

*(Convenience Translation of Unconsolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1.1)*

# **VHV Reasürans Anonim Şirketi**

**Interim Unconsolidated Financial Statements  
as of June 30, 2022 together with  
the Independent Auditors' Review Report**



**Building a better  
working world**

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## **Report on Review of Interim Unconsolidated Financial Statements**

To the Board of Directors of VHV Reasürans Anonim Şirketi,

### *Introduction*

We have reviewed the accompanying interim unconsolidated statement of financial position of VHV Reasürans Anonim Şirketi ("the Company") as of June 30, 2022 and the interim unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity and the unconsolidated statement cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of these interim unconsolidated financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2022, and of its financial performance and its unconsolidated cash flows for the six-month period then ended in accordance with the prevailing accounting principles and standards set out by the Insurance Accounting and Financial Reporting Legislation.

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



Seca Akkuş Tecer, SMMM  
Partner

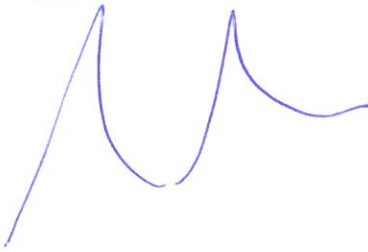
September 30, 2022  
İstanbul, Turkey

**VHV REASÜRANS ANONİM ŞİRKETİ**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED JUNE 30, 2022**

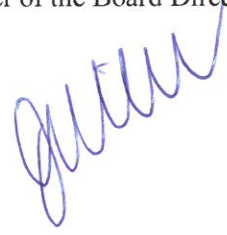
We confirm that the unconsolidated financial statements and related disclosures and footnotes as at June 30,2022 which were prepared in accordance with the accounting principles and standards in force as per the regulations of T.C. Hazine ve Maliye Bakanlığı are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Company.

İstanbul, September 30, 2022


Maximilian G.F. Stahl  
Member of the Board Directors  
CEO



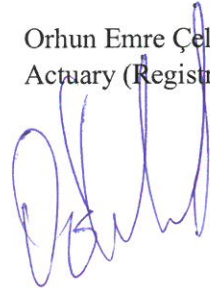
Orkide Yıldız Etiler  
Member of the Board Directors  
CFO



Fatih Ağacık  
Member of the Board Directors



Orhun Emre Çelik  
Actuary (Registration No:40)



<b>ASSETS</b>			
<b>I- Current Assets</b>	<b>Notes</b>	<b>Reviewed Current Period June 30, 2022</b>	<b>Audited Prior Period December 31, 2021</b>
<b>A- Cash and Cash Equivalents</b>	<b>4.2,14</b>	<b>210.060.293</b>	<b>280.645.699</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4.2,14	210.060.293	280.645.699
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>4.2,11</b>	<b>73.670.799</b>	<b>-</b>
1- Available-for-Sale Financial Assets		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4.2,11	73.670.799	-
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>299.865.642</b>	<b>153.041.591</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4.2,12	299.865.642	153.041.591
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>D- Due from Related Parties</b>		<b>-</b>	<b>1.345.392</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		-	1.345.392
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>205.430</b>	<b>605.494</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2,12	205.430	188.430
4- Other Miscellaneous Receivables	4.2,12	-	417.064
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>40.545.038</b>	<b>25.170.629</b>
1- Deferred Acquisition Costs	17	35.774.749	19.100.322
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2,45	3.651.515	4.847.078
4- Other Prepaid Expenses	4.2	1.118.774	1.223.229
<b>G- Other Current Assets</b>	<b>4.2,12</b>	<b>86.915</b>	<b>53.560</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds	19	-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4.2,12	86.915	53.560
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>624.434.117</b>	<b>460.862.365</b>

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

**VHV Reasürans Anonim Şirketi**  
**Balance Sheet**  
**As of June 30, 2022**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

<b>ASSETS</b>			
<b>II- Non-Current Assets</b>	<b>Notes</b>	<b>Reviewed Current Period June 30, 2022</b>	<b>Audited Prior Period December 31, 2021</b>
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>		-	-
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>459.124.416</b>	-
1- Investments in Equity Shares		-	-
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	9	459.124.416	-
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>	<b>6</b>	<b>1.668.578</b>	<b>1.084.726</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	1.297.341	1.091.833
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	290.058	290.058
8- Tangible Assets Acquired Through Finance Leases	6	7.333.534	5.328.941
9- Accumulated Depreciation	6	(7.252.355)	(5.626.106)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>4.931.951</b>	<b>3.800.054</b>
1- Rights	8	4.418.887	3.948.068
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(2.302.272)	(2.198.106)
7- Advances Paid for Intangible Assets	8	2.815.336	2.050.092
<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>	<b>21</b>	<b>4.766.644</b>	<b>115.979</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	4.766.644	115.979
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
<b>II- Total Non-Current Assets</b>		<b>470.491.589</b>	<b>5.000.759</b>
<b>TOTAL ASSETS</b>		<b>1.094.925.706</b>	<b>465.863.124</b>

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

<b>LIABILITIES</b>			
	<b>Notes</b>	<b>Reviewed Current Period June 30, 2022</b>	<b>Audited Prior Period December 31, 2021</b>
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>4.2,20</b>	<b>870.340</b>	<b>513.625</b>
1- Borrowings from Financial Institutions		-	-
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	870.340	513.625
<b>B- Payables Arising from Main Operations</b>	<b>4.2,19</b>	<b>269.049.155</b>	<b>192.588.652</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2,19	269.049.155	192.588.652
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
<b>C-Due to Related Parties</b>		<b>-</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>4.2,19</b>	<b>628.568</b>	<b>617.697</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2,19	628.568	617.697
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	<b>17</b>	<b>94.344.676</b>	<b>49.334.074</b>
1- Reserve for Unearned Premiums - Net	17	21.649.668	10.534.690
2- Reserve for Unexpired Risks- Net	2.27,17	17.622.377	5.237.169
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	17	55.072.631	33.562.215
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>6.016.805</b>	<b>17.027.928</b>
1- Taxes and Funds Payable	19	850.904	460.247
2- Social Security Premiums Payable	19	319.456	234.303
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	19	7.797.430	21.413.900
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	19	(2.950.985)	(5.080.522)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>886.206</b>	<b>3.195.532</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits	23,19	886.206	680.532
3- Provisions for Costs	23,19	-	2.515.000
<b>H- Deferred Income and Expense Accruals</b>	<b>19</b>	<b>45.896.257</b>	<b>25.678.169</b>
1- Deferred Commission Income	10,19	45.896.257	25.009.196
2- Expense Accruals		-	668.973
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>417.692.007</b>	<b>288.955.677</b>

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

**VHV Reasürans Anonim Şirketi**  
**Balance Sheet**  
**As of June 30, 2022**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

<b>LIABILITIES</b>			
	Notes	Reviewed Current Period June 30, 2022	Audited Prior Period December 31, 2021
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</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		-	-
<b>B- Payables Arising from Main Operations</b>		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>	17	4.425.632	3.053.770
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	4.425.632	3.053.770
<b>F-Other Liabilities and Relevant Accruals</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>	23	264.478	172.235
1- Provisions for Employment Termination Benefits	23	264.478	172.235
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>4.690.110</b>	<b>3.226.005</b>

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

<b>SHAREHOLDERS' EQUITY</b>			
	<b>Notes</b>	<b>Reviewed Current Period June 30, 2022</b>	<b>Audited Prior Period December 31, 2021</b>
<b>V- Shareholders' Equity</b>			
<b>A- Paid in Capital</b>		<b>533.790.221</b>	<b>65.955.272</b>
1- (Nominal) Capital	2.13,15	616.800.000	65.955.272
2- Unpaid Capital	2.13,15	(83.009.779)	-
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>15</b>	<b>6.080.731</b>	<b>2.857.075</b>
1- Legal Reserves	15	5.959.631	2.778.123
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets		-	-
6- Other Profit Reserves	15	121.100	78.952
<b>D- Retained Earnings</b>		<b>101.687.587</b>	<b>41.238.938</b>
1- Retained Earnings		101.687.587	41.238.938
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>30.985.050</b>	<b>63.630.157</b>
1- Net Profit for the Year		30.985.050	63.630.157
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>672.543.589</b>	<b>173.681.442</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1.094.925.706</b>	<b>465.863.124</b>

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



**VHV Reasürans Anonim Şirketi**  
**Statement of Income**  
**For the Six Months Period Ended June 30, 2022**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

	Note	Reviewed Current Period January 1 – June 30, 2022	Current Period April 1 – June 30, 2022	Reviewed Prior Period January 1 – June 30, 2021	Prior Period April 1 – June 30, 2021
<b>I-TECHNICAL SECTION</b>					
<b>A- Non-Life Technical Income</b>		<b>20.917.697</b>	<b>8.920.909</b>	<b>6.100.318</b>	<b>2.148.084</b>
1- Earned Premiums (Net of Reinsurer Share)	17	3.737.550	(971.707)	6.063.662	2.113.542
1.1- Written Premiums (Net of Reinsurer Share)	17	27.237.736	11.919.507	12.995.663	5.069.289
1.1.1- Written Premiums, gross	17	267.376.645	150.146.832	155.981.612	86.570.349
1.1.2- Written Premiums, ceded	10,17	(240.138.909)	(138.227.325)	(142.985.949)	(81.501.060)
1.1.3- Premiums Transferred to Social Security Institutions		-	-	-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17,29	(11.114.978)	(4.150.374)	(4.032.701)	(1.209.518)
1.2.1- Reserve for Unearned Premiums, gross	17	(74.224.431)	(28.976.203)	(33.469.771)	(11.472.082)
1.2.2- Reserve for Unearned Premiums, ceded	10,17	63.109.453	24.825.829	29.437.070	10.262.564
1.2.3 – Reserve for Unearned Premiums, Social Security Institution Share		-	-	-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(12.385.208)	(8.740.840)	(2.899.300)	(1.746.229)
1.3.1- Reserve for Unexpired Risks, gross	17	(97.744.301)	(67.553.524)	(24.995.105)	(13.873.766)
1.3.2- Reserve for Unexpired Risks, ceded	10,17	85.359.093	58.812.684	22.095.805	12.127.537
2- Investment Income - Transferred from Non-Technical Section		17.145.457	9.857.926	-	-
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		34.690	34.690	36.656	34.542
<b>B- Non-Life Technical Expense</b>		<b>(37.908.252)</b>	<b>(25.637.931)</b>	<b>(13.818.752)</b>	<b>(5.878.862)</b>
1- Incurred Losses (Net of Reinsurer Share)	17,29	(30.795.550)	(21.472.282)	(11.507.083)	(5.946.010)
1.1- Claims Paid (Net of Reinsurer Share)	17, 29	(9.285.134)	(5.143.881)	(3.102.970)	(1.761.171)
1.1.1- Claims Paid, gross	17, 29	(77.680.724)	(50.920.913)	(33.527.142)	(20.127.982)
1.1.2- Claims Paid, ceded	10,17	68.395.590	45.777.032	30.424.172	18.366.811
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(21.510.416)	(16.328.401)	(8.404.113)	(4.184.839)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(149.272.852)	(120.482.708)	(50.227.971)	(19.810.229)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10,17	127.762.436	104.154.307	41.823.858	15.625.390
2- Change in Provision for Bonus and Discounts (Net of Reinsurer and Less the Amounts Carried Forward)		-	-	-	-
2.1- Provision for Bonus and Discounts, gross		-	-	-	-
2.2- Provision for Bonus and Discounts, ceded		-	-	-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(1.371.862)	(632.174)	(673.880)	(244.538)
4- Operating Expenses	32	(5.740.840)	(3.533.475)	(1.637.789)	311.686
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-	-	-
5.1- Change in Mathematical Provisions, gross		-	-	-	-
5.2 - Change in Mathematical Provisions, ceded		-	-	-	-
6- Change in Other Technical Provisions (Net of Reinsurer and Less the Amounts Carried Forward)		-	-	-	-
6.1- Change in Other Technical Provisions, gross		-	-	-	-
6.2- Change in Other Technical Provisions, ceded		-	-	-	-
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>(16.990.555)</b>	<b>(16.717.022)</b>	<b>(7.718.434)</b>	<b>(3.730.778.)</b>
<b>D- Life Technical Income</b>					
1- Earned Premiums (Net of Reinsurer Share)		-	-	-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-	-	-
1.1.1- Written Premiums, gross		-	-	-	-
1.1.2- Written Premiums, ceded		-	-	-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-	-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-	-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-	-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-	-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-	-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-	-	-
2- Investment Income		-	-	-	-
3- Unrealised Gains on Investments		-	-	-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-	-	-
4.1- Other Technical Income, gross		-	-	-	-
4.2- Other Technical Income, ceded		-	-	-	-
5- Accrued Salvage Income		-	-	-	-

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

**VHV Reasürans Anonim Şirketi**  
**Statement of Income**  
**For the Six Months Period Ended June 30, 2022**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

	Note	Reviewed Current Period January 1 – June 30, 2022	Current Period April 1 – June 30, 2022	Reviewed Prior Period January 1 – June 30, 2021	Prior Period April 1 – June 30, 2021
<b>I-TECHNICAL SECTION</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 and Less the Amounts Carried Forward)		-	-	-	-
2.1- Provision for Bonus and Discounts, gross		-	-	-	-
2.2- Provision for Bonus and Discounts, ceded		-	-	-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-	-	-
3.1- Change in Life Mathematical Provisions, gross		-	-	-	-
3.2- Change in Life Mathematical Provisions, ceded		-	-	-	-
4- Change in Other Technical Provisions (Net of Reinsurer 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 financial statements.

**VHV Reasürans Anonim Şirketi**  
**Statement of Income**  
**For the Six Months Period Ended June 30, 2022**  
(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

	Note	Reviewed Current Period January 1 – June 30, 2022	Current Period April 1 – June 30, 2022	Reviewed Prior Period January 1 – June 30, 2021	Prior Period April 1 – June 30, 2021
<b>II-NON-TECHNICAL SECTION</b>					
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>(16.990.555)</b>	<b>(16.717.022)</b>	<b>(7.718.434)</b>	<b>(3.730.778.)</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>(16.990.555)</b>	<b>(16.717.022)</b>	<b>(7.718.434)</b>	<b>(3.730.778.)</b>
<b>K- Investment Income</b>		<b>63.628.376</b>	<b>43.997.470</b>	<b>24.412.413</b>	<b>9.500.398</b>
1- Income from Financial Assets	4,2	530.406	404.096	483.230	242.116
2- Income from Disposal of Financial Assets		-	-	-	-
3- Valuation of Financial Assets	4,2	10.628.849	8.868.720	-	-
4- Foreign Exchange Gains	4,2	52.469.121	34.724.654	23.929.183	9.258.282
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>(18.875.872)</b>	<b>(10.487.870)</b>	<b>(1.270.826)</b>	<b>(565.652)</b>
1- Investment Management Expenses (inc. interest)		-	-	(99.768)	(57.440)
2- Diminution in Value of Investments		-	-	-	-
3- Loss from Disposal of Financial Assets		-	-	-	-
4- Investment Income Transferred to Non-Life Technical Section	4,2	(17.145.457)	(9.857.926)	-	-
5- Loss from Derivative Transactions		-	-	-	-
6- Foreign Exchange Losses		-	-	-	-
7- Depreciation and Amortisation Expenses	6,8	(1.730.415)	(629.944)	(1.171.058)	(508.212)
8- Other Investment Expenses		-	-	-	-
<b>M- Income and Expenses From Other and Extraordinary Operation</b>		<b>7.450.771</b>	<b>3.027.337</b>	<b>706.204</b>	<b>(922.245)</b>
1- Provisions	47	(350.602)	(33.097)	(295.934)	(1.391.882)
2- Rediscounts		(8.740)	(189.464)	-	-
3- Specified Insurance Accounts		-	-	-	-
4- Monetary Gains and Losses		-	-	-	-
5- Deferred Taxation (Deferred Tax Assets)	35	4.661.202	1.904.737	1.123.658	548.938
6- Deferred Taxation (Deferred Tax Liabilities)		-	-	-	-
7- Other Income		3.547.059	1.650.965	27.033	23.893
8- Other Expenses and Losses		(204.533)	(155.634)	(49.834)	(13.783)
9- Prior Year's Income		25.113	11.485	-	-
10- Prior Year's Expenses and Losses		(218.728)	(161.655)	(98.719)	(89.411)
<b>N- Net Profit for the Period</b>		<b>30.985.050</b>	<b>14.924.639</b>	<b>11.094.564</b>	<b>1.985.955</b>
1- Profit for the Period		35.212.720	19.819.915	16.129.357	4.281.723
2- Corporate Tax Provision and Other Fiscal Liabilities	35	(4.227.670)	(4.895.276)	(5.034.793)	(2.295.768)
3- Net Profit for the Period		30.985.050	14.924.639	11.094.564	1.985.955
4- Monetary Gains and Losses		-	-	-	-

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

**VHV Reasürans Anonim Şirketi**  
**Statement of Change in Equity**  
**For the Six Months Period Ended June 30, 2022**

(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

Reviewed Statement of Changes in Equity – June 30, 2021												
	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, 2020</b>		65.955.272	-	-	-	-	2.778.123	-	(7.049)	19.313.218	21.925.720	109.965.284
<b>II- Correction</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III- Restated Balances (January 1, 2021)</b>	15	65.955.272	-	-	-	-	2.778.123	-	(7.049)	19.313.218	21.925.720	109.965.284
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		-	-	-	-	-	-	-	80.207	-	-	80.207
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		-	-	-	-	-	-	-	-	11.094.564	-	11.094.564
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	(19.313.218)	19.313.218	-
J – Dividends paid		-	-	-	-	-	-	-	-	-	-	-
<b>IV- Balance at the end of the period June 30, 2021</b>	15	65.955.272	-	-	-	-	2.778.123	-	73.158	11.094.564	41.238.938	121.140.055
Reviewed Statement of Changes in Equity – June 30, 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>		65.955.272	-	-	-	-	2.778.123	-	78.952	63.630.157	41.238.938	173.681.442
<b>II- Correction</b>		-	-	-	-	-	-	-	-	-	-	-
<b>III- Restated Balances (January 1, 2022)</b>	15	65.955.272	-	-	-	-	2.778.123	-	78.952	63.630.157	41.238.938	173.681.442
A – Capital increase		467.834.949	-	-	-	-	-	-	-	-	-	467.834.949
1 –In cash		467.834.949	-	-	-	-	-	-	-	-	-	467.834.949
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	42.148	-	-	42.148
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		-	-	-	-	-	-	-	-	30.985.050	-	30.985.050
I – Other reserves and transfers from retained earnings		-	-	-	-	-	3.181.508	-	-	(63.630.157)	60.448.649	-
J – Dividends paid		-	-	-	-	-	-	-	-	-	-	-
<b>IV- Balance at the end of the period June 30, 2022</b>	15	533.790.221	-	-	-	-	5.959.631	-	121.100	30.985.050	101.687.587	672.543.589

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

**VHV Reasürans Anonim Şirketi**  
**Statement of Cash Flows**  
**For the Six Months Period Ended June 30, 2022**  
*(Currency: Turkish Lira (TL))*

*Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Note 2.1.1*

	Notes	Reviewed January 1 – June 30, 2022	Reviewed January 1 – June 30, 2021
<b>A. Cash flows from operating activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		541.544.895	308.925.936
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(596.997.208)	(315.857.628)
6. Cash used in pension business		-	-
<b>7. Cash provided from operating activities</b>		<b>(55.452.313)</b>	<b>(6.931.692)</b>
8. Interest paid		-	-
9. Income taxes paid	19	(19.284.363)	(2.749.941)
10. Other cash inflows		4.662.874	162.218
11. Other cash outflows		(237.408)	(1.981.627)
<b>12. Net cash provided from operating activities</b>		<b>(70.311.210)</b>	<b>(11.501.042)</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		-	-
2. Acquisition of tangible assets	6, 8	(1.441.571)	(1.002.930)
3. Acquisition of financial assets		(459.124.416)	-
4. Disposal of financial assets		-	-
5. Interests received		540.369	463.762
6. Dividends received		-	-
7. Other cash inflows		-	23.015.989
8. Other cash outflows		-	-
<b>9. Net cash provided by investing activities</b>		<b>(460.025.618)</b>	<b>22.476.821</b>
<b>C. Cash used in financing activities</b>			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid		-	-
5. Other cash inflows		467.834.949	-
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>467.834.949</b>	<b>-</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>(8.263.813)</b>	<b>(98.719)</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>(70.765.692)</b>	<b>10.877.060</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>280.635.736</b>	<b>189.905.354</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>209.870.044</b>	<b>200.782.414</b>

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

## **1 General Information**

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

As of June 30, 2022, the shareholder having direct or indirect control over the shares of VHV Reasürans Anonim Şirketi (“the Company”) is VHV Allgemeine Versicherungen A.G (“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 June 15, 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 June 15, 2015, reinsurance activity licence was received from Ministry of Treasury and Finance of Turkey and Finance and the approval letter dated March 24, 2016 and numbered 38681552-301.02[301.02]/-E.9070. The Company has started reinsurance activities at July 1, 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 period in terms of categories is as follows:

	June 30, 2022	December 31, 2021
Top executive	3	3
Personnel	41	36
<b>Total</b>	<b>44</b>	<b>39</b>

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

For the interim period ended June 30, 2022, 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 2.294.892 (June 30, 2021: 868.500 TL).

### 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 January 4, 2008 dated and 2008/1 numbered “Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan” issued by the Turkish Treasury.

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 June 30, 2022 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

### 1.10 Subsequent events

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

The financial statements for the period January 1 – June 30, 2022 have been approved by the Board of Directors on September 30, 2022.

## **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 April 18, 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.

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

##### **Accounting in Hyperinflationary Countries**

As of 31 December 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.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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 September 30- December 31, 2021, and the quarterly accounting period ended January 1- March 31, 2022, and balance sheet items with direct connection to them do not reflect the actual status as of June 30, 2022, due to this delay.



## 2 Summary of significant accounting policies (continued)

### 2.1.2 Information about the principles and the specific accounting policies used in the preparation of the financial statements (continued)

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.

#### Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

### 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.

### 2.1.6 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*.

## 2.2 Consolidation

T.R. With the “Communiqué on Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies” (“Communiqué on Consolidation”) published by the Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097, insurance, reinsurance and pension companies; It wants to publish consolidated financial statements in addition to the unconsolidated financial statements as of 31 March 2009.

In this context, financial statements of Dubai Insurance Inc. (“Dubai Insurance”), which is a subsidiary of the Company, are consolidated according to the full consolidation method and additionally consolidated financial statements are prepared.

## 2.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Board of Directors (being chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. As of June 30, 2022, 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:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Machinery and equipment	5-10	10-20
Other tangible assets	5-10	10-20

### 2.6 Investment property

As of June 30, 2022, the Company has not any investment property as of the reporting date (December 31, 2021: 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 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 (5 years).

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.

As of the June 30, 2022 and December 31, 2021, the Company does not have financial assets at fair value reflected to profit / loss, to be held to maturity or available for sale.

### **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.

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

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

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

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

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

#### **Impairment on tangible and intangible assets**

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, 2021: None).

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

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

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

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

Cash and cash equivalents, which is the basis for the preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than 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 Versicherungen A.G. (“VHV Group”) by having 100% of the outstanding shares of the Company. As of June 30, 2022 and December 31, 2021, the share capital and ownership structure of the Company are as follows:

Name	June 30, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
VHV Allgemeine Versicherungen A.G.	616.800.000	100,00	65.955.272	100,00
<b>Total capital</b>	<b>616.800.000</b>		<b>65.955.272</b>	<b>100,00</b>
<b>Unpaid Capital</b>	<b>(83.009.779)</b>		-	
<b>Paid Capital</b>	<b>533.790.221</b>		<b>65.955.272</b>	

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

With the decision of the board of directors dated 31 May 2022, the paid capital of the company, which was 65.955.272, increased to 616.800.000 TL by increasing 550.844.828 TL in cash. TL 467,834,949 of the capital committed in cash was paid before registration. The remainder will be paid within 24 months.

#### **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 of 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 (DPF).

### **2.17 Liabilities**

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

### **2.18 Taxes**

#### **Income Taxes**

Corporate tax rate in Turkey is 20%. The corporate tax rate is applied to the corporates' net income which is found as a result of adding the expenses that are not accepted as a deduction and deducting the exemptions and deductions in accordance with tax laws. If there is no dividend distribution planned, no further tax charges are made.

With the amendment made in Article 25 of the Law No. 7394 and the first paragraph of the Article 32 titled "Corporate Tax and Provisional Tax Rate" of the Law No. 5520 on April 15, 2020, It has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2022 calendar year, starting from the declarations that must be submitted as of July 1, 2022 and being valid for the corporate earnings for the taxation period starting from February 1, 2022.

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

Corporations are required to pay advance corporation tax quarterly on their corporate income. Advance Tax paid by corporations is credited against the annual Corporation Tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

### **2.18 Taxes (continued)**

#### **Income Taxes (continued)**

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As of June 30, 2022, the Company does not have deductible tax losses (December 31, 2021: None).

In Turkey, there is not any procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

#### **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.

The 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 set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

Since the effective corporate tax rate for the period of June 30, 2022 is 25%, 25% for temporary differences expected to be realized / closed in the current period, 23% for temporary differences expected to be realized / closed in 2022, 20% for temporary differences expected to occur / close after 2022. tax rate is used (December 31, 2021: Since the corporate tax rate effective from January 1, 2021 is 20%, 20% tax rate is used for the current differences expected to be realized / closed after 2021)

#### **Transfer pricing**

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

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 Employee 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 June 30, 2022, is TL 10.849 (December 31, 2021: TL 8.285).

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 June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Discount rate	%4,16	%3,51
Expected rate of salary/limit increase	%22,70	%22,70
Estimated employee turnover rate	%7,08	%5,00

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 assets 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. Written premiums are recorded upon the receipt of quarterly statements of accounts from ceding companies in treaties whereas facultative accounts are registered upon the receipt of monthly payrolls.

#### **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.

#### **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 expenses 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 transactions**

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 the right-of-use asset includes:

- (a) initial direct costs incurred,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) All initial costs incurred by the Company.

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.

Right-of-use assets are subject to impairment.

#### **Lease liabilities**

The Company measures the lease liability based on the present value of the lease payments that were not paid at the actual start of the lease.

The lease payments, which are included in the measurement of the lease liability at the actual start of the lease, consist of the following payments to be made for the right of use of the underlying asset during the lease term and which were not paid at the actual start of the lease:

- (a) fixed payments,
- (b) variable lease payments based on an index or ratio, the first measurement of which was made using an index or ratio at the actual beginning 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 option to purchase, the price at which the option is used and
- (e) penalty payments 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 linked to an index or ratio are recorded as expenses in the period in which the event or condition that triggered the payment occurs.

The Company sets the revised discount rate for the remainder of the lease period as this rate if the implied interest rate on the lease can be easily determined; if it cannot be easily determined as the alternative borrowing rate at the date of the Company's reassessment.

## 2 Summary of significant accounting policies (continued)

### 2.22 Leasing transactions (continued)

After the actual start of the lease, the Company measures the lease liability as follows:

- (a) increases the book value to reflect the interest on the lease obligation, and
- (b) reduces the book value to reflect the lease payments made.

In addition, a change in the fixed lease payments is essentially the lease or a change in the assessment of the option to purchase the underlying asset in case of a change in the value of finance lease liabilities is measured again.

Right-of-use assets calculated regarding to lease liabilities are accounted in “Tangible Assets” located in balance sheet.

Interest expense on lease liabilities and depreciation expense of right-of-use asset are accounted in “Investment Management Expenses (inc. interest)” and “Depreciation and Amortisation Expenses” respectively.

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

Assets subject to operational leasing	Contract Period (Year)	Discount Rate - TL (%)
Buildings	2 years	24,2
Vehicles	2-3 years	24,2

### 2.23 Dividend distribution

According to the decision taken at the company's Ordinary General Assembly meeting held on March 30, 2022, it was unanimously decided that profit for 2021 will not be distributed.

### 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, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves 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 Ministry of Treasury and Finance of Turkey and Finance and the addition of the calculated difference to provision for outstanding claims shall be determined by the Ministry of Treasury and Finance of Turkey and Finance. Calculations of provisions for outstanding claims reinsurer’s share are determined according to current agreement or related reinsurance conditions.

As of 30 June 2022. In the branches of the discretionary portfolio, IBNR calculation was carried out using ACLM methods. Standard Chain in Fire and Natural Disasters and General Losses branches, Damage Premium in General Liability branch, and Bornhutter-Ferguson method in Financial Losses and Transport branches were used. While the IBNR amount falling into retrocession is found in the branches, the retrocession/gross ratio in the losses incurred as of 30 June 2022 is used. In the branches of the Trete portfolio, the gross and retrocession final loss premium (HP) ratios estimated by the Company officials on the basis of activity branch were used in all sub-branches except Fire and Natural Disasters. The branch based IBNR amounts have been reached by deducting the losses incurred as of 30 June 2022 from the final loss amount reached with the said HP ratios. In the Fire and Natural Disasters branch, the IBNR calculation was carried out using the final HP ratios calculated by the Standard Chain method using a triangle on a business year basis. While the IBNR amount falling into retrocession is found in the branch, the retrocession/gross ratio of the incurred claims as of 30 June 2022 is used.

As of June 30, 2022, the Company has calculated IBNR amounting to gross TL 108.858.900 (December 31, 2021: TL 81.393.591) and net amount of TL 11.349.510 in the financial statements (December 31, 2021: TL 8.286.571).

2017/2 numbered which came into force on September 15, 2017, "With the Genel Circular on the Discount of Net Cash Flows Arising from Outstanding Claims Provision" the companies were offered the right to discount the net cash flows arising from outstanding claims. In the reporting period, the Company has applied a discount in the outstanding claims General Liability branch. The gradual transition rates on IBNR amounts have been rearranged. This was brought by both the circular numbered 2016/11 that was published on February 29, 2016, (“Circular on the Amendment of the General Regarding the Outstanding Claim Provision (2014/16)”) and before that “the Circular numbered 2015/28 on the Amendment of the General Regarding the Outstanding Claim Provision”. The Company has not implemented gradual transition its own reports in interim report period ended.

### **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 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 of the reporting date, the Company has provided net reserve for unexpired risk amounting to TL 17.622.377 in the accompanying financial statements (December 31, 2021: TL 5.237.169).

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

### **2.28 Equalization reserve**

In accordance with the Communiqué on Technical Reserves put into effect starting from November 10, 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 amount 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 of the reporting date, the Company has recognized equalization reserve amounting to TL 4.425.632 (December 31, 2021: TL 3.053.770).

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

### **2.29 Related parties**

Parties are considered related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company;

(b) the party is an associate of the Company;

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

(d) the party is member of the key management personnel of the Company and its parent;

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

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

A number of transactions are entered into with related parties in the normal course of business.

### **2.30 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**

### **2.32 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the financial statements as of June 30, 2022, are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2022 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

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

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

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

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

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

In July 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The 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 IAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

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

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

#### **Annual Improvements – 2018–2020 Cycle**

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

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

The 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)

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

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

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

In accordance with amendments issued in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

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

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

In January 2021, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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 IAS 8 - Definition of Accounting Estimates**

In August 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. Overall, the Company expects no significant impact on its balance sheet and equity.

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

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

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

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

### **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 of 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:

<b>Reinsurer</b>	<b>Standard &amp; Poors</b>		
	<b>Graduation</b>	<b>Outlook</b>	<b>Date</b>
VHV Allgemeine Versicherungen A. G	A+	Positive	June 9, 2022

#### **Branches of insurance coverage amounts given as**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Facultative earthquake	142.225.086.779	76.989.862.799
Fire	97.380.386.179	46.996.554.341
Loss of profit	26.519.949.641	11.389.159.149
Machinery breakdown	24.662.316.951	14.646.072.036
Building	16.185.770.035	10.213.285.029
Cargo	7.881.028.266	8.310.147.165
Electronic device	5.421.849.008	3.420.427.129
Montage	3.342.659.306	1.116.607.147
Professional Liability	1.440.843.069	1.055.421.604
General Third Party Liability	1.127.073.115	925.253.097
Credit	-	750.000
<b>Total</b>	<b>326.186.962.349</b>	<b>175.063.539.496</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>June 30, 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	39.215.744	(33.558.161)	5.657.583
Machine Breakdown	22.342.647	(20.054.459)	2.288.188
Sea Vessels	1.284.053	(967.416)	316.637
Building	2.410.174	(2.112.628)	297.546
Cargo	1.620.639	(1.368.765)	251.874
Facultative Earthquake	1.461.611	(1.312.277)	149.334
Electronic Equipment	2.592.225	(2.513.193)	79.032
Montage	407.343	(330.717)	76.626
Loss of profit	3.566.429	(3.504.174)	62.255
Professional Liability	117.421	(82.195)	35.226
Employer Third Party Liability	272.049	(244.844)	27.205
Credit	91.839	(74.088)	17.751
General Third Party Liability	2.254.784	(2.241.640)	13.144
Personal Accident	23.228	(16.259)	6.969
Theft	13.313	(9.716)	3.597
Breach of Trust	5.231	(3.661)	1.570
Plate Glass	2.008	(1.464)	544
Compulsory Third Party Liability for LPG	121	(84)	37
Specie	52	(36)	16
<b>Toplam</b>	<b>77.680.911</b>	<b>(68.395.777)</b>	<b>9.285.134</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)**

**Insurance risk concentrations (continued)**

Branches	June 30, 2021		
	Gross total claims liability <sup>(*)</sup>	Reinsurance share of total claims liability	Net total claims liability
Fire	13.488.919	(12.143.908)	1.345.011
Machine Breakdown	7.906.414	(6.985.203)	921.211
Loss of Profit	4.570.007	(4.171.322)	398.685
Electronic Equipment	1.155.937	(916.595)	239.342
Building	702.033	(630.913)	71.119
Facultative Earthquake	412.683	(345.132)	67.551
Cargo	3.117.074	(3.090.981)	26.093
Sea Vessels	1.402.554	(1.392.476)	10.078
Montage	37.766	(29.713)	8.053
General Third Party Liability	532.273	(527.788)	4.485
Employer Third Party Liability	14.480	(10.136)	4.344
Credit	26.566	(23.910)	2.657
Plate Glass	5.289	(3.702)	1.587
Personal Accident	150.493	(149.136)	1.357
Breach of Trust	3.901	(2.730)	1.170
Theft	407	(285)	122
Compulsory Third Party Liability for LPG	204	(143)	61
Professional Liability	142	(99)	44
<b>Toplam</b>	<b>33.527.142</b>	<b>(30.424.172)</b>	<b>3.102.970</b>

<sup>(\*)</sup>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 retrocessionaires
- 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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Cash and cash equivalents (Note 14)	210.060.293	280.645.699
Receivables from main operations (Note 12)	299.865.642	153.041.591
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	377.371.336	249.608.900
Income accruals (Note 12)	3.651.515	4.847.078
Receivables from related parties (Note 12)	-	1.345.392
Other receivables (Note 12)	292.345	659.054
<b>Total</b>	<b>891.241.131</b>	<b>690.147.714</b>

As of June 30, 2022, and December 31, 2021, the aging of the receivables from main operations and related provisions are as follows:

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Gross Amount</b>	<b>Provision</b>	<b>Gross Amount</b>	<b>Provision</b>
Not past due	237.213.700	-	110.108.883	-
Past due 0-30 days	9.188.948	-	6.717.315	-
Past due 31-60 days	41.716.260	-	7.765.336	-
Past due 61-90 days	2.855.934	-	25.717.063	-
More than 90 days	8.890.800	-	2.732.994	-
<b>Total</b>	<b>299.865.642</b>	<b>-</b>	<b>153.041.591</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 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:

June 30, 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	210.060.293	210.060.293	-	-	-	-
Financial assets	73.670.799	-	73.670.799	-	-	-
Receivables from main operations	299.865.642	106.775.027	95.623.212	81.031.304	16.436.099	-
Other receivables	292.345	-	292.345	-	-	-
Income accruals	3.651.515	-	3.651.515	-	-	-
<b>Total monetary assets</b>	<b>587.540.594</b>	<b>316.835.320</b>	<b>173.237.871</b>	<b>81.031.304</b>	<b>16.436.099</b>	<b>-</b>
Financial liabilities	870.340	-	-	-	870.340	-
Payables arising from main operations	269.049.155	61.890.263	106.417.121	98.186.915	2.554.856	-
Other liabilities	628.568	-	628.568	-	-	-
Insurance technical provisions	98.770.308	-	21.649.668	17.622.377	55.072.631	4.425.632
Provisions for taxes and other similar obligations	6.016.805	6.016.805	-	-	-	-
Provisions for other risks and expense accruals	1.150.684	-	-	-	886.206	264.478
<b>Total monetary liabilities</b>	<b>376.485.860</b>	<b>67.907.068</b>	<b>128.695.357</b>	<b>115.809.292</b>	<b>59.384.033</b>	<b>4.690.110</b>

4 Management of insurance and financial risk (continued)

4.2 Management of financial risk (continued)

Liquidity risk (continued)

December 31, 2021	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	280.645.699	280.645.699	-	-	-	-
Receivables from main operations	153.041.591	61.728.651	40.615.923	35.264.124	15.432.893	-
Other receivables	659.054	-	659.054	-	-	-
Receivables from related parties	1.345.392	-	1.345.392	-	-	-
Income Accruals	4.847.078	4.847.078	-	-	-	-
<b>Total monetary assets</b>	<b>440.538.814</b>	<b>347.221.428</b>	<b>42.620.369</b>	<b>35.264.124</b>	<b>15.432.893</b>	-
Financial liabilities	513.625	102.725	171.208	239.692	-	-
Payables arising from main operations	192.588.652	117.060.861	14.379.495	58.340.841	2.807.455	-
Other liabilities	617.697	-	617.697	-	-	-
Insurance technical provisions	52.387.844	10.534.690	5.237.169	33.562.215	-	3.053.770
Provisions for taxes and other similar obligations	17.027.928	17.027.928	-	-	-	-
Provisions for other risks and expense accruals	4.036.740	3.195.532	668.973	-	-	172.235
<b>Total monetary liabilities</b>	<b>267.172.486</b>	<b>147.921.736</b>	<b>21.074.542</b>	<b>92.142.748</b>	<b>2.807.455</b>	<b>3.226.005</b>

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

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

###### **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:

<b>June 30, 2022</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other currencies</b>	<b>Total</b>
<i>Assets:</i>				
Receivables from main operations	132.110.081	99.101.846	13.231.822	244.443.749
Cash and cash equivalents (*)	137.828.082	71.282.936	-	209.111.018
<b>Total foreign currency assets</b>	<b>269.938.163</b>	<b>170.384.782</b>	<b>13.231.822</b>	<b>453.554.767</b>
<i>Liabilities:</i>				
Payables arising from main operations	(120.620.781)	(80.918.545)	(15.704.635)	(217.243.961)
<b>Total foreign currency liabilities</b>	<b>(120.620.781)</b>	<b>(80.918.545)</b>	<b>(15.704.635)</b>	<b>(217.243.961)</b>
<b>Net on-balance sheet position</b>	<b>149.317.382</b>	<b>89.466.237</b>	<b>(2.472.813)</b>	<b>236.310.806</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 July 28, 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, 2021	US Dollar	Euro	Other currencies	Total
<i>Assets:</i>				
Receivables from main operations	69.409.943	53.749.603	2.014.795	125.174.341
Cash and cash equivalents (*)	147.465.013	130.674.130	-	278.139.143
<b>Total foreign currency assets</b>	<b>216.874.956</b>	<b>184.423.733</b>	<b>2.014.795</b>	<b>403.313.484</b>
<i>Liabilities:</i>				
Payables arising from main operations	(97.478.364)	(60.268.008)	(3.594.038)	(161.340.410)
Insurance technical provisions (*)	(10.812.803)	(8.367.350)	(27.698)	(19.207.851)
<b>Total foreign currency liabilities</b>	<b>(108.291.167)</b>	<b>(68.635.358)</b>	<b>(3.621.736)</b>	<b>(180.548.261)</b>
<b>Net on-balance sheet position</b>	<b>108.583.789</b>	<b>115.788.375</b>	<b>(1.606.941)</b>	<b>222.765.223</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 of reporting dates are as follows:

	US Dollar	Euro
June 30, 2022	16,6690	17,5221
December 31, 2021	13,3290	15,0867

###### Exposure to foreign currency risk

The increase in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended June 30, 2022 and December 31, 2021 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction.

	June 30, 2022		December 31, 2021	
	Profit or loss	Equity(*)	Profit or loss	Equity(*)
US Dollar	14.931.738	14.931.738	10.858.379	10.858.379
Euro	8.946.624	8.946.624	11.578.838	11.578.838
Others	(247.281)	(247.281)	(160.694)	(160.694)
<b>Total, net</b>	<b>23.631.081</b>	<b>23.631.081</b>	<b>22.276.523</b>	<b>22.276.523</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 of reporting date, the interest rate profile of the Company's interest earning financial assets and interest-bearing financial liabilities are detailed as below:

	June 30, 2022	December 31, 2021
<b>Financial assets:</b>		
<b>Financial assets with fixed interest rates:</b>	<b>145.731.020</b>	<b>185.395.610</b>
Cash at banks (Note 14)	146.601.360	185.909.235
Other financial liabilities	(870.340)	(513.625)
<b>Financial assets held for trading:</b>	<b>73.670.799</b>	-
Currency protected deposit (Note 11)	73.670.799	-

###### 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 June 30, 2022, and December 31, 2021, 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.

#### **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>June 30, 2022</b>	<b>June 30, 2021</b>
Interest income from bank deposits	530.406	483.230
Foreign exchange gains	52.469.121	23.929.183
Valuation of financial assets	10.628.849	-
<b>Investment income</b>	<b>63.628.376</b>	<b>24.412.413</b>
Other Investment Expenses	-	(99.768)
Investment Income Transferred to Non-Life Technical Section	(17.145.457)	-
<b>Investment expenses</b>	<b>(17.145.457)</b>	<b>(99.768)</b>
<b>Investment income, net</b>	<b>46.482.919</b>	<b>24.312.645</b>

###### **Capital management**

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Ministry of Treasury and Finance of Turkey and Finance,
- 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 the Ministry of Treasury and Finance of Turkey and Finance on August 23, 2015 dated and 29454 numbered; As of June 30, 2022 the Company measured its minimum capital requirement as TL 139.085.634 (December 31, 2021: TL 102.754.053). As of June 30, 2022, the capital amount of the Company presented in the financial statements is TL 625.569.219 (December 31, 2021: TL 176.735.215) and capital surplus of the Company is amounting to TL 486.483.585 (December 31, 2021: TL 73.981.201) according to the Communiqué.

#### **5 Segment reporting**

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

##### **Business segment**

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 January 1 to June 30, 2022, is presented below:

	January 1, 2022	Additions	Disposals	Transfer	June 30, 2022
<i>Cost:</i>					
Furniture and fixtures	1.091.833	205.508	-	-	1.297.341
Right of use	5.328.941	2.004.593	-	-	7.333.534
Leasehold improvements	290.058	-	-	-	290.058
	<b>6.710.832</b>	<b>2.210.101</b>	-	-	<b>8.920.933</b>
<i>Accumulated depreciation:</i>					
Furniture and fixtures	619.783	96.706	-	-	716.489
Right of use	4.846.379	1.508.954	-	-	6.355.333
Leasehold improvements	159.944	20.589	-	-	180.533
	<b>5.626.106</b>	<b>1.626.249</b>	-	-	<b>7.252.355</b>
<b>Net book value</b>	<b>1.084.726</b>				<b>1.668.578</b>

Movements of tangible assets in the period from January 1 to June 30, 2021, are presented below:

	January 1, 2021	Additions	Disposals	Transfer	June 30, 2021
<i>Cost:</i>					
Furniture and fixtures	864.935	104.738	-	-	969.673
Right of use	4.163.320	570.409	-	-	4.733.729
Leasehold improvements	290.058	-	-	-	290.058
	<b>5.318.313</b>	<b>675.147</b>	-	-	<b>5.993.460</b>
<i>Accumulated depreciation:</i>					
Furniture and fixtures	443.409	84.227	-	-	527.636
Right of use	2.932.119	965.762	-	-	3.897.881
Leasehold improvements	118.765	20.590	-	-	139.355
	<b>3.494.293</b>	<b>1.070.579</b>	-	-	<b>4.564.872</b>
<b>Net book value</b>	<b>1.824.020</b>				<b>1.428.588</b>

There is not any mortgage over tangible assets of the Company as of June 30, 2022.

## 7 Investment property

The Company has not any investment property as of June 30, 2022, and December 31, 2021.



## 8 Intangible assets

Movement in intangible assets in the period from January 1 to June 30, 2022, is presented below:

	January 1, 2022	Additions	Disposals	Transfer	June 30, 2022
<i>Cost:</i>					
Rights	3.948.068	470.819	-	-	4.418.887
Advances on intangible fixed assets (*)	2.050.092	765.244	-	-	2.815.336
	<b>5.998.160</b>	<b>1.236.063</b>	-	-	<b>7.234.223</b>
<i>Accumulated amortization:</i>					
Rights	2.198.106	104.166	-	-	2.302.272
	<b>2.198.106</b>	<b>104.166</b>	-	-	<b>2.302.272</b>
<b>Net book value</b>	<b>3.800.054</b>				<b>4.931.951</b>

(\*) Advances on intangible assets are advances made for reinsurance computer software. Among its intangible assets, there is reinsurance computer software provided free of charge by the main partner of the Company.

Movement in intangible assets in the period from January 1 to June 30, 2021, is presented below:

	January 1, 2021	Additions	Disposals	Transfer	June 30, 2021
<i>Cost:</i>					
Rights	3.344.083	243.974	-	-	3.588.057
Advances on intangible fixed assets (*)	1.066.648	654.218	-	-	1.720.866
	<b>4.410.731</b>	<b>898.192</b>	-	-	<b>5.308.923</b>
<i>Accumulated amortization:</i>					
Rights	1.999.149	100.479	-	-	2.099.628
	<b>1.999.149</b>	<b>100.479</b>	-	-	<b>2.099.628</b>
<b>Net book value</b>	<b>2.411.582</b>				<b>3.209.295</b>

(\*) Advances on intangible assets are advances made for reinsurance computer software. Among its intangible assets, there is reinsurance computer software provided free of charge by the main partner of the Company.

There is not any mortgage over intangible assets of the Company as of June 30, 2022.

## 9 Investments in associates

The company is owned by Dubai Insurance Company, 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 Dubai Insurance and started to be controlled by the Company.

	June 30, 2022		December 31, 2021	
	Book value	Participation rate %	Book value	Participation rate %
Dubai Insurane Inc.	459.124.416	100	-	-
<b>Subsidiaries, Net</b>	<b>459.124.416</b>		-	-
<b>Total financial assets</b>	<b>459.124.416</b>		-	-

## 10 Reinsurance asset and liabilities

As of June 30, 2022, and December 31, 2021, outstanding reinsurance assets and liabilities of the Company, as Reinsurance company in accordance with existing reinsurance contracts are as follows:

<b>Reinsurance assets</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Provision for outstanding claims, ceded ( <i>Note 4.2</i> ), ( <i>Note 17</i> )	377.371.336	249.608.900
Reserve for unearned premiums, ceded ( <i>Note 17</i> )	146.139.518	83.030.065
Reserve for unexpired risks, ceded ( <i>Note 17</i> )	126.373.233	41.014.140
Receivables from reinsurance companies ( <i>Note 12</i> )	122.568.105	55.107.727
<b>Total</b>	<b>772.452.192</b>	<b>428.760.832</b>

There is no any impairment losses recognized for reinsurance assets.

<b>Reinsurance liabilities</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Payables arising from reinsurance operations ( <i>Note 19</i> )	269.049.155	192.588.652
Deferred commission income	45.896.257	25.009.196
<b>Total</b>	<b>314.945.412</b>	<b>217.597.848</b>

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

	<b>January 1 - June 30, 2022</b>	<b>April 1 - June 30, 2022</b>	<b>January 1 - June 30, 2021</b>	<b>April 1 - June 30, 2021</b>
Premiums ceded during the period ( <i>Note 17</i> )	(240.138.909)	(138.227.325)	(142.985.949)	(81.501.060)
Reserve for unearned premiums, ceded at the beginning of the period ( <i>Note 17</i> )	(83.030.065)	-	(55.309.543)	-
Reserve for unearned premiums, ceded at the end of the period ( <i>Note 17</i> )	146.139.518	24.825.829	84.746.613	10.262.564
<b>Premiums earned, ceded (<i>Note 17</i>)</b>	<b>(177.029.456)</b>	<b>(113.401.496)</b>	<b>(113.548.879)</b>	<b>(71.238.496)</b>
Claims paid, ceded during the period ( <i>Note 17</i> )	68.395.590	45.777.032	30.424.172	18.366.811
Provision for outstanding claims, ceded at the beginning of the period ( <i>Note 17</i> )	(249.608.900)	-	(124.853.811)	-
Provision for outstanding claims, ceded at the end of the period ( <i>Note 17</i> )	377.371.336	104.154.307	166.677.669	15.625.390
<b>Claims incurred, ceded (<i>Note 17</i>)</b>	<b>196.158.026</b>	<b>149.931.339</b>	<b>72.248.030</b>	<b>33.992.201</b>
Commission income accrued from reinsurers during the period ( <i>Note 32</i> )	75.091.841	34.811.711	43.162.724	24.042.823
Deferred commission income at the beginning of the period ( <i>Note 19</i> )	25.009.196	8.042.482	16.966.714	-
Deferred commission income at the end of the period ( <i>Note 19</i> )	(45.896.257)	(8.317.160)	(25.645.833)	(2.597.454)
<b>Commission income earned from reinsurers (<i>Note 32</i>)</b>	<b>54.204.780</b>	<b>34.537.033</b>	<b>34.483.605</b>	<b>21.445.369</b>
Changes in provision for unexpired risks, reinsurers' share ( <i>Note 17</i> )	85.359.093	58.812.684	22.095.805	12.127.537
<b>Total, net</b>	<b>158.692.443</b>	<b>129.879.560</b>	<b>15.278.561</b>	<b>(3.673.389)</b>

## 11 Financial Assets

As of June 30, 2022, receivables from main operations are detailed as follows:

	<b>June 30, 2022</b>
	<b>Financial Assets Held for Trading</b>
Currency protected deposit	73.670.799
<b>End of period</b>	<b>73.670.799</b>

Movements of financial assets during the period are as follows:

	<b>June 30, 2022</b>
	<b>Financial Assets Held for Trading</b>
<b>Open of period (January 1, 2022)</b>	-
Addition	63.041.950
Change in fair value of financial assets	10.628.849
<b>End of period (June 30, 2022)</b>	<b>73.670.799</b>

## 12 Loans and receivables

	June 30, 2022	December 31, 2021
Receivables from main operations (Note 4.2)	299.865.642	153.041.591
Other receivables (Note 4.2)	292.345	659.054
Income accruals (Not 4.2)	3.651.515	4.847.078
Prepaid taxes and funds	-	1.345.392
<b>Total</b>	<b>303.809.502</b>	<b>159.893.115</b>
Short-term receivables	303.809.502	159.893.115
<b>Total</b>	<b>303.809.502</b>	<b>159.893.115</b>

As of June 30, 2022 and December 31, 2021, receivables from main operations are detailed as follows:

	June 30, 2022	December 31, 2021
Receivables from agencies, brokers and intermediaries	99.487.625	47.757.112
Receivables from insurance companies	77.809.912	50.176.752
Receivables from reinsurance companies (Note 10)	122.568.105	55.107.727
<b>Total receivables from reinsurance operations, net</b>	<b>299.865.642</b>	<b>153.041.591</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, 2021: None).

b) *Provision for premium receivables (due)*: None (December 31, 2021: 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 June 30, 2022 and December 31, 2021, the Company has not any derivative financial instruments.

## 14 Cash and cash equivalents

As of June 30, 2022 and December 31, 2021, cash and cash equivalents are as follows:

	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
	<b>At the end of the period</b>	<b>At the beginning of the period</b>	<b>At the end of the period</b>	<b>At the beginning of the period</b>
Banks	210.060.293	280.645.699	280.645.699	189.924.759
<b>Cash and cash equivalents presented in the balance sheet</b>	<b>210.060.293</b>	<b>280.645.699</b>	<b>280.645.699</b>	<b>189.924.759</b>
Interest accruals on bank deposits	(190.249)	(9.963)	(9.963)	(19.405)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>209.870.044</b>	<b>280.635.736</b>	<b>280.635.736</b>	<b>189.905.354</b>

As of June 30, 2022 and December 31, 2021, bank deposits are further analysed as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Foreign currency denominated bank deposits		
- time deposits	146.601.360	185.909.235
- demand deposits	62.890.156	93.200.177
Bank deposits in Turkish Lira		
- demand deposits	568.777	1.536.287
<b>Bank balances</b>	<b>210.060.293</b>	<b>280.645.699</b>

As of June 30, 2022 and December 31, 2021, the Company has not any cash collateral kept at banks.

## 15 Equity (continued)

### Paid in capital

The shareholder having direct or indirect control over the shares of the Company is VHV Allgemeine Versicherungen A.G. having 100% of outstanding shares. As of June 30, 2022 and December 31, 2021, the shareholding structure of the Company is presented below:

Name	June 30, 2022		December 31, 2021	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
VHV Allgemeine Versicherungen A.G.	616.800.000		65.955.272	100
<b>Paid in Capital</b>	<b>616.800.000</b>		<b>65.955.272</b>	<b>100</b>
Unpaid in Capital	(83.009.779)		-	
<b>Total</b>	<b>533.790.221</b>		<b>65.955.272</b>	

As of June 30, 2022, the issued share capital of the Company is TL 533.790.221 (December 31, 2021: TL 65.955.272) and the share capital of the Company consists of 533.790.221 (December 31, 2021: 65.955.272 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 June 30, 2022, the Company's legal reserves are TL 5.959.631 (31 December 2021: 2.778.123 TL).

### Extraordinary reserves

As of June 30, 2022, and December 31, 2021, the Company has not any extraordinary reserves.

### Other profit reserves

Pursuant to the revision of TAS 19; actuarial gains and losses previously recognized in income statement in the calculation of provision for employee termination benefits are accounted under "Other Profit Reserves" under equity in the current period financial statements. As of June 30, 2022, TL 121.100 (December 31, 2021, TL 78.952) has been presented under other profit reserves in the calculation of provision for employment termination benefits.

The movement table of other profit reserves is as follows:

	June 30, 2022	June 30, 2021
<b>Other profit reserves at the beginning of the period</b>	<b>78.952</b>	<b>(7.049)</b>
Actuarial gains/losses	42.148	80.207
<b>Other profit reserves at the end of the period</b>	<b>121.100</b>	<b>73.158</b>

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

As of June 30, 2022 and December 31, 2021, other reserves are explained in detail in Note 15 – *Equity* above.

As of June 30, 2022 and December 31, 2021, the Company does not hold any insurance or investment contracts which contain a DPF.

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

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 June 30, 2022 and December 31, 2021, technical reserves of the Company are as follows:

	June 30, 2022	December 31, 2021
Reserve for unearned premiums, gross	167.789.186	93.564.755
Reserve for unearned premiums, ceded (Note 10)	(146.139.518)	(83.030.065)
<b>Reserves for unearned premiums, net</b>	<b>21.649.668</b>	<b>10.534.690</b>
Provision for outstanding claims, gross	432.443.967	283.171.115
Provision for outstanding claims, ceded (Note 4.2), (Note 10)	(377.371.336)	(249.608.900)
<b>Provision for outstanding claims, net</b>	<b>55.072.631</b>	<b>33.562.215</b>
Reserve for unexpired risks, gross	143.995.610	46.251.309
Reserve for unexpired risks, ceded (Note 10)	(126.373.233)	(41.014.140)
<b>Reserve for unexpired risks, net</b>	<b>17.622.377</b>	<b>5.237.169</b>
<b>Equalization reserve, net</b>	<b>4.425.632</b>	<b>3.053.770</b>
<b>Total technical provisions, net</b>	<b>98.770.308</b>	<b>52.387.844</b>

As of June 30, 2022 and 2020, movements of the insurance liabilities and related reinsurance assets are presented below

Reserve for unearned premiums	June 30, 2022		
	Gross	Ceded	Net
Reserve for unearned premiums at the beginning of the period	93.564.755	(83.030.065)	10.534.690
Premiums written during the period	267.376.645	(240.138.909)	27.237.736
Premiums earned during the period	(193.152.214)	177.029.456	(16.122.758)
<b>Reserve for unearned premiums at the end of the period</b>	<b>167.789.186</b>	<b>(146.139.518)</b>	<b>21.649.668</b>

Reserve for unearned premiums	June 30, 2021		
	Gross	Ceded	Net
Reserve for unearned premiums at the beginning of the period	61.960.154	(55.309.543)	6.650.611
Premiums written during the period	155.981.612	(142.985.949)	12.995.663
Premiums earned during the period	(122.511.841)	113.548.879	(8.962.962)
<b>Reserve for unearned premiums at the end of the period</b>	<b>95.429.925</b>	<b>(84.746.613)</b>	<b>10.683.312</b>

Provision for outstanding claims	June 30, 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	226.953.576	(196.158.026)	30.795.550
Claims paid during the period	(77.680.724)	68.395.590	(9.285.134)
<b>Provision for outstanding claims at the end of the period</b>	<b>432.443.967</b>	<b>(377.371.336)</b>	<b>55.072.631</b>

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

Provision for outstanding claims	June 30, 2021		
	Gross	Ceded	Net
Provision for outstanding claims at the beginning of the period	139.974.396	(124.853.811)	15.120.585
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	83.755.113	(72.248.030)	11.507.083
Claims paid during the period	(33.527.142)	30.424.172	(3.102.970)
<b>Provision for outstanding claims at the end of the period</b>	<b>190.202.367</b>	<b>(166.677.669)</b>	<b>23.524.698</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, since 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 June 30, 2022, short-term deferred expenses amounting to TL 35.774.749 (December 31, 2021: TL 19.100.322) totally consist of deferred commission expenses.

For the periods ended June 30, 2022, and 2021, the movement of deferred commission expenses is presented below:

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Deferred commission expenses at the beginning of the period	19.100.322	12.083.326
Commissions accrued during the period (Note 32)	61.034.747	34.382.686
Commissions expensed during the period (Note 32)	(44.360.320)	(27.305.854)
<b>Deferred commission expenses at the end of the period</b>	<b>35.774.749</b>	<b>19.160.158</b>

**18 Investment contract liabilities**

None.

**19 Trade and other payables and deferred income**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Financial liabilities	870.340	513.625
Payables arising from reinsurance operations	269.049.155	192.588.652
Other miscellaneous payables and other liabilities	1.514.774	3.813.229
Short/long term deferred income and expense accruals	45.896.257	25.678.169
Taxes and other liabilities and similar obligations	6.016.805	17.027.928
<b>Total</b>	<b>323.347.331</b>	<b>239.621.603</b>
Short-term liabilities	323.347.331	239.621.603
Long-term liabilities	-	-
<b>Total</b>	<b>323.347.331</b>	<b>239.621.603</b>

As of June 30, 2022 and December 31, 2021, 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 45.896.257 (December 31, 2021: TL 25.009.196).

Corporate tax liabilities and prepaid taxes are disclosed below:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Corporate tax liabilities	7.797.430	21.413.900
Taxes paid during the year	(2.950.985)	(5.080.522)
<b>Corporate tax liability/(Prepaid tax), net</b>	<b>4.846.445</b>	<b>16.333.378</b>

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

None.

## 20 Financial liabilities

As of June 30, 2022, the Company's financial liabilities arising from leasing agreements amounting to TL 870.340. (December 31, 2021: TL 513.625).

As of June 30, 2022, the Company's discounted repayment plans for operating leases are as follows:

	June 30, 2022	December 31, 2021
Up to 1 Year	870.340	513.625
1-2 Years	-	-
<b>Total</b>	<b>870.340</b>	<b>513.625</b>

## 21 Deferred tax

As of June 30, 2022 and December 31, 2021, deferred tax assets and liabilities are attributable to the following:

	June 30, 2022	December 31, 2021
	Deferred tax assets/ (liabilities)	Deferred tax assets/ (liabilities)
Equalization reserve	610.754	352.860
Unexpired risk reserve	3.524.475	1.047.434
Provision for employee termination benefits	52.896	34.447
Provision for unused vacation pay liability	177.241	136.106
TAS adjustment differences in depreciation	88.667	102.571
Currency valuation TAS-TPL Difference	312.611	(1.557.439)
<b>Deferred tax assets/liabilities, net</b>	<b>4.766.644</b>	<b>115.979</b>

As of June 30, 2022, the Company has not any deductible tax losses (December 31, 2021: None).

Movement of deferred tax assets as of June 30, 2022 and 2021 are given below:

	June 30, 2022	June 30, 2021
Opening balance	115.979	676.833
Recognised in profit or loss	4.661.202	1.123.658
Recognised in equity	(10.537)	(18.289)
<b>Closing balance</b>	<b>4.766.644</b>	<b>1.782.202</b>

## 22 Retirement benefit obligations

None (December 31, 2021: None).

## 23 Provision for other liabilities and charges

As of June 30, 2022 and December 31, 2021; the provisions for other risks are disclosed as follows:

	June 30, 2022	December 31, 2021
Provision for unused vacation pay liability	886.206	680.532
Provision for employee termination benefits	264.478	172.235
Provision for personnel bonus	-	2.515.000
Expense accruals	-	668.973
<b>Total provision for other risks</b>	<b>1.150.684</b>	<b>4.036.740</b>

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

	June 30, 2022	June 30, 2021
Provision at the beginning of the period	172.235	177.928
Interest cost (Note 47)	24.113	23.131
Service cost (Note 47)	120.815	88.013
Payments during the period (Note 47)	-	-
Actuarial difference (Note 47)	(52.685)	(100.259)
<b>Provision at the end of the period</b>	<b>264.478</b>	<b>188.813</b>

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

	June 30, 2022	June 30, 2021
Provision at the beginning of the period	2.515.000	1.781.030
Payments during the period	(2.515.000)	(1.350.614)
Provision made during the period	-	-
<b>Provision at the end of the period</b>	<b>-</b>	<b>430.416</b>

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

	June 30, 2022	June 30, 2021
Provision at the beginning of the period	680.532	296.217
Provision made during the period	205.674	187.753
<b>Provision at the end of the period</b>	<b>886.206</b>	<b>483.970</b>

**24 Net insurance premium**

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

**25 Fee revenue**

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>January 1 - June 30, 2022</b>	<b>April 1 - June 30, 2022</b>	<b>January 1 - June 30, 2021</b>	<b>April 1 - June 30, 2021</b>
Claims paid, net off reinsurers’ share	9.285.134	5.143.881	3.102.970	1.761.171
Changes in reserve for unearned premium, net off reinsurers’ share	11.114.978	4.150.374	4.032.701	1.209.518
Changes in provision for outstanding claims, net off reinsurers’ share	21.510.416	16.328.401	8.404.113	4.184.839
Change in equalization reserve, net off reinsurers’ share	1.371.862	632.174	673.880	244.538
Changes in reserve for unexpired risks, net off reinsurers’ share	12.385.208	8.740.840	2.899.300	1.746.229
<b>Total</b>	<b>55.667.598</b>	<b>34.995.670</b>	<b>19.112.964</b>	<b>9.146.295</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 periods ended June 30, 2022, and 2021, the operating expenses are disclosed as follows:

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 June 30, 2021	April 1 - June 30, 2021
Commission expenses (Note 17)	44.360.320	28.937.920	27.305.854	17.401.398
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	<i>61.034.747</i>	<i>37.434.138</i>	<i>34.382.686</i>	<i>20.460.224</i>
<i>Changes in deferred commission expenses (Note 17)</i>	<i>(16.674.427)</i>	<i>(8.496.218)</i>	<i>(7.076.832)</i>	<i>(3.058.826)</i>
Employee benefit expenses (Note 33)	8.218.063	4.554.752	4.791.310	1.127.999
Administration expenses	7.197.423	4.581.295	4.015.522	2.599.806
Commission income from reinsurers (Note 10)	(54.204.780)	(34.537.033)	(34.483.605)	(21.445.369)
<i>Commission income from reinsurers accrued during the period (Note 10)</i>	<i>(75.091.841)</i>	<i>(42.854.193)</i>	<i>(43.162.723)</i>	<i>(24.042.822)</i>
<i>Change in deferred commission income (Note 10)</i>	<i>20.887.061</i>	<i>8.317.160</i>	<i>8.679.118</i>	<i>2.597.453</i>
Other	169.814	(3.459)	8.708	4.480
<b>Total</b>	<b>5.740.840</b>	<b>3.533.475</b>	<b>1.637.789</b>	<b>(311.686)</b>

### 33 Employee benefit expenses

For the periods ended June 30, 2022, and 2021, employee benefit expenses are disclosed as follows:

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Wages and salaries	6.275.903	3.203.389	3.616.575	544.061
Employer's share in social security premiums	1.316.774	972.615	598.158	253.999
Pension fund benefits	625.386	378.748	576.577	329.939
<b>Total (Note 32)</b>	<b>8.218.063</b>	<b>4.554.752</b>	<b>4.791.310</b>	<b>1.127.999</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 Taxes

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

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
<b>Corporate tax expense:</b>				
Corporate tax provision	(4.227.670)	(4.895.276)	(5.034.793)	(2.295.768)
<b>Deferred taxes:</b>				
Arising from origination (+)/ reversal (-) of taxable temporary differences	4.661.202	1.904.737	1.123.658	548.938
<b>Total income tax income / (expense)</b>	<b>433.532</b>	<b>(2.990.539)</b>	<b>(3.911.135)</b>	<b>(1.746.830)</b>

**35 Income Taxes** *(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 report period ended June 30, 2022, and 2021 is as follows:

	June 30, 2022		June 30, 2021	
	Profit / (loss) before taxes	Tax Rate(%)	Profit / (loss) before taxes	Tax Rate(%)
Income tax provision at statutory tax rate	(7.637.880)	(25,00)	(3.751.425)	(25,00)
Non-deductible expenses	(159.211)	(0,52)	(81.212)	(0,01)
Others	8.230.623	26,94	(78.498)	(0,01)
<b>Total tax expense recognized in profit or loss</b>	<b>433.532</b>	<b>1,42</b>	<b>(3.911.135)</b>	<b>(25,02)</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 calculated by dividing net profit / (loss) for the period by the weighted average number of shares.

	June 30, 2022	December 31, 2021
Profit / (loss) as of the accounting period	30.985.050	63.630.157
Weight average number of stocks	120.234.465	65.955.272
Earnings / (loss) per share (TL)	0,2577	0,9647

**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:

<b>TL commitments</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Within one year	870.340	513.625
More than one year less than five years	-	-
<b>Total of minimum rent payments</b>	<b>870.340</b>	<b>513.625</b>

#### **44 Business combinations**

None.

#### **45 Related party transactions**

The main shareholder of VHV Reasürans A.Ş. ("The Company") is VHV Allgemeine Versicherungen 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 June 30, 2022 and December 31, 2021, the related parties and their related transactions are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
VHV Allgemeine Versicherungen A.G	123.949.631	50.924.814
<b>Receivables from main operations</b>	<b>123.949.631</b>	<b>50.924.814</b>
VHV Allgemeine Versicherungen A.G	-	1.345.392
<b>Receivables from related parties</b>	<b>-</b>	<b>1.345.392</b>
VHV Allgemeine Versicherungen A.G	172.923.288	139.199.536
<b>Payables from main operations</b>	<b>172.923.288</b>	<b>139.199.536</b>
VHV Allgemeine Versicherungen A.G	-	4.847.078
<b>Income accruals</b>	<b>-</b>	<b>4.847.078</b>
VHV Allgemeine Versicherungen A.G	151.562.093	149.836.260
<b>Premiums written, ceded</b>	<b>151.562.093</b>	<b>149.836.260</b>

#### **46 Subsequent events**

None.



**47 Other (continued)**

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

They are presented in the related notes above.

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 of and for the accounting period ended June 30, 2022, and 2021, details of provision expenses are as follows:

<b>Provision expense</b>	<b>January 1 - June 30, 2022</b>	<b>April 1 - June 30, 2022</b>	<b>January 1 - June 30, 2021</b>	<b>April 1 - June 30, 2021</b>
Provision for non-current provision Income / expense	-	-	2.963	(1.351.251)
Provision for unused vacation pay liability (Note 23)	(205.674)	(16.742)	(187.753)	(59.065)
Change in provision for employee termination (Note 23)	(144.928)	(16.355)	(111.144)	18.434
<b>Provision account</b>	<b>(350.602)</b>	<b>(33.097)</b>	<b>(295.934)</b>	<b>(1.391.882)</b>