition, examples of situations in which an entity may consider accounting policy information to be important have been added. The amendments did not have a significant impact on the financial position or performance of the Company.

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The amendments did not have a significant impact on the financial position or performance of the Company.

**2. Summary of Significant Accounting Policies (continued)**

**2.32 The new standards, amendments and interpretations (continued)**

**Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules**

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

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

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

**TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

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

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

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.



**2. Summary of Significant Accounting Policies (continued)**

**2.32 The new standards, amendments and interpretations (continued)**

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

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

**Amendments to IFRS 16 - Lease obligations in sales and leaseback transactions**

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

Generally, the Company does not expect a material impact on the financial statements.

**2. Summary of Significant Accounting Policies (continued)**

**2.32 The new standards, amendments and interpretations (continued)**

**Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. Generally, the Company does not expect a material impact on the financial statements.

**iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

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

**Amendments to IAS 21 - Lack of exchangeability**

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

### **3 Critical accounting estimates and judgments in applying accounting policies**

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

- Note 4.1 – Management of insurance risk
- Note 4.2 – Financial risk management
- Note 10 – Reinsurance assets/liabilities
- Note 12 – Loans and receivables
- Note 17 – Insurance liabilities and reinsurance assets
- Note 17 – Deferred acquisition costs
- Note 21 – Deferred income taxes
- Note 23 – Other liabilities and cost provisions

## 4 Management of insurance and financial risk

### 4.1 Management of insurance risk

#### Objective of managing risks arising from insurance (reinsurance) contracts and policies used to minimize such risks

Reinsurance risk is defined as a possibility of financial loss due to inappropriate and insufficient application of reinsurance techniques in the activities of taking insurance contract responsibility partially or completely.

Potential risks that may be exposed in transactions are described, classified and managed based on the requirements set out in the Company's "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" issued by the approval of the Board of Directors.

The main objective of the "Regulative Framework on the Risk Management Activities, Risk Management Policies and Implementation Procedures and Principles of the Risk Management" is to determine the risk measurement, assessment, and control procedures and maintain consistency between the Company's asset quality and limitations allowed by the insurance standards together with the Company's risk tolerance of the accepted risk level assumed in return for a specific consideration. In this respect, instruments that are related to risk transfer, such as; insurance risk selection, risk quality follow-up by providing accurate and complete information, effective monitoring of level of claims by using risk portfolio claim frequency, treaties, facultative reinsurance contracts and coinsurance agreements, and risk management instruments, such as; risk limitations, are used in achieving the related objective. VHV RE Board of Directors will decide on any decision to make changes in this Policy and its Annexes. All changes are assessed taking into account the VHV Group Risk Strategy and the VHV Group General Management System, and all changes are documented in an updated version of this policy. The actuarial function of VHV RE is informed about significant changes in the Risk Acceptance and Damage policy and significant damage.

Main reinsurance companies that the Company works with and update graduation of these reinsurance companies are:

Reinsurer	Standard & Poors		
	Graduation	Outlook	Date
VHV Allgemeine Versicherung A.G.	A+	Positive	March 21, 2023
<b>Branches of insurance coverage amounts given as</b>			
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	
Facultative earthquake	391.568.510.688	193.671.148.695	
Fire	226.611.505.421	114.481.551.810	
Construction	72.310.476.676	27.592.091.927	
Financial losses	64.467.581.489	32.518.579.778	
Machinery breakdown	43.910.499.065	33.751.234.761	
Cargo	23.964.919.758	15.860.427.643	
Electronic device	13.525.785.511	7.315.018.220	
Montage	10.243.830.575	5.591.259.252	
Professional Indemnity Insurance	2.779.020.052	1.429.566.832	
Third party financial liability	2.697.305.971	1.374.435.939	
Credit	-	1.250.000	
<b>Total</b>	<b>852.079.435.206</b>	<b>433.586.564.857</b>	

#### **4 Management of insurance and financial risk (continued)**

##### **4.1 Management of insurance risk (continued)**

###### **Sensitivity to insurance risk**

Insurance risks do not generally have significant unrecoverable losses in the course of ordinary transactions, except for risks associated with earthquake and other catastrophic risks. Therefore, there is a high sensitivity to earthquake and catastrophic risks.

The case of potential claims' arising from earthquake and other catastrophic risks exceeding the maximum limit of the excess of loss agreements, such risks are treated as the primary insurance risks and are managed based on the precautionary principle. Maximum limit of excess of loss agreements is determined based on the worst case scenario on the possibility of an earthquake in terms of its severity and any potential losses incurred in accordance with the generally accepted international earthquake models.

###### **Insurance risk concentrations**

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

<b>Branches</b>	<b>December 31, 2023</b>		
	<b>Gross total claims liability (*)</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
Facultative Earthquake	547.106.253	(414.013.113)	133.093.140
Fire	156.319.349	(137.851.473)	18.467.876
Machine Breakdown	59.944.510	(53.265.408)	6.679.102
Electronic Equipment	14.348.856	(10.277.665)	4.071.191
Building	19.050.142	(16.060.412)	2.989.730
Cargo	35.892.040	(34.787.635)	1.104.405
Sea Vehicles	13.515.904	(12.829.007)	686.897
Employer Third Party Liability	1.644.780	(1.151.346)	493.434
General Third Party Liability	11.608.559	(11.314.345)	294.214
Plate Glass	381.413	(266.989)	114.424
Personal Accident	1.871.689	(1.779.716)	91.973
Montage	438.160	(348.783)	89.377
Theft	643.932	(585.175)	58.757
Credit	267.944	(241.149)	26.795
Breach of Trust	66.773	(46.741)	20.032
Compulsory Road Passenger Transportation Personal Accident	15.492	(10.845)	4.647
Compulsory Third Party Liability for LPG	11.785	(8.250)	3.535
Aviation Personal Accident	4.608	(1.348)	3.260
Specie	6.240	(4.368)	1.872
Professional Liability	4.362	(3.053)	1.309
Sea Pollution Compulsory Third Party Liability for Coastal Plants	2.762	(1.933)	829
Private Security Third Party Liability	390	(273)	117
Loss of profit	7.460.452	(8.073.100)	(612.648)
<b>Total</b>	<b>870.606.395</b>	<b>(702.922.127)</b>	<b>167.684.268</b>

(\*) Total claims liability includes actually incurred (paid) compensation costs.

**4 Management of insurance and financial risk (continued)**

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

<b>December 31, 2022</b>			
<b>Branches</b>	<b>Gross total claims liability (*)</b>	<b>Reinsurance share of total claims liability</b>	<b>Net total claims liability</b>
Fire	103.449.829	(88.294.454)	15.155.375
Machine Breakdown	60.094.823	(54.260.972)	5.833.851
Cargo	9.989.013	(9.787.489)	201.524
Sea Vessels	6.738.135	(6.488.011)	250.124
General Third Party Liability	5.530.480	(5.459.166)	71.314
Loss of profit	3.818.509	(3.267.307)	551.202
Electronic Equipment	3.391.068	(2.549.059)	842.009
Building	2.449.215	(2.222.376)	226.839
Facultative Earthquake	2.507.813	(2.125.909)	381.904
State Supported Trade Receivables	567.138	(510.425)	56.713
Montage	458.113	(370.062)	88.051
Personal Accident	261.142	(221.685)	39.457
Employer Third Party Liability	278.959	(195.271)	83.688
Plate Glass	48.049	(33.634)	14.415
Theft	33.786	(27.428)	6.358
Compulsory Third Party Liability for LPG	12.524	(8.767)	3.757
Breach of Trust	12.271	(8.590)	3.681
Aviation Personal Accident	2.532	(1.773)	759
Private Security Third Party Liability	143	(100)	43
Professional Liability	82	(57)	25
<b>Total</b>	<b>199.643.624</b>	<b>(175.832.535)</b>	<b>23.811.089</b>

(\*) Total claims liability includes actually incurred (paid) compensation costs

## **4 Management of insurance and financial risk** *(continued)*

### **4.2 Management of financial risk**

#### **Introduction and overview**

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if counterparties (parties issued financial instrument, insurance companies, reinsurance companies and other debtors) having business relationship with the Company fails to meet its contractual obligations. The Company manages this credit risk by regularly assessing reliability of the counterparties. The balance sheet items that the Company is exposed to credit risk are as follows:

- Cash at banks
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activities
- Receivables related to commission from Retrososns
- Due from related parties
- Other receivables

Credit risk is measured by both quantitative and qualitative methods and the weighted reinsurers in retrocession programs, credit ratings of them that indicate their financial strengths and their financial positions are analysed.

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

**4 Management of insurance and financial risk (continued)**

**4.2 Management of financial risk (continued)**

**Credit risk (continued)**

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

	December 31, 2023	December 31, 2022
Cash and cash equivalents (Note 14)	1.099.425.884	404.555.760
Receivables from main operations (Note 12)	1.482.240.779	365.093.693
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	2.900.780.445	642.887.728
Income accruals(Note 47)	16.757.708	9.420.128
Receivables from related parties (Note 12)	6.002.435	-
Other receivables (Note 12)	627.407	224.525
<b>Total</b>	<b>5.505.834.658</b>	<b>1.422.181.834</b>

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

	December 31, 2023		December 31, 2022	
	Gross amount	Provision	Gross amount	Provision
Not past due	1.258.417.624	-	254.719.659	-
Past due 0-30 days	62.909.822	-	44.354.541	-
Past due 31-60 days	106.121.635	-	13.611.775	-
Past due 61-90 days	36.527.798	-	47.134.498	-
More than 90 days	18.263.900	-	5.273.220	-
<b>Total</b>	<b>1.482.240.779</b>	<b>-</b>	<b>365.093.693</b>	<b>-</b>



#### 4 Management of insurance and financial risk (continued)

##### 4.2 Management of financial risk (continued)

###### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as a result of the imbalance between the Company's cash inflows and outflows in terms of maturity and volume.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities.

In respect of this risk which is measured by quantitative methods, any liquidity deficit is observed via the maturity analysis of assets and liabilities in the statement of balance sheet. Furthermore, liquidity structure of the Company is monitored by using the following basic indicators in respect of liquidity ratios.

- Liquid Assets / Total Assets
- Liquidity Ratio
- Current Ratio
- Premium and Reinsurance Receivables / Total Assets

The results evaluated by the Risk Committee and reported regularly to the Board of Directors. Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

###### Management of the liquidity risk

The Company considers the maturity match between asset and liabilities for the purpose of avoiding liquidity risk and ensure that it will always have sufficient liquidity to meet its liabilities when due.

Maturity distribution of monetary assets and liabilities:

December 31, 2023	Carrying amount	Up to 1 monthss	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	1.099.425.884	1.099.425.884	-	-	-	-
Financial assets	-	-	-	-	-	-
Receivables from main operations	1.482.240.779	1.321.327.446	106.121.635	36.527.798	18.263.900	-
Other receivables	6.002.435	-	-	6.002.435	-	-
Receivables from related parties	627.407	-	627.407	-	-	-
Income Accruals	19.768.377	-	16.757.708	3.010.669	-	-
<b>Total monetary assets</b>	<b>2.608.064.882</b>	<b>2.420.753.330</b>	<b>123.506.750</b>	<b>45.540.902</b>	<b>18.263.900</b>	-
Financial liabilities	7.254.799	1.971.682	1.314.455	2.628.910	786.916	552.836
Payables arising from main operations	1.851.126.478	1.067.736.591	268.223.235	470.179.266	44.987.386	-
Other liabilities	4.077.458	-	-	4.077.458	-	-
Insurance technical provisions	485.478.251	18.786.482	86.651.298	25.030.644	345.659.213	9.350.614
Provisions for taxes and other similar obligations	3.917.419	3.917.419	-	-	-	-
Provisions for other risks and expense accruals	13.414.677	1.760.032	7.100.000	-	3.318.606	1.236.039
<b>Total monetary liabilities</b>	<b>2.365.269.082</b>	<b>1.094.172.206</b>	<b>363.288.988</b>	<b>501.916.278</b>	<b>394.752.121</b>	<b>11.139.489</b>

#### 4 Management of insurance and financial risk (continued)

##### 4.2 Management of financial risk (continued)

###### Liquidity risk (continued)

December 31, 2022	Carrying amount	Up to 1 month:	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	404.555.760	404.555.760	-	-	-	-
Financial assets	84.819.307	-	84.819.307	-	-	-
Receivables from main operations	365.093.693	299.074.200	13.611.775	47.134.498	5.273.220	-
Other receivables	224.525	-	224.525	-	-	-
Receivables from related parties	-	-	-	-	-	-
Income accruals	11.731.244	693.335	10.294.574	743.335	-	-
<b>Total monetary assets</b>	<b>866.424.529</b>	<b>704.323.295</b>	<b>108.950.181</b>	<b>47.877.833</b>	<b>5.273.220</b>	<b>-</b>
Financial liabilities	347.717	28.977	86.929	173.858	57.953	-
Payables arising from main operations	423.516.783	198.818.963	106.079.627	108.603.397	10.014.796	-
Other liabilities	2.629.643	657.411	1.972.232	-	-	-
Insurance technical provisions	172.852.772	9.524.369	29.052.870	36.570.912	91.509.528	6.195.093
Provisions for taxes and other similar obligations	1.342.003	1.342.003	-	-	-	-
Provisions for other risks and expense accruals	5.731.857	363.824	4.000.000	-	1.084.652	283.381
<b>Total monetary liabilities</b>	<b>606.420.775</b>	<b>210.735.547</b>	<b>141.191.658</b>	<b>145.348.167</b>	<b>102.666.929</b>	<b>6.478.474</b>

###### Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

###### Foreign currency risk

The Company is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the reporting periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of operations.

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

December 31, 2023	US Dollar	Euro	Other currencies	Total
<b>Assets:</b>				
Receivables from main operations	405.884.345	355.858.005	247.967.087	1.009.709.437
Cash and cash equivalents	635.548.163	458.963.498	-	1.094.511.661
<b>Total foreign currency assets</b>	<b>1.041.432.508</b>	<b>814.821.503</b>	<b>247.967.087</b>	<b>2.104.221.098</b>
<b>Liabilities:</b>				
Payables arising from main operations	(614.165.781)	(400.330.332)	(283.618.458)	(1.298.114.571)
Insurance technical provisions (*)	(186.386.939)	(65.533.871)	(2.295.272)	(254.216.082)
<b>Total foreign currency liabilities</b>	<b>(800.552.720)</b>	<b>(465.864.203)</b>	<b>(285.913.730)</b>	<b>(1.552.330.653)</b>
<b>Net on-balance sheet position</b>	<b>240.879.788</b>	<b>348.957.300</b>	<b>(37.946.643)</b>	<b>551.890.445</b>

(\*) According to the "Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" published in Official Gazette no 27655 dated 28 July 2010; foreign currency denominated claims provisions evaluated by the Central Bank of the Republic of Turkey's spot sales rates.

**4 Management of insurance and financial risk (continued)****4.2 Management of financial risk (continued)****Market risk (continued)***Foreign currency risk (continued)*

December 31, 2022	US Dollar	Euro	Other currencies	Total
<b>Assets:</b>				
Receivables from main operations	155.159.078	111.586.797	35.569.698	302.315.573
Cash and cash equivalents	200.263.878	199.226.054	-	399.489.932
<b>Total foreign currency assets</b>	<b>355.422.956</b>	<b>310.812.851</b>	<b>35.569.698</b>	<b>701.805.505</b>
<b>Liabilities:</b>				
Payables arising from main operations	(168.979.933)	(106.252.015)	(41.234.716)	(316.466.664)
<b>Total foreign currency liabilities</b>	<b>(168.979.933)</b>	<b>(106.252.015)</b>	<b>(41.234.716)</b>	<b>(316.466.664)</b>
<b>Net on-balance sheet position</b>	<b>186.443.023</b>	<b>204.560.836</b>	<b>(5.665.018)</b>	<b>385.338.841</b>

(\*) According to the “Communiqué on Amendments to Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” published in Official Gazette no 27655 dated 28 July 2010; foreign currency denominated claims provisions evaluated by the Central Bank of the Republic of Turkey’s spot sales rates.

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

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as at reporting dates are as follows:

	At the end of the period	
	US Dollar	Euro
December 31, 2023	29,4382	32,5739
December 31, 2022	18,6983	19,9349

*Exposure to foreign currency risk*

A 10 percent depreciation of the TL against the following currencies As of December 31, 2023 and 2022 would have increased or decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent appreciation of the TL against the following currencies, the effect will be in opposite direction.

	December 31, 2023		December 31, 2022	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	24.087.979	24.087.979	18.644.302	18.644.302
Euro	34.895.730	34.895.730	20.456.084	20.456.084
Others	(3.794.664)	(3.794.664)	(566.502)	(566.502)
<b>Total, net</b>	<b>55.189.045</b>	<b>55.189.045</b>	<b>38.533.884</b>	<b>38.533.884</b>

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

#### **4 Management of insurance and financial risk (continued)**

##### **4.2 Management of financial risk (continued)**

###### **Market risk (continued)**

###### *Exposure to interest rate risk*

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Financial assets:</b>		
<b>Financial assets with fixed interest rates:</b>	<b>575.269.193</b>	<b>234.885.503</b>
Cash at banks (Note 14)	581.841.468	235.233.220
Other financial liabilities	(6.572.275)	(347.717)
<b>Financial assets held for trading:</b>	<b>-</b>	<b>84.819.307</b>
Currency protected deposit (Note 11)	-	84.819.307

###### *Fair value information*

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. As of December 31, 2023 and December 31, 2022, the Company does not have any financial instruments that can be measured at fair value.

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

###### *Classification relevant to fair value information*

IFRS 7 – *Financial instruments: Disclosures* requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available. As of December 31, 2023, there is not any financial assets (December 31, 2022: None).

#### 4 Management of insurance and financial risk (continued)

##### 4.2 Management of financial risk (continued)

###### Market risk (continued)

###### Gain and losses from financial assets

<i>Gains and losses recognized in the statement of income, net</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Interest income from bank deposits	869.696	21.180.973
Foreign exchange gains	275.261.776	96.169.006
Valuation of financial assets	-	3.550.196
<b>Investment income</b>	<b>276.131.472</b>	<b>120.900.175</b>
Investment Management Expenses - Including Interest	(1.200.040)	(419.116)
Loss from Disposal of Financial Assets	(1.038.647)	-
Investment Income Transferred to Non-Life Technical Section	(229.689.551)	(66.608.104)
<b>Investment expenses</b>	<b>(231.928.238)</b>	<b>(67.027.220)</b>
<b>Investment income, net</b>	<b>44.203.234</b>	<b>53.872.955</b>

###### Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Turkish Treasury,
- To safeguard the Company's ability to continue as a going concern,

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy for Insurance, Reinsurance and Individual Pension Companies" issued by Turkish Treasury on 23 August 2015 dated and 29454 numbered; the Company measured its minimum capital requirement as TL 467.391.697 As of December 31, 2023 (December 31, 2022: TL 241.555.332). As of December 31, 2023, the capital amount of the Company presented in the financial statements is TL 676.345.687 (December 31, 2022: TL 681.070.645) and capital surplus of the Company is amounting to TL 208.953.990 according to the communiqué. (December 31, 2022: TL 439.515.313)

#### 5 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

##### Business segment

As of the reporting date the, Company operates only in non-life insurance segment, so the Company does not disclose business segment reporting.

##### Geographical segment

The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

## 6 Tangible assets

Movement in tangible assets in the period from 1 January to December 31, 2023 is presented below:

	1 January 2023	Additions	Disposals	Transfer	December 31, 2023
<i>Cost:</i>					
Furniture and fixtures	1.771.931	1.112.934	-	-	2.884.865
Operating leases	9.010.636	14.014.419	-	-	23.025.055
Leasehold improvements	329.706	-	-	-	329.706
	<b>11.112.273</b>	<b>15.127.353</b>	-	-	<b>26.239.626</b>
<i>Accumulated depreciation:</i>					
Furniture and fixtures	853.359	446.441	-	-	1.299.800
Operating leases	8.109.835	5.370.488	-	-	13.480.323
Leasehold improvements	203.766	49.109	-	-	252.875
	<b>9.166.960</b>	<b>5.866.038</b>	-	-	<b>15.032.998</b>
<b>Net book value</b>	<b>1.945.313</b>				<b>11.206.628</b>

Movements of tangible assets in the period from 1 January to December 31, 2022 are presented below:

	1 January 2022	Additions	Disposals	Transfer	December 31, 2022
<i>Cost:</i>					
Furniture and fixtures	1.091.833	680.098	-	-	1.771.931
Operating leases	5.328.941	3.681.695	-	-	9.010.636
Leasehold improvements	290.058	39.648	-	-	329.706
	<b>6.710.832</b>	<b>4.401.441</b>	-	-	<b>11.112.273</b>
<i>Accumulated depreciation:</i>					
Furniture and fixtures	619.783	233.576	-	-	853.359
Operating leases	4.846.379	3.263.456	-	-	8.109.835
Leasehold improvements	159.944	43.822	-	-	203.766
	<b>5.626.106</b>	<b>3.540.854</b>	-	-	<b>9.166.960</b>
<b>Net book value</b>	<b>1.084.726</b>				<b>1.945.313</b>

There is not any mortgage over tangible assets of the Company As of December 31, 2023 and 2022.

## 7 Investment property

The Company has not any investment property As of December 31, 2023 and 2022.

## 8 Intangible assets

Movement in intangible assets in the period from 1 January to December 31, 2023 is presented below:

	1 January 2023	Additions	Disposals	Transfer	December 31, 2023
<i>Cost:</i>					
Rights	4.418.887	2.111.239	-	-	6.530.126
Advances on intangible fixed assets(*)	3.114.723	420.882	-	-	3.535.605
Other	-	357.200	-	-	357.200
	<b>7.533.610</b>	<b>2.889.321</b>	-	-	<b>10.422.931</b>
<i>Accumulated amortization:</i>					
Rights	2.419.516	278.381	-	-	2.697.897
	<b>2.419.516</b>	<b>278.381</b>	-	-	<b>2.697.897</b>
<b>Net book value</b>	<b>5.114.094</b>				<b>7.725.034</b>

(\*) Given referring to reinsurance computer software. There is a reinsurance software that is offered free of charge by the main shareholder of the Company.

Movements in intangible assets in the period from 1 January to December 31, 2022 are as follows:

	1 January 2022	Additions	Disposals	Transfer	December 31, 2022
<i>Cost:</i>					
Rights	3.948.068	470.819	-	-	4.418.887
Advances on intangible fixed assets(*)	2.050.092	1.064.631	-	-	3.114.723
	<b>5.998.160</b>	<b>1.535.450</b>	-	-	<b>7.533.610</b>
<i>Accumulated amortization:</i>					
Rights	2.198.106	221.410	-	-	2.419.516
	<b>2.198.106</b>	<b>221.410</b>	-	-	<b>2.419.516</b>
<b>Net book value</b>	<b>3.800.054</b>				<b>5.114.094</b>

(\*) Given referring to reinsurance computer software. There is a reinsurance software that is offered free of charge by the main shareholder of the Company.

There is not any mortgage over intangible assets of the Company As of December 31, 2023 and 2022.

## 9 Investments in associates

The company is owned by VHV Allgemeine Sigorta A.Ş., 100% owned by Oman Insurance Company. All of its shares were purchased on June 14, 2022 and the share transfer was registered and announced on July 19, 2022. With this acquisition, the Company became the owner of 100% shares of VHV Allgemeine Sigorta and started to be controlled by the Company.

	December 31, 2023		December 31, 2022	
	Book value	Participation rate %	Book value	Participation rate %
VHV Allgemeine Sigorta A.Ş.	571.624.416	100	571.624.416	100
<b>Subsidiaries, Net</b>	<b>571.624.416</b>		<b>571.624.416</b>	
<b>Total financial assets</b>	<b>571.624.416</b>		<b>571.624.416</b>	

Name	Total Assets	Total Equity	Retained earnings	Profit for the year	Audited	Period
<b>Subsidiaries:</b>						
VHV Allgemeine Sigorta A.Ş.	1.234.770.942	283.175.876	62.822.058	60.019.359	Audited	December 31, 2023

## 10 Reinsurance asset and liabilities

As of December 31, 2023 and 2022, outstanding reinsurance assets and liabilities of the Company, as Reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2023	December 31, 2022
Receivables from reinsurance companies (Note 12)	2.900.780.445	642.887.728
Provision for outstanding claims, ceded (Note 4.2), (Note 17)	501.733.977	204.351.347
Reserve for unexpired risks, ceded (Note 17)	136.412.557	256.235.929
Reserve for unearned premiums, ceded (Note 17)	840.213.784	188.292.572
<b>Total</b>	<b>4.379.140.763</b>	<b>1.291.767.576</b>

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2023	December 31, 2022
Payables arising from reinsurance operations (Note 19)	1.851.126.478	423.516.783
Deferred commission income (Note 19)	132.317.807	63.673.907
<b>Total</b>	<b>1.983.444.285</b>	<b>487.190.690</b>

Gains and losses recognized in the statement of income in accordance with existing retrocedant contracts are as follows:

	December 31, 2023	December 31, 2022
Premiums ceded during the period (Note 17)	(1.276.155.017)	(573.976.376)
Reserve for unearned premiums, ceded at the beginning of the period (Note 17)	(204.351.347)	(83.030.065)
Reserve for unearned premiums, ceded at the end of the period (Note 17)	501.733.977	204.351.347
<b>Premiums earned, ceded (Note 17)</b>	<b>(978.772.387)</b>	<b>(452.655.094)</b>
Claims paid, ceded during the period (Note 17)	702.922.127	175.832.535
Provision for outstanding claims, ceded at the beginning of the period (Note 17)	(642.887.728)	(249.608.900)
Provision for outstanding claims, ceded at the end of the period (Note 17)	2.900.780.445	642.887.728
<b>Claims incurred, ceded (Note 17)</b>	<b>2.960.814.844</b>	<b>569.111.363</b>
Commission income accrued from reinsurers during the period (Note 32)	337.576.134	177.477.553
Deferred commission income at the beginning of the period (Note 19)	63.673.907	25.009.196
Deferred commission income at the end of the period (Note 19)	(132.317.807)	(63.673.907)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>268.932.234</b>	<b>138.812.842</b>
<b>Changes in provision for outstanding claims, reinsurers' share (Note 17)</b>	<b>(119.823.372)</b>	<b>215.221.789</b>
<b>Total, net</b>	<b>2.131.151.319</b>	<b>470.490.900</b>



## 11 Financial assets

As of December 31, 2023, receivables from main operations are detailed as follows

	December 31, 2023	December 31, 2022
<b>Financial Assets Held for Trading</b>		
Kur korumalı mevduat	-	84.819.307
<b>End of period</b>	<b>-</b>	<b>84.819.307</b>

Movements of financial assets during the period are as follows:

	December 31, 2023	December 31, 2022
<b>Financial Assets Held for Trading</b>		
<b>Opening</b>	<b>84.819.307</b>	<b>-</b>
Addition	-	81.269.111
Disposal	(83.780.660)	-
Change in fair value of financial assets	(1.038.647)	3.550.196
<b>Closing</b>	<b>-</b>	<b>84.819.307</b>

## 12 Loans and receivables

	December 31, 2023	December 31, 2022
Receivables from main operations ( <i>Note 4.2</i> )	1.482.240.779	365.093.693
Other receivables ( <i>Note 4.2</i> )	627.407	224.525
Prepaid Taxes and Funds	116.103	2.066.086
Income Accruals ( <i>Note 4.2</i> )	16.757.708	9.420.128
Receivables from related parties ( <i>Note 4.2</i> ), ( <i>Note 45</i> )	6.002.435	-
<b>Total assets</b>	<b>1.505.744.432</b>	<b>376.804.432</b>
Short-term receivables	1.505.744.432	376.804.432
<b>-Total</b>	<b>1.505.744.432</b>	<b>376.804.432</b>

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

	December 31, 2023	December 31, 2022
Receivables from insurance companies	233.962.255	109.897.113
Receivables from agencies, brokers and intermediaries	408.064.740	66.904.008
Receivables from reinsurance companies ( <i>Note 10</i> )	840.213.784	188.292.572
<b>Total receivables from reinsurance operations, net</b>	<b>1.482.240.779</b>	<b>365.093.693</b>

### Provisions provided for doubtful receivables that are due and not due

**a) Receivables under legal or administrative follow up (due):** There are not any legal and administrative follow-ups arising from main operations and other receivables (December 31, 2022: None).

**b) Provision for premium receivables (due):**None (December 31, 2022: None).

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in 45.

The details of the receivables and payables denominated in foreign currencies and foreign currency rates used for the translation are presented in *Note 4.2*.

## 13 Derivative financial assets

As of December 31, 2023 and 2022, the Company has not any derivative financial instruments.

## 14 Cash and cash equivalents

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

	December 31, 2023		December 31, 2022	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Banks	1.099.425.884	404.555.760	404.555.760	280.645.699
<b>Cash and cash equivalents presented in the balance sheet</b>	<b>1.099.425.884</b>	<b>404.555.760</b>	<b>404.555.760</b>	<b>280.645.699</b>
Interest accruals on bank deposits	(397.589)	(74.310)	(74.310)	(9.963)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>1.099.028.295</b>	<b>404.481.450</b>	<b>404.481.450</b>	<b>280.635.736</b>

As of December 31, 2023 and 2022, bank deposits are further analyzed as follows:

	December 31, 2023	December 31, 2022
Foreign currency denominated bank deposits		
- time deposits	581.841.468	235.233.220
- demand deposits	513.067.782	164.331.021
Bank deposits in Turkish Lira		
- demand deposits	4.516.634	4.991.519
<b>Bank balances</b>	<b>1.099.425.884</b>	<b>404.555.760</b>

As of December 31, 2023 and 2022, the Company has not any cash collateral kept at banks.

## 15 Equity

### Paid in capital

The shareholder having direct or indirect control over the shares of the Company is VHV Allgemeine Versicherung AG. having 100% of outstanding shares. As of December 31, 2023 and 2022, the shareholding structure of the Company is presented below:

Name	December 31, 2023		December 31, 2022	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
VHV Allgemeine Versicherung AG.	703.500.000	100	703.500.000	100
<b>Paid in capital</b>	<b>703.500.000</b>	<b>100</b>	<b>703.500.000</b>	<b>100</b>

As of December 31, 2023, the issued share capital of the Company is TL 703.500.000 (December 31, 2022: TL 703.500.000) and the share capital of the Company consists of 703.500.000 (December 31, 2022: 703.500.000 shares) issued shares with TL 1 nominal value each. There are no privileges over the shares of the Company.

### Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

As of December 31, 2023, legal reserves of the Company's are TL 7.605.680 (December 31, 2022: TL 5.959.631).

### Extraordinary reserves

As of December 31, 2023 and 2022, the Company has not any extraordinary reserves.

### Other profit reserves

According to revision on TAS 19, actuarial profit and losses that recognized in income statement in termination indemnity calculation before, is recognized in "Other Profit Reserves" account under equity in current period financial statements. The amount of TL (182.516), (December 31, 2022: 117.224) regarding actuarial calculation is presented in other profit reserves account, in calculation of termination indemnity as of December 31, 2023.

Movement of other profit reserves is presented below:

	December 31, 2023	December 31, 2022
<b>Other profit reserves at the beginning of the period</b>	117.224	78.952
Actuarial gains/losses	(299.740)	38.272
<b>Other profit reserves at the end of the period</b>	<b>(182.516)</b>	<b>117.224</b>

## 16 Other reserves and equity component of Discretionary Participation Feature

As of December 31, 2023 and December 31, 2022, other reserves are explained in detail in Note 15 – *Equity* above.

December 31, 2023 and December 31, 2022, the Company does not hold any insurance or investment contracts which contain a DPF.

## 17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Company. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Company makes calculation of the related insurance technical provisions accordance with the Insurance Legislation and reflects them into financial statements as mentioned in Note 2 – *Summary of significant accounting policies*.

As of December 31, 2023 and 2022, technical reserves of the Company are as follows:

	December 31, 2023	December 31, 2022
Reserve for unearned premiums, gross	607.171.756	233.404.217
Reserve for unearned premiums, ceded (Note 10)	(501.733.977)	(204.351.347)
<b>Reserves for unearned premiums, net</b>	<b>105.437.779</b>	<b>29.052.870</b>
Provision for outstanding claims, gross	3.246.439.658	743.921.625
Provision for outstanding claims, ceded (Note 4.2), (Note 10)	(2.900.780.445)	(642.887.728)
<b>Provision for outstanding claims, net</b>	<b>345.659.213</b>	<b>101.033.897</b>
Reserve for unexpired risks, gross	161.443.202	292.806.841
Reserve for unexpired risks, ceded (Note 10)	(136.412.557)	(256.235.929)
<b>Reserve for unexpired risks, net</b>	<b>25.030.645</b>	<b>36.570.912</b>
<b>Equalization reserve, net</b>	<b>9.350.614</b>	<b>6.195.093</b>
<b>Total technical provisions, net</b>	<b>485.478.251</b>	<b>172.852.772</b>

As of December 31, 2023 and 2022, movements of the insurance liabilities and related reinsurance assets are presented below:

	December 31, 2023		
	Gross	Ceded	Net
<b>Reserve for unearned premiums</b>			
Reserve for unearned premiums at the beginning of the period	233.404.217	(204.351.347)	29.052.870
Premiums written during the period	1.503.787.096	(1.276.155.017)	227.632.079
Premiums earned during the period	(1.130.019.557)	978.772.387	(151.247.170)
<b>Reserve for unearned premiums at the end of the period</b>	<b>607.171.756</b>	<b>(501.733.977)</b>	<b>105.437.779</b>

	December 31, 2022		
	Gross	Ceded	Net
<b>Reserve for unearned premiums</b>			
Reserve for unearned premiums at the beginning of the period	93.564.755	(83.030.065)	10.534.690
Premiums written during the period	636.663.045	(573.976.376)	62.686.669
Premiums earned during the period	(496.823.583)	452.655.094	(44.168.489)
<b>Reserve for unearned premiums at the end of the period</b>	<b>233.404.217</b>	<b>(204.351.347)</b>	<b>29.052.870</b>

	December 31, 2023		
	Gross	Ceded	Net
<b>Provision for outstanding claims</b>			
Provision for outstanding claims at the beginning of the period	743.921.625	(642.887.728)	101.033.897
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	3.373.124.428	(2.960.814.844)	412.309.584
Claims paid during the period	(870.606.395)	702.922.127	(167.684.268)
<b>Provision for outstanding claims at the end of the period</b>	<b>3.246.439.658</b>	<b>(2.900.780.445)</b>	<b>345.659.213</b>

17 **Insurance contract liabilities and reinsurance assets** (continued)

Provision for outstanding claims	December 31, 2022		
	Gross	Ceded	Net
Provision for outstanding claims at the beginning of the period	283.171.115	(249.608.900)	33.562.215
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	660.394.134	(569.111.363)	91.282.771
Claims paid during the period	(199.643.624)	175.832.535	(23.811.089)
<b>Provision for outstanding claims at the end of the period</b>	<b>743.921.625</b>	<b>(642.887.728)</b>	<b>101.033.897</b>

**Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets**

The Company, being a reinsurance company, has not any obligation of providing guarantees.

**Total amount of insurance risk on a branch basis**

The Company's total amount of insurance risk on a branch basis is mentioned in *Note 4.1 – Management of insurance risk*.

**Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves**

None.

**Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period**

None.

**Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period**

None.

**Pension investment funds established by the Company and their unit prices**

None.

**Number and amount of participation certificates in portfolio and circulation**

None.

**Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups**

None.

**Valuation methods used in profit share calculation for saving life contracts with profit sharing**

None.

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups**

None.

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups which were transferred from other insurance companies during the year**

None.

**Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio to private pension portfolio during the year**

None.

## 17 Insurance contract liabilities and reinsurance assets (continued)

### Distribution of individual and group participants which were cancelled or transferred to other insurance companies in terms of their numbers and gross and net contributions

None.

### Profit share distribution rate of life insurances

None.

### Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2023, short-term deferred expenses amounting to TL 113.634.847 (December 31, 2022: TL 51.203.592) totally consist of deferred commission expenses.

As of December 31, 2023 and 2022, the movement of deferred commission expenses is presented below:

	December 31, 2023	December 31, 2022
Deferred commission expenses at the beginning of the period	51.203.592	19.100.322
Commissions accrued during the period (Note 32)	303.314.074	147.658.428
Commissions expensed during the period (Note 32)	(240.882.819)	(115.555.158)
<b>Deferred commission expenses at the end of the period</b>	<b>113.634.847</b>	<b>51.203.592</b>

## 18 Investment contract liabilities

None.

## 19 Trade and other payables and deferred income

	December 31, 2023	December 31, 2022
Financial liabilities	7.254.799	347.717
Payables arising from reinsurance operations	1.851.126.478	423.516.783
Other miscellaneous payables and other liabilities	14.496.064	7.714.295
Short/long term deferred income and expense accruals	134.077.839	64.037.731
Taxes and other liabilities and similar obligations	3.917.419	1.342.003
<b>Total</b>	<b>2.010.872.599</b>	<b>496.958.529</b>
Short-term liabilities	2.010.319.763	496.958.529
Mid and long term liabilities	552.836	-
<b>Total</b>	<b>2.010.872.599</b>	<b>496.958.529</b>

As of December 31, 2023 and 2022, other payables mainly consist of outsourced benefits and services.

Short/long term deferred income and expense accruals include deferred commission income (Note 10) amounting to TL 132.317.807 (December 31, 2022: TL 63.673.907 ).

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2023	December 31, 2022
Corporate tax liabilities	-	(9.730.809)
Taxes paid during the year	116.103	11.796.895
<b>Corporate tax liability/(Prepaid tax), net</b>	<b>116.103</b>	<b>2.066.086</b>

### Total amount of investment incentives which will be benefited in current and forthcoming periods

None.

## 20 Financial liabilities

As of December 31, 2023, the Company's financial liabilities consist of credit card liabilities amounting to TL 129.688 (December 31, 2022 : None) and financial liabilities arising from leasing agreements amounting to TL 7.125.111 . (December 31, 2022: TL 347.717)

As of December 31, 2023 and 2022, the Company's discounted repayment plans for operating leases are as follows

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Up to 1 year	6.572.275	347.717
Between 1 -2 years	552.836	-
<b>Total</b>	<b>7.125.111</b>	<b>347.717</b>

## 21 Deferred tax

As of December 31, 2023 and 2022, deferred tax assets and liabilities are attributable to the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>Deferred tax assets/ (liabilities)</b>	<b>Deferred tax assets/ (liabilities)</b>
Equalization reserve	1.858.528	763.443
Unexpired risk reserve	7.509.193	9.142.728
Provision for employee termination benefits	370.812	70.846
Provision for unused vacation pay liability	995.582	271.163
TAS adjustment differences in depreciation	4.239.652	77.290
Currency valuation differences	769.142	173.421
Other	367.140	-
<b>Deferred tax assets/liabilities, net</b>	<b>16.110.049</b>	<b>10.498.891</b>

As of December 31, 2023, the Company has not any deductible tax losses (December 31, 2022: None).

Movement of deferred tax assets As of December 31, 2023 and 2022 are given below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Opening balance	10.498.891	115.979
Recognized in profit or loss	5.577.477	10.395.670
Recognized in OCI	33.681	(12.758)
<b>Closing balance</b>	<b>16.110.049</b>	<b>10.498.891</b>

## 22 Retirement benefit obligations

None (December 31, 2022: None).

## 23 Provision for other liabilities and charges

As of December 31, 2023 and 2022; the provisions for other risks are disclosed as follows:

	December 31, 2023	December 31, 2022
Provision for employee termination benefits	1.236.039	283.381
Provision for personnel bonus	7.100.000	4.000.000
Provision for unused vacation pay liability	3.318.606	1.084.652
Expense accruals	1.760.032	363.824
<b>Total provision for other risks</b>	<b>13.414.677</b>	<b>5.731.857</b>

Movement of provision for severance pay during the period is presented below:

	December 31, 2023	December 31, 2022
Provision at the beginning of the period	283.381	172.235
Interest cost	62.061	32.725
Service cost	491.937	129.450
Payments during the period	(29.539)	-
Actuarial differences	428.199	(51.029)
<b>Provision at the end of the period</b>	<b>1.236.039</b>	<b>283.381</b>

Movement of provision for personnel bonus during the period is presented below:

	December 31, 2023	December 31, 2022
Provision at the beginning of the period	4.000.000	2.515.000
Payments during the period	(4.000.000)	(2.515.000)
Provision made during the period	7.100.000	4.000.000
<b>Provision at the end of the period</b>	<b>7.100.000</b>	<b>4.000.000</b>

Movement of provision for unused vacation pay during the period is presented below:

	December 31, 2023	December 31, 2022
Provision at the beginning of the period	1.084.652	680.532
Provision made during the period	2.233.954	404.120
<b>Provision at the end of the period</b>	<b>3.318.606</b>	<b>1.084.652</b>



Net insurance premium revenue for non-life branches is presented in detailed in the accompanying statement of income.

**25 Fee income**

None.

**26 Investment income**

Presented in "Note 4.2 – Financial Risk Management" above.

**27 Net income accrual on financial assets**

Presented in "Note 4.2 – Financial Risk Management" above.

**28 Asset held at fair value through profit or loss**

Presented in "Note 4.2 – Financial Risk Management" above.

**29 Insurance rights and claims**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Claims paid, net off reinsurers' share	(167.684.268)	(23.811.089)
Changes in provision for outstanding claims, net off reinsurers' share	(76.384.909)	(18.518.180)
Changes in reserve for unearned premium, net off reinsurers' share	(244.625.316)	(67.471.682)
Changes in reserve for unexpired risks, net off reinsurers' share	(3.155.521)	(3.141.323)
Change in equalization reserve, net off reinsurers' share	11.540.267	(31.333.743)
<b>Total</b>	<b>(480.309.747)</b>	<b>(144.276.017)</b>

**30 Investment contract benefits**

None.

**31 Other expenses**

The allocation of the expenses with respect to their nature or function is presented in Note 32 – *Expenses by nature* below.

### 32 Operating expenses

For the year-ended December 31, 2023 and 2022, the operating expenses are disclosed as follows:

	December 31, 2023	December 31, 2022
Commission expenses (Note 17)	240.882.819	115.555.158
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	<i>303.314.074</i>	<i>147.658.428</i>
<i>Changes in deferred commission expenses (Note 17)</i>	<i>(62.431.255)</i>	<i>(32.103.270)</i>
Employee benefit expenses (Note 33)	42.760.732	23.191.230
Administration expenses	27.304.075	18.986.812
Commission income from reinsurers (Note 10)	(268.932.234)	(138.812.842)
<i>Commission income from reinsurers accrued during the period (Note 10)</i>	<i>(337.576.134)</i>	<i>(177.477.553)</i>
<i>Change in deferred commission income (Note 10)</i>	<i>68.643.900</i>	<i>38.664.711</i>
Other	522.079	385.461
<b>Total</b>	<b>42.537.471</b>	<b>19.305.819</b>

### 33 Employee benefit expenses

For the years ended December 31, 2023 and 2022, employee benefit expenses are disclosed as follows:

	December 31, 2023	December 31, 2022
Wages and salaries	31.850.893	18.810.699
Employer's share in social security premiums	5.084.036	3.000.656
Pension fund benefits	5.825.803	1.379.875
<b>Total (Note 32)</b>	<b>42.760.732</b>	<b>23.191.230</b>

### 34 Financial costs

Finance costs of the period are presented in "Note 4.2 – Financial Risk Management" above. There are not any finance costs classified in production costs or capitalized on tangible assets. All financial costs are directly recognised as expense in the statement of income.

### 35 Income tax expense

Income tax expense in the accompanying financial statements is as follows:

	December 31, 2023	December 31, 2022
<b>Corporate tax expense:</b>		
Corporate tax provision	-	(6.058.071)
<b>Deferred taxes:</b>		
Arising from origination (+)/ reversal (-) of taxable temporary differences total income tax expense recognized in profit or loss	5.577.477	10.395.670
<b>Total income tax(expense)/income</b>	<b>5.577.477</b>	<b>4.337.599</b>

### 35 Income tax expense (continued)

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended December 31, 2023 and 2022 is as follows:

Profit / (loss) before tax	December 31, 2023		December 31, 2022	
	(13.163.112)	Tax Ratio %	23.178.404	Tax Ratio (%)
Income tax provision at statutory tax rate	3.948.934	(30,00)	(5.794.601)	(25,00)
Current period tax losses on which no deferred tax is calculated	(6.322.703)	48,03	-	-
Inflation accounting effect	5.374.818	(40,83)	-	-
Tax rate change effects	2.099.778	(15,95)	418.355	1,80
Disallowable expenses and exceptions and other	476.650	(3,62)	9.713.845	41,91
<b>Total tax expense recognized in profit or loss</b>	<b>5.577.477</b>	<b>(42,37)</b>	<b>4.337.599</b>	<b>18,71</b>

### 36 Net foreign exchange gains

Net foreign exchange gains are presented in Note 4.2 – *Financial Risk Management* above.

### 37 Earnings per share

Earnings per share are calculated by dividing net profit of the year to the weighted average number of shares.

	December 31, 2023	December 31, 2022
Net profit / (loss) for the period	(7.585.635)	27.516.003
Weighted average number of shares	703.500.000	342.300.191
Earnings / (loss) per share (TL)	(0,0108)	0,0804

### 38 Dividend per share

None.

### 39 Cash generated from operations

The cash flows from operating activities are presented in the accompanying statement of cash flows.

### 40 Convertible bonds

None.

### 41 Redeemable preference shares

None.

### 42 Risks

None.

### 43 Commitments

In the normal course of its operations, the Company provides guarantee to ceding companies in the non-life branch as a reinsurance company and transfers insurance risks through treaties, facultative reinsurance contracts and coinsurance agreements to reinsurance and coinsurance companies.

The future aggregate minimum lease payments under operating leases for properties rented for use are as follows:

TL commitments	December 31, 2023	December 31, 2022
Within one year	6.572.275	347.717
Within one - five year	552.836	-
<b>Total of minimum rent payments</b>	<b>7.125.111</b>	<b>347.717</b>

**44 Business combinations**

None.

**45 Related party transactions**

The main shareholder of VHV Reasürans A.Ş. ("The Company") is VHV Allgemeine Versicherung AG ("VHV Group"), which holds 100% of the issued capital of the Company. And the groups to which they are affiliated and the associates and subsidiaries of these groups are defined as related parties for these financial statements. As of December 31, 2023 and 2022, the related parties and their related transactions are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
VHV Allgemeine Versicherung AG	779.029.741	110.841.729
VHV Allgemeine Sigorta A.Ş.	116.691.054	111.911
<b>Receivables from main operations</b>	<b>895.720.795</b>	<b>110.953.640</b>
VHV Allgemeine Versicherung AG	1.255.181.973	227.905.792
VHV Allgemeine Sigorta A.Ş.	98.607.491	16.373
<b>Payables from main operations</b>	<b>1.353.789.464</b>	<b>227.922.165</b>
VHV Allgemeine Sigorta A.Ş.	6.002.435	-
<b>Receivables from related parties</b>	<b>6.002.435</b>	<b>-</b>
VHV Allgemeine Versicherung AG	16.757.708	9.420.128
<b>Income Accruals</b>	<b>16.757.708</b>	<b>9.420.128</b>
VHV Allgemeine Versicherung AG	960.424.470	342.407.896
VHV Allgemeine Sigorta A.Ş.	2.682.540	-
<b>Ceded premiums</b>	<b>963.107.010</b>	<b>342.407.896</b>
VHV Allgemeine Versicherung AG	368.879.227	95.376.870
VHV Allgemeine Sigorta A.Ş.	205.796.529	101.114
<b>Received Premiums</b>	<b>574.675.756</b>	<b>95.477.984</b>
VHV Allgemeine Versicherung AG	347.561.904	136.135
VHV Allgemeine Sigorta A.Ş.	243.271.927	80.775.626
<b>Outstanding Claims</b>	<b>590.833.831</b>	<b>80.911.761</b>
VHV Allgemeine Versicherung AG	99.918.375	14.208.711
VHV Allgemeine Sigorta A.Ş.	138.936.014	167.122
<b>Paid Claims</b>	<b>238.854.389</b>	<b>14.375.833</b>

**46 Subsequent events (continued)**

With the Official Gazette Decision No. 32414 dated December 29, 2023 issued by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA"), the mandatory effective date of the IFRS 17 standard has been postponed to accounting periods starting on or after January 1, 2025.

**47 Other**

**Items and amounts classified under the "other" account in financial statements either exceeding 20% of the total amount of the group to which they relate or 5% of the total assets in the balance sheet**

<b>Other Income and Profits</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Service income	16.757.708	8.122.098
Other income	953.217	491.351
<b>Total</b>	<b>17.710.925</b>	<b>8.613.449</b>
<b>Other Expenses and Losses</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other expenses	(512.403)	(351.736)
<b>Total</b>	<b>(512.403)</b>	<b>(351.736)</b>

**Payables to employees and receivables from employees presented under accounts, "other receivables" and "other short or long term payables", and which have balance more than 1% of the total assets**

None.

**Subrogation recorded in "Off-Balance Sheet Accounts"**

None.

**Real rights on immovable and their values**

None.

**Explanatory note for the amounts and nature of previous years' income and losses**

None.

**As at and for the year ended December 31, 2023 and 2022, details of provision expenses are as follows:**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Provision for unused vacation pay liability (Note 23)	(2.233.954)	(404.120)
Change in provision for employee termination (Note 23)	(553.998)	(162.175)
Change in provision reversal income	444.111	(174.435)
<b>Provision expense</b>	<b>(2.343.841)</b>	<b>(740.730)</b>

**Fees for services received from Independent Auditor/Independent audit firm:**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Independent audit fee for the reporting period	1.710.135	369.500
<b>Total</b>	<b>1.710.135</b>	<b>369.500</b>