



# Strong Progress Towards Goals

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## Corporate Information

Company Title	Türk Reasürans Anonim Şirketi
Trade Registry Number	206924-5
Tax Identification Number	8761181188
Central Registration (MERSİS) Number	0876118118800001
Registered Address	Saray Mah. Dr. Adnan Büyükdeniz Cad. Ak Ofis No: 8/1, 34768 Ümraniye, İstanbul-TÜRKİYE
Company Registration Date	06/09/2019

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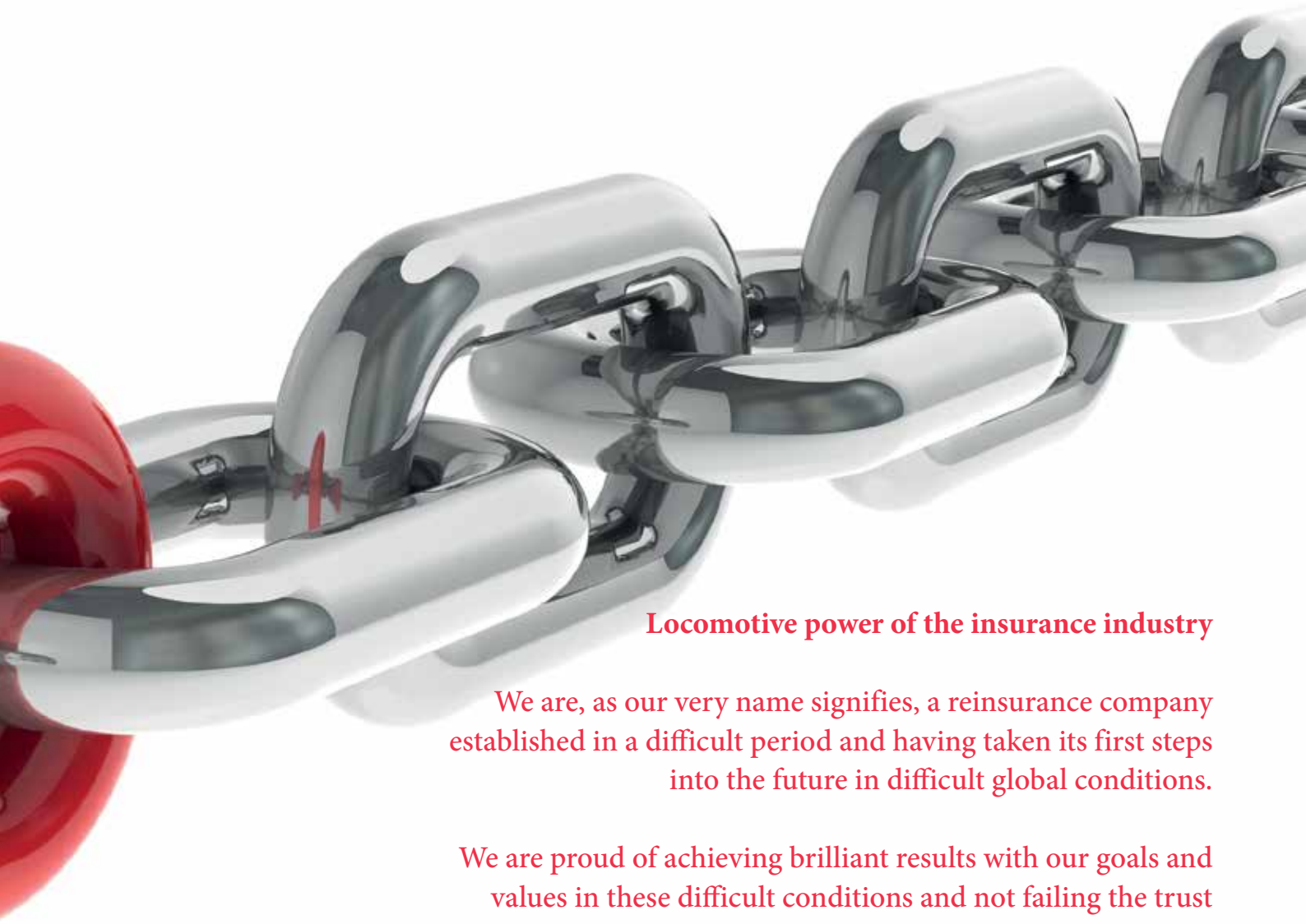
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## **Locomotive power of the insurance industry**

We are, as our very name signifies, a reinsurance company established in a difficult period and having taken its first steps into the future in difficult global conditions.

We are proud of achieving brilliant results with our goals and values in these difficult conditions and not failing the trust placed in us.

We make a significant contribution to expanding the domestic reinsurance capacity thanks to our share in the reinsurance market of our country and together with the numerous insurance companies we provide services.

Like our structure, our goals are also growing every day, the future is shaping with the confidence we give.

# We are firmly committed to our country and our goals!

We have important goals from the first  
day of our establishment:

To keep foreign exchange premiums transferred to  
abroad within the confines of the domestic economy,  
increase the domestic reinsurance volume, and ensure  
the development of the industry with our efforts... In  
the second year of our establishment, we managed  
to keep TL 1.8 billion of the premium transferred to  
abroad within the confines of the domestic economy  
and showed our commitment to our goals.

## 44%

**Premium market share\***

*\* Taking into account net premiums written by domestic  
reassurance companies*



# We are rapidly moving towards globalization


We uphold and strive for the public interest first and foremost. We provide capacity to annual insurance agreements of 20 insurance companies operating in Turkey. Besides, we are also taking important global steps.

**2.07**

billion TL

Asset size





## **We bear great responsibilities with our strong structure**

In August 2020, we took over the technical operator of TCIP (Turkish Natural Catastrophe Insurance Pool). We have increased TCIP's reinsurance protection by additional TL 14 billion. We managed to bring the total claims payment capacity of TCIP to TL 40 billion for the expected great Marmara earthquake.

**893**


million TL

Shareholders' equity









## **We move forward with our expert and experienced team**

The profoundness and competence of the staff is quite essential for a reinsurance company. We have a strong and professional team of staff who can make the right decisions at all levels and apply them bravely. In an era when global uncertainties often lead to critical decisions, we have progressed step by step and achieved successful results as an agile team that stays focused on the goals.

**105**  
Employees





# Türk Reasürans at a Glance

*Türk Reasürans  
continues its  
activities aiming  
to become a  
respected and  
leading player in  
the reinsurance  
market.*

# Agenda for Annual General Meeting 2021

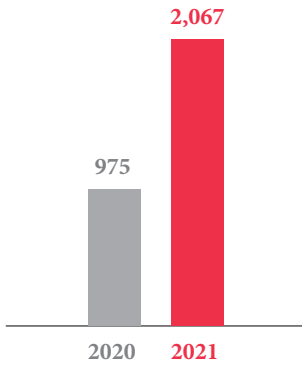
1. Opening and creation of the meeting chairmanship,
2. Reading and discussion of the annual report prepared by the Board of Directors, and reading of the Independent Auditor's Report on the activities of 2021,
3. Reading, discussion and approval of the year-end Balance Sheet and Income Statement for the 2021 activity and accounting period,
4. Release of the Members of the Board of Directors regarding their activities in 2021,
5. Discussion and approval of the Profit Distribution Table proposed by the Board of Directors regarding the 2021 profit,
6. Granting permission to the Members of the Board of Directors in matters falling within the scope of Articles 395 and 396 of the Turkish Commercial Code,
7. Election of the members of the Board of Directors,
8. Determination of the remuneration for members of the Board of Directors,
9. Submission of the Board of Directors' Decision regarding the selection of the Independent Audit Company to the approval of the General Assembly,
10. Wishes and closing remarks.

# 2021 in Figures

In 2021, the asset size of Türk Reasürans increased by 112% to exceed TL 2 billion, its shareholders' equity increased by 94% to TL 893 million, and its net profit for the period increased by 165% to reach TL 218 million.

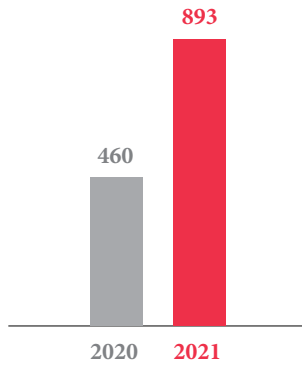
Asset Size  
(TL Million)

**112%**  
increase



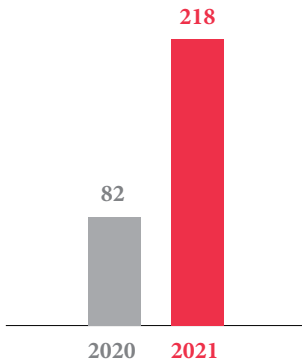
Shareholders' Equity  
(TL Million)

**94%**  
increase



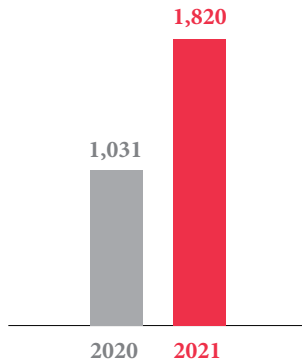
Net Profit for the Period  
(TL Million)

**165%**  
increase



Premium Production  
(TL Million)

**76%**  
increase



*According to the results for 2021, its market share has been 44% taking into account net written premiums.*

*Türk Reasürans's premium production in 2021 increased by 76% to TL 1.8 billion.*

## 2021 in Figures

### Türk Reasürans has achieved strong financial and operational results by successfully rounding off 2021.

Türk Reasürans maintained its activities in order to contribute to the development of the Turkish insurance industry in 2021.

Türk Reasürans Facultative Reinsurance and Special Risks Department took an important role in meeting the growing capacity needs of the local insurance market as per its establishment goals in 2021 as well. The Department continued to be a solution partner for many fixed assets, liabilities, and financial risks for which it has been difficult to find insurance coverage in Turkey due to the decreasing risk appetites of international capacity providers.

Türk Reasürans has taken its place as a strong solution partner in the Turkish Insurance Industry with the increasing need of the local market, especially in terms of liability insurance, and the capacities it offers under difficult market conditions.

In 2021, the second year of the establishment of the Türk Reasürans Treaty Department, it participated in 124 different treaties of 28 customers in domestic and foreign markets.

According to the results of 2021, Türk Reasürans, which increased its market share by 44% taking net written premiums into account, contributed to the reduction of premium transfers to abroad by supporting the sector with meaningful shares and continued to support the country's economy in the second year following its establishment.

**2.1**  
billion TL  
Total Assets

**893**  
million TL  
Total Shareholder's  
Equity



**280**  
million TL  
Technical Profit

**105**  
Employees

**218**  
million TL  
Net Profit for  
the Period

**1.82**  
billion TL  
Gross Premium  
Production

# 1.82

## billion TL

### Total Premium Production

*Premium production in 14 different main branches, including General Losses, Fire and Natural Disasters, Credit*

## About Türk Reasürans

**Türk Reasürans continues its activities in order to contribute to the development and sustainable growth of the Turkish insurance industry and to increase resource efficiency.**

Pursuant to the amendment made in the Insurance Law no. 5684, Türk Reasürans, which was established by the Ministry of Treasury and Finance of the Republic of Turkey on January 18, 2019, started to operate following its registration on September 6, 2019.

Türk Reasürans aims to operate in line with the needs of the reinsurance market, increase local reinsurance capacity focusing on the insurance sector, ensure resource efficiency, and contribute to the goals of “Economic Stabilization” and “Healthy and Sustainable Growth” within the scope of the New Economy Program.

Türk Reasürans’s fields of activity include carrying out insurance transactions in all lines and branches within insurance groups in Turkey and foreign countries, performing all kinds of reinsurance, retrocession and alternative risk transfer whether proportional and/or non-proportional, managing the pool activities deemed appropriate by the Republic of Turkey Ministry of Treasury and Finance, and participating in risk sharing and transfers.

Türk Reasürans continues its activities in order to contribute to the development and sustainable growth of the Turkish insurance industry, to reduce reinsurance premiums transferred to abroad, to increase resource efficiency, and to meet the need for reinsurance protection of the insurance market.

The average number of employees of the Company in 2021 is 105; and it conducts its operations in the head office and the Special Risk Management Center.

### **Healthy and sustainable growth**

After starting its activities in 2019 with the aim of becoming the first global brand coming out of Istanbul Financial Center with its strong capital, experienced staff, Türk Reasürans has adopted the vision of becoming a global player competing in international reinsurance markets in addition to providing capacity in the country. Accordingly, it concluded reinsurance business acceptance agreements for the first time at the beginning of 2020 and strengthened its position in cost management by increasing competition and creating alternatives for insurance companies. By 2021, on the other hand, the maximum efforts



were made to contribute to the development of the industry and the satisfaction of its needs in parallel with the defined goals, while increasing gross premium production by 76% compared to the previous year, which directly affected the gross premium growth of 54% in the Turkish reinsurance sector.

Türk Reasürans realized a total gross premium production of TL 1.82 billion in 14 different main branches, including TL 1.3 billion in the General Losses branch, TL 335 million in the Fire and Natural Disasters branch, and TL 41 million in the Credit branch in the second year after it started to provide reinsurance capacity. Taking into account the net written premiums in the Turkish reinsurance market in 2021, Türk Reasürans had a market share of 44% in its second year.

Türk Reasürans Facultative Reinsurance and Special Risks Department accepts risks for fire, engineering, and liability

branches on a business basis. The Department provides services to insurance companies and brokers in the market with its risk acceptance policy based on profitable and sustainable growth in order to provide the facultative capacity support needed by the Turkish Insurance Industry.

Türk Reasürans Treaty Department provides treaty reinsurance protection for insurance companies in the fire, engineering, various accident, and marine branches with annual treaty agreements whether proportional and/or non-proportional.

The Company's retrocession agreements are aimed at protecting the loss load, especially related to natural disaster risks, with the mission of increasing domestic reinsurance capacity offered and expanding reinsurance service to a wider base by diversifying the risks for which a coverage is provided.

***Türk Reasürans started its activities in 2019 with its experienced staff aiming at becoming a global brand.***

## About Türk Reasürans

**Türk Reasürans Treaty Department provides treaty reinsurance protection for insurance companies in the fire, engineering, miscellaneous accident, and marine branches with annual treaty agreements whether proportional and/or non-proportional.**

***In addition to providing domestic capacity, Türk Reasürans has adopted the vision of becoming a global player competing in the international reinsurance markets.***

Türk Reasürans has continued to support the industry by taking necessary position on time to ensure that insurance companies do not experience capacity shortages, especially when the reinsurance companies decided to reduce capacity following the effects of the pandemic in global markets and thus decreased their support to the Turkish market.

Türk Reasürans has been assigned as the technical operator of the Special Risks Management Center for a 5-year period starting on May 23, 2020.

In 2020, Türk Reasürans became the first investor of B3i Services AG from Turkey, B3i Services AG is a leading blockchain startup in the insurance market, which aims to create enterprise solutions for the insurance sector and create an ecosystem that will bring the parties together through Distributed Ledger Technology.

Pursuant to the decision of the Insurance and Private Pension Regulation and Supervision Agency, Türk Reasürans has been assigned to carry out the Special Risk Management Center's works and transactions related to the Compulsory Personal Accident Insurance for Mining Employees within the scope of the Insurance Law No. 5684 as well as the works and transactions related to the sharing of premiums and damages within the scope of the Communiqué on Principles and Procedures Regarding Entity Contribution in terms of Compulsory Medical Malpractice Financial Liability Insurance No. 2010/1.

### **Türk Reasürans is the technical operator of SRMC**

The operation of the Special Risks Management Center (the "SRMC") established for the purpose of managing extraordinary risks has been given to Türk Reasürans by the Ministry of Treasury and Finance of the Republic of Turkey in accordance with Article 33/A of the Insurance Law No. 5684.

**Its fields of activity include carrying out insurance in all lines and branches within insurance groups in Turkey and abroad, performing all types of reinsurance, retrocession, and alternative risk transfer whether proportional and/or non-proportional.**

The SRMC has been reorganized to manage the pools of Compulsory Personal Accident Insurance of Mining Employees and the Financial Liability Insurance Related to Medical Malpractice, especially State Supported Commercial Receivables Insurance, under one roof, while it takes on a role in managing insurance pools for risks where there are difficulties in finding coverages.

Türk Reasürans, which also assigned the position of technical operator of the TCIP in 2020, will continue its activities with the goal of taking the lead in the modernization and development process of the insurance industry.

#### **Türk Katılım Reasürans established**

In addition to conventional insurance business, there is a significant growth in participation insurance business both in the world and in Turkey. As of the end of 2021, the share of participation insurance business in the total premium production of the non-life insurance industry has reached about 6%. It is observed that a total

of 12 companies operating in the participation insurance industry in Turkey, which is increasing its share in the industry every year, meet the entire need for reinsurance protection from abroad. In order to support the healthy and sustainable development of the participation insurance industry in Turkey and to ensure that Turkey becomes an important player in this developing market all over the world, Türk Reasürans established Türk Katılım Reasürans A.Ş. on September 8, 2021, with a paid-up capital of TL 100 million as its 100% subsidiary with the aim of fulfilling the re-takaful activities as specified in its articles of association. Türk Katılım Reasürans will carry out business acceptances within the framework of takaful principles as of 2022; in this regard, the Company will establish reinsurance protection agreements in order to create a structure that will meet the needs of the industry, give depth and dynamism to the industry, and strengthen the position of industry stakeholders on risk management, which will constitute important agenda items.

Licenses held by Türk Reasürans:

- Support Insurance
- Financial Losses
- General Liability
- General Losses
- Health
- Air Vehicles Liability
- Air Vehicles
- Legal Protection
- Land Vehicle Liability
- Land Vehicles
- Accident
- Surety Bond
- Credit
- Marine
- Railway Vehicles
- Sea Vehicles Liability
- Sea Vehicles
- Fire and Natural Disasters

The memberships of Türk Reasürans:

- The Banks Association of Turkey Risk Center
- Insurance Association of Turkey

## Mission and Vision

### Mission

- To support the development of the Turkish insurance industry by providing further domestic reinsurance capacity.
- To contribute to the sustainable growth of Turkey's economy by keeping reinsurance premiums transferred to abroad within the confines of the domestic economy.
- To contribute the development of the Turkish insurance industry in terms of technological infrastructure, competent human resources, sustainability, governance and financial strength.

### Vision

- To manage our country's risks effectively as Turkey's safe and strong reinsurer as well as to be recognized as a global reinsurance brand and an "exporter of assurance."



About Türk Reasürans

## Shareholding Structure

The main shareholder of Türk Reasürans, which continues its activities to contribute to the development of the Turkish insurance industry and sustainable growth of the Turkish economy, is the Republic of Turkey Ministry of Treasury and Finance.

As of 31 December 2021, the main shareholder of Türk Reasürans A.Ş. has been the Republic of Turkey Ministry of Treasury and Finance.

Türk Reasürans's capital stands at TL 600 million in total, which is divided into 600 million shares with a nominal value of TL 1 each. An amount of TL 600 million, corresponding to 600 million shares worth TL 1 each, has been paid in cash by the Republic of Turkey Ministry of Treasury and Finance.

As of December 31, 2021 and December 31, 2020, the capital and shareholding structure of the Company is as follows:

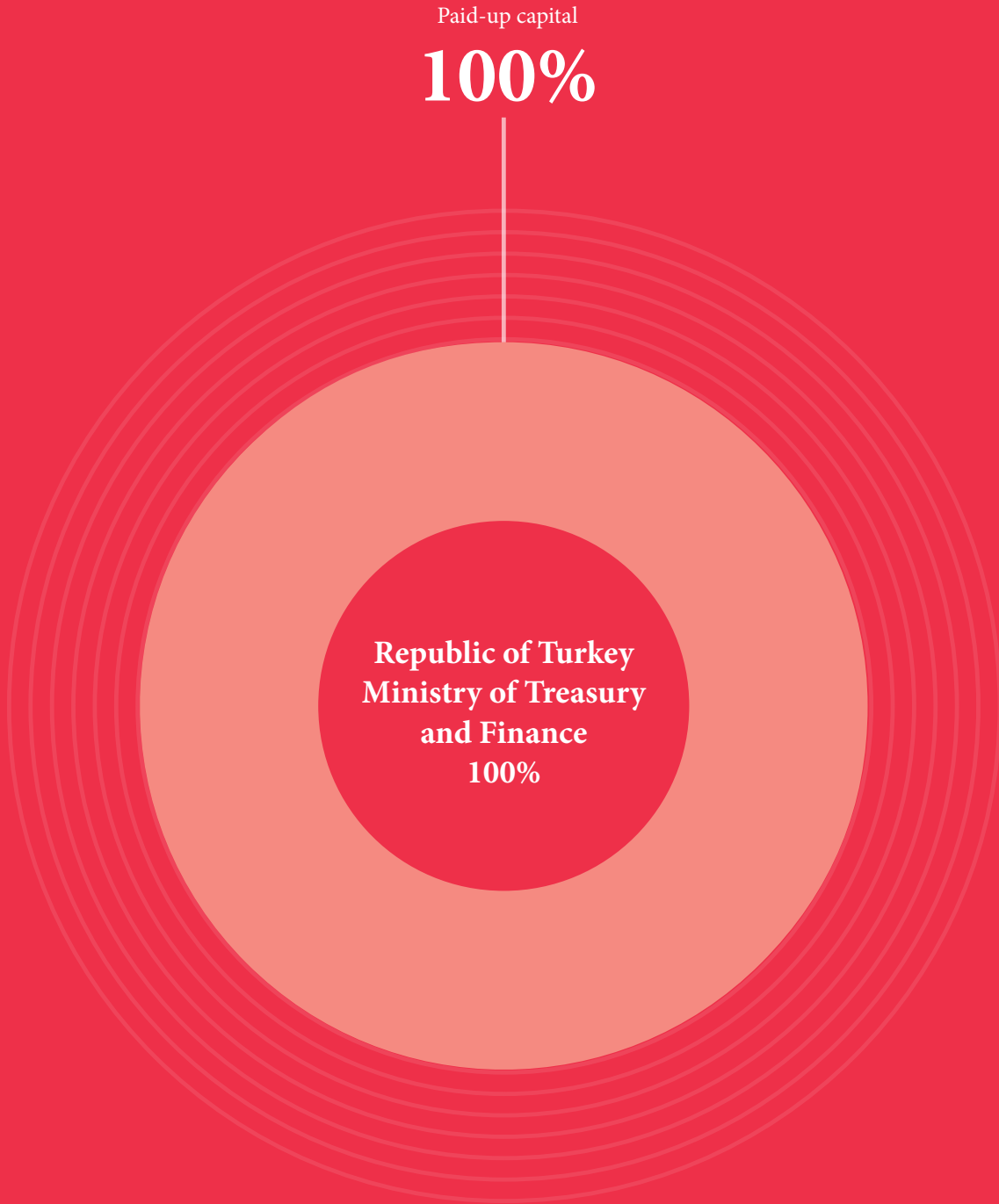
Name	December 31, 2021		December 31, 2020	
	Share amount (TL)	Share ratio (%)	Share amount (TL)	Share ratio (%)
Republic of Turkey Ministry of Treasury and Finance	600,000,000	100.00	600,000,000	100.00
<b>Capital</b>	<b>600,000,000</b>	<b>100.00</b>	<b>600,000,000</b>	<b>100.00</b>
Unpaid capital (-)	-	-	225,000,000	37.50
<b>Paid-up capital</b>	<b>600,000,000</b>	<b>100.00</b>	<b>375,000,000</b>	<b>62.50</b>

As of 31 December 2021, no privileges was granted to the stocks representing the capital.

As of 31 December 2021, the Company was not subject to the registered capital system.



*Türk Reasürans's capital stands at TL 600 million in total, which is divided into 600 million shares with a nominal value of TL 1 each.*



*In 2021, Türk Reasürans' market share has been 44% taking into account net written premiums of the local reinsurance market.*

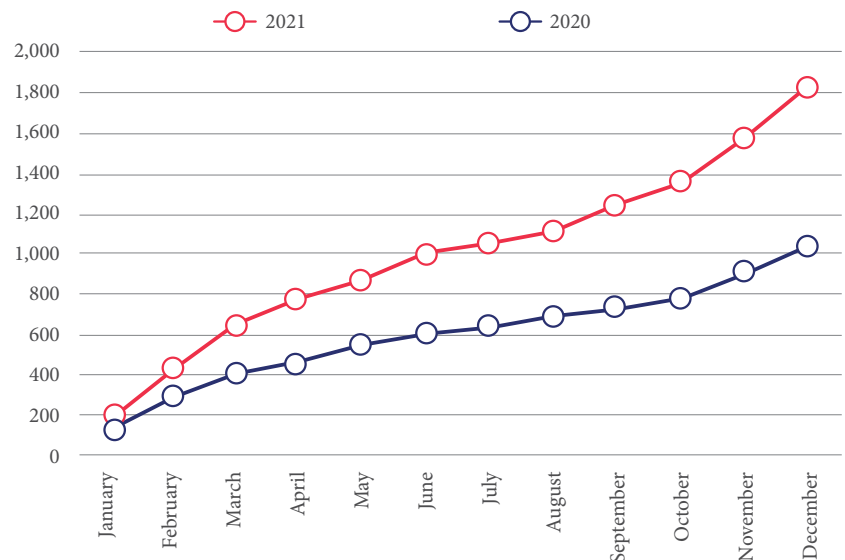
## Key Financial Indicators and Ratios

**In 2021, Türk Reasürans's total gross premium income was over TL 1.82 billion and its net profit at the end of the period was over TL 218 million.**

### Gross Premium Production -TL

	December 31, 2021	December 31, 2020	Change -%
General Losses	1,324,163,662	847,404,831	56
Fire and Natural Disasters	334,563,611	130,538,114	156
Credit	40,745,467	17,264,952	136
General Liability	36,457,249	13,503,480	170
Marine	33,669,608	8,090,501	316
Sea Vehicles	17,884,428	7,901,696	126
Accident	15,369,411	2,339,274	557
Financial Losses	13,303,747	4,205,420	216
Land Vehicles	3,004,365	345,039	771
Air Vehicles	396,076	150,546	163
Land Vehicles Liability	271,015	133,549	103
Surety Bond	230,472	1,237	18,532
Legal Protection	128,341	27,884	360
Air Vehicles Liability	6,716	-	-
<b>Total Gross Written Premium</b>	<b>1,820,194,168</b>	<b>1,031,906,523</b>	<b>76</b>

### Premium Development - TL Thousand



### Claims Paid, Gross -TL

	December 31, 2021	December 31, 2020	Change -%
General Losses	605,645,385	240,663,073	152
Fire and Natural Disasters	68,516,890	6,605,189	937
Marine	6,370,085	319,166	1,896
Credit	6,143,511	-	-
Financial Losses	5,381,700	75,964	6,985
Sea Vehicles	4,447,197	293,686	1,414
General Liability	1,820,228	131,333	1,286
Accident	777,546	12,097	6,328
Legal Protection	20	-	-
<b>Total Claims Paid, Gross</b>	<b>699,102,562</b>	<b>248,100,508</b>	<b>182</b>

### Summary Financial Results -TL

	December 31, 2021	December 31, 2020	Change -%
Cash and Cash Equivalents	841,729,403	399,053,530	111
Securities	304,439,228	45,943,846	563
Subsidiaries	104,497,494	4,497,494	2,223
<b>Total Assets</b>	<b>2,067,263,337</b>	<b>975,256,963</b>	<b>112</b>
Technical Provisions	950,760,741	485,958,427	96
Total Equity	892,558,906	459,832,647	94
Gross Premiums Written	1,820,194,168	1,031,906,523	76
Technical Income	1,544,804,995	650,788,446	137
Technical Profit Balance	280,167,008	99,364,756	182
Investment Income	418,642,699	66,307,390	531
Investment Expenses	(423,831,367)	(68,089,079)	522
Other Income and Expenses	16,240,468	7,476,861	117
Profit for the Period	291,218,808	105,059,928	177
Tax Expense	(73,074,358)	(22,850,691)	220
Net Profit for the Period	218,144,450	82,209,237	165

### Financial Analysis Ratios -%

	December 31, 2021	December 31, 2020
Liquidity Ratio	101	90
Current Ratio	156	174
Return on Equity (ROE)	24	18
Loss Ratio, Net	59	57
Expense Ratio, Net	32	30
Combined Ratio, Net	91	87
Technical Profitability Ratio	20	16
Retention Ratio	93	96





# From the Management

# Message from the Chairman

Although Türk Reasürans has been operating for a short time, it has undertaken many local and global projects with its experienced management staff and expert team, and has continued its leading activities in the Turkish insurance industry by taking over the operation of the Special Risks Management Center.

*With the Special Risks Management Center, it is aimed to provide the optimum benefit to the insured by creating insurance pools and making continuous improvements related to the existing pools against the risks that cause difficulties in finding coverage in the insurance industry.*

Esteemed Shareholders,

The pandemic had impacts on a global scale and caused severe damage; we are going through a process where its effects still last and the risk continues due to newly emerging variants. Turkey has been supporting the vaccination process with the Turkovac vaccine that it developed. It is our shared expectation to successfully complete the vaccination processes and to go through the normalization process following the recovery process.

**Creating solutions to coverage needs with the Special Risks Management Center approach**

Although Türk Reasürans has been operating for a short time, it has undertaken many local and global projects with its experienced management staff and expert team. After undertaking the technical and operational processes of TICP in 2020, Türk Reasürans also took over the operation of the Special Risks Management Center established in 2021 to manage extraordinary risks. It helped Türk Reasürans maintain its leading activities in the Turkish insurance industry. With the Special Risks Management Center, it is aimed to provide the optimum benefit to the insured by creating insurance pools and making continuous improvements related to the existing pools against the risks that cause difficulties in finding coverage in the insurance industry. The operations of Special Risks Management Center will be based on the approach of providing solutions to continuous coverage needs in accordance with the general needs of the industry.

*Türk Reasürans has established Türk Katılım Reasürans, the first reinsurance company in Turkey to operate in the field of participation reinsurance.*



**Dr. Ahmet GENÇ**  
*Chairman of the Board of Directors*

## Message from the Chairman

**Türk Reasürans has established Türk Katılım Reasürans, the first reinsurance company in Turkey to operate in the field of participation reinsurance, and has resolutely moved on to achieve the same success in the field of participation reinsurance and to meet the needs of the industry.**

*Motivated by becoming a global player in the world reinsurance market, Türk Reasürans provides reinsurance support to the companies abroad and aims to expand these companies through its rating studies. The Company moves forward with confident steps towards achieving its position as the exporter of assurance.*

### **Support for the healthy and sustainable development of participation insurance industry in Turkey**

Türk Reasürans has established Türk Katılım Reasürans, the first reinsurance company in Turkey to operate in the field of participation reinsurance. In addition to its achievements in the field of traditional reinsurances to date, the Company has resolutely moved on to achieve the same success in the field of participation reinsurance and to meet the needs of the industry. Türk Katılım Reasürans will operate in order to prevent the flow of country resources to abroad and provide support for the healthy and sustainable development of participation insurance industry in Turkey; it will assume an important task to enable Turkey to become an important player in this market which is developing all over the world.

### **Türk Reasürans as a global player**

Türk Reasürans has established Türk Katılım Reasürans, the first reinsurance company in Turkey to operate in the field of participation reinsurance. In addition to its achievements in the field of traditional reinsurances to date, the Company has resolutely moved on to achieve the same success in the field of participation reinsurance and to meet the needs of the industry. Having made great strides in terms of institutionalization in a short time thanks to its high level of adaptation competence, Türk Reasürans has participated in various treaty programs of 4 insurance and reinsurance companies based in 4 different countries as a reinsurer in 2021 and has provided capacity to about 45 countries. Türk Reasürans will increase its subsidiaries and business acceptances from abroad in the upcoming period with its strong equity, expert staff, and



technological breakthroughs, which are the biggest pillars of the Company, and will take firm steps towards its goal of becoming a global reinsurer.

We are happy to achieve successful results in a short time on this path, which we set out to add value to the Turkish insurance industry. I would like to express my gratitude to all of our stakeholders, especially our board members and managers, our dedicated employees, who have given us strength in this journey.

Respectfully,



**Dr. Ahmet GENÇ**  
*Chairman of the Board of Directors*

***Türk Reasürans  
has made great  
strides in terms of  
institutionalization in  
a short time thanks to  
its high level adaptation  
competence and  
participated in two  
of the world's leading  
reinsurance agreements  
as a reinsurer.***

# Board of Directors

Ahmet GENÇ	Chairman of the Board of Directors
Ömer Faruk Öztürk	Vice Chairman of the Board of Directors
Ayşe Dilbay	Board Member
Cebraail Taşkın	Board Member
Cem Demiroğlu	Board Member
Fatih Hasdemir	Board Member
Zekiye Selva Eren	Board Member and General Manager



## **Dr. Ahmet GENÇ, *Chairman***

Ahmet Genç was born in Ankara in 1960. He graduated from the Department of Public Administration in the Faculty of Political Science at Ankara University in 1984. From 1985 to 1990, he served as an assistant specialist and specialist in the Department of Banking in General Directorate of Banking and Exchange at the Undersecretariat of Treasury. He studied insurance and reinsurance for a year in the UK in 1990. He pursued his Master's degree in Economics at Northeastern University from 1993 to 1995. He transferred from the General Directorate of Banking and Exchange at the Undersecretariat of Treasury to the General Directorate of Insurance as Branch Manager in 1997 and became the Head of the Department in 1998. He received his PhD from the Department of Business Administration at the Institute of Social Sciences at Ankara University in 2002. After serving at the General Directorate of Insurance as Assistant General Manager from 2002 to 2004, Deputy General Manager from 2004 to 2007, and General Manager from 2007 to 2015, Ahmet Genç was appointed as the Deputy Undersecretary of Treasury in 2015. He has been a founding member and the chairman of the board/management committee in institutions and organizations established in the field of insurance in recent years, such as the Insurance Information Center, the Insurance Training Center (SEGEM), and the Agricultural Insurance Pool (TARSİM). Dr. Ahmet Genç has been the Chairman of the Board of Directors of Türk Reasürans A.Ş. since June 3, 2021.



**Ömer Faruk ÖZTÜRK, Board Member**

Ömer Faruk Öztürk was born in Ankara in 1971. He graduated from Ankara University, Labor Economics and Industrial Relations then he got his MBA at Maltepe University at the Institute of Social Sciences. Starting his career as a Finance Inspector, he worked as Assistant General Manager in a private company. He was the Accounting Director at Telsim Mobile Telecom Services, which was transferred to the Savings Deposit Insurance Fund (SDIF). He worked as Head of Personnel and Deputy General Manager for Human Resources at Turkish Airlines, and Assistant General Manager and General Manager in the insurance companies that was transferred to the SDIF. He also worked in senior management positions; as a Board Member at Development Investment Securities, Board Member at Development Investment Bank of Turkey, Member of the Supervisory Board, Board Member at Turbine Technic, and Board Member at THY Opet Aviation Fuels. Ömer Faruk Öztürk is working as the General Manager and Board Member of Halk Hayat Emeklilik A.Ş. and also the Vice Chairman of the Board of Directors at Türk Reasürans since June 3, 2021.



**Ayşe DİLBAY, Board Member**

Ayşe Dilbay was born in Ankara in 1961. She started working at the Ministry of Finance in 1979. She studied in the Faculty of Economics and Administrative Sciences and graduated from Gazi University in 1983. She worked as a tax inspector in 1985 and as a branch manager in 1989. She was appointed to be the Head of Department in the General Directorate of Revenues in 2003. After the reorganization of the General Directorate of Revenues, she was appointed as the Head of the Revenue Administration Department. In 2016, Ayşe Dilbay was appointed to be the Vice President of Revenue Administration and currently works in the same position. Since June 3, 2021 she has been a Board Member at Türk Reasürans.

## Board of Directors



### **Dr. Cebrail TAŞKIN, Board Member**

Dr. Cebrail Taşkın was born in Kırıkkale in 1972. He graduated from Istanbul Technical University Sakarya Engineering Faculty Electrical and Electronics Engineering Department. He completed his MBA in Marketing and Finance at the Faculty of Economics and Administrative Sciences of the Middle East Technical University. Studying on a scholarship in Japan, Dr. Cebrail Taşkın received his master's and doctorate degrees in the field of Telecommunications. Since 1995, he has been working in the IT and Telecommunication sector. In Türk Telekom Group, he worked as a senior manager in the departments of Network Planning, Operations, Strategy, Business Development, R&D, Program & Project Management, and International Relations. He also worked as the Assistant General Manager for Technology at Türk Telekom International. Dr. Cebrail Taşkın has published a book called "Network Technologies and Telecommunication" and has a patent (US20130335351 A1) registered by the American Patent Office. As a part-time lecturer at Bahçeşehir University, he gives graduate courses on "Computer Networks, Mobile Communications, Operations Management, Information Technologies Services Management and Wireless Communications." Dr. Cebrail Taşkın works as a Member of the Telecommunication Professional Committee of the Istanbul Chamber of Commerce (ITO), as Board Member at Internet-Based Broadcasting Association (IPTV-DER), and as Vice President of Digital Telecommunication Group at the International Academy Research and Industry Association (IARIA) headquartered in the United States. Dr. Cebrail Taşkın is also a Board Member at Türk Reasürans since June 3, 2021.



### **Prof. Cem DEMİROĞLU, Board Member**

Cem Demiroğlu was born in Diyarbakır in 1978. After graduating from Beşiktaş Atatürk Anatolia High School, he pursued his bachelor's degree in the Department of Management at Boğaziçi University from 1996 to 2000. He received his Master's degree in the Department of Finance from the University of Nebraska in 2001 and his PhD in the same field from the University of Florida in 2008. He began his academic career as an Assistant Professor in the Faculty of Economics and Administrative Sciences at Koç University in 2008 and received the title of Associate Professor in 2014 and the title of Professor in 2018. He was a visiting lecturer at Bocconi University in 2010 and at the University of Florida from 2010 to 2011. Teaching undergraduate, Master's, and PhD courses in corporate finance, portfolio management, banking and venture capital, Prof. Cem Demiroğlu was granted the Academy of Sciences Award, which is given to outstanding academics under the age of 40, in 2018. Prof. Cem Demiroğlu has been a Member Türk Reasürans A.Ş. since June 3, 2021.



**Dr. Fatih HASDEMİR, Board Member**

Dr. Fatih Hasdemir was born in Erzurum in 1965. He graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Finance in 1978. He earned his master's degree at The University of Birmingham in 1990 and his doctorate in economics at The University of Hull in 1994. In 1995, he started his career as a faculty member and deputy dean of the Finance Department of the Faculty of Economics and Administrative Sciences at Balıkesir University. From 2002 to 2003, he worked as Energy Expert of the Energy Market Regulatory Authority; between 2003 and 2005, as the Project Group Head of the Prime Ministry Privatization Administration; as the Head of the National Agency between 2005 and 2011; and as the Deputy Secretary of the Ministry for European Union Affairs from 2011 to 2013. Working as the Deputy Permanent Representative of the European Union to Turkey in 2013, as the Deputy Secretary of the Ministry of Development in 2016, and as the Strategy and Budget Specialist of the Presidency, Dr. Fatih Hasdemir is still the General Secretary of Fatih Sultan Mehmet Vakıf University. Since June 3, 2021, he has been a Board Member at Türk Reasürans.



**Selva EREN, Board Member and General Manager**

Selva Eren was born in Istanbul in 1975. She graduated from the Department of Economics in the Faculty of Economics at Istanbul University in 2000. She pursued her Master's degree at San Diego State University from 2001 to 2003. She began her career in the United States between 2003 and 2008 and continued as an entrepreneur. She entered the insurance industry in 2009 and specialized in reinsurance. Accordingly, she founded the Rönesans Reasürans ve Sigorta Brokerlik A.Ş. She served as a Board Member of the International Competition and Technology Association between 2016-2018. In 2017, she became the founding partner and board member of the Clean Energy Agency. Selva Eren was appointed as the CEO of Türk Reasürans A.Ş. by the Ministry of Treasury and Finance on September 6, 2019 and still serves as the Board Member and the CEO of Türk Reasürans. Selva Eren is also a Board Member at the Agricultural Insurance Pool.

**1.82**  
**billion TL**  
**Gross Premium**  
**Production**

*With its strong capital structure, Türk Reasürans reached a gross premium production of TL 1.82 billion in 2021 with sustainable growth as its main objective.*

# Message from the General Manager

Following our mission of empowering the Turkish insurance industry, we will move forward by expanding our objectives in the upcoming period in order to ensure that reinsurance premiums remain within the country.

Esteemed Shareholders,

It has been a year when we tried to overcome the pandemic through vaccination efforts and ongoing strict measures. As Türk Reasürans, we are happy to maintain our activities in compliance with our founding purposes and to support the Turkish insurance industry during this difficult period.

### **Reinsurance agreements adapted to new trends**

The most important aspect of domestic reinsurance renewals for 2021, as it was the case abroad, was the clauses added to the contracts regarding the exclusion of epidemics. In addition, cyber risks exclusion clauses have also been revised and added to the treaties. Moreover, we have noticed that the majority of the companies, as in previous years, intended to primarily prefer the Proportional Reinsurance Contracts to cover their risks in 2021 renewal, while they continued to purchase excess of loss reinsurance programs to cover the risks they maintained to have. It has led to shrinking, albeit limited, in reinsurance capacities when some reinsurers requested to exit the market or reduce their capacities, some got lower ratings, or revised their business acceptance criteria.

The emergence of pandemic in 2020 and its subsequent isolation period had a rather positive impact on the company profitability; however, it suffered from adverse effect with the transition to normalization process in 2021. Therefore, global reinsurers looked out for their technical profitability in reinsurance agreements in 2021 and showed tendency for price increases in many programs. Despite the dynamic fluctuation of the Turkish Lira in other currencies in 2021, there were no significant changes in the treaty capacities of domestic insurance companies. It has been a year when, despite the pandemic, the sectoral shrinkage in the world was not reflected in the Turkish insurance industry and an increase in premiums was observed in insurance companies. I believe that it is mainly because our industry is open for development.

### **We are growing with healthy financial indicators**

As Türk Reasürans, we took sustainable growth as our main objective throughout 2021 and achieved a gross premium production of TL 1.82 billion to reach a growth of 76% compared to the previous year. We not only exceeded the targeted gross premium production of TL 1.5 billion, but also had 44% market

*Following our mission of empowering the Turkish insurance industry, we will move forward by expanding our objectives in the upcoming period in order to ensure that reinsurance premiums remain within the country.*

**Selva Eren**  
Board Member and  
General Manager

***In 2021, the technical section's profit increased by 182% compared to the previous year and amounted to TL 280 million. Also, in the second year of its establishment, a net profit of TL 218 million was achieved for the period.***

## Message from the General Manager

**The Special Risk Management Center, which was re-structured in 2021, was renamed as the Special Risks Management Center. Our Company carries out the management of the center and thus continues to take on the leading tasks in the Turkish insurance system.**

share in the Turkish reinsurance market. Following our mission of empowering the Turkish insurance industry, we will move forward by expanding our objectives in the upcoming period in order to ensure that reinsurance premiums remain within the country.

The increase in gross premium production also brought about an expansion in the Turkish reinsurance market, and the amount of gross premiums generated by Turkey-based reinsurance companies increased by 72% in 2020 when Türk Reasürans started accepting reinsurance business for the first time, and by 54% in 2021. We are very pleased to contribute to the insurance industry by achieving this growth together with our other stakeholders and to observe that our efforts in compliance with our founding purposes are reflected on the results.

Ensuring sustainability in technical profitability has been one of the important goals. As a matter of fact, in 2021, the technical section's profit increased by 182% compared to the previous year and amounted to TL 280 million. In the second year of its establishment, a net profit of TL 218 million was achieved. Based on these results, an

increase of 165% was achieved in net profit for the period compared to the previous year, and the return on equity also increased to 24.44%. At the end of the two years after starting operations, the asset size exceeded TL 2 billion, while the liquidity ratio was attained to 1.01 and the current ratio to 1.56, and the liquid structure of the balance sheet was maintained. Thanks to a TL 600 million of fully paid initial capital, and the other capital items added on each period, the Company's equity has reached approximately TL 893 million and gained a strong appearance, while trying to ensure adequacy in the Company's financial structure.

### **The Special Risks Management Center will meet the needs of the industry**

In line with the general needs of the insurance sector in Turkey, the Special Risk Management Center was restructured in 2021 and became a legal entity under the name of the Special Risks Management Center. Our Company continues to take on the leading tasks in the Turkish insurance system by carrying out the management of the center.

With the Special Risks Management Center, We aim to provide more accurately structured



and reassuring products to the industry as well as the insured by eliminating the difficulties occurring in practice. Our goal is to create insurance pools for risks that are known to be difficult to find coverage in the insurance industry, and to provide optimal benefits to the insured by constantly making improvements to existing pools. In the coming period, we will establish pools, organizations, and partnerships related to risks that are and can be difficult to find coverage based on the arising needs of our country and our industry.

### **TCIP's goal is 100% penetration**

As the technical operator of TCIP, we have accelerated the post-earthquake efforts in line with our main goal of covering all residences with Compulsory Earthquake Insurance. In the two major earthquakes in 2020, we reached the site as soon as possible and supported our people. We have made TL 392 million claim payment after the Elazığ earthquakes in January 2020, and TL 435 million after İzmir earthquake in October 2020 and tried to heal the wounds. The amount of claim payments made by TCIP to date has reached TL 1.1 billion.

TCIP formulated all of its plans according to the possible major Istanbul earthquake. We have increased our claim payment capacity from TL 26 billion to TL 40 billion. By converting the cost of reinsurance paid abroad from EURO to TL, we have prevented the large exchange rate differences that will arise from the reinsurance premiums paid by TCIP for reinsurance protection.

As a result of the efforts to eliminate differences in the loss assessment results carried out by TCIP, the Disaster and Emergency Management Presidency, and the Ministry of Environment, Urbanization and Climate Change, which causing legal dispute between our citizens and TCIP,

we agreed on a single damage assessment methodology between these three institutions. Thus, this problem, causing uncertainty for our citizens in the event of an earthquake, has been solved.

Our TCIP Emergency and Business Continuity Center will also start its activities in Ankara soon.

In order for our citizens to be able to make their claim notifications in a quick and healthy way during an earthquake, our damage project, which we are conducting together with the Insurance Information Center (SBM), will be completed before the middle of next year.

One of the most important steps we have taken in 2021 is to expand the scope of Compulsory Earthquake Insurance and turn it into a holistic "Disaster Insurance." As a result of the workshops we carried out on this issue, we have started an intensive work process related to the integration of other types of natural disasters, especially floods, into compulsory earthquake insurance.

Our efforts continue at full steam to create a Turkey moneybox as a financial measure against earthquakes throughout the country and to ensure that there will be no housing without a TICP policy. In this context, we increased our number of policies by 1 million to reach 10.6 million, which was 9.6 million when we took over the task. In pursuit of our 100% coverage goal, we are always ready to implement projects that will further enhance the TCIP achievements since its foundation and will deepen the trust of our people in this institution throughout our journey until there is not a single housing without the policy.

### **Our strategic vision is to become a global reinsurance company**

We have determined our most basic strategic goal as to make Türk Reasürans a global brand. For this purpose, we continue our efforts to

become a global player competing in international reinsurance markets by going beyond just being an institution that provides a domestic capacity-building. As of today, Türk Reasürans develops business with 17 different insurance and reinsurance companies based in 15 countries and makes its global footprint evident by providing reinsurance capacity in 60 countries. Although it has been a short time since our establishment, we continue enter into partnerships with a large number of critical stakeholders, and thus contribute to the development of Turkey with our goal of becoming an exporter of assurance.

As Türk Reasürans, we continue to move forward with strong financial results in line with our founding purpose and vision under these difficult conditions. In addition to our financial results, we also continue to carry out technology-oriented projects that will contribute to the development of the industry. Our Catastrophic Earthquake Modeling project is an example in this regard. In 2022, our platform will go live in operation and we believe that it will create value for our industry. As a result of this success that we have achieved in a short time, we will continue to be assigned in new areas and take part in projects that will contribute to the development of both the insurance industry and our country.

I would like to express my gratitude to our Board of Directors, who proudly guided us in successfully closing the year 2021; I would like to thank our valued employees who have always shown their dedication to adding value to the Türk Reasürans brand.

Respectfully,



**Selva Eren**  
*Board Member and  
General Manager*

# Senior Management

Selva Eren	Board Member and General Manager
Erdal TURGUT	Deputy General Manager - Finance, Treasury and Fund Management, Retrocession
H. Erdem KARABOSTAN	Deputy General Manager - Project and Technology Management, HR, Claims, Modeling
Ebru KIR	Deputy General Manager - Local Treaty Acceptances and Facultative Reinsurance
Çağrı ÇULHA	Deputy General Manager - Extraordinary Risks and Business Development



## **Selva EREN, Board Member and General Manager**

Selva Eren was born in Istanbul in 1975. She graduated from the Department of Economics in the Faculty of Economics at Istanbul University in 2000. She pursued her Master's degree at San Diego State University from 2001 to 2003. She began her career in the United States between 2003 and 2008 and continued as an entrepreneur. She entered the insurance industry in 2009 and specialized in reinsurance. Accordingly, she founded the Rönesans Reasürans ve Sigorta Brokerlik A.Ş. She served as a Board Member of the International Competition and Technology Association between 2016-2018. In 2017, she became the founding partner and board member of the Clean Energy Agency. Selva Eren was appointed as the CEO of Türk Reasürans A.Ş. by the Ministry of Treasury and Finance on September 6, 2019 and still serves as the Board Member and the CEO of Türk Reasürans. Selva Eren is also a Board Member at the Agricultural Insurance Pool.



**Erdal TURGUT, Deputy General Manager - Finance, Treasury and Fund Management, Retrocession**

Erdal Turgut was born in 1971 in Istanbul. After graduating from the Department of Economics, Faculty of Economics and Administrative Sciences at Anadolu University, he started his career at Anadolu Sigorta in 1998. After working in the Reinsurance Accounting Department, which was under the Accounting and Financial Affairs Department until 2000, he was transferred to the Reinsurance Department together with his department within the scope of the internal restructuring process. After 15-year career mainly in the areas of reinsurance accounting, conclusion of reinsurance agreements, operations and domestic and international reinsurance acceptances, he was appointed as the manager of Purchasing, Support and Construction in the Real Estate Department. Erdal Turgut managed operations such as the restructuring of the Headquarters and Regional Directorates and the centralization of purchasing processes. After 21 years of experience at Anadolu Sigorta, Mr. Turgut started working as the Deputy General Manager responsible for the Financial Reporting and Accounting, Reinsurance Accounting, Treasury and Fund Management, Retrocession at Türk Reasürans A.Ş. as of September 6, 2019. Erdal Turgut, who is the coordinator of the Turkish Natural Catastrophe Insurance Pool, is also a Member of the Board of the TCIP.



**Ebru KIR, Deputy General Manager - Treaty Reinsurance and Facultative Reinsurance**

Ebru Kır was born in 1975 in Istanbul. She graduated from the Department of Economics, Faculty of Economics at Istanbul University in 1997. Ebru Kır started her career in the Finance Department of Yapı Kredi Sigorta A.Ş. in 1998. She worked as a specialist in the Reinsurance and Foreign Relations Department of TEB Sigorta A.Ş. (Zurich Sigorta A.Ş.) in 2002 and then in the Reinsurance and Special Risks Department of Fiba Sigorta A.Ş. (Sompo Sigorta A.Ş.) in 2006. She continued her duty as an Assistant Manager in the Reinsurance and Special Risks Department at Halk Sigorta A.Ş. between 2009 and 2013, and served as the Director between 2013 and 2020. During these terms, she worked in the fields of treaty reinsurance, facultative reinsurance and special risks. Since June 13, 2020, Ebru Kır has been serving as the Deputy General Manager responsible for Local Treaty Acceptances and Facultative Reinsurance units at Türk Reasürans A.Ş.

## Senior Management



**H. Erdem KARABOSTAN, Deputy General Manager - Project and Technology Management, HR, Claims, Modeling**

H. Erdem Karabostan was born in Balıkesir in 1981. He graduated from the Middle East Technical University in 2004 with a major from the Department of Political Science and Public Administration and a minor from the Department of Philosophy. Erdem Karabostan, who started his career as an Assistant Auditor at Anadolu Sigorta in 2006, was appointed as an Auditor in 2010. In 2011, he worked as a project manager in the fields of financial reporting, accounting, risk-security-compliance and process management, and he was appointed as an assistant manager in 2014. After his managerial duties in the fields of accounting, collection and reinsurance solutions, he worked as the Project and Change Management Manager in 2018 and as the Health Claim Manager in 2019. Married with two children, Erdem Karabostan has been working since September 2019 as the Deputy General Manager in charge of Project and Technology Management, Human Resources, Data Analytics and Modeling, Risk Engineering, Claims Management, Corporate Architecture and Budget and Performance operations at Türk Reasürans A.Ş.



**Çağrı ÇULHA, Deputy General Manager - Extraordinary Risks and Business Development**

Mr. Çağrı Çulha was born in 1981 in Izmir. He received his undergraduate degree from the Department of Business Administration, Faculty of Economics and Administrative Sciences at the Dokuz Eylül University in 2005, and a Master's degree from the Department of Maritime Businesses Management at Maritime Faculty in 2007. Mr. Çağrı Çulha, who started his career as an executive in the AON Risk Management department in 2006, worked as a broker at HSBC Insurance Brokerage, then, at SSL Insurance Brokerage in the UK, respectively between 2009 and 2012. Çağrı Çulha, who received a diploma in insurance from the British Insurance Institute, served as an assistant manager at Willis Towers Watson Company between 2012 and 2017 and as a department manager at the BMS Group between 2017 and 2019. As of September 6, 2019, he has been serving as a Deputy General Manager responsible for Extraordinary Risks and Business Development at Türk Reasürans A.Ş.

# Managers Within the Internal Systems, Financial Affairs and Actuary

## **İsmail YILDIRIM, Internal Audit Manager**

İsmail Yıldırım completed his undergraduate studies at the Departments of Business Administration and Economics (second major) of Istanbul Bilgi University in 2007. During this time, he participated in an exchange program at the University of Bern in Switzerland. He completed his Master's degree with thesis at the Department of International Trade Management from Boğaziçi University and started his career in 2008 as an assistant auditor at the PwC independent audit company. Mr. Yıldırım then went on to work for Anadolu Sigorta for a period of 10 years at the Inspection Board, Risk Management and Internal Control Department, the Claims Management Departments. He was promoted to the position of Unit Manager in the same company. Yıldırım continued his career as the Internal Audit Manager at Allianz Trade Insurance Turkey in 2019 and holds the CICP certificate. As of August 2020, İsmail Yıldırım has been serving as the Internal Audit Manager at Türk Reasürans A.Ş. and speaks English and German.

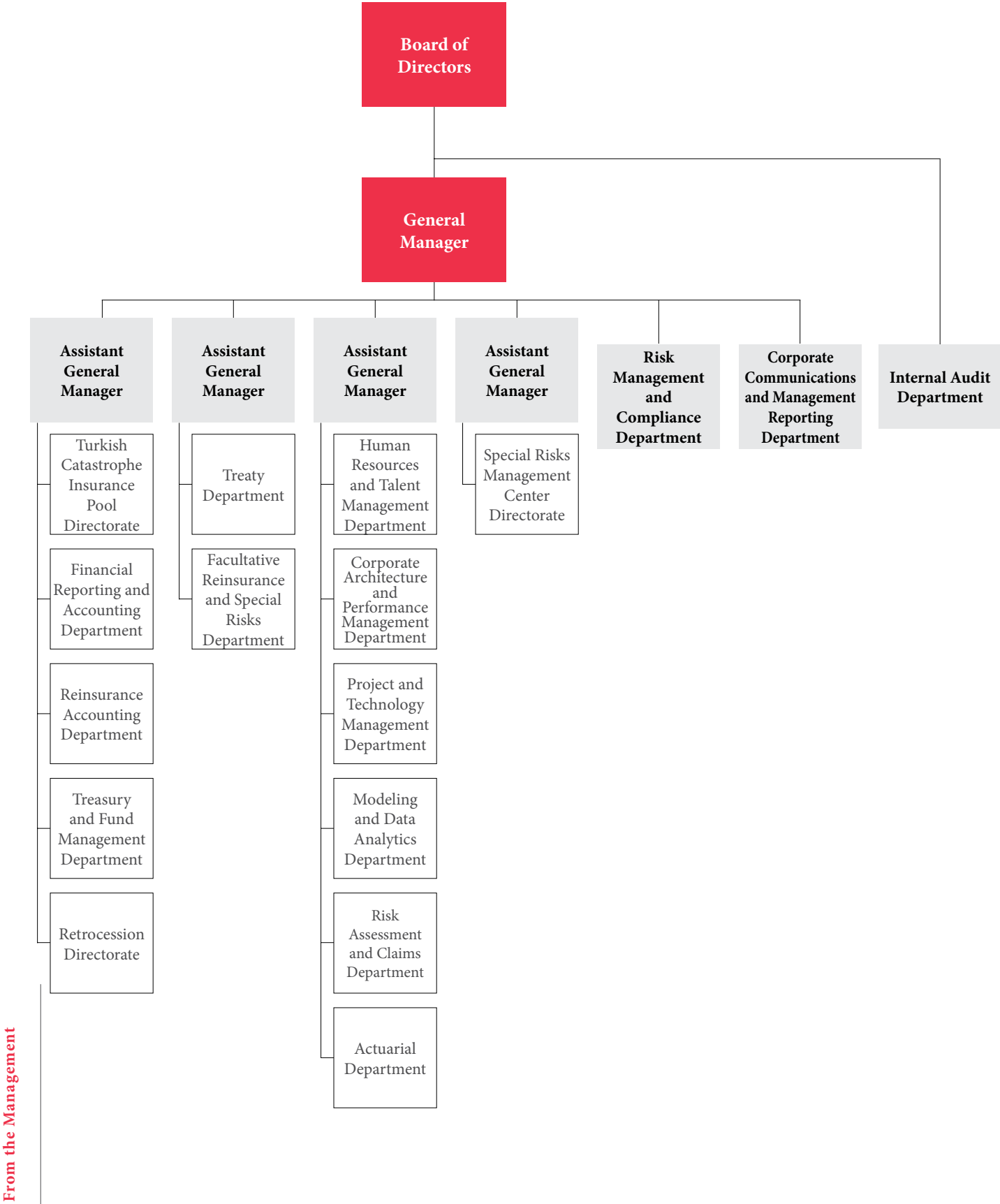
## **Hatice Dilek Oğuz EKER, Financial Reporting and Accounting Manager**

Hatice Dilek Oğuz Eker graduated from the Department of Mathematics at the Middle East Technical University in 2005 and completed a Master's degree in the Department of Financial Mathematics at the Middle East Technical University in 2008. Ms. Eker started her career at the National Productivity Center in 2007 and continued this duty for 11 months. Hatice Dilek Oğuz Eker then started to work as a specialist in the reinsurance department at Anadolu Sigorta in 2008. She took on the responsibility of managing reinsurance operations and accounting at the same company until 2019, and was promoted to the position of supervisor. She continues to serve as the Manager of the Financial Reporting and Accounting at Türk Reasürans A.Ş. since September 2019.

## **Orhun Emre ÇELİK, Responsible Actuary (Consultant)**

Mr. Orhun Emre Çelik completed his undergraduate degree from the Department of Industrial Engineering, Faculty of Business Administration at Istanbul Technical University in 1998. He started his professional career as an Assistant Actuary at the Insurance Supervisory Board in 1998 and was appointed as an Actuary in 2002. He left the Board in 2003 and started to work as the Chairman of the Inspection Board of Demir Finansal Grup Holding A.Ş. He then worked as the R&D and Reinsurance Group Manager, the Technical Group Manager, and the Technical Coordinator at various companies. He currently manages the consultancy company PREFUS he founded in 2009. Orhun Emre ÇELİK has a good command of English.

# Organizational Chart



From the Management

*Türk Reasürans  
employees continue their  
duty with the awareness  
of social benefits and  
contribution to the  
national economy.*









# Developments in 2021

*In 2021, when the impacts of the pandemic continued to be felt, the Turkish insurance industry maintained its steady growth.*

# Economic and Industry-Related Developments in 2021

Turkey has demonstrated a strong performance in growth figures and budget balance with its fiscal and economic policies implemented in 2021. Despite the pandemic conditions and related economic shocks in 2021, the Turkish insurance industry has taken a strong stance and limited the losses.

## 87.6

billion TL

**Non-Life Premium Production**

*Non-life premium production in the Turkish insurance industry increased by 28.5% to TL 87.6 billion.*

All world economies continued to feel the effects of the Covid-19 pandemic in 2021. While the prospects for normalization have increased with vaccination efforts and gradual removal of restrictions, economic uncertainty continued because of the varying rates of vaccination among countries and newly emerging variants.

### **The risk of hyperinflation**

The problems experienced in the supply chain during the pandemic and the mismatch in the supply-demand balance triggered price increases, especially in energy and food prices. These price increases have brought about inflation rates that have not been experienced for many years not only for developing countries but also in developed economies. While the USA inflation rates are at their peak of the last 40 years, the American Central Bank (Fed) has not made a temporary assessment for inflation, announced the 2021 inflation rate as 7%, and revised its forecasts for 2022 and 2023 upwards. According to the data of the European Statistical Office, inflation increased by 5% in the Eurozone in 2021 and reached its highest level since 1997.

### **The new economic model in Turkey**

In 2021, following the changes in the management of the economy, Turkey has put into operation an export-based growth model. The model is based on the idea that GDP will grow with increased exports through external demand, rather than domestic demand. It is aimed that the current account surplus created will lead to an increase in production, reflect positively on the unemployment figures, and help to control the inflation with a decrease in costs. In the October 2021 report, the International Monetary Fund (IMF) revised down its growth forecasts for the world as a whole, while the growth rate of Turkey for 2021 was announced as 11%. Thus, 2021 was completed with a growth rate above the 9% growth expectation announced both by the IMF and the 2022-2024 Medium Term Program for 2021.

Turkey has demonstrated a strong performance in growth figures and budget balance thanks to the fiscal and economic policies implemented in 2021. After inflation exceeded expectations and TL depreciation was experienced, the economic management offered the TL protected deposit solution in order to prevent dollarization and prevent losses caused by increases in exchange rates, and thus, it prevented volatility, especially in the US Dollar/TL price in a short time.

### **The Turkish insurance industry continues to grow**

In 2021, when the effects of the pandemic continue to be felt in many areas, the Turkish insurance industry has maintained its steady growth in recent years. The premium production of the industry grew by 27.6% compared to the end of last year to TL 105.4 billion, the non-life premium production increased by 28.5% to TL 87.6 billion, and the life premium production increased by 23.1% to TL 17.8 billion.

The Turkish insurance industry closed the year with a 3% decrease to TL 10.9 billion on the technical profit side. Forest fires in the southern parts of Turkey and floods and earthquakes in the northern parts were at the focal point of the insurance industry throughout 2021. In particular, the high competition on the part of elementary insurance was reflected in the prices and adversely affected the profitability of the industry. Despite the pandemic conditions and related economic shocks in 2021, the Turkish insurance industry has taken a strong stance and the losses have been limited.

### **Gross Premium Production of the Insurance Industry - TL**

	2021	Market Share %	2020	Market Share %	Change %
Land Vehicles Liability	23,323,520,363	26.63	20,494,435,420	30.07	13.80
Land Vehicles	14,288,651,311	16.31	10,738,038,372	15.76	33.07
Fire and Natural Disasters	14,050,204,573	16.04	10,585,796,058	15.53	32.73
Health	13,078,380,419	14.93	10,096,250,487	14.81	29.54
General Losses	11,037,487,657	12.60	7,962,468,929	11.68	38.62
General Liability	3,216,184,331	3.67	2,190,257,211	3.21	46.84
Accident	2,443,169,665	2.79	2,237,229,167	3.28	9.21
Marine	1,844,415,130	2.11	1,204,301,235	1.77	53.15
Financial Losses	1,154,492,433	1.32	556,536,162	0.82	107.44
Sea Vehicles	1,058,942,244	1.21	621,668,515	0.91	70.34
Credit	528,327,802	0.60	390,511,463	0.57	35.29
Air Vehicles Liability	488,973,997	0.56	298,548,470	0.44	63.78
Air Vehicles	469,039,408	0.54	369,664,551	0.54	26.88
Legal Protection	300,233,049	0.34	224,970,184	0.33	33.45
Surety Bond	221,496,901	0.25	123,953,913	0.18	78.69
Sea Vehicles Liability	88,526,945	0.10	57,830,655	0.08	53.08
Support	6,036,249	0.01	1,928	0.00	312,921.77
Railway Vehicles	30,962	0.00	15,272	0.00	102.74
<b>Total Non-Life</b>	<b>87,598,113,439</b>	<b>83.14</b>	<b>68,152,477,992</b>	<b>82.53</b>	<b>28.53</b>
<b>Total Life</b>	<b>17,768,016,248</b>	<b>16.86</b>	<b>14,431,321,814</b>	<b>17.47</b>	<b>23.12</b>
<b>Grand Total</b>	<b>105,366,129,687</b>	<b>100.00</b>	<b>82,583,799,806</b>	<b>70.69</b>	<b>27.59</b>

\*Source: It was prepared according to the data published by the Insurance Association of Turkey on March 11, 2022.

**The impact of Turkey's new economic program on exchange rates and inflation as well as the potential risk of new variants emerging in the pandemic come to the fore as indicators that should be monitored.**

***2021 has been the most costly year affecting the reinsurance industry in terms of natural disasters after 2005, 2011, and 2017. The cost of storms, floods, wildfires, and earthquake during the year amounted to USD 280 billion.***

As the demand for health and life insurance increased due to the effects of the pandemic, the negative effects of the shrinking especially in the service and tourism industry went on. In addition, the export-based growth strategy, which is a new economic model for the Turkish economy, has had positive effects on the insurance industry.

The Turkish insurance industry has entered into a re-structuring process with the legal regulations made in 2021. The Special Risk Management Center has been renamed as the Special Risks Management Center and became a legal entity. The State Supported Commercial Receivables Insurance and insurance pools for risks that are difficult to find coverage has started to be managed by Türk Reasürans. Commercial receivable insurance, personal accident insurance for mine employees, and liability insurance for medical malpractice were gathered under the Special Risks Management Center.

The impact of exchange rates and inflation, as well as the potential risk of new variants emerging in the pandemic, come to the fore as indicators that should be monitored by the Turkish insurance industry, which has a structure directly related to economic developments, in 2022.

**An overview of the global reinsurance markets**

While the effects of the pandemic lasted in 2021, above-average natural disaster damages, especially in terms of catastrophic damages, caused a negative impact on market prices for reinsurance buyers.

The low profitability and the decline in investment income in recent years have also been added to the pressure caused by the losses on the balance sheets of reinsurance companies. Due to the shrinking of capacities offered to the reinsurance industry and the differences in portfolios based on regions and risks, long-term sustainable strategies have been determined. The upward trend in the costs of global catastrophic reinsurance programs was also observed in 2022 renewals.

Although no damage occurred in the pandemic-affected branches in Turkey, considerable amount of claims have been paid in the global insurance and reinsurance markets. In addition, high amounts of outstanding claims reserves have been allocated. According to some sources, it has been stated that it may be the third largest catastrophic damage with USD 44 billion after Hurricane Katrina and the 9/11 attack.



2021 has been recorded as the most costly year affecting the reinsurance industry in terms of natural disasters after 2005, 2011, and 2017. The cost of storms, floods, wildfires, and earthquake during the year amounted to USD 280 billion, while it is estimated that the insured damage was approximately USD 120 billion. Hurricane Ida, which occurred in the US state of Louisiana at the end of August and caused about USD 36 billion in insurance claims, was recorded as the second deadliest and most destructive hurricane after Hurricane Katrina in 2005. The winter storm Uri, which occurred in Texas, caused many storm- and frost-related damages in the region and reached over USD 15 billion in insurance costs.

The economic cost of flood damages in Germany and Belgium in 2021 is estimated to be around EUR 46 billion and the insured claim to be over EUR 11 billion. According to these data, the flood damages are the most costly natural disaster experienced in Germany and Europe.

Although the Asia Pacific Region has had a more benign year compared to other regions, flood damage in China's Henan Region is one of the most costly natural disasters occurring in that region. Only 10% of the USD 16.5 billion damage caused is insured. In February an earthquake with a magnitude of 7.1 occurred in an area not far from the Tohoku Region where is the Japan earthquake center occurred in 10 years ago. The economic damage was about USD 7.7 billion while the insured part of its was only USD 2.3 billion.

***Forest fires in the southern parts of Turkey and floods and earthquakes in the northern parts were at the focal point of the insurance industry throughout 2021.***

# Türk Reasürans in 2021

Türk Reasürans maintains its operations in order to increase its reinsurance capacity and ensure resource efficiency in Turkey in 2021.

## 44%

**Türk Reasürans Market Share (Net written premiums are taken into consideration)**

*Türk Reasürans has increased its market share by 44% among reinsurance companies operating in Turkey with regard to net written premiums according to the 2021 year-end results.*

Türk Reasürans continued its efforts to develop the main reinsurance application on its own in 2021 and successfully maintained its product developments in line with current needs and opportunities.

Türk Reasürans has started accepting treaties from various countries in line with its global goals while providing capacity support to the industry in many branches within the scope of treaty reinsurance in Turkey.

Despite the effects of pandemic as well as the natural disasters in Turkey in 2021, Türk Reasürans's facultative portfolio has not received any significant claims, and thus the Company has continued uninterrupted its services thanks to its developed infrastructure and experienced team.

Türk Reasürans continued its retrocession agreements in 2021 in order to increase its capacity and expand its services to a wider area.

According to the results of 2021 year-end, Türk Reasürans contributed to the reduction of premium transfers to abroad by supporting the industry with meaningful shares and continued to support the country's economy in the second year following its establishment.

Türk Reasürans has successfully completed the 2021 business year with the mission of contributing to the development of the Turkish insurance industry and contributing to the sustainable development of the country's economy.

*Türk Reasürans continued its retrocession agreements in 2021 in order to increase its capacity and expand its services to a wide area.*









# 2021 Activities

*Türk Reasürans  
maintained its  
activities in 2021 to  
achieve an uptrend  
in its success rate.*

# Treaty Reinsurance

Treaty capacity has been provided in proportional and/or non proportional treaties on fire, engineering, liability, marine and many other branches.



## 124

### Treaty Participation

*We participated in 124 different treaties of 28 clients from domestic and foreign reinsurance markets.*

Turk Reasürans carried on increasing reinsurance support to Turkish market further on treaty reinsurance in 2021 actively which had been initiated as of the commencement of the company operation. In light of the treaty submissions, Turk Reasürans conducted treaty evaluation processes and carried on activities while reviewing the terms and conditions of the respective treaty along with the treaty structure, treaty performance, business acceptance approach of the client so on.

Compared to the previous year, the treaty portfolio has been expanded as targeted with the help of the factors such as the inclusion of new companies into the portfolio, the increased shares in existing businesses and the organic growth of companies.

Shrinking on the risk appetite of foreign reinsurers towards to some specific regions including Turkey due to the impact of Covid-19 claims and major catastrophic

losses from global markets caused increased demand on local reinsurance capacity. Turk Reasürans was in endeavor to maximize responding this emerging need and continued supporting the sector in proportional and/or non proportional treaties of many branches, mainly on fire, engineering, liability and marine.

Catastrophic losses out of climate change has been experienced in Turkey in 2021 as it happened in the rest of the world. Although the economic impact of floods and bushfire losses that occurred in various regions of Turkey was big, the impact on Turk Reasürans's treaty portfolio was not significant.

While carrying on the increased the support in domestic market, Turk Reasürans started accepting treaty business from global markets in line with business principles by carrying out the necessary marketing activities pro-actively towards to the company mission of becoming international reinsurance company.

# Facultative Reinsurance

**The Facultative Reinsurance Department will continue to increase its support to the local market thanks to its service infrastructure that provides uninterrupted services.**

With its high service standards and expert staff, Türk Reasürans Facultative Reinsurance and Special Risks Department provides proportional and/or non-proportional facultative reinsurance capacity for the risks in Turkey, in Turkish Republic of Northern Cyprus as well as for the risks abroad with Turkish interest in accordance with the market needs.

The Department provides services to insurance companies and brokers in the fields of fire, engineering, liability, and financial risks in accordance with market needs for facultative capacity requests with its expert staff, solution-oriented perspective, and operational excellence understanding in respect of many activities ranging from international projects to heavy industrial facilities, from power plants to financial risks.

For the Facultative Reinsurance and Special Risks Department, 2021 has been a challenging year due to the ongoing impact of the pandemic, floods in northern cities of Turkey, forest fires on coastlines, and currency volatility that increases risk levels in terms of financial insurance. Because both flood and fire disasters affected less developed rural areas instead of industrial areas, these disasters did not have a significant claim effect on the facultative portfolio of Türk Reasürans.

The increased vaccination rates in 2021 ensured that the restrictions related to the pandemic were being eased; in the meantime, deferred purchase needs were also met for the businesses with the risks subject to facultative reinsurance while commercial activities gained momentum. Especially in the tourism industry, it has been observed that the demands that fell considerably in previous year increased rapidly in 2021.

Although the pandemic conditions remain unclear for 2022, the Türk Reasürans Facultative Reinsurance Department aims to continue increasing its support to the local market in the coming period thanks to its infrastructure, allowing it to provide service uninterruptedly in any case.

2021 has also been a year in which conditions changed rapidly in terms of executive liability insurances. It was also observed that the risk environment of executive liability insurances against a number of commercial risks, such as global economic developments, bankruptcy risk, acquisitions, mergers, and exchange rate volatility, which can be considered as a potential risk for boards of directors and companies, was changing rapidly. In these challenging market conditions, Türk Reasürans has maintained its position as a strong solution partner in the Turkish Insurance industry with the capacities it offers.

In 2021, Türk Reasürans has managed to create a homogeneously distributed, balanced, and profitable facultative portfolio by providing services to all of its business partners within the framework of constructive, agile, and open communication principles. By providing capacity for the Turkish investors' risks in a wide geography ranging from neighboring countries to Europe, Africa, and South America, it has achieved the goal of exporting assurance. The Company has provided facultative capacity to the leading industries of the economy such as energy production, transportation, communication, tourism, and finance in a domestic scale and continued to support the operational continuity of these industries. Türk Reasürans aims to increase its contributions to the Turkish economy by continuing its services within an expanding context in the coming years.

# Retrocession

In addition to internationally recognized modeling tools, Türk Reasürans supports the retrocession field with the structures and methods it has incorporated.

*The financial situation and annual reports of retrocessionaires, publications of rating agencies, and publications related to the reinsurance market and industry developments are regularly monitored.*

Türk Reasürans has determined its top priority mission as to increase its domestic reinsurance capacity and spread the reinsurance service to a wider area by diversifying the covered risks. For this purpose, in addition to its strong capital structure, the Company establishes retrocession agreements in order to protect the claims, especially related to natural disaster risks. The transfers, especially the ones made to abroad individually by the sector players, are gathered under one roof within the Company; the capital structure is protected and strengthened by preventing possible financial fluctuations with the protection provided while the costs of retrocession agreements are brought down in a holistic approach. It is aimed that the Company will achieve sustainable, balanced, and optimal technical results with a healthy portfolio structure that has been created and is gradually increased. In this way, Türk Reasürans also increases its ability to pay claims by expanding the coverage it offers to the market depending on the size of the equity to be created.

Adopting a conservative approach to calculating the retrocession capacity, Türk Reasürans supports this area with the structure and methods that it incorporates within its structure in addition to internationally recognized modeling tools, and carries out interim analyses to define the risk burden and the actions to be taken throughout the year.

In addition to agreements rich in scope and content, it is important that the retrocessionaires participating in the agreement are composed of financially strong companies from different regions. The selection of retrocessionaires is based on the ratings of international rating agencies Standard&Poor's and/or AM BEST, as well as on the assessments about their financial positions and payment performances. Retrocessionaires, who fulfill their commitments properly and on time, have a good reputation in the industry, have the ability to establish mutual trust within the framework of long-term cooperation due to the nature of reinsurance, and are ready to interact on issues such as experience and knowledge, are preferred.



#### Distribution of risk based on ratings

Rating	Received Capacity	Number of Reinsurer
A+	42.59%	11
A	28.35%	15
A-	3.81%	3
B++	22.15%	6
B+	1.72%	6
-	1.39%	2
<b>Grand Total</b>	<b>100.00%</b>	<b>43</b>

The financial situation and annual reports of retrocessionaires, publications of rating agencies, various publications related to the reinsurance market and industrial developments are regularly monitored, and necessary controls and assessments are conducted.

*In addition to agreements rich in scope and content, it is important that the retrocessionaires participating in the agreement are composed of financially strong companies from different regions.*

# Main Reinsurance Application

As technological infrastructure is one of the its most powerful assets, Türk Reasürans has successfully completed the Main Reinsurance Application Project.



***Following the successful completion of Main Reinsurance Application, Türk Reasürans has achieved a high performance product.***

One of the most powerful assets of Türk Reasürans is its technological infrastructure. In line with the goals in its establishment, the Company has focused on developing the main reinsurance application it needs within its organization.

Türk Reasürans completed the 1<sup>st</sup> phase of the Main Reinsurance Application Project in April 2020 and went live. Following the implementation of remaining phases, the project has been successfully completed as of

February 2021. Since February 2021, the Company has continued to make improvements to the product in accordance with current needs and opportunities offered by new development areas. Türk Reasürans has achieved a high-performance product with the successfully completed project. All property rights of Main Reinsurance Application, which is a software product covering end-to-end reinsurance activities, belong to Türk Reasürans.

# Completed and Ongoing Projects

Türk Reasürans has completed the Main Reinsurance Application, Corporate Resource Planning, Business Intelligence and Reporting Projects in 2021.

## Projects completed by 2021

- Main Reinsurance Application (ARU): Launched at April 13, 2020, the project was completed in 4 phases, and closed in January 2021.
- Enterprise Resource Planning (ERP): The project was closed in July 2020 for SAP FI and TRM applications that went live as of 01.04.2020.
- Business Intelligence and Reporting Project: The efforts were initiated in October 2020 for the commissioning of the SAP BW/BO reporting system and completed with user acceptance, and went live as of March 2021.
- Business Process Management (BPM) Project: The M-Files application installation processes, which were actually initiated in August 2021, have been completed. The development and production release activities are planned in phases and are underway for 15 business processes that were determined as the scope of the project.
- ISO 22301 Business Continuity Project: A project has been launched within the institution as of September 2021 in order to ensure a more effective management of business continuity and to establish and certify an ISO 22301 Business Continuity Management System that has international validity. Business Impact Analysis studies are ongoing on the basis of departments and critical activities.

## Ongoing projects as of 2021

- Catastrophic Modeling Project: The first phase integrations of the modeling project which have started in September 2020 that includes the earthquake hazard module and ground motion equations have been completed. The test activities for this phase are in progress.

*Ongoing projects include ISO 22301 Business Continuity Project, which was created for Business Workflow Management and more effective management of business continuity.*



# Human Resources and Talent Management

Türk Reasürans considers it as a goal to be a team that is innovative, adopts the company's vision and mission, and is supported by a positive work environment, where development is appreciated and open communication is promoted.



*Türk Reasürans continued to implement the remote working model in 2021, in which the effects of the pandemic continued. The Company also was able to carry out its business processes smoothly with its advanced technological infrastructure.*

## Human Resources Policy

Türk Reasürans develops an effective human resources approach that makes a difference and produces positive business results in its sector, while establishing human resources policies to cover qualified employees with different skills and competencies. The Company considers it as an important goal to be a team that is innovative, adopts the company's vision and mission, and is supported by a positive work environment, where the employees contribute to the future of insurance industry by creating high added value, development is appreciated, and open communication is promoted. In order to support the development of the career processes of its employees, Türk Reasürans attaches importance to the development of employee rights by conducting fair and transparent processes in parallel with the current practices of human resources.

## Applications

Türk Reasürans continued to implement the remote working model in 2021, in which the effects of the pandemic continued. The Company also was able to carry out its business processes smoothly with its advanced technological infrastructure.

The value attributed to the employee lies at the heart of the company's Human Resources and Talent Management policies and practices. Türk Reasürans aims at the mutual progress of fair, ethical, sustainable, and value processes. The Company has determined it as an important priority for its employees to consider the Human Resources and Talent Management Department as a companion in all human resources processes and for its managers to be a strategic business partner.



For this purpose, Türk Reasürans paid attention to share all company-related developments with its employees for the sake of achieving internal transparency, and aimed to strengthen the sense of belonging of employees to the company with these development updates in 2021 when the remote work was ongoing. The employee support package that Türk Reasürans started offering to its employees in 2021 has been one of the most important applications indicating its support to its employees during the psychologically challenging pandemic period.

With the mission of securing the future, Türk Reasürans carried out its first major social responsibility project with the fairytale book “Children are the Assurance of the Future,” which was intended for children, the future of Turkey, and involved all employees.

The Company supports its employees who want to quit smoking, and organizes smoking cessation seminars.

### Recruitment

Türk Reasürans receives the open consent of applicants for job applications submitted via career websites and saves them in the application pool. Candidates who are suitable for the required vacancies are reviewed based on their competencies; their recruitment takes place after a two-stage interview process and an inventory test.

In 2021, the Company concentrated on the employment of new graduates to train them for the industry.

### Personal Affairs Management

Türk Reasürans provides the following opportunities to all of its employees within the scope of personal affair management:

- Health policy and personal accident policy from the date of recruitment
- Meal payments per month
- Marine by company shuttle and travel allowances for employees who do not live on the route of shuttle
- Paid leave on birthdays

### Performance Management

Türk Reasürans creates the career plans for its employees based on the performance evaluations that it carries out periodically, and determines their training needs.

### Training

In addition to their initial training, employees are also enrolled in trainings provided in the fields of insurance and personal development at regular intervals in accordance with the need and demand.

### Occupational Health and Safety

The obligations required by the Occupational Health and Safety Law No. 6331 are fulfilled by the Türk Reasürans Human Resources and Talent Management Department. The trainings of First Aid, Search and Rescue teams are regularly monitored and developed on a hands-on basis.

## EMPLOYEE PROFILE

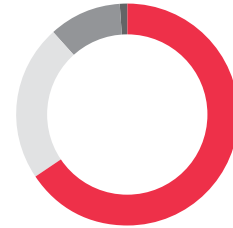
### GENDER

Female 44  
Male 61



### EDUCATION

Bachelor's Degree 69  
Master's Degree 24  
PhD 1  
Other 11



### AGE

23-29 27  
30-39 49  
40-49 20  
50-59 9



*The Company has 44 female employees and 61 male employees.*

# Affiliates

Türk Katılım Reasürans A.Ş. and B3i Services AG are the subsidiaries of Türk Reasürans.

*The main field of activity of Türk Katılım Reasürans A.Ş. is to carry out participation insurance and participation reinsurance transactions in all kinds of lines and branches within insurance groups in Turkey and foreign countries.*

Title	Book Value	Participation Rate
Türk Katılım Reasürans A.Ş.	TL 100,000,000	100%
B3i Services AG	TL 4,497,493	0.89%

## **Türk Katılım Reasürans A.Ş.**

It operates in Turkey and foreign countries mainly in the fields of conducting participation insurance and participation reinsurance transactions in all lines and branches within insurance groups; carrying out financial participation reinsurance and other all kinds of participation reinsurance, retrocession, and alternative risk transfer transactions related to participation insurances whether proportional and/or non-proportional; managing participation pool activities that will be deemed appropriate by the Ministry of Treasury and Finance of the Republic of Turkey, and participating in risk sharing and transfers.

The establishment of reinsurance protection agreements in order to develop a structure, meeting the needs of the industry, providing depth and dynamism to the industry, and strengthening the position of industry stakeholders on risk management, will be important agenda items for Türk Katılım Reasürans, which will carry out business acceptances within the framework of the principles of participation as of 2022.

## **B3i Services AG**

Established in October 2016 as an insurance sector consortium, B3i is now a global enterprise, the shareholder of which is 21 leading insurance companies from 5 continents, and also operates in cooperation with more than 40 related parties. B3i has been transformed into an independent company with the title of B3i Services AG as a result of the restructuring carried out in 2018. With the aim of increasing the efficiency in the insurance industry, B3i Services AG implements standard, protocol, and network infrastructure developments in risk transfer through applications and platforms supported by Distributed Ledger Technology (DLT). B3i Services AG produces corporate solutions that optimize insurance market processes and enable insurance industry stakeholders to achieve significant savings in terms of both time and cost.

# Remarks on the Independent Audit and Public Audit Conducted During the Accounting Period

Türk Reasürans is subject to audits that will be performed by the Turkish Court of Accounts in accordance with the provisions of the Public Finance Management and Control Law No. 5018 and the Law on the Court of Accounts No. 6085. The Company also appointed Güney Bağımsız Denetim ve Serbest Mali Müşavirlik

A.Ş. (A Member Firm of Ernst & Young Global Limited) as an independent audit company to carry out full-scope independent auditing in 12-month periods and limited review activities in 6-month periods.

Türk Reasürans A.Ş. authorized Kuzey Yeminli Mali Müşavirlik ve

Bağımsız Denetim A.Ş. to carry out the audit and approval of the annual income, corporate tax returns as well as the financial statements and notifications attached to them, and other works in accordance with the Law on Certified Public Accountant and Sworn-in Certified Public Accountant No. 3568 and other relevant laws and regulations.

## Other Information

**Information about the lawsuits filed against the company that may affect the Company's financial position and activities, as well as the possible consequences of these lawsuits**  
None.

**Remarks regarding the administrative or legal sanctions imposed on the Company and its managing body members due to actions in violation of the law**  
None.

**Information about the transactions with the risk group, in which the company is included**

The Ministry of Treasury and Finance, which has 100% share of the paid-up capital of Türk Reasürans; Türk Katılım Reasürans A.Ş. that Türk Reasürans owns 100% share of its capital, and B3i Services AG that Türk Reasürans owns 0.89% of its capital are defined as the affiliated entities. The Company carries out purchase or sale of goods or services with the risk group in which it is involved in accordance with the applicable laws and adheres to the principle of arm's length transaction.

In-group transactions include reinsurance, information technology services, and in-group services.

The details of current term transactions carried out with the risk group, in which the Company is involved, are presented in the footnotes to the attached financial statements.

**Information on the donations and aids made by the Company during the year and other expenses related to social responsibility projects**

The Company made a donation of TL 2,924 in 2021 in accordance with the provisions of the relevant article of the Articles of Association.

While working hard to fulfill its goals of contributing to both Turkish economy and insurance industry within the framework of its founding objectives, Türk Reasürans acts with the awareness of its duties and responsibilities to ensure a balance between economic growth and the interests of society. In this context, the Company spent TL 80,240 for the implementation of social responsibility projects in 2021.

**Determination and the management body evaluations on whether or not the Company's capital is unrequited, or if the Company is in debt**

Türk Reasürans takes due care to keep sufficient equity to protect against the losses that may arise due to its current liabilities and potential risks. In this context, the Company performs the capital adequacy calculation in accordance with the principles of the "Regulation on the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated 23 August 2015 and numbered 29454. According to the result of the capital adequacy calculation made as of 31 December 2021, the Company has a capital surplus of TL 469,348,700.

Capital Adequacy (TL million)	December 31, 2021	December 31, 2020
Minimum Capital Requirement	354	179
Calculated Capital Requirement	823	469
Capital Adequacy Result	469	290





# Corporate Governance

*Türk Reasürans  
moves forward  
with a corporate  
governance team,  
each member of  
which is an expert  
in their field.*

# Summary Report of the Board of Directors

Dear Shareholder,

Before submitting Türk Reasürans's 2021 annual report and financial statements for your approval and comments, we would like to share some summary information concerning the developments which have occurred in the world, Turkish economy, our industry, and our Company's activities and their results within the reporting period. 2021 was a year when the effects of the Covid-19 pandemic entered the recovery process thanks to the vaccination efforts and the effective governmental measures.

The unexpected increase in demand in 2021 caused commodity prices to be at record levels, and the problems experienced in supply chains brought about a global risk of high inflation. Since the determining factor of the period is how the central banks will react to high inflation after having switched to loose monetary policies to support the economies, it continues to be closely monitored.

According to the Turkish Statistical Institute (the "TurkStat") data, the Turkish economy grew by 9.1% in the fourth quarter of 2021 and by 11% throughout the year.

According to data provided by the Association of Insurance, Reinsurance and Pension Companies of Turkey, the total premium production of the Turkish insurance industry for increased by a nominal 27.6% in 2021 compared to previous year and reached TL 105.4 billion. Premium production in the non-life branches increased by 28.6%, while premium

production in the life branches increased by 23.1%. Following the economic recession caused by the pandemic, the real change decreased by 6.3% for the industry due to the inflation that occurred in Turkey as well as in the whole world.

The Turkish insurance industry, which is one of the important dynamics of the financial sector with its asset size exceeding TL 429 billion as of the end of 2021, maintains its high growth potential in parallel with the developing country dynamics. The industry has felt the threat of low-interest-rate environment due to the effects of pandemic, and low profitability due to the overall course of global financial markets.

The problems of the industry that manifest themselves in consumer behaviors, on the other hand, are still going on. The industry had a performance below its potential mainly due to the lack of revenue availability to be allocated. Despite the rapid increase in the size of its assets and supportive steps taken, it is observed that the industry has a long way to go.

Türk Reasürans, which set out to become a global brand of Turkey in 2019, maintained its activities in 2021 with its strong capital and experienced staff in order to contribute to the development of the Turkish insurance industry. Türk Reasürans has reached a market share of 44% when net premiums of 2021 year-end are taken into account. The Company's net profit for 2021 year-end period was TL 218 million and its asset

size increased by 112% to TL 2 billion. 2021 ended with a return on equity of 24.44% thanks to the total paid-up capital of TL 600 million and the equity size reaching TL 893 million.

With the establishment and commencement of operation of Türk Katılım Reasürans A.Ş., a subsidiary company of Türk Reasürans, in 2021 in order to support the capacity need of the industry for participation treaties, it has completed active efforts in the field of technical staff recruitment and training, and has continued to provide services to the industry with the same quality and speed in this field as well.

The operation of the Special Risks Management Center (SRMC), established for the purpose of managing extraordinary risks, was given to Türk Reasürans in 2021. Türk Reasürans, which also assumed the position of the technical operator of TICP in 2020, will continue its activities with the goal of leadership in the modernization and development process of the insurance industry.

We present the annual report and financial statements of Türk Reasürans for 2021 to your approval and opinions; and we would like to express our thanks to the Management Team and all of our employees who worked hard to successfully complete 2021 in line with our goals for their dedicated works and express our gratitude to you, our Partner, on behalf of our Board of Directors for your valuable and continuous support.

**Board of Directors of Türk Reasürans**

# Information on the Board of Directors and the Senior Management

## Board of Directors

Ahmet GENÇ	Chairman of the Board of Directors
Ömer Faruk ÖZTÜRK	Vice Chairman of the Board of Directors
Ayşe DİLBAY	Board Member
CebraİL TAŞKIN	Board Member
Cem DEMİROĞLU	Board Member
Fatih HASDEMİR	Board Member
Zekiye Selva EREN	Board Member and General Manager

## Senior Management

Erdal TURGUT	Deputy General Manager - Finance, Treasury and Fund Management, Retrocession
H. Erdem KARABOSTAN	Deputy General Manager - Project and Technology Management, HR, Claims, Modeling
Ebru KIR	Deputy General Manager - Local Treaty Acceptances and Facultative Reinsurance
Çağrı ÇULHA	Deputy General Manager - Extraordinary Risks and Business Development

## About Board of Directors

The Board of Directors consists of 1 Chairman and 6 members.

The Board of Directors convenes with the majority of the full number of Board members at least 4 times in a calendar year and in any case when necessary upon the call of the Chairman or the Vice Chairman by e-mail or by registered letter with return receipt along with the obligatory and written agenda sent to each Board member at least 15 days before the meeting date.

In 2021, the decisions on 59 different topics were taken by the Board of Directors, and the Chairman and all members of the Board of Directors participated in all meetings. The agendas of the

Board of Directors meetings are formed by the proposals submitted by the General Directorate, and the topics other than the agenda that are considered necessary are also discussed during the meeting.

At the 2020 Ordinary General Assembly Meeting held on June 3, 2021, according to the unanimously adopted decision on the election of the Board Members, Dr. Ahmet GENÇ was elected as the Chairman of the Board of Directors, Ömer Faruk Öztürk as the Vice Chairman of the Board of directors, and Dr. Cem Demiroğlu, Ayşe Dilbay, Dr. CebraİL Taşkın, Dr. Fatih Hasdemir and Zekiye Selva Eren as the Board Members; their term of office was determined to be three years.

## Information on the transactions carried out by managing body members on behalf of the Company, themselves or another person within the framework of the permission given by the General Assembly and their activities within the scope of the prohibition of competition

During the 2021 Annual General Meeting of Türk Reasürans A.Ş. held on March 25, 2022, in accordance with Articles 395 and 396 of the Turkish Commercial Code, no decisions were taken regarding the Board Members to carry out work falling within the scope of the Company's area on behalf of themselves or another person, to be a partner in any companies which carry out such work, or to carry out other transactions. The Board Members do not carry out any activities which could be considered to come within the scope of the prohibition of competition.

## Financial rights of the members of managing bodies and of senior executives

The total amount of financial benefits such as attendance fee (per diem), remuneration, premiums, bonuses and profit share stood at TL 1,038,952 for the Chairman and the Board Members and TL 5,678,487 for the senior executives in the accounting period ending on 31 December 2021.

## Information on the total amounts of allowances, travel, accommodation and representation expenses, in-kind and cash facilities, insurances and similar guarantees

In the accounting period ending on 31 December 2021, travel, accommodation, representation, in-kind and cash facilities were provided to the Chairman and Board Members and senior executives with a value amounting to TL 996,837.

# 2021 Annual Report Compliance Statement

We confirm that Türk Reasürans A.Ş. 2021 Annual Report has been prepared in accordance with the principles and procedures enforced by the “Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies” published in Official Gazette numbered 26606 and dated August 7, 2007, and the “Regulation on Determining the Minimum Content of the Annual Report of the Companies” published in Official Gazette numbered 28395 and dated August 28, 2012.

Istanbul, March 14, 2022



**Dr. Ahmet Genç**  
*Chairman of the Board of Directors*



**Selva Eren**  
*Board Member and  
General Manager*



**Erdal Turgut**  
*Assistant General Manager*



**Hatice Dilek Oğuz Eker**  
*Financial Reporting and  
Accounting Manager*



# Independent Auditor's Report on the Annual Report



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Mersis No: 0-4350-3032-6000017

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Türk Reasürans Anonim Şirketi,

### 1) Opinion

We have audited the annual report of Türk Reasürans Anonim Şirketi (the "Company") and its subsidiaries (the "Group") for the period of January 1, 2021 - December 31, 2021.

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

### 2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards that are part of the Turkish Standards on Auditing (TSAs) as issued by the Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We expressed an unqualified opinion on the Group's complete set of consolidated and unconsolidated financial statements for the reporting period January 1, 2021 - December 31, 2021 in our audit report dated March 14, 2022.

### 4) Board of Directors' Responsibility for the Annual Report

In accordance with the provisions of articles 514 and 516 of the Turkish Commercial Code no. 6102 ("TCC") and the "Regulation on Financial Structure of Insurance and Reinsurance and Pension Companies," published in the Official Gazette dated 7 August 2007 and issue no. 26606, the Group management shall have the following responsibilities relating to the annual report, according to the "Insurance Business Accounting and Financial Reporting Legislation," which include the regulations relating to the accounting and financial reporting in accordance with the legislation on insurance business as well as the provisions of the Turkish Accounting Standards for matters which are not regulated by these regulations:

- Preparation of the annual report within the first three months following the balance sheet date, and submission of the annual report to the general assembly.
- Preparation of the annual report to reflect the Group's operations of within the year, along with its financial position in a true, complete, straightforward, proper and fair manner in all respects. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The assessments of the Board of Directors in regards to these matters are also included in the report.
- The annual report also includes the matters below:
  - Subsequent events occurred within the Group after the end of the fiscal year which have significance,
  - The research and development activities of the Group,
  - Financial benefits such as salaries, bonuses, premiums, allowances, travel, accommodation and representation expenses, benefits in kind and in cash, insurances and similar guarantees paid to the Board Members and to senior management.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

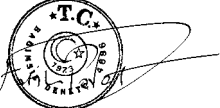
### 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited financial statements, whether consolidated or not, and to prepare a report including our opinion.

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

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
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Fatih Polat, SMMM  
Partner

March 14, 2022  
Istanbul, Turkey

# Changes Between the Period-End and Issuance of the Report

As defined in TAS 10, events following the reporting period consist of events that occurred in favor of or against businesses between the end of the reporting period and the date of approval of the financial statements to be published, which are divided into two types: “events that require correction after the reporting period” and “events that do not require correction after the reporting period.”

The events that occurred between the end of the period and the approval of the report of the Company are included in the footnotes related to the attached financial statements.

# Amendments to the Articles of Association

None.





# Financial Situation and Risk Management

*Türk Reasürans  
maintained its  
sustainable growth  
in 2021, supported  
by profitability.*

# Assessment of the Financial Situation, Profitability and Claims Payment Solvency

As of December 31, 2021, the asset size increased by 112% compared to the previous balance sheet period and exceeded TL 2 billion. The Company has managed to maintain the liquid structure of the balance sheet thanks to the portfolio consisting of deposits and financial assets, the share of which is 55% in the asset size and the value of which is approximately TL 1.2 billion. The increase in asset size is supported by liquid assets and receivables with high collectability, and it is aimed to keep the asset quality high.

The Insurance Technical Provisions, which comprise 81% of the total short- and long-term liabilities and consist of provision for unearned premiums, unexpired risks, outstanding claims, increased by 96% and TL 465 million compared to the previous balance sheet period.

Accordingly, based on the results as of December 31, 2021, the current ratio is calculated as 1.56 while the liquidity ratio is calculated as 1.01.

While the total shareholders' equity reached TL 893 million with the payment of all committed capital, the Other capital items, which are included in the shareholders' equity and consist of the retained earnings and the revaluations of financial assets of available for sale, have a strong appearance with the transfer of the net profit for the period of TL 82 million obtained in 2020, which positively affects the Company's financial structure, book value, and capital adequacy, and also contributes to the increase in the volume of reinsurance business acceptance. Thanks to the profitability of the Technical Section of TL 280 million in the year 2021, a net profit of TL 218 million was achieved for the period after TL 73 million tax, and business plans were created in order to maintain sustainable growth supported by profitability in 2022, as it was the case in 2021.

In the period January 1-December 31, 2021, a total of gross written premiums exceeding TL 1.82 billion was achieved in 14 different main branches, especially in the areas of General Losses amounting to TL 1.3 billion, Fires amounting to TL 335 million and Credits amounting to TL 41 million, resulting in 76% growth compared to the previous period and exceeding the premium target of TL 1.5 billion. Technical Income, consisting of earned premiums and investment income transferred from non-technical section, increased by 137% compared to the previous period and reached to TL 1.55 billion. The share of investment income transferred from non-technical section in the total Technical Income was 11%, and it is observed that it supported the profitability.

General Losses accounting for 73% of the premium portfolio and Fire branches accounting for 18% had respectively 87% and 10% shares in the total gross paid claims, and the claims amount in all branches increased by 126% and amounted to TL 808 million in 2021 when the change in outstanding claims are taken into account. In addition, due to the increase in the volume of premiums, there was an increase in other technical provisions by 116% and approximately TL 31 million compared to the same period of the previous year, and commissions also increased by 144% and approximately TL 209 million. According to these results, the Technical Expenses incurred throughout 2021 increased by 129% and amounted to TL 1.26 billion.

The net gain of the portfolio consisting of time deposits, stocks, mutual funds, government bonds, private sector borrowing bonds and derivative instruments throughout 2021 amounted to TL 173.3 million; this amount corresponds to 60% of the pre-tax profit of the period. As of December 31, 2021, the foreign exchange balance sheet position was TL 155 million of assets, and income was generated from foreign exchange differences due to the transactions during the period and the valuations at the end of the period.

In the period 1 January-31 December 2021, a pre-tax profit of TL 291.2 million for the period was achieved thanks to the Technical section balance of TL 280 million, which increased by 182% corresponding to TL 181 million compared to the same period of the previous year, and income from other operations during the period, and 2021 was ended with

a technical profitability of 20.43% (Technical section balance/Earned premium), as well as a return on equity of 24.44%. In 2021, the risks caused by the pandemic went on. Although the increase in realized claims and fluctuations and uncertainties in financial markets and in indicators have made it very difficult for insurance industry stakeholders to generate technical profits and increase profits in real terms, Türk Reasürans has managed to increase its equity size by 2 times, and its technical profit and period profit by almost 3 times, and has had profitability ratios exceeding the average inflation rate of 19.60% for 12 months of 2021 announced by TurkStat, as well as one-year foreign exchange increase (USD: 75%, EUR: 61%, GBP: 73%).

According to the results obtained as of December 31, 2021, it has been observed that sustainable growth supported by profitability continues, while the equity size has reached TL 893 million.

# Dividend Distribution Policy

Our Company carries out its profit distribution transactions within the framework of the provisions of the Turkish Commercial Code, Tax Laws and Insurance legislation and the relevant articles in the Company's Articles of Association.

While determining the distribution of profit, our Company aims to maintain the delicate balance between the interests of shareholders and the interests of the Company, and takes into consideration the following criteria: adequacy of the resources which are subject to profit distribution and found in the legal records, profitability, cash status, capital requirement and investment and financing policies.

The General Assembly is authorized to decide on the transfer of some or all of the net profit to the following year or to the reserve fund, on whether the payment of the profit is distributed in cash or added to the capital, and if distributions are carried out within the legal periods stipulated by the legislation. Based on the proposal of the Board of Directors regarding the profit distribution, the decision is taken at the discretion of the General Assembly. Before the

Annual General Meeting, the Board of Directors approves the "Profit Distribution Table" and presents its profit distribution proposal to the General Assembly.

The profit distribution, which is to be determined over the net profit for the period and distributable profit stated in the independently audited financial statements which are prepared in accordance with the Insurance Law and relevant legislation, tax legislation and generally accepted accounting principles, is carried out in the following order and principles, before being subject to distribution, after deducting the previous year's losses, if any:

- Pursuant to the first paragraph of Article 519 of the Turkish Commercial Code, 5% of the net profit for the period is set aside as general legal reserves until it reaches 20% of the paid-in capital. No decision to distribute dividends, transfer the profit to the next year or allocate optional reserves can be taken without setting aside legally compulsory reserves.

- The General Assembly may decide to set aside the remaining part of the net profit for the period as a reserve, partially or fully, or to distribute it to the shareholders. The provision of subparagraph (c) of the second paragraph of Article 519 of the Turkish Commercial Code is reserved.

As for the dividend decided to be distributed, the General Assembly may decide to distribute it on the date proposed by the Board of Directors, or on a different date, provided that it is within the legal period.

There are no privileged shares at our Company which hold the right to receive a share of the profit.

There is no regulation in the Company's Articles of Association which stipulates the distribution of advance dividends.



# Internal Control Activities

The first line of defense in internal control activities is “all executive units of the Company.” The personnel of these executive units are responsible at the first level for maintaining the effectiveness of internal control activities in integration with their daily activities in their areas of authority and responsibility.

Internal control activities include the control, evaluation, and reporting activities carried out in order to ensure the reliability, integrity, and timely availability of the accounting and financial reporting system, the protection of the Company assets, the effective and efficient execution of activities in accordance with the Law and other relevant legislation, internal policies and rules, and insurance practices.

## **Internal Control Inventory and Internal Control Officers**

Although the “Internal Control Inventory” constitutes the framework of internal control activities, it was created as a result of the activities carried out to control the compliance and relevance of the Company’s activities and operations with the relevant legislation, the company’s goals, objectives, and principles, as well as the policies and rules, powers, principles of practice, and instructions set by the company’s management. Internal control activities related to operational risks are carried out actively, and corrective actions are carried out within the internal control process. The “internal control personnel” assigned within the Departments are responsible for the periodic implementation of the control points contained in the inventory, and the Risk Management and Compliance Department is responsible for the coordination of the process.

The framework of internal control activities is formed by the “Internal Control Inventory,” which covers regulatory compliance and relevance controls, controls on tangible assets, reviews on compliance with limits, controls on approval and authorization system, reconciliation controls, controls on information and communication systems, controls on financial reporting systems, controls on communication channels. These controls aim to check the compliance and relevance of the activities and transactions with the relevant legislation, the company’s goals, objectives, and principles, as well as the policies and rules, powers, principles of implementation, and instructions established by the company’s management.

## **Internal Control Reporting**

“Internal Control Activities Report” is prepared every month and submitted to the General Directorate. The report contains information and results on the internal control activities carried out.

Any errors, deficiencies and negativities detected during internal control activities and declared in the report are immediately and meticulously evaluated by the relevant units and all necessary complementary, corrective or eliminative measures are taken as soon as possible, and results and developments are monitored by the relevant authorities.

# Internal Audit Activities

Internal audit activities in our Company are carried out by the Internal Audit Department in accordance with the “Regulation on Internal Systems of Insurance, Reinsurance and Pension Companies” published in the Official Gazette dated 21 June 2008 and issue no. 26913, and the Internal Audit Procedure” of our Company and within the principles set forth in these regulations. The aforementioned regulation on internal systems was revised by the public authority and published in the Official Gazette dated 25.11.2021 and issue no. 31670 under the title “Regulation on Internal Systems in the Insurance and Private Pension Sectors,” and internal audit activities will be carried out within this scope in the coming period.

The Internal Audit Department is established directly under the Board of Directors of the Company in an administratively independent manner. The internal audit system consists of the following activities;

- To provide reasonable assurance to the Board of Directors that the Company’s activities are carried out in accordance with the Law and other relevant legislation, as well as Company strategies, policies, principles,

and objectives, and about the effectiveness and adequacy of internal control, risk management, and actuarial systems,

- To ensure the accuracy and reliability of the accounting records of the electronic information system and the financial reports, and the accuracy, reliability, and compliance with time constraints of the reports submitted to the Board of Directors within the framework of internal regulations and the reports submitted to the external parties, especially to public institutions,
- To provide assurance on the compliance of operational activities with the determined procedures, and the functioning of the relevant internal control application procedures, the effectiveness and adequacy of the internal control and risk management systems,
- To detect deficiencies, errors, incidents of fraud, and irregularities and prevent their further occurrence, and to provide opinions and suggestions for the effective and efficient use of company resources.

The internal audit activity covers the Company’s outsourced service purchases, including service purchases that are an extension or complementary to the main services, all activities and general business units, on a periodical and risk-based basis.

The Internal Audit Plan prepared within the scope of these general regulations and approved by the Board of Directors includes the following:

- The areas to be audited during the period by ordering in terms of importance and priority as a result of risk-based assessments,
- The purpose of the audit and the summary risk assessments related to each area or activity to be audited, the Law and other relevant legislation,
- The time and audit period in which the planned audit will be carried out,
- The resources required for audit activities and the possible effects of resource constraints,
- On-site examination of all assets, accounts and records, documents, personnel and all other elements which may affect the Company’s security,
- Control or examination based on general or specific observations, and monitoring through various control documents and tools,
- Determining whether departments in the Head Office of the Company work in accordance with the insurance legislation, the Company objectives and policies, and the decisions taken by the Company.

In our Company, which started its technical activities in 2020, the frequency of internal audit activities was increased in 2021 compared to the previous year. In this context, 11 unit audits and 1 Compliance Program audit were completed in 2021 within the scope of the Internal Audit Plan.

# Risk Management Activities

The main purpose of risk management activities is to ensure that the asset quality of the Company and the level of risk it is willing to undertake in return for a certain return are in compliance with the limits stipulated by the legislation on the insurance and reinsurance activities and the risk tolerance of the Company.

The main strategy for this purpose is to plan, execute and manage risk management activities with a risk-oriented approach and within the framework of relevant legislation and internationally recognized principles, bases, and standards in an independent, impartial, purposeful, efficient and effective manner. The use of advanced tools and methods which are feasible and appropriate is essential in this respect.

The first line of defense throughout the risk management activities consists of “all executive units of the Company” that undertake and manage risks. The personnel of these executive units are responsible at the first level for carrying out risk monitoring and control activities in integration with their daily activities under their areas of authority and responsibility.

The general framework of risk management activities is intended to include, at the minimum, the following:

- a) Design and implementation of the risk management system.
- b) Carrying out necessary monitoring and reporting activities to implement the risk management policies and implementation procedures.
- c) Ensuring that risks are understood and adequately assessed prior to entering into a transaction.
- d) Determining the limits for quantifiable risks and performing the necessary monitoring activities to ensure that risks remain within the determined limits.

The classification of risks which may be encountered during the activities is defined within the scope of the Company’s “Risk Catalogue.” The Company Risk Catalogue is the basic document used to define and classify all risks that may be encountered.

## Compliance Activities

Compliance activities: The following activities are carried out in order to ensure that the Company’s activities are performed effectively and efficiently in accordance with the Law, relevant legislation, and insurance practices;

- a) Ensuring the compliance of the Company with the obligations stipulated by the Law and the legislation enacted on the basis of the Law, and following up on the legislation,
- b) Fulfillment of measures to prevent money laundering and financing of terrorism, identification of business partners, and submission of the necessary information and documents to the relevant institutions and organizations in accordance with the legislation,
- c) Examination, follow-up, and control of compliance with the legislation of the contracts related to service procurement and business partnerships concluded by the Company,
- d) Fulfilling the requirements of the letters and writs sent to the Company by the affiliated institutions and organizations, of which the Company is a member, and judicial authorities, and the submission of a Company statement in response to these letters,

## Risk Management Activities

- e) Preparation of internal legislation on the company's compliance activities,
- f) Follow-up of legal disputes to which the company is a party, and fulfillment of their requirements,
- g) Follow-up of the legal measures that the Company should take regarding the privacy and personal data, concluding the necessary contracts with companies and organizations related to these issues, registering and keeping up-to-date personal data inventory in accordance with the Personal Data Protection Law.

The main purpose of the compliance activities is to keep the compliance process of the Company under control by managing it in a manner that is effective and fit for its purpose, and to ensure that the Company's activities are carried out and managed continuously in accordance with the relevant legislation, regulations, and standards in terms of structure and functioning.

Advanced tools and methods, which are feasible and appropriate, are used to design and manage the Company compliance activities independently, impartially, efficiently and effectively in a manner which is fit for purpose within the framework of relevant legislation, regulations and standards.

### General Principles of Compliance Activities

Compliance activities are carried out in accordance with the Law and the legislation enacted on the basis of the Law, and the following general principles are taken into account in its execution:

- a) It is the primary duty and responsibility of the Department employees to maintain Company activities in compliance with the Company's goals and policies, and legislation, regulations and standards.

- b) Compliance of the Company activities with legislation, regulations and standards is carried out by up-to-date execution and management of the Company's internal policies, procedures, regulations, rules and instructions based on the values of righteousness and honesty in line with the Company's reputation.

Through the notifications made by the relevant department, the Board of Directors monitors that the Company's activities comply with legislation, regulations and standards, and that the necessary measures are taken to effectively manage compliance.

# **Türk Reasürans Anonim Şirketi**

**Unconsolidated Financial Statements  
as of December 31, 2021 together with  
the Independent Auditors' Report**

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



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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **A) Report on the Audit of the Unconsolidated Financial Statements**

#### **1) Opinion**

We have audited the unconsolidated financial statements of Türk Reasürans Anonim Şirketi (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of income, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2021, and its unconsolidated financial performance, its unconsolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

#### **2) Basis for Opinion**

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

#### **3) Key Audit Matters**

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



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in Turkish)

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Incurred But Not Reported Outstanding Claims Reserve</b>	
<p>As of December 31, 2021, the Company has insurance liabilities of TL 950.760.741 representing 46% of the Company's total liabilities. The Company has reflected a net provision of TL 221.937.949 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 10.703.244 which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's unconsolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team.</p> <p>These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate.</p> <p>In this context, we have performed the audit procedures related to the recording of the Company's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

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

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

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

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



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

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

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

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

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

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

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

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

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
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Fatih Polat, SMMM  
Associate Partner

March 14, 2022  
Istanbul, Turkey

**TÜRK REASÜRANS ANONİM ŞİRKETİ**  
**UNCONSOLIDATED FINANCIAL STATEMENTS**  
**PREPARED AS OF DECEMBER 31, 2021**

We confirm that the unconsolidated financial statements and related disclosures and notes as of December 31, 2021 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance 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.

Istanbul, March 14, 2022



Selva EREN  
Member of Board of Directors and  
General Manager



Erdal TURGUT  
Assistant General Manager



Hatice Dilek OGUZ EKER  
Financial Reporting and  
Accounting Manager



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## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Financial Position

As of December 31, 2021

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

I- Current Assets	Notes	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
<b>A- Cash and Cash Equivalents</b>		<b>841.729.403</b>	<b>399.053.530</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4.2, 14	841.729.403	399.053.530
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</b>	<b>304.439.228</b>	<b>45.943.846</b>
1- Available-for-Sale Financial Assets	4.2, 11	193.698.578	45.943.846
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4.2, 11	110.740.650	-
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>613.781.608</b>	<b>414.115.407</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4.2, 12	613.781.608	414.115.407
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>4.2, 12, 45</b>	<b>138.611</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries	4.2, 12, 45	138.611	-
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>E- Other Receivables</b>		<b>9.953.126</b>	<b>1.104.225</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4.2, 12	9.953.126	1.104.225
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>174.729.824</b>	<b>95.080.923</b>
1- Deferred Acquisition Costs	17	169.771.022	90.702.285
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2, 12	3.489.142	3.431.649
4- Other Prepaid Expenses	4.2, 12	1.469.660	946.989
<b>G- Other Current Assets</b>		<b>7.917</b>	<b>43.781</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4.2, 12	7.917	8.540
5- Advances Given to Personnel	4.2	-	35.241
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>1.944.779.717</b>	<b>955.341.712</b>

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Financial Position As of December 31, 2021

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

II- Non-Current Assets	Notes	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
<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>		<b>4.500</b>	<b>3.000</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2, 12	4.500	3.000
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>4.2, 9</b>	<b>104.497.494</b>	<b>4.497.494</b>
1- Investments in Equity Shares	4.2, 9	4.497.494	4.497.494
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries	4.2, 9	100.000.000	-
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>8.278.535</b>	<b>9.829.686</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's	6	2.458.851	2.440.124
5- Furniture and Fixtures	6	823.774	914.751
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	1.868.281	2.274.481
8- Tangible Assets Acquired Through Finance Leases	6	8.013.240	6.366.041
9- Accumulated Depreciation	6	(4.885.611)	(2.165.711)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>5.813.385</b>	<b>5.579.709</b>
1- Rights	8	8.140.971	6.641.135
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(2.818.726)	(1.061.426)
7- Advances Paid for Intangible Assets	8	491.140	-
<b>G-Prepaid Expenses and Income Accruals</b>		-	<b>5.362</b>
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses	4.2, 12	-	5.362
<b>H-Other Non-Current Assets</b>		<b>3.889.706</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	3.889.706	-
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>122.483.620</b>	<b>19.915.251</b>
<b>TOTAL ASSETS</b>		<b>2.067.263.337</b>	<b>975.256.963</b>

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Financial Position As of December 31, 2021

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

III- Short-Term Liabilities	Notes	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
<b>A- Financial Liabilities</b>		<b>87.991.885</b>	<b>1.416.567</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	20	87.991.885	1.416.567
<b>B- Payables Arising from Main Operations</b>		<b>91.150.645</b>	<b>19.480.471</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4, 2, 19	83.020.683	17.260.727
3- Cash Deposited by Insurance and Reinsurance Companies	4, 2, 10, 19	8.129.962	2.219.744
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>46.346</b>	<b>14.490</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4, 2, 19	46.346	14.490
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4, 2, 19</b>	<b>2.084.575</b>	<b>1.182.426</b>
1- Deposits and Guarantees Received	4, 2, 19	-	250.000
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4, 2, 19	2.084.575	932.426
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>		<b>918.817.485</b>	<b>476.818.358</b>
1- Reserve for Unearned Premiums - Net	17	691.706.127	367.398.048
2- Reserve for Unexpired Risks- Net	17	5.173.409	57.876
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4, 1, 17	221.937.949	109.362.434
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4, 2, 19</b>	<b>32.497.679</b>	<b>1.021.463</b>
1- Taxes and Funds Payable	4, 2	944.375	546.399
2- Social Security Premiums Payable	4, 2	629.057	417.464
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4, 2, 19, 35	73.074.356	22.850.691
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4, 2, 19	(42.161.726)	(22.803.104)
7- Provisions for Other Taxes and Similar Liabilities	4, 2	11.617	10.013
<b>G- Provisions for Other Risks</b>		<b>3.878.394</b>	<b>694.973</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	3.878.394	694.973
<b>H- Deferred Income and Expense Accruals</b>		<b>2.410.739</b>	<b>1.222.288</b>
1- Deferred Commission Income	10, 19	1.566.297	1.060.181
2- Expense Accruals	23	844.442	162.107
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>1.138.877.748</b>	<b>501.851.036</b>

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Financial Position

As of December 31, 2021

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

IV- Long-Term Liabilities	Notes	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
<b>A- Financial Liabilities</b>		<b>3.417.760</b>	<b>3.964.809</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	20	3.417.760	3.964.809
<b>B- Payables Arising from Main Operations</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>-</b>	<b>-</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>		<b>31.943.256</b>	<b>9.140.069</b>
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	17	31.943.256	9.140.069
<b>F-Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>465.667</b>	<b>119.007</b>
1- Provisions for Employment Termination Benefits	23	465.667	119.007
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>349.395</b>
1- Deferred Tax Liabilities	21	-	349.395
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>35.826.683</b>	<b>13.573.280</b>

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Financial Position As of December 31, 2021

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

V- Shareholders' Equity	Notes	Audited Current Period December 31, 2021	Audited Prior Period December 31, 2020
<b>A- Paid in Capital</b>	<b>2, 13, 15</b>	<b>600.000.000</b>	<b>375.000.000</b>
1- (Nominal) Capital	2, 13, 15, 37	600.000.000	600.000.000
2- Unpaid Capital	15	-	(225.000.000)
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>(6.651.719)</b>	<b>(348.400)</b>
1- Legal Reserves	15	4.271.283	156.411
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets	4, 2, 15	(10.883.629)	(504.811)
6- Other Profit Reserves	15	(39.373)	-
<b>D- Retained Earnings</b>		<b>81.066.175</b>	<b>2.971.810</b>
1- Retained Earnings		81.066.175	2.971.810
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>218.144.450</b>	<b>82.209.237</b>
1- Net Profit for the Year		218.144.450	82.209.237
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>892.558.906</b>	<b>459.832.647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2.067.263.337</b>	<b>975.256.963</b>

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



## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Income For the Year Ended December 31, 2021

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

I-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2021	Audited Prior Period January 1 – December 31, 2020
<b>A- Non-Life Technical Income</b>		<b>1.544.804.995</b>	<b>650.788.446</b>
1- Earned Premiums (Net of Reinsurer Share)		1.371.469.268	623.625.844
1.1- Written Premiums (Net of Reinsurer Share)		1.700.892.880	991.081.768
1.1.1- Written Premiums, gross	17, 24	1.820.194.168	1.031.906.523
1.1.2- Written Premiums, ceded	10, 17, 24	(119.301.288)	(40.824.755)
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)	29	(324.308.079)	(367.398.048)
1.2.1- Reserve for Unearned Premiums, gross	17	(327.008.846)	(372.180.314)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	2.700.767	4.782.266
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)	29	(5.115.533)	(57.876)
1.3.1- Reserve for Unexpired Risks, gross	17	(5.292.655)	(62.977)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	177.122	5.101
2- Investment Income - Transferred from Non-Technical Section		173.334.683	27.157.042
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		1.044	5.560
<b>B- Non-Life Technical Expense</b>		<b>(1.264.637.989)</b>	<b>(551.423.690)</b>
1- Incurred Losses (Net of Reinsurer Share)		(807.956.465)	(357.271.348)
1.1- Claims Paid (Net of Reinsurer Share)	29	(695.380.950)	(247.908.914)
1.1.1- Claims Paid, gross	17	(699.102.562)	(248.100.508)
1.1.2- Claims Paid, ceded	17	3.721.612	191.594
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(112.575.515)	(109.362.434)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(118.726.742)	(111.740.512)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	6.151.227	2.378.078
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, 29	(22.803.187)	(9.140.069)
4- Operating Expenses	32	(399.219.323)	(167.572.801)
5- Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions, gross		-	-
5.2 - Mathematical Provisions, ceded		-	-
6- Other Technical Expenses (Net of Reinsurer and Less the Amounts Carried Forward)		(34.659.014)	(17.439.472)
6.1- Other Technical Expenses, gross	47	(34.659.014)	(17.439.472)
6.2- Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>280.167.006</b>	<b>99.364.756</b>

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Income For the Year Ended December 31, 2021

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

I-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2021	Audited Prior Period January 1 – December 31, 2020
<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- Unrealized 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		-	-
<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		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
<b>F- Net Technical Income- Life (D – E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G – H)</b>		-	-

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Income For the Year Ended December 31, 2021

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

II-NON-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2021	Audited Prior Period January 1 – December 31, 2020
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>280.167.006</b>	<b>99.364.756</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>280.167.006</b>	<b>99.364.756</b>
<b>K- Investment Income</b>	4,2	<b>418.642.699</b>	<b>66.307.390</b>
1- Income from Financial Assets	4,2	116.115.032	16.959.249
2- Income from Disposal of Financial Assets	4,2	19.771.804	29.989.039
3- Valuation of Financial Assets	4,2	22.692.648	3.010.825
4- Foreign Exchange Gains	4,2	258.685.114	5.786.724
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions	4,2	1.378.101	10.561.553
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(423.831.367)</b>	<b>(68.089.079)</b>
1- Investment Management Expenses (including interest)	4,2	(557.803)	(451.968)
2- Diminution in Value of Investments	4,2	(1.051.072)	-
3- Loss from Disposal of Financial Assets	4,2	(5.436.420)	(21.086.781)
4- Investment Income Transferred to Non-Life Technical Section		(173.334.683)	(27.157.042)
5- Loss from Derivative Transactions	4,2	(178.990.850)	(12.276.843)
6- Foreign Exchange Losses	4,2	(59.829.674)	(4.013.907)
7- Depreciation and Amortisation Expenses	6, 8	(4.625.671)	(3.090.785)
8- Other Investment Expenses	4,2	(5.194)	(11.753)
<b>M- Income and Expenses from Other and Extraordinary Operation</b>		<b>16.240.468</b>	<b>7.476.861</b>
1- Provisions	47	(4.285.886)	(813.980)
2- Rediscunts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	444.316	-
6- Deferred Taxation (Deferred Tax Liabilities)	21, 35	-	(275.128)
7- Other Income	47	20.311.444	8.735.522
8- Other Expenses and Losses		(229.406)	(169.553)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Period</b>		<b>218.144.450</b>	<b>82.209.237</b>
1- Profit for the Period		291.218.806	105.059.928
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(73.074.356)	(22.850.691)
3- Net Profit for the Period		218.144.450	82.209.237
4- Inflation Adjustment Account		-	-

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Cash Flow For the Year Ended December 31, 2021

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

CASH FLOW	Notes	Audited Current Period January 1 – December 31, 2021	Audited Prior Period January 1 – December 31, 2020
<b>A. Cash flows from main activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		1.895.529.505	1.048.152.499
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(1.131.291.686)	(810.122.246)
6. Cash used in pension business		-	-
<b>7. Cash provided from main activities</b>		<b>764.237.819</b>	<b>238.030.253</b>
8. Interest paid		-	-
9. Income taxes paid	19	(42.209.313)	(22.982.011)
10. Other cash inflows		-	250.000
11. Other cash outflows		(9.066.616)	(980.359)
<b>12. Net cash provided from operating activities</b>		<b>712.961.890</b>	<b>214.317.883</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		1.757.057	968.697
2. Acquisition of tangible assets	6, 8	(3.274.438)	(9.161.337)
3. Acquisition of financial assets	9, 11	(1.579.497.397)	(3.097.756.403)
4. Disposal of financial assets	11	1.222.403.550	3.047.847.383
5. Interests received		103.062.680	14.913.352
6. Dividends received		1.183.374	136.159
7. Other cash inflows		286.249.120	41.777.325
8. Other cash outflows		(641.246.132)	(189.244.819)
<b>9. Net cash provided by investing activities</b>		<b>(609.362.186)</b>	<b>(190.519.643)</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		225.000.000	225.000.000
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>225.000.000</b>	<b>225.000.000</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>107.539.890</b>	<b>-</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>436.139.594</b>	<b>248.798.240</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>397.093.777</b>	<b>148.295.537</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>833.233.371</b>	<b>397.093.777</b>

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

**Türk Reasürans Anonim Şirketi**

**Unconsolidated Statement of Changes in Equity  
For the Year Ended December 31, 2021**

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

Audited Statement of Changes in Equity – December 31, 2020												
EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I – Balance at the end of the previous year – December 31, 2019	2,13,15	150,000,000	-	-	-	-	-	-	-	3,128,221	-	153,128,221
II – Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III – Restated balances (I+II) – January 1, 2020	2,13,15	150,000,000	-	-	-	-	-	-	-	3,128,221	-	153,128,221
A – Capital increase	15	225,000,000	-	-	-	-	-	-	-	-	-	225,000,000
1 – In cash		225,000,000	-	-	-	-	-	-	-	-	-	225,000,000
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D – Change in the value of financial assets	4,12, 15	-	-	(504,811)	-	-	-	-	-	-	-	(504,811)
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	82,209,237	-	82,209,237
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid	15	-	-	-	-	-	156,411	-	-	(3,128,221)	2,971,810	-
IV – Balance at the end of the period December 31, 2020 (III+A+B+C+D+E+F+G+H+I+J)	15	375,000,000	-	(504,811)	-	-	156,411	-	-	82,209,237	2,971,810	459,832,647

Audited Statement of Changes in Equity December 31, 2021												
EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I – Balance at the end of the previous year – (December 31, 2020)	2,13, 15	375,000,000	-	(504,811)	-	-	156,411	-	-	82,209,237	2,971,810	459,832,647
II – Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III – Restated Balances (January 1, 2021)	2,13, 15	375,000,000	-	(504,811)	-	-	156,411	-	-	82,209,237	2,971,810	459,832,647
A – Capital increase	15	225,000,000	-	-	-	-	-	-	-	-	-	225,000,000
1 – In cash		225,000,000	-	-	-	-	-	-	-	-	-	225,000,000
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D – Change in the value of financial assets	4, 2, 15	-	-	(10,378,818)	-	-	-	-	-	-	-	(10,378,818)
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses	15	-	-	-	-	-	-	-	(39,373)	-	-	(39,373)
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	218,144,450	-	218,144,450
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid	15	-	-	-	-	-	4,114,872	-	-	(82,209,237)	78,094,365	-
IV – Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)	15	600,000,000	-	(10,883,629)	-	-	4,271,283	-	(39,373)	218,144,450	81,066,175	892,558,906

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

## Türk Reasürans Anonim Şirketi

### Unconsolidated Statement of Profit Distribution For the Year Ended December 31, 2021

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

PROFIT DISTRIBUTION	Notes	Audited Current Period December 31, 2021 <sup>(*)</sup>	Audited Prior Period December 31, 2020
<b>I. PROFIT DISTRIBUTION</b>			
1.1. CURRENT YEAR PROFIT		291.218.806	105.059.928
1.2. TAX AND FUNDS PAYABLE		(73.074.356)	(22.850.691)
1.2.1. Corporate Income Tax (Income Tax)	35	(73.074.356)	(22.850.691)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
<b>A NET PROFIT (1.1 – 1.2)</b>		<b>218.144.450</b>	<b>82.209.237</b>
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		10.907.223	4.114.872
1.5. STATUTORY FUND (-) <sup>(**)</sup>	2.23	5.137.663	-
<b>B NET PROFIT DISTRIBUTION [(A)-(1.3 + 1.4 + 1.5)]</b>		<b>202.099.564</b>	<b>78.094.365</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. Holders of shares		-	-
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. Holders of Shares		-	-
1.10.2. Holders of Preferred shares		-	-
1.10.3. Holders of Redeemed shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss sharing certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	78.094.365
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1. DISTRIBUTION OF RESERVES			
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of Shares		-	-
2.3.2. Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. HOLDERS OF SHARES <sup>(***)</sup>		-	0,2083
3.2. HOLDERS OF SHARES (%) <sup>(***)</sup>		-	20,83
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(\*) In accordance with Article 408 of the Turkish Commercial Code, the entire authority in determining profit distribution and reserve fund transfers is in the General Assembly and the profit distribution proposal for 2021 has not been filled since the Annual Ordinary General Assembly Meeting has not been held yet as of the date these financial statements were prepared.

(\*\*) Resources not subject to profit distribution are explained in 2.23 Dividend distribution note.

(\*\*\*) The number of shares corresponding to the paid up capital has been taken into account.

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

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 1 General Information

##### 1.1 Name of the Company

The Company was established by the Republic of Turkey Ministry of Treasury and Finance as of January 18, 2019 under the title of “Türk Reasürans Anonim Şirketi” in accordance with Law No. 5684 and started its activities as of register date which is September 6, 2019.

As at December 31, 2021, the shareholder having direct or indirect control over the shares of Türk Reasürans Anonim Şirketi (“the Company”) is the Republic of Turkey Ministry of Treasury and Finance.

##### 1.2 The Company’s address and legal structure and address of its registered country and registered office

The Company was registered in Turkey in September 6, 2019 and has the status of ‘Incorporated Company’. The address of the Company’s registered office is “Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul”.

##### 1.3 Business of the Company

The subject of the Company's actual activity is to perform all sorts and branches of insurance transactions of the insurance groups in Turkey and foreign countries, to perform proportional and/or non-proportional all kinds of reinsurance, retrocession and alternative risk transfer operations related to these insurances, and to participate in risk sharing and transfers by managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance.

##### 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 June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law.

The Company's objective and its main work issues are as follows as stated in the Company's Articles of Association:

- To take over the portfolios of other reinsurance and insurance companies and pension companies or their agencies at Turkey and abroad, in compliance with the Insurance Law and all other regulations, and transfer them including their own portfolio when necessary;
- Managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance and participating in risk sharing and transfers;
- To purchase, sale lease and lease out or to obtain through construction of all kinds of movable and immovable goods in order to conduct the operations of the Company to keep them as Company assets;
- To issue all kinds of bonds, redeemed share, profit partnership certificate and other securities in accordance with the provisions of the Turkish Commercial Code and other legislation on the subject;
- In addition to these, to perform other operations which are deemed to be useful and required for the Company and are not prohibited by the law.

##### 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:

	December 31, 2021	December 31, 2020
Top executive	5	5
Executive	13	11
Executive assistant	18	17
Expert / Authorized / Other employees	69	45
<b>Total</b>	<b>105</b>	<b>78</b>

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

#### **1 General Information (continued)**

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

1.7 For the period that ended on December 31, 2021, TL 1.038.952 to the chairman and members of the board of directors (December 31, 2020: TL 733.177), TL 5.678.487 (December 31, 2020: TL 3.543.915) wages and similar benefits were provided to senior executives.

##### **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 Republic of Turkey Ministry of Treasury and Finance.

In accordance with the above mentioned communiqué, companies may transfer the operating expenses of the technical section to the insurance section through method determined by the Republic of Turkey Ministry of Treasury and Finance or by the companies' own method which approved by Republic of Turkey Ministry of Treasury and Finance. In this framework, the Company directly allocates its costs, which are certainly documented to be made for related branches and for which there is no hesitation regarding the ownership of such costs to respective branches while it allocates its other operating expenses based on their shares within the total gross written premium during a period for each sub-branches.

Investment income from the assets covering the non-life technical provisions is transferred to technical section from non-technical section; other investment income is remained in the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow". Net cash flow is calculated by deducting net claims paid from net written premiums.

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

The accompanying unconsolidated financial statements comprise an individual company (Türk Reasürans Anonim Şirketi). The consolidated financial statements as of December 31, 2021 are prepared separately as explained in more detail in the Note 2.2 - *Consolidation* note.

##### **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	: Türk Reasürans Anonim Şirketi
Registered address of the head office	: Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul
The web page of the Company	: <a href="http://www.turkreasurans.com.tr">www.turkreasurans.com.tr</a>

There has been no change in the information presented above since the previous reporting period.

##### **1.10 Subsequent events to date of balance sheet**

The financial statements prepared as at December 31, 2021, have been approved by the Company's Board of Directors on March 14, 2022.

Explanations related to date of balance sheet subsequent events are disclosed in Note 46 – *Subsequent events*.



## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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## **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 prepares its unconsolidated financial statements in accordance with the accounting principles and standards in force as per the regulations of Insurance Law numbered 5684 published in the Official Gazette dated June 14, 2007 and numbered 26522, and other regulations, statements and guidance issued by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") established by the Presidential Decree dated October 18, 2019 and "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" contains terms of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS"). The insurance legislation before the establishment of IPPRSA had been published by the Republic of Turkey Ministry of Treasury and Finance.

According to numbered 4<sup>th</sup> of related law, 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 related disclosures and notes are determined by notices to be issued by the Republic of Turkey Ministry of Treasury and Finance.

The "Communiqué on Presentation of Financial Statements" published in the Official Gazette numbered 26851 and dated April 18, 2008 and "Communiqué on Presentation of Financial Statements with the New Accounting Codes" numbered 2012/7 and dated May 31, 2012 and published by the Republic of Turkey Ministry of Treasury and Finance determines the comparison of the financial statements with the prior periods and also other companies in terms of the format and content.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority 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, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74,41%. In this respect, unconsolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

#### **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.

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

##### **Other accounting policies**

The Company record premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related unconsolidated income statement balances consist of amounts for the nine-months period ended January 1 - September 30, 2021 and accordingly related balance sheet balances as of December 31, 2021 do not reflect the actual position. According to the letter dated September 1, 2020 and numbered 97354901-040.03.E.474952 sent by IPPRSA to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information on other accounting policies is explained above in the section 2.1.1 - *Information about the principles and special accounting policies used in the preparation of the financial statements* and each under its own heading in the following sections of this report.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

### **2.1 Basis of preparation (continued)**

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

The accompanying unconsolidated 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 except financial assets held for trading, available-for-sale financial assets, derivative financial instruments which are measured at their fair values in case of reliable measures are available.

#### **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.

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 is 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**

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" ("the Circular for Consolidation") issued by Republic of Turkey Ministry of Treasury and Finance in the Official Gazette dated December 31, 2008 and numbered 27097 requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from March 31, 2009.

In this framework, the financial statements of the Company's investments, which are subsidiaries, are included in the consolidated financial statements to be prepared using the full consolidation method in accordance with the provisions of the Circular for Consolidation and TFRS 10 Consolidated Financial Statements. Consolidated financial statements are also prepared by consolidating the financial statements of the Company's subsidiary, Türk Katılım Reasürans A.Ş, using the full consolidation method.

According to the Circular for Consolidation, the Company excludes investments with a capital share of less than 10% that do not have a significant impact on the scope of consolidation, either directly or indirectly, and are accounted for at cost in financial assets.

### **2.3 Segment reporting**

As of December 31, 2021, the Company does not prepare the segment reporting since the Company has being continuing their activities in mainly Turkey in non-life insurance branches that is recording as only one reportable segment in scope of TFRS 8- "Activity Segments" standard and also the Company is not publicly held.

### **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.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.5 Tangible assets

Tangible assets are shown by deducting accumulated depreciation from the acquisition cost. Depreciation is allocated based on the useful lives of tangible assets by using the straight-line method. The depreciation periods estimated based on the useful lives of tangible assets are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Machinery and equipment	3 – 10	33,3 – 10,0
Furniture and fixtures	5 – 10	20,0 – 10,0
Motor vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5	20,0
Leased tangible assets	3 – 5	33,3 – 20,0

In case of there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and when the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the balance of impairment associates with expense accounts.

As of December 31, 2021, the Company has no any impairment on tangible assets (December 31, 2020: None). Gains and losses on the disposal of tangible assets are determined in reference to their carrying amounts and are taken into account in determining operating profit and losses (Note 6).

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.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

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 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.

### 2.6 Investment property

As at December 31, 2021, the Company has not any investment property (December 31, 2020: None).

### 2.7 Intangible assets

Intangible fixed assets include the acquired information systems, franchise rights and computer software. Intangible fixed assets are recorded at their acquisition cost in accordance with TAS 38 - Accounting Standard for Intangible Fixed Assets and are subjected to depreciation with the straight-line depreciation method over their estimated useful lives after the date of acquisition. In case of impairment, the registered value of intangible fixed assets is brought to their recoverable value. As of December 31, 2021, the Company does not have any intangible fixed assets impaired (December 31, 2020: None) (Note 8).

Expenditures that are under the control of the Company, that can be directly associated with identifiable and unique software products and that will provide economic benefits above their cost for more than one year are considered as intangible assets.

The depreciation periods of intangible fixed assets vary between 3 and 15 years.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 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.

*Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying unconsolidated financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit / loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 – *Derivative financial instruments*.

*Held to maturity financial assets* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Company has no financial assets that are allowed to be classified as held to maturity financial assets.

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. The realized gain or losses through disposal are recognized directly in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The Company has accounted equity shares classified as available-for-sale according to quoted market prices or dealer price quotations for financial instruments traded in active markets or according to cost less impairment losses for financial instruments not traded in active markets.

*Investments in equity shares* are shares and partnership interests, in which the Company has a share less than 10% and which are not participating in the determination of partnership policies and management of other companies directly or indirectly and are acquired for the purpose of investment. Differences between fair value and book value of such securities are recognized under "Revaluation of financial assets" within equities items provided they can be measured reliably with their book values. Market value securities are demonstrated under assets with their market value while others are demonstrated with their net value subsequent to impairment from their book values, if available.

*Subsidiaries* are partnership shares in which the Company's share is more than 50% or in which it has the opportunity to manage its activities that significantly affect the returns of the invested partnership. In accordance with the provisions of the Consolidation Circular and IFRS 10 Consolidated Financial Statements subsidiaries are, including in the scope of consolidation in the content of the consolidated financial statements.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

### **2.8 Financial assets (continued)**

*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 are measured at amortized cost by effective interest method less impairment losses, if exist.

Securities are recognized and derecognized at the date of settlement.

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, expired or surrendered.

### **2.9 Impairment on assets**

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

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

Loans and receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

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.

Provision and rediscount expenses of the period(s) are detailed in *Note 47*.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.10 Derivative financial instruments

Derivative instruments are treated as held for trading financial assets in compliance with the standard *TAS 39 – Financial Instruments: Recognition and measurement*.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as “income accruals” and negative fair value differences are presented as “other financial liabilities” in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

The Company does not have any forward transaction collateral categorised as financial assets held for trade as of December 31, 2021. (December 31, 2020: None). As of the reporting date, the impairment amounting to TL 85.921.272 (December 31, 2020: None) generated from swap and forward contracts that is denominated the foreign currency, was accounted for under the Other financial liabilities.

### 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.

### 2.13 Capital

As at December 31, 2021 and 2020, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2021		December 31, 2020	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital (*)</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

(\*) As of December 31, 2021, the entire capital has been paid in cash. (December 31, 2020: TL 375.000.000 paid in cash).

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2021.

As of December 31, 2021, there are not any privileges on common shares representing share capital (December 31, 2020: None).

As of December 31, 2021 and 2020, the Company is not subject to registered capital system.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **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 scope 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 (cedant) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

As at the reporting date, the Company does not have a contract which is classified as an investment contract.

### **2.15 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 (December 31, 2020: None).

### **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 (December 31, 2020: None).

### **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 paid.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.18 Taxes

#### Corporate tax

Statutory income is subject to corporate tax at 20% (According to Provisional Article 13 added to the Corporate Tax Law No. 5520 with Law No. 7316 on the "Law on the Collection and Procedure of Public Claims and Amendment of Some Laws" published in the Official Gazette on April 22, 2021- numbered 31462, the tax rate for corporate earnings in 2021 has been increased to 25% and for corporate earnings in 2022 to 23%. The aforementioned provision applies to corporate earnings for the taxation period beginning on January 1, 2021, with declarations due on July 1, 2021.). This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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 Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their corporate tax returns to their tax offices by the end of last day of the fourth month of 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 on 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.

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

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

Since, as of July 1, 2021, the corporate tax rate for 2021, 2022 and after 2022 is determined as 25%, 23% and 20% respectively, as of December 31, 2021, 23% tax rates is used for the temporary differences expected to be realized/closed in 2022 in the deferred tax calculation; 20% tax rate is used for temporary differences that are expected to be realized/closed after 2022 (December 31, 2020: Since the corporate tax rate effective as of January 1, 2021 is 20%, tax rate is used %20 for the valid differences that are expected to be realized / closed after 2020).



## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.18 Taxes (continued)

#### 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.

### 2.19 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 at December 31, 2021 is TL 8.284,51 (December 31, 2020: TL 7.117,17).

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about “Benefits Employee Accounting Standard” and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Company accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

The major actuarial assumptions used in the calculation of the total liability as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Discount rate	3,95%	2,09%
Expected rate of salary/limit increase	25,00%	18,00%

#### 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.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **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.

### **2.21 Revenue recognition**

#### **Written premiums**

Written premiums represent premiums ceded from insurance and reinsurance companies as a reinsurance company. Premiums ceded to retrocessionaire 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 cedant in treaties whereas facultative accounts are registered upon the receipt of monthly slips.

#### **Claims paid**

Claims paid represent payments of the Company as a reinsurance company when risks ceded 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 insurance and reinsurance companies and brokers related to the taken risk of written premium as a reinsurance company and the commissions received from the reinsurance companies related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses respectively 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.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

### **2.21 Revenue recognition (continued)**

#### **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 unconsolidated financial statements.

#### **Dividends**

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

### **2.22 Leasing transactions**

Tangible assets acquired through 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 realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes as following;

- (a) the initial amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) all initial direct 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.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.22 Leasing transactions (continued)

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The right of use which is calculated on leasing agreements is accounted under "Tangible Assets" account.

The interest expense on the lease obligation is accounted under "Investment Management Expense - Including Interest", and the depreciation expense of the usage right asset is accounted under "Depreciation and Amortization Expenses".

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

<b>Assets subject to operational leasing</b>	<b>Contract Period (Year)</b>	<b>Discount Rate - TL (%)</b>
Buildings	3-5 years	11,32-17,61
Vehicles	3 years	11,00-18,30

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.23 Dividend distribution**

Dividend distributions are reflected in the financial statements as a liability in the period in which they are declared as a component of profit distribution in accordance with Turkish Commercial Law, related tax laws, Insurance legislation and the Company's Articles of Association.

Article 7 of Circular No. 2016/22 on Discounting Net Cash Flows Arising from Outstanding Claims Provision No. 2021/30, published on December 30, 2021 "Net cash flows are discounted to cash value at a rate of 14% as of the financial reporting date." As a result of the relevant change; the 14% rate is taken into account in discounting the net cash flows arising from the uncertain compensation provision. According to the 13th article of the same Circular, "The positive difference that may arise within the scope of the change in the discount rate cannot be used in the profit distribution for a year following the year of the change, and cannot be taken into account in the calculation and of the capital adequacy ratio to be and cannot be taken into account for the profit distribution." has been added and accordingly, the positive difference amounting to TL 6.850.217, which emerged in the discounting of uncertain claims as of December 31 2021, has not been subject to profit distribution.

### **2.24 Insurance technical provisions**

#### ***Unearned premium reserve***

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the unearned premiums reserve 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 current insurance policies. Nonetheless;

- Unearned premium reserve is 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 marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months 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 1/24 over the ceded premiums for treaty and facultative contracts, for commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months 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.

Unearned premiums reserve 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.

#### ***Unexpired risk reserves***

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, 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 unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net – outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period – unearned premiums reserve, net at the end of the period).

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.24 Insurance technical provisions (continued)

#### *Unexpired risk reserves (continued)*

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 unexpired risk reserve detailed in the above, gross unexpired risk reserve 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 unearned premiums reserve 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.

According to the Circular numbered 2012/15 dated December 10, 2012, reserve for unexpired risks are calculated on main branches.

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"), unexpired risk reserve is not; it's calculated by the Company actuary until the end of the twenty-fourth month following the commencement of operations 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 6th subclause of 6th article of Regulation, unexpired risk reserve 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 unexpired risk reserve is calculated as ratio which exceeds 95% by multiplying with net amount of unearned premiums reserve, gross unexpired risk reserve is calculated by multiplying with gross amount of unearned premiums reserve.

As a result of the calculation during the reporting period, the Company has TL 5.173.409 unexpired risk reserves (December 31, 2020: TL 57.876).

#### *Outstanding claims reserve*

The 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 "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 27655 numbered and July 28, 2010 dated Official Gazette, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses are considered while the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

In accordance with the Regulation, the calculation of provisions for incurred but not reported 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, sending these calculation table to the Republic of Turkey Ministry of Treasury and Finance and the addition of the calculated difference to provision for outstanding claims in financial statements are determined by the Republic of Turkey Ministry of Treasury and Finance.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

### **2.24 Insurance technical provisions (continued)**

#### ***Outstanding claims reserve (continued)***

Current or related reinsurance agreement conditions are considered in calculations of provisions for outstanding claims, ceded.

Except for the life branch, the difference between the outstanding claims reserve that has accrued and determined in amount, and the results of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance, is called as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method" except its Article 9 and 10 have abolished. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Claim/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The Company, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated November 6, 2008, selections and results should be assess in detail in actuarial report by the actuary.

As of December 31, 2021, gross and ceded IBNR amount based on sub-branch except Agricultural sub-branches in the General Losses main branch was calculated by deducting incurred loss from final loss dated December 31, 2021 determined through sector loss ratio based on sub-branch due to insufficient data in branches.

However, the IBNR amounts reported by Tarsim (Insurance of Agriculture) as of December 31, 2021 in the Agriculture sub-branches of the General Losses main branch were included in the financial statements.

In the calculation of the ceded IBNR, the retrocession / gross ratio in the incurred loss on the basis of sub-branch is used.

As of December 31, 2021, the Company reflected to unconsolidated financial statement the gross IBNR amount of TL 9.650.212 (December 31, 2020: TL 26.162.560) and TL 10.703.244 net IBNR calculated according to the method explained above (December 31, 2020: TL 25.902.598).

In the framework of "Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves" dated June 10, 2016 and numbered 2016/22 published by the Republic of Ministry of Treasury and Finance and "Circular on Making Amendments on Circular Numbered 2016/22 on Discounting of Net Cash Flows arising from Outstanding Claims" dated September 15, 2017 and numbered 2017/7 of Ministry of Treasury and Finance, discounting of net cash flows arising from outstanding claims reserves calculated and allocated according to insurance legislation has become obligatory in terms of General Liability and Land Vehicles Liability branches and possible in terms of other branches.

In accordance with the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions dated December 30, 2021 and numbered 2021/30, the rate taken into account for the discount has been increased from 9% to 14%. Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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## 2 Summary of significant accounting policies (continued)

### 2.24 Insurance technical provisions (continued)

#### *Outstanding claims reserve (continued)*

The Company has calculated taking into account the sector cash flow rates in the Table57-AZMM file uploaded on January 28, 2022 to discount of all branches. Accordingly, as of December 31 2021, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of TL 26.958.368 (December 31 2020: TL 8.763.939). If the 9% discount rate that is previous valid rate, was effective, the net discount amount of outstanding claims reserve would have been TL 20.108.151 as of December 31, 2021. The positive difference that is amount of TL 6.850.217 was not subject to the dividend distribution.

#### *Equalization reserve*

In accordance with the Communiqué on Technical Reserves put into effect starting from November 10, 2021, the companies should provide equalization reserve 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 reserves. Claims payments are deducted from first year's equalization reserves 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. 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 reserves are presented under "Other technical reserves" within long term liabilities in the accompanying unconsolidated financial statements. As of the reporting date, the Company has recognized equalization reserves amounting to TL 31.943.256 (December 31, 2020: TL 9.140.069).



## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.25 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 (e);

(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

### **2.26 Earning per share**

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

### **2.27 Subsequent events**

Subsequent events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

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

The accounting policies adopted in preparation of the unconsolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. The effects of these standards and interpretations on the Company financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:**

#### **Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16**

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted and must be disclosed.

#### **Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

#### **Relief from discontinuing hedging relationships**

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows: (continued)**

#### **Separately identifiable risk components**

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

#### **Additional disclosures**

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

#### **Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

The amendments are not applicable for the the Company and will not have an impact on the financial position or performance of the Company.

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1, 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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

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

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits 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 issued to TAS 16 which are effective for periods beginning on or after January 1, 2022. 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. There is no transition relief for the first time adopters. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

##### **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1, 2022, to 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). Earlier application is permitted and must be disclosed.

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

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

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after January 1, 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 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 amendments on financial position or performance of the Company.

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

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to TAS 8 are effective for annual periods beginning on or after January 1, 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 POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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

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

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

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after January 1, 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 amendments on financial position or performance of the Company.

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

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

- TFRS 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.
- TFRS 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.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

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

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

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

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

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

- Note 4.1 – *Management of insurance risk*
- Note 4.2 – *Financial risk management*
- Note 10 – *Reinsurance assets/liabilities*
- Note 11 – *Financial assets*
- Note 12 – *Loans and receivables*
- Note 17 – *Insurance liabilities and reinsurance assets*
- Note 21 – *Deferred taxes*
- Note 23 – *Other liabilities and cost provisions*
- Note 34 – *Financial costs*

#### Assessing the impact of the Covid 19 virus outbreak on Company activities

The Covid-19 outbreak has severely affected all areas of life in Turkey as well as all over the world. In addition to the health threat it poses, the outbreak has caused financial fluctuations whose impact is felt on a global scale. In order to reduce the negative effects of the virus epidemic on economies, countries have repeatedly announced economic measures. In our country, many measures have been taken in social life and in the field of economy with the beginning of the virus as of March 2020. In addition to the measures that regulate social life according to the epidemic, support packages for sectors that are likely to be negatively affected by the epidemic by going to interest rate cuts in the field of economy have been explained.

As of December 31, 2021, the pandemic process does not adversely affect the financial performance of our Company for the twelve months. On the other hand, measures are taken to ensure that our personnel can work remotely in order not to disrupt our operational activities, and our practices are shaped in parallel with the developments in the epidemia process. In this process, there has been no remote operational disruption in the fields of operations and information technology.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements As of December 31, 2021**

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

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#### **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 and retrocession risk are 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 "Risk Acceptance Criteria" issued by the approval of the Board of Directors.

The main objective of the "Risk Acceptance Criteria" 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.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed and reported 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.

###### **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.



## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Insurance risk condensation

The Company's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance):

Total claims liability December 31, 2021	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	87.988.659	(1.387.812)	86.600.847
Fire and Natural Disasters	42.065.918	(4.706.233)	37.359.685
General Liabilities	34.402.272	(725.415)	33.676.857
Marine	18.465.538	-	18.465.538
Water Vehicles	17.485.195	-	17.485.195
Land Vehicles	10.972.437	-	10.972.437
Financial Losses	8.073.768	(741.561)	7.332.207
Credit	5.928.358	(968.284)	4.960.074
Accident	4.289.800	-	4.289.800
Land Vehicles Liability	510.228	-	510.228
Breach of Trust	164.572	-	164.572
Air Vehicles	120.231	-	120.231
Legal Protection	278	-	278
<b>Total</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

Total claims liability December 31, 2020	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	61.264.762	(286.233)	60.978.529
Fire and Natural Disasters	25.812.347	(1.597.787)	24.214.560
General Liabilities	7.708.817	(277.527)	7.431.290
Marine	5.122.551	-	5.122.551
Water Vehicles	4.754.799	(43.826)	4.710.973
Land Vehicles	3.833.372	-	3.833.372
Financial Losses	2.266.060	(166.964)	2.099.096
Credit	410.757	(5.741)	405.016
Accident	318.426	-	318.426
Land Vehicles Liability	144.209	-	144.209
Breach of Trust	103.910	-	103.910
Air Vehicles	466	-	466
Legal Protection	36	-	36
<b>Total</b>	<b>111.740.512</b>	<b>(2.378.078)</b>	<b>109.362.434</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Given insurance collateral amounts in respect to branches

	December 31, 2021	December 31, 2020
Fire and Natural Disasters	163.734.084.063	47.632.437.119
General Losses	69.762.785.658	23.913.363.653
Financial Losses	8.314.386.326	2.602.254.868
General Liabilities	3.704.607.688	1.149.000.955
Accident	1.714.026.707	457.028.804
Land Vehicles Liability	803.106.238	337.876.312
Water Vehicles	513.679.766	250.878.302
Land Vehicles	405.538.605	117.962.849
Land Vehicles Marine	318.181.917	48.372.271
Air Vehicles	64.428.113	23.576.258
Credit	51.605.140	25.496.470
Breach of Trust	9.348.379	-
Legal protection	25.563	12.513
<b>Total(*)</b>	<b>249.395.804.163</b>	<b>76.558.260.374</b>

(\*) Net amount which deducted share of reinsurance.

###### Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

#### 4.2 Management of insurance 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 Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

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.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Credit risk (continued)

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:

- Banks
- Available for sale financial assets
- Held for trading financial assets
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

Credit risk is measured by both quantitative and qualitative methods. The Company assess the financial strengths, financial positions and payment performance of companies described as third party. In addition, the Company consider to credit ratings confirmed by international credit rating agencies related to retrocessionaire.

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.

Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2021	December 31, 2020
Cash and cash equivalents (Note 14)	841.729.403	399.053.530
Financial assets (Note 11)	351.979.541	38.365.339
Receivables from main operations (Note 12)	613.781.608	414.115.407
Other receivables from unrelated parties (Note 12)	9.953.126	1.104.225
Other receivables from related parties (Note 12),(Note 45)	138.611	-
Income accruals (Note 12)	3.489.142	3.431.649
Prepaid expenses (Note 12)	1.469.660	946.989
Other current assets (Note 12)	7.917	43.781
Other non-current assets (Note 12)	4.500	8.362
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	8.529.305	2.378.078
<b>Total</b>	<b>1.831.082.813</b>	<b>859.447.360</b>

(\*) Stocks amounting to TL 56.957.181 are not included (December 31, 2020: TL 12.076.000).

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

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

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

###### Credit risk (continued)

As at December 31, 2021 and 2020, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2021		December 31, 2020	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	603.762.936	-	407.855.770	-
Past due 0-30 days	4.436.961	-	1.742.989	-
Past due 31 – 60 days	2.022.401	-	1.030.157	-
Past due 61 – 90 days	594.253	-	1.013.028	-
Past due 90+	2.965.057	-	2.473.463	-
<b>Total</b>	<b>613.781.608</b>	<b>-</b>	<b>414.115.407</b>	<b>-</b>

The Company does not have any allowance for impairment losses for receivables from main operations as of December 31, 2021 (December 31, 2020: None).

###### 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

Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Liquidity risk (continued)

###### Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	841.729.403	212.466.379	627.101.362	-	-	-	2.161.662
Financial assets	408.936.722	5.765.607	17.760.963	18.860.431	25.388.981	68.965.415	272.195.325
Receivables from main operations	613.781.608	16.394.788	587.250.449	5.193.305	4.943.066	-	-
Other receivables from related parties	138.611	-	138.611	-	-	-	-
Other receivables and current assets	13.454.685	7.917	2.688.412	10.753.856	-	4.500	-
<b>Total monetary assets</b>	<b>1.878.041.029</b>	<b>234.634.691</b>	<b>1.234.939.797</b>	<b>34.807.592</b>	<b>30.332.047</b>	<b>68.969.915</b>	<b>274.356.987</b>
Other financial liabilities	91.409.645	162.955	86.256.558	510.563	1.061.809	3.417.760	-
Payables from main operations	91.150.645	3.932.957	46.797.229	32.290.497	8.129.962	-	-
Insurance technical reserves <sup>(*)</sup>	221.937.949	-	-	-	-	-	221.937.949
Provisions for taxes and other similar obligations	32.497.679	1.585.049	30.912.630	-	-	-	-
Other payables	2.130.921	1.308.478	822.443	-	-	-	-
Provisions for other risks and expense accruals	5.188.503	202.938	-	3.626.392	893.506	465.667	-
<b>Total monetary liabilities</b>	<b>444.315.342</b>	<b>7.192.377</b>	<b>164.788.860</b>	<b>36.427.452</b>	<b>10.085.277</b>	<b>3.883.427</b>	<b>221.937.949</b>

(\*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

December 31, 2020	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	399.053.530	244.530.129	142.174.633	4.100.479	-	-	8.248.289
Financial assets	50.441.339	1.746.314	1.684.889	1.434.567	9.320.853	19.681.223	16.573.493
Receivables from main operations	414.115.407	58.163.248	351.578.014	2.336.102	2.038.043	-	-
Other receivables and current assets	4.582.655	1.148.006	3.431.649	-	-	3.000	-
<b>Total monetary assets</b>	<b>868.192.931</b>	<b>305.587.697</b>	<b>498.869.185</b>	<b>7.871.148</b>	<b>11.358.896</b>	<b>19.684.223</b>	<b>24.821.782</b>
Other financial liabilities	5.381.376	111.417	230.461	349.581	725.108	3.964.809	-
Payables from main operations	19.480.471	2.146.592	14.436.341	677.794	2.219.744	-	-
Insurance technical reserves <sup>(*)</sup>	109.362.434	-	-	-	-	-	109.362.434
Provisions for taxes and other similar obligations	1.021.463	973.876	47.587	-	-	-	-
Other payables	1.196.916	946.916	250.000	-	-	-	-
Provisions for other risks and expense accruals	976.087	501.020	162.107	-	-	-	312.960
<b>Total monetary liabilities</b>	<b>137.418.747</b>	<b>4.679.821</b>	<b>15.126.496</b>	<b>1.027.375</b>	<b>2.944.852</b>	<b>3.964.809</b>	<b>109.675.394</b>

(\*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Market risk (continued)

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.

The Company’s exposure to foreign currency risk is as follows.

December 31, 2021	US Dollar	Euro	Other currencies	Total
Receivables from main operations	18.008.405	10.069.076	55.197	28.132.678
Cash and cash equivalents	477.536.850	10.288.735	1.276.025	489.101.610
<b>Total foreign currency assets</b>	<b>495.545.255</b>	<b>20.357.811</b>	<b>1.331.222</b>	<b>517.234.288</b>
Payables from main operations	-	32.290.513	-	32.290.513
Insurance technical reserves (*)	16.041.841	38.070.509	-	54.112.350
Financial liabilities	276.198.405	-	-	276.198.405
<b>Total foreign currency liabilities</b>	<b>292.240.246</b>	<b>70.361.022</b>	<b>-</b>	<b>362.601.268</b>
<b>Net financial position</b>	<b>203.305.009</b>	<b>(50.003.211)</b>	<b>1.331.222</b>	<b>154.633.020</b>

December 31, 2020	US Dollar	Euro	Other currencies	Total
Receivables from main operations	11.492.017	4.091.997	3.289	15.587.303
Cash and cash equivalents	6.092.565	1.977.686	127.281	8.197.532
<b>Total foreign currency assets</b>	<b>17.584.582</b>	<b>6.069.683</b>	<b>130.570</b>	<b>23.784.835</b>
Payables from main operations	-	11.298.426	-	11.298.426
Insurance technical reserves (*)	-	-	-	-
<b>Total foreign currency liabilities</b>	<b>-</b>	<b>11.298.426</b>	<b>-</b>	<b>11.298.426</b>
<b>Net financial position</b>	<b>17.584.582</b>	<b>(5.228.743)</b>	<b>130.570</b>	<b>12.486.409</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 Republic of Turkey’s spot selling rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical provisions are valued at the CBRT’s selling rate of December 31, 2021, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, assets are valued at the CBRT buying rates and liabilities are valued at the CBRT selling rate as of December 31, 2021 and the resulting exchange rate differences are recorded as foreign exchange profit and loss.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Market risk (continued)

###### Exposure to foreign currency risk

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2021 and 2020 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2021	13,3290	15,0867	13,3530	15,1139	8,8541	10,4381
December 31, 2020	7,3405	9,0079	7,3537	9,0241	7,0034	8,0140

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2021 and 2020 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.

	December 31,2021		December 31,2020	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	(20.330.501)	(20.330.501)	(1.758.458)	(1.758.458)
Euro	5.000.321	5.000.321	522.874	522.874
Other	(133.122)	(133.122)	(13.057)	(13.057)
<b>Total, net</b>	<b>(15.463.302)</b>	<b>(15.463.302)</b>	<b>(1.248.641)</b>	<b>(1.248.641)</b>

(\*) As of December 31, 2021, equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

###### Exposure to interest rate risk

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

As at reporting date, the variable interest income and interest-bearing financial assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
<b>Financial assets / (liabilities) with fixed interest rates:</b>		
Cash at banks (Note 14)	839.567.741	390.805.241
Available for sale financial assets – Government bonds – TL (Note 11)	51.552.521	7.315.760
Available for sale financial assets – Private sector borrowing bonds – TL (Note 11)	24.310.310	6.928.930
Available for sale financial assets – Private sector bonds – TL (Note 11)	17.016.108	1.909.773
<b>Financial assets / (liabilities) with variable interest rate:</b>		
Available for sale financial assets – Private sector bonds – TL (Note 11)	43.862.458	17.212.762
Available for sale financial assets – Private sector borrowing bonds – TL (Note 11)	-	500.621

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Unconsolidated Financial Statements**

**As of December 31, 2021**

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

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

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

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

###### *Fair value information*

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Company has classified its financial assets as available for sale, held for trading or held to maturity. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying unconsolidated financial statements.

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

###### *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.

In accordance with *IFRS 13 - Measurement of Fair Value* standard effective from January 1, 2013, all assets measured at fair value are classified and presented in an order that reflects the importance of the data used in determining their fair value.



## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

###### Market risk (continued)

Classification relevant to fair value information (continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	193.698.578	-	-	193.698.578
Held for trading financial assets (Note 11)	110.740.650	-	-	110.740.650
<b>Total</b>	<b>304.439.228</b>	<b>-</b>	<b>-</b>	<b>304.439.228</b>

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	45.943.846	-	-	45.943.846
Held for trading financial assets (Note 11)	-	-	-	-
<b>Total</b>	<b>45.943.846</b>	<b>-</b>	<b>-</b>	<b>45.943.846</b>

###### Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on income as a result of 10% decrease in the fair value of equity share instruments available for sale financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity share indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	(5.695.718)	(5.695.718)	(1.207.600)	(1.207.600)
<b>Total, net</b>	<b>(5.695.718)</b>	<b>(5.695.718)</b>	<b>(1.207.600)</b>	<b>(1.207.600)</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

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

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

	January 1- December 31, 2021	January 1 – December 31, 2020
<b>Gains and losses recognized in the statement of income, net:</b>		
Interest income from bank deposits	109.598.959	16.873.105
Income from debt securities classified as available for sale financial assets	18.173.574	3.487.205
Income from equity shares classified as available for sale financial assets	20.036.798	29.387.963
Income from investment funds classified as available for sale financial assets	29.503	210.840
Income from investment funds classified as trading financial assets	10.740.650	-
Income from derivative financial instruments	1.378.101	10.561.553
Foreign exchange gains	258.685.114	5.786.724
<b>Investment income</b>	<b>418.642.699</b>	<b>66.307.390</b>
Foreign exchange losses	(59.829.674)	(4.013.907)
Value decrease of securities	(1.051.072)	-
Loss from disposal of financial assets	(5.436.420)	(21.086.781)
Loss from derivative financial instruments	(178.990.850)	(12.276.843)
Investment management expenses (including interest)	(557.803)	(451.968)
Other investment expenses	(5.194)	(11.753)
<b>Investment expenses</b>	<b>(245.871.013)</b>	<b>(37.841.252)</b>
<b>Investment income, net</b>	<b>172.771.686</b>	<b>28.466.138</b>
<b>Gains and losses recognized in the statement of equity, net:</b>		
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Fair value changes in available for sale financial assets (Note 15)	(10.378.818)	(504.811)
<b>Total, net</b>	<b>(10.378.818)</b>	<b>(504.811)</b>

###### Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury 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 Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Company measured its minimum capital requirement as TL 353.526.281 (December 31, 2020: TL 179.423.250). As of December 31, 2021, the capital amount of the Company calculated according to the Communiqué is TL 469.348.700 (December 31, 2020: TL 289.549.465) more than the minimum capital requirement amounts.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 5 Segment Information

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.

As of December 31, 2021 and 2020, 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. 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 December 31, 2021 is presented below:

	January 1, 2021	Additions	Disposals	December 31, 2021
<b>Cost:</b>				
Machinery and equipment	2.440.124	358.667	(339.940)	2.458.851
Furniture and fixtures	914.751	128.127	(219.104)	823.774
Other tangible assets (including leasehold improvements)	2.274.481	251.661	(657.861)	1.868.281
Operating leases (Buildings)	4.765.663	1.464.444	-	6.230.107
Operating leases (Vehicles)	1.600.378	182.755	-	1.783.133
	<b>11.995.397</b>	<b>2.385.654</b>	<b>(1.216.905)</b>	<b>13.164.146</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(435.648)	(610.692)	43.296	(1.003.044)
Furniture and fixtures	(115.220)	(130.733)	16.936	(229.017)
Other tangible assets (including leasehold improvements)	(404.900)	(388.612)	56.681	(736.831)
Operating leases (Buildings)	(923.266)	(1.142.857)	-	(2.066.123)
Operating leases (Vehicles)	(286.677)	(563.919)	-	(850.596)
	<b>(2.165.711)</b>	<b>(2.836.813)</b>	<b>116.913</b>	<b>(4.885.611)</b>
<b>Carrying amounts</b>	<b>9.829.686</b>			<b>8.278.535</b>

Movement in tangible assets in the period from January 1 to December 31, 2020 is presented below:

	January 1, 2020	Additions	Disposals	December 31, 2020
<b>Cost:</b>				
Machinery and equipment	323.063	2.167.137	(50.076)	2.440.124
Furniture and fixtures	315.797	598.954	-	914.751
Land vehicles	692.946	-	(692.946)	-
Other tangible assets (including leasehold improvements)	898.149	1.376.332	-	2.274.481
Operating leases (Buildings)	2.300.451	2.465.212	-	4.765.663
Operating leases (Vehicles)	-	1.600.378	-	1.600.378
	<b>4.530.406</b>	<b>8.208.013</b>	<b>(743.022)</b>	<b>11.995.397</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(16.810)	(428.217)	9.379	(435.648)
Furniture and fixtures	(11.726)	(103.494)	-	(115.220)
Land vehicles	(34.647)	(80.844)	115.491	-
Other tangible assets (including leasehold improvements)	(38.869)	(366.031)	-	(404.900)
Operating leases (Buildings)	(76.682)	(846.584)	-	(923.266)
Operating leases (Vehicles)	-	(286.677)	-	(286.677)
	<b>(178.734)</b>	<b>(2.111.847)</b>	<b>124.870</b>	<b>(2.165.711)</b>
<b>Carrying amounts</b>	<b>4.351.672</b>			<b>9.829.686</b>

There is not any mortgage over tangible assets of the Company as at December 31, 2021 (December 31, 2020: None).

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 7 Investment properties

The Company has not any investment property as at December 31, 2021 (December 31, 2020: None).

#### 8 Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
<b>Costs:</b>					
Rights	6.641.135	1.682.453	-	(182.617)	8.140.971
Advances on intangible fixed assets	-	853.530	-	(362.390)	491.140
	<b>6.641.135</b>	<b>2.535.983</b>	<b>-</b>	<b>(545.007)</b>	<b>8.632.111</b>
<b>Accumulated amortization:</b>					
Intangible assets	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
	<b>(1.061.426)</b>	<b>(1.788.858)</b>	<b>-</b>	<b>31.558</b>	<b>(2.818.726)</b>
<b>Net book value</b>	<b>5.579.709</b>				<b>5.813.385</b>

Movement in intangible assets in the period from January 1 to December 31, 2020 is presented below:

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
<b>Costs:</b>					
Rights	986.035	5.018.914	636.186	-	6.641.135
Advances on intangible fixed assets	636.186	-	(636.186)	-	-
	<b>1.622.221</b>	<b>5.018.914</b>	<b>-</b>	<b>-</b>	<b>6.641.135</b>
<b>Accumulated amortization:</b>					
Intangible assets	(82.488)	(978.938)	-	-	(1.061.426)
	<b>(82.488)</b>	<b>(978.938)</b>	<b>-</b>	<b>-</b>	<b>(1.061.426)</b>
<b>Net book value</b>	<b>1.539.733</b>				<b>5.579.709</b>

#### 9 Investments in associates

	December 31, 2021		December 31, 2020	
	Net book value TL	Participation rate %	Net book value TL	Participation rate %
B3i Services AG	4.497.494	0,89	4.497.494	0,89
<b>Investments in equity shares (Note 4.2)</b>	<b>4.497.494</b>		<b>4.497.494</b>	
Türk Katılım Reasürans A.Ş.	100.000.000	100,00	-	-
<b>Subsidiaries (Note 4.2)</b>	<b>100.000.000</b>		<b>-</b>	
<b>Financial assets (Note 4.2)</b>	<b>104.497.494</b>		<b>4.497.494</b>	

Name	Shareholding rate	Total asset	Total equity	Net profit /(loss) for the period	Whether it has passed independent audit	Period
Türk Katılım Reasürans A.Ş.	100%	104.424.996	103.058.875	3.058.875	Passed	December 31 2021

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

#### 10 Reinsurance asset and liabilities

As of December 31, 2021 and 2020, outstanding reinsurance assets and liabilities of the Company, as reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2021	December 31, 2020
Receivables from reinsurance companies (Note 12)	1.306.279	3.145.730
Unearned premiums reserve, ceded (Note 17)	7.483.033	4.782.266
Unexpired risk reserve, ceded (Note 17)	182.223	5.101
Outstanding claims reserve, ceded (Note 17, 4.2)	8.529.305	2.378.078
Other technical reserves, ceded (Note 17)	10.345.317	2.457.310
<b>Total</b>	<b>27.846.157</b>	<b>12.768.485</b>

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2021	December 31, 2020
Payables to reinsurance companies related to premiums written	1.448.332	3.660.125
Deferred commission income (Note 19)	1.566.297	1.060.181
Cash deposited by reinsurance companies (Note 19)	8.129.962	2.219.744
<b>Total</b>	<b>11.144.591</b>	<b>6.940.050</b>

The gains and losses recognized in the income statement in accordance with the retrocession contracts of the Company are shown in the following table:

	January 1 – December 31, 2021	January 1 – December 31, 2020
Premiums ceded during the period (Note 17)	(119.301.288)	(40.824.755)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(4.782.266)	-
Unearned premiums reserve, ceded at the end of the period (Note 17)	7.483.033	4.782.266
<b>Premiums earned, ceded (Note 17)</b>	<b>(116.600.521)</b>	<b>(36.042.489)</b>
Claims paid, ceded during the period (Note 17)	3.721.612	191.594
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(2.378.078)	-
Outstanding claims reserve, ceded at the end of the period (Note 17)	8.529.305	2.378.078
<b>Claims incurred, ceded (Note 17)</b>	<b>9.872.839</b>	<b>2.569.672</b>
Commission income accrued from reinsurers during the period (Note 32)	5.704.981	2.183.774
Deferred commission income at the beginning of the period (Note 19)	1.060.181	-
Deferred commission income at the end of the period (Note 19)	(1.566.297)	(1.060.181)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>5.198.865</b>	<b>1.123.593</b>
<b>Changes in unexpired risks reserve, ceded (Note 17)</b>	<b>182.223</b>	<b>5.101</b>
<b>Changes in equalization reserve, ceded (Note 17)</b>	<b>10.345.317</b>	<b>2.457.310</b>
<b>Total, net</b>	<b>(91.001.277)</b>	<b>(29.886.813)</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

## 11 Financial assets

As of December 31, 2021 and 2020, the Company's financial assets portfolio are detailed as follows:

	December 31, 2021	December 31, 2020
Available for sale financial assets	193.698.578	45.943.846
Financial assets held for trading	110.740.650	-
<b>Total</b>	<b>304.439.228</b>	<b>45.943.846</b>

As of December 31, 2021 and 2020, the Company's available for sale financial assets are as follows:

	December 31, 2021			Net book value
	Nominal value	Cost	Fair value	
<b>Debt instruments:</b>				
Government bonds – TL	59.761.790	53.006.701	51.552.521	51.552.521
Private sector borrowing bonds – TL	24.650.000	23.926.140	24.310.310	24.310.310
Private sector bonds - TL	59.300.000	58.360.998	60.878.566	60.878.566
<b>Total</b>	<b>135.293.839</b>	<b>136.741.397</b>	<b>136.741.397</b>	
<b>Non-fixed income financial assets:</b>				
Equity shares	11.268.184	67.211.536	56.957.181	56.957.181
<b>Total</b>		<b>67.211.536</b>	<b>56.957.181</b>	<b>56.957.181</b>
<b>Total available for sale financial assets (Note 4.2)</b>		<b>202.505.375</b>	<b>193.698.578</b>	<b>193.698.578</b>
	December 31, 2020			Net book value
	Nominal value	Cost	Fair value	
<b>Debt instruments:</b>				
Government bonds – TL	7.500.000	7.102.098	7.315.760	7.315.760
Private sector borrowing bonds – TL	7.500.000	7.358.195	7.429.551	7.429.551
Private sector bonds - TL	18.780.000	18.627.233	19.122.535	19.122.535
<b>Total</b>		<b>33.087.526</b>	<b>33.867.846</b>	<b>33.867.846</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	3.600.000	12.324.000	12.076.000	12.076.000
<b>Total</b>		<b>12.324.000</b>	<b>12.076.000</b>	<b>12.076.000</b>
<b>Total available for sale financial assets (Note 4.2)</b>		<b>45.411.526</b>	<b>45.943.846</b>	<b>45.943.846</b>

All of the debt securities of the Company shown in the above tables consist of securities traded in stock exchanges.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

#### 11 Financial assets (continued)

As of December 31, 2021, the details of the Company's financial assets held for trading are as follows:  
(December 31, 2020: None).

	December 31, 2021			Recorded value
	Nominal value	Cost value	Fair value	
<b>Other non-fixed income financial assets</b>				
Investment funds	100.000.000	100.000.000	110.740.650	110.740.650
<b>Total trading financial assets (Not 4.2)</b>	<b>100.000.000</b>	<b>110.740.650</b>	<b>110.740.650</b>	<b>110.740.650</b>

As of December 31, 2021, the Company does not have any securities classified as financial assets to be held until maturity (December 31, 2020: None).

The Company does not have any financial assets issued by its affiliates.

There are no securities representing debt issued by the Company during the period or previously issued but redeemed during the period.

Among the financial asset portfolios of the Company, there is no financial asset that is overdue but not impaired yet.

Movements of financial assets during the period are as follows:

	December 31, 2021		
	Available for sale	Held for trading	Total
<b>Balance at the beginning of the period</b>	<b>45.943.846</b>	<b>-</b>	<b>45.943.846</b>
Acquisitions during the period	1.190.385.878	289.111.519	1.479.497.397
Disposals (sale and redemption)	(1.033.292.031)	(189.111.519)	(1.222.403.550)
Change in the fair value of financial assets	(9.339.115)	10.740.650	1.401.535
<b>Balance at the end of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>

	December 31, 2020		
	Available for sale	Held for trading	Total
<b>Balance at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
Acquisitions during the period	2.647.878.483	445.380.427	3.093.258.910
Disposals (sale and redemption)	(2.602.466.956)	(445.380.427)	(3.047.847.383)
Change in the fair value of financial assets	532.319	-	532.319
<b>Balance at the end of the period</b>	<b>45.943.846</b>	<b>-</b>	<b>45.943.846</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 12 Loan and receivables

	December 31, 2021	December 31, 2020
Receivables from main operations (Note 4.2)	613.781.608	414.115.407
Other receivables from third parties (Note 4.2) (*)	9.953.126	1.104.225
Other receivables from related parties (Note 4.2), (Note 45)	138.611	-
Income accruals (Note 4.2) (**)	3.489.142	3.431.649
Prepaid expenses (Note 4.2) (***)	1.469.660	946.989
Other current assets (Note 4.2)	7.917	43.781
Other non-current assets (Note 4.2)	4.500	8.362
<b>Total</b>	<b>628.844.564</b>	<b>419.650.413</b>
Short-term receivables	628.840.064	419.642.051
Long-term receivables	4.500	8.362
<b>Total</b>	<b>628.844.564</b>	<b>419.650.413</b>

(\*) The part amounting to TL 9.951.156 consists of receivables accrued within the scope of the Technical Operations of the Turkish Natural Catastrophe Insurance Pool and the accrued of the costs incurred for the reporting period within the scope of the Technical Operations of the Special Risks Management Center (Note 47).

(\*\*) Consists of replacement premium accruals.

(\*\*) Prepaid expenses consist of personnel health insurance and meal benefits.

As of December 31, 2021 and 2020, receivables from main operations are detailed as follows:

	December 31, 2021	December 31, 2020
Receivables from insurance companies	591.628.444	401.196.236
Receivables from brokers and intermediaries	20.846.885	9.773.441
Receivables from reinsurance companies (Note 10)	1.306.279	3.145.730
<b>Total receivables from insurance operations, net</b>	<b>613.781.608</b>	<b>414.115.407</b>
Cash deposited to insurance and reinsurance companies	-	-
Doubtful receivables from main operations	-	-
Provision for doubtful receivables from main operations	-	-
<b>Receivables from main operations</b>	<b>613.781.608</b>	<b>414.115.407</b>

As of December 31, 2021, the Company does not have any mortgages and collaterals obtained for receivables (December 31, 2020: None).

#### 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, 2020: None).

b) *Provision for premium receivables (due)*: None (December 31, 2020: None).

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

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.



## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

#### 13 Derivative financial instruments

The Company does not have any forward transaction collateral categorised as financial assets held for trade as of December 31, 2021 (December 31, 2020: None). As of the reporting date, the impairment amounting to TL 85.921.272 (December 31, 2020: None) generated from swap and forward contracts that is denominated the foreign currency, was accounted for under the Other financial liabilities.

#### 14 Cash and cash equivalents

As at December 31, 2021 and 2020, cash and cash equivalents are as follows:

	December 31, 2021		December 31, 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	841.729.403	399.053.530	399.053.530	150.508.030
<b>Cash and cash equivalents in the balance sheet</b>	<b>841.729.403</b>	<b>399.053.530</b>	<b>399.053.530</b>	<b>150.508.030</b>
Interest accruals on bank deposits	(8.496.032)	(1.959.753)	(1.959.753)	(2.212.493)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>833.233.371</b>	<b>397.093.777</b>	<b>397.093.777</b>	<b>148.295.537</b>

As at December 31, 2021 and 2020, bank deposits are further analyzed as follows:

	December 31, 2021	December 31, 2020
Foreign currency denominated bank deposits		
- time deposits	487.004.494	-
- demand deposits	2.097.116	8.197.532
Bank deposits in Turkish Lira		
- time deposits	352.563.247	390.805.241
- demand deposits	64.546	50.757
<b>Banks</b>	<b>841.729.403</b>	<b>399.053.530</b>

Interest rates for time deposits to TL applied are 14,42%-22,00% (December 31, 2020: 15,10% -19,00%); for foreign currency deposits are between 0,05%-2,40% (December 31, 2020: None).

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 15 Equity

### Paid in capital

As of December 31, 2021 and 2020, the shareholding structure of the Company is as follows:

Name	December 31, 2021		December 31, 2020	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>
Unpaid capital (-)	-	-	225.000.000	37,50
<b>Unpaid capital (*)</b>	<b>600.000.000</b>	<b>100,00</b>	<b>375.000.000</b>	<b>62,50</b>

(\*) As of December 31, 2021, the entire capital has been paid in cash (December 31, 2020: TL 375.000.000 paid in cash).

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2021.

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

### 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 used.

The movement table for legal reserves is as follows;

	December 31, 2021	December 31, 2020
Legal reserves at the beginning of the period	156.411	-
Transfer from profit	4.114.872	156.411
<b>Legal reserves at the end of the period</b>	<b>4.271.283</b>	<b>156.411</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 15 Equity (continued)

##### Valuation of financial assets

As of December 31, 2021 and 2020, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	December 31, 2021		December 31, 2020	
	Available for sale financial assets	Total	Available for sale financial assets	Total
<b>Revaluation differences at the beginning of the period</b>	<b>(504.811)</b>	<b>(504.811)</b>	-	-
Change in the fair value during the period	(13.703.764)	(13.703.764)	(518.752)	(518.752)
Deferred tax effect	3.324.946	3.324.946	13.941	13.941
<b>Revaluation differences at the end of the period</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>	<b>(504.811)</b>	<b>(504.811)</b>

##### Other Profit Reserves

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Company started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The movement table of other profit reserves as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
<b>Other profit reserves at the beginning of the period</b>	-	-
Actuarial (loss)/gain (Note 23)	(49.216)	-
Deferred tax effect	9.843	-
<b>Other profit reserves at the end of the period</b>	<b>(39.373)</b>	-

#### 16 Other reserves and equity component of discretionary participation

As of December 31, 2021 and 2020, other reserves are explained in detail in Note 15 – Equity above.

As of December 31, 2021 and 2020, the Company does not hold any insurance or investment contracts which contain a discretionary participation feature.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 17 Insurance contract liabilities and reinsurance assets

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

As at December 31, 2021 and 2020, technical reserves of the Company are as follows:

	December 31, 2021	December 31, 2020
Unearned premiums reserve, gross	699.189.160	372.180.314
Unearned premiums reserve, ceded (Note 10)	(7.483.033)	(4.782.266)
<b>Unearned premiums reserve, net</b>	<b>691.706.127</b>	<b>367.398.048</b>
Unexpired risk reserve, gross	5.355.632	62.977
Unexpired risk reserve, ceded (Note 10)	(182.223)	(5.101)
<b>Outstanding claims reserve, net</b>	<b>5.173.409</b>	<b>57.876</b>
Outstanding claims reserve, gross	230.467.254	111.740.512
Outstanding claims reserve, ceded (Note 10)	(8.529.305)	(2.378.078)
<b>Outstanding claims reserve, net</b>	<b>221.937.949</b>	<b>109.362.434</b>
Equalization reserve, gross	42.288.573	11.597.379
Equalization reserve, ceded (Note 10)	(10.345.317)	(2.457.310)
<b>Equalization reserve, net</b>	<b>31.943.256</b>	<b>9.140.069</b>
<b>Total technical provisions, net</b>	<b>950.760.741</b>	<b>485.958.427</b>
Short-term	918.817.485	476.818.358
Mid and long-term	31.943.256	9.140.069
<b>Total technical provisions, net</b>	<b>950.760.741</b>	<b>485.958.427</b>

As of December 31, 2021 and 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums reserve	December 31, 2021		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	372.180.314	(4.782.266)	367.398.048
Written premiums during the period	1.820.194.168	(119.301.288)	1.700.892.880
Earned premiums during the period	(1.493.185.322)	116.600.521	(1.376.584.801)
<b>Unearned premiums reserve at the end of the period</b>	<b>699.189.160</b>	<b>(7.483.033)</b>	<b>691.706.127</b>
Unearned premiums reserve	December 31, 2020		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	-	-	-
Written premiums during the period	1.031.906.523	(40.824.755)	991.081.768
Earned premiums during the period	(659.726.209)	36.042.489	(623.683.720)
<b>Unearned premiums reserve at the end of the period</b>	<b>372.180.314</b>	<b>(4.782.266)</b>	<b>367.398.048</b>

**Türk Reasürans Anonim Şirketi**

**Notes to the Unconsolidated Financial Statements  
As of December 31, 2021**

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

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

<b>Unexpired risk reserve</b>	<b>December 31, 2021</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Unexpired risk reserve at the beginning of the period	62.977	(5.101)	57.876
Change in unexpired risk reserves during the period	5.292.655	(177.122)	5.115.533
<b>Unexpired risk reserve at the end of the period</b>	<b>5.355.632</b>	<b>(182.223)</b>	<b>5.173.409</b>

<b>Unexpired risk reserve</b>	<b>December 31, 2020</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Unexpired risk reserve at the beginning of the period	-	-	-
Change in unexpired risk reserves during the period	62.977	(5.101)	57.876
<b>Unexpired risk reserve at the end of the period</b>	<b>62.977</b>	<b>(5.101)</b>	<b>57.876</b>

<b>Outstanding claims reserve</b>	<b>December 31, 2021</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Outstanding claims reserve at the beginning of the period	111.740.512	(2.378.078)	109.362.434
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	817.829.304	(9.872.839)	807.956.465
Claims paid during the period	(699.102.562)	3.721.612	(695.380.950)
<b>Outstanding claims reserve at the end of the period</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

<b>Outstanding claims reserve</b>	<b>December 31, 2020</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Outstanding claims reserve at the beginning of the period	-	-	-
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	359.841.020	(2.569.672)	357.271.348
Claims paid during the period	(248.100.508)	191.594	(247.908.914)
<b>Outstanding claims reserve at the end of the period</b>	<b>111.740.512</b>	<b>(2.378.078)</b>	<b>109.362.434</b>

<b>Equalization reserve</b>	<b>December 31,2021</b>		
	<b>Gross</b>	<b>Ceded</b>	<b>Net</b>
Equalization reserve at the beginning of the period	11.597.379	(2.457.310)	9.140.069
Equalization reserve during the period	30.691.194	(7.888.007)	22.803.187
<b>Equalization reserve at the end of the period</b>	<b>42.288.573</b>	<b>(10.345.317)</b>	<b>31.943.256</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

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

Equalization reserve	December 31, 2020		
	Gross	Ceded	Net
Equalization reserve at the beginning of the period	-	-	-
Equalization reserve during the period	11.597.379	(2.457.310)	9.140.069
<b>Equalization reserve at the end of the period</b>	<b>11.597.379</b>	<b>(2.457.310)</b>	<b>9.140.069</b>

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

The Company, being a reinsurance Company, has no obligation of providing guarantees.

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

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Company.

#### 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.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

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

**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.

**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 the portion of commissions paid which is belong following periods, to the intermediaries related to premium production under “Deferred acquisition costs”. As at December 31, 2021, deferred acquisition costs are amounting to TL 169.771.022 (December 31, 2020: TL 90.702.285) that consist of short-term deferred commission expenses are amounting to TL 152.668.242 (December 31, 2020: TL 81.016.220) and the part amounting to TL 17.102.780 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2020: TL 9.686.065).

For the periods ended December 31, 2021 and 2020, the movement of deferred commission expenses are presented below:

	December 31, 2021	December 31, 2020
Deferred commission expenses at the beginning of the period	81.016.220	-
Commissions accrued during the period (Note 32)	429.868.592	226.549.553
Commissions expensed during the period (Note 32)	(358.216.570)	(145.533.333)
<b>Deferred commission expenses at the end of the period</b>	<b>152.668.242</b>	<b>81.016.220</b>

#### 18 Investment contract liabilities

None.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 19 Trade and other payables and deferred income

	December 31, 2021	December 31, 2020
Other financial liabilities (Note 20)	91.409.645	5.381.376
Payables from reinsurance operations	83.020.683	17.260.727
Cash deposited by reinsurance companies (Note 19)	8.129.962	2.219.744
Deferred commission income (Note 10)	1.566.297	1.060.181
Taxes and other liabilities and similar obligations	32.497.679	1.021.463
Other payables	2.130.921	1.196.916
<b>Total</b>	<b>218.755.187</b>	<b>28.140.407</b>
Short-term liabilities	215.337.427	24.175.598
Long-term liabilities	3.417.760	3.964.809
<b>Total</b>	<b>218.755.187</b>	<b>28.140.407</b>

As of December 31, 2021, Other payables consist of payments to be made for outsourced benefits and services and guarantees received.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2021	December 31, 2020
Corporate tax liabilities	(73.074.356)	(22.850.691)
Taxes paid during the year	42.161.726	22.803.104
<b>Corporate tax asset/(liability), net</b>	<b>(30.912.630)</b>	<b>(47.587)</b>

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

None.



## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

## 20 Financial liabilities

	December 31, 2021	December 31, 2020
Expense accruals arising from derivative financial instruments (Note 13)	85.921.272	-
Payables from operating leases (Note 34) (*)	5.488.373	5.381.376
Short term	2.070.613	1.416.567
Mid and long term	3.417.760	3.964.809
<b>Total</b>	<b>91.409.645</b>	<b>5.381.376</b>

(\*) As of December 31, 2021 and 2020, the details of financial liabilities are presented in Note 34 – Financial costs.

## 21 Deferred tax

As at December 31, 2021 and 2020, deferred tax assets and liabilities are attributable to the following:

	December 31, 2021		December 31, 2020	
	Tax rate used %	Deferred tax assets / (liabilities)	Tax rate used %	Deferred tax assets / (liabilities)
Equalization reserve	20	2.613.786	20	302.263
Valuation differences in financial assets	23	645.808	20	49.600
Adjustment of IFRS 16	23	84.613	20	45.096
Expense accruals	23	194.222	20	132.625
Provision for unused vacation	20	178.701	20	38.791
Provisions for employee termination benefits	20	93.133	20	23.801
Time deposits rediscount	23	19.212	20	7.397
Unexpired risk reserves	23	1.189.884	20	11.575
Income accrual	23	(802.503)	20	(686.330)
TAS adjustment differences in depreciation	20	(327.150)	20	(274.213)
<b>Deferred tax assets / (liabilities), net</b>		<b>3.889.706</b>		<b>(349.395)</b>

As at December 31, 2021, the Company has not any deductible tax losses (December 31, 2020: None).

Movement of deferred tax assets are given below:

	December 31, 2021	December 31, 2020
<b>Opening balance at January 1</b>	<b>(349.395)</b>	<b>(88.208)</b>
Deferred tax income/ expense (Note 35)	444.316	(275.128)
Deferred tax income/ expense recognised in equity (Note 15)	3.334.789	13.941
Closing of corporate tax provision shown under deferred tax	459.996	-
<b>Deferred tax assets / (liabilities)</b>	<b>3.889.706</b>	<b>(349.395)</b>

## 22 Retirement benefit obligations

None.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 23 Other liabilities and expense accruals

As of December 31, 2021 and 2020, other liabilities and expense accruals are as follows:

	December 31, 2021	December 31, 2020
Substitution outstanding reserves under excess of loss agreements	844.442	162.107
Personnel bonus provision	2.781.949	-
Provision for unused vacation	893.507	193.953
Provision for employee termination benefits	465.667	119.007
Invoice accruals	202.938	501.020
<b>Total</b>	<b>5.188.503</b>	<b>976.087</b>

The movement of the provision for employee termination benefits within the period is as follows:

	December 31, 2021	December 31, 2020
Provision for employee termination benefits beginning of the period	119.007	-
Interest cost (Note 47)	20.231	-
Service cost (Note 47)	277.213	119.007
Payments during the period (Note 47)	-	-
Actuarial loss/(gain) (Note 15)	49.216	-
<b>Provision for employee termination benefits end of the period</b>	<b>465.667</b>	<b>119.007</b>

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2021	December 31, 2020
Provision for unused vacation beginning of the period	193.953	-
Provision made during the period (Note 47)	699.554	193.953
<b>Provision for unused vacation end of the period</b>	<b>893.507</b>	<b>193.953</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2021			January 1 - December 31, 2020		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	1.324.163.662	(31.475.062)	1.292.688.600	847.404.831	(9.098.542)	838.306.289
Fire and Natural Disasters	334.563.611	(66.405.487)	268.158.124	130.538.114	(22.616.558)	107.921.556
Credit	40.745.467	(11.603.611)	29.141.856	17.264.952	(5.436.609)	11.828.343
General Liabilities	36.457.249	(4.319.415)	32.137.834	13.503.480	(2.471.405)	11.032.075
Marine	33.669.608	(1.816.398)	31.853.210	8.090.501	(406.805)	7.683.696
Water Vehicles	17.884.428	(1.824.105)	16.060.323	7.901.696	(406.805)	7.494.891
Accident	15.369.411	(414.823)	14.954.588	2.339.274	(23.685)	2.315.589
Financial Losses	13.303.747	(1.213.837)	12.089.910	4.205.420	(304.181)	3.901.239
Land Vehicles	3.004.365	(222.767)	2.781.598	345.039	(60.165)	284.874
Air Vehicles	396.076	-	396.076	150.546	-	150.546
Land Vehicles Liability	271.015	-	271.015	133.549	-	133.549
Breach of Trust	230.472	-	230.472	1.237	-	1.237
Legal Protection	128.341	(5.783)	122.558	27.884	-	27.884
Air Vehicles Liability	6.716	-	6.716	-	-	-
<b>Total</b>	<b>1.820.194.168</b>	<b>(119.301.288)</b>	<b>1.700.892.880</b>	<b>1.031.906.523</b>	<b>(40.824.755)</b>	<b>991.081.768</b>

#### 25 Fee revenue

None

#### 26 Investment income

Investment income is presented in Note 4.2 – *Financial risk management*.

#### 27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 – *Financial risk management*.

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

Presented in Note 4.2 – *Financial Risk Management*.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 29 Insurance rights and claims

	January 1 – December 31, 2021	January 1 – December 31, 2020
Claims paid, net off reinsurers' share	695.380.950	247.908.914
Changes in unearned premiums reserve, net off reinsurers' share	324.308.079	367.398.048
Changes in unexpired risk reserve, net off reinsurers' share	5.115.533	57.876
Change in outstanding claims reserve, net off reinsurers' share	112.575.515	109.362.434
Change in equalization reserve, net off reinsurers' share	22.803.187	9.140.069
<b>Total</b>	<b>1.160.183.264</b>	<b>733.867.341</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

	January 1 – December 31, 2021	January 1 – December 31, 2020
Commission expenses (Note 17)	358.216.570	145.533.333
Commissions to the intermediaries accrued during the period (Note 17)	429.868.592	226.549.553
Changes in deferred commission expenses (Note 17)	(71.652.022)	(81.016.220)
Employee benefit expenses (Note 33)	32.207.106	15.802.273
Administration expenses	9.195.145	4.995.919
Outsourced benefits and services	4.799.367	2.364.869
Commission income from reinsurers (Note 10)	(5.198.865)	(1.123.593)
Commission income from reinsurers accrued during the period	(5.704.981)	(2.183.774)
Change in deferred commission income	506.116	1.060.181
<b>Total</b>	<b>399.219.323</b>	<b>167.572.801</b>

#### 33 Employee benefit expenses

	January 1 – December 31, 2021	January 1 – December 31, 2020
Wages and salaries	26.398.215	13.260.231
Employer's share in social security premiums	3.484.704	1.574.849
Pension fund benefits	2.324.187	967.193
<b>Total (Note 32)</b>	<b>32.207.106</b>	<b>15.802.273</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

#### 34 Financial costs

As of December 31, 2021, TL 557.803 (December 31, 2020: TL 451.968) interest expense arising from leases that the Company is subject to *IFRS 16 Leasing Transactions* standard is recognised under "Investment Management Expenses - Interest Included" account; and the depreciation expense amounting to TL 1.706.775 is recognised under the "Depreciation and Amortization Expense" accounts (December 31, 2020: TL 1.113.261).

As of December 31, 2021 and 2020, discounted reimbursement plan for operating leases of the Company is as follows:

	December 31, 2021	December 31, 2020
	Operating Leases	Operating Leases
	Reimbursement Plan -TL	Reimbursement Plan -TL
Up to 1 year	2.070.613	1.416.567
1 to 2 years	1.965.302	1.576.235
2 to 3 years	1.452.458	1.406.549
3 to 4 years	-	982.025
<b>Total (*)</b>	<b>5.488.373</b>	<b>5.381.376</b>

(\*) As of reporting date, TL 2.070.613 (December 31, 2020: TL 1.416.567) was short term, TL 3.417.760 (December 31, 2020: TL 3.964.809) was long term.

#### 35 Income taxes

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

	January 1 – December 31 2021	January 1 - December 31, 2020
<b>Corporate tax expense:</b>		
Corporate tax provision	(73.074.356)	(22.850.691)
<b>Deferred taxes:</b>		
Origination and reversal of temporary differences	444.316	(275.128)
<b>Total income tax income / (expense)</b>	<b>(72.630.040)</b>	<b>(23.125.819)</b>

For the periods then ended as of December 31, 2021 and 2020, 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 is as follows:

	December 31, 2021		December 31, 2020	
		Tax rate		Tax rate
Profit before taxes	290.774.490	(%)	105.335.056	(%)
Taxes on income per statutory tax rate	72.693.623	25,00	23.173.712	22,00
Tax-exempt incomes	(5.167.257)	(1,78)	(975.752)	(0,93)
Non-deductible expenses	5.104.405	1,76	950.035	0,90
Donations and charities	(731)	(0,00)	(22.176)	(0,02)
<b>Total tax expense recognized in loss / (profit)</b>	<b>72.630.040</b>	<b>24,98</b>	<b>23.125.819</b>	<b>21,95</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 36 Net foreign exchange gains

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

#### 37 Earnings per share

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

	January 1 – December 31, 2021	January 1 – December 31, 2020
Net profit for the period	218.144.450	82.209.237
Weighted average number of shares	447.123.288	186.270.492
Earnings per share (TL)	0,488	0,441

#### 38 Dividends per share

None.

#### 39 Cash generated from operations

The cash flows from main 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

Due to the Company's activities, it provides protection to sedan companies as reinsurers in non-life insurance branches, and guarantees the insurance risk through reinsurance agreements.

The details of the guarantees that are given by the Company for the operations in non-life branches are presented in *Note 17 - Insurance contract liabilities and reinsurance assets*.

#### 44 Business combinations

None.

#### 45 Related party transactions

Republic of Turkey Ministry of Treasury and Finance which own 100% shares of the Company, and Türk Katılım Reasürans AŞ which is the Company's subsidiaries by 100% of the shares, and B3i Services AG which is the Company's investment of the shares by 0,89%, are defined as related parties at these unconsolidated financial statements.

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements As of December 31, 2021

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

#### 45 Related party transactions (continued)

There are no any transactions with related parties for the period ended December 31, 2021 (December 31, 2020: None).

	December 31, 2021	December 31, 2020
Türk Katılım Reasürans A.Ş. - <i>Other receivables</i>	138.611	-
B3i Services AG – <i>Acquisition of fixed assets</i>	491.140	-
<b>Total</b>	<b>629.751</b>	<b>-</b>

#### 46 Subsequent events

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law” published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least six months, interest, profit share and other incomes are exempted from corporate tax. Company, on February 18, and February 23, 2022 he made a foreign exchange protected deposit with a maturity of 181 days, amounting to TL 213.834.830. The Company benefited TL 14.907.187 tax exemption within the scope of the said regulation. Changes made in tax laws after the reporting date are within the scope of “non-adjusting event after the reporting period” in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Company does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Company operates, no direct impact is expected on Company operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Company’s operations because of the uncertainty about how the crisis will evolve.

#### 47 Other

**Items and amounts classified under the “other” account in unconsolidated 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.

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

None.

**Information on Other technical expenses items in unconsolidated income statement for the period ended December 31, 2021 and 2020**

Other technical expenses in the income statement amounting to TL 34.659.014 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (December 31, 2020: TL 17.439.472).

## Türk Reasürans Anonim Şirketi

### Notes to the Unconsolidated Financial Statements

As of December 31, 2021

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

47

#### Other (continued)

#### Information on Other income items in income statement for the period ended December 31, 2021 and 2020

Other income and profits	January 1- December 31, 2021	January 1- December 31, 2020
Technical operating income (*)	20.161.698	8.369.742
Gain on sale of assets	143.617	350.545
Other income and gain	6.129	15.235
<b>Other income and gain</b>	<b>20.311.444</b>	<b>8.735.522</b>

(\*) The Company is determined as Technical Operator of Turkish Natural Catastrophe Insurance Pool for 5 years applicable as of August 8, 2020 with the Approval, dated October 31, 2019 and numbered 454523, Office of Deputy Minister of Republic of Turkey Ministry of Treasury and Finance as it is stated in the assignment letter, dated November 4, 2019 and numbered 71065509-030.02-E.463394 and referenced as Selection of Technical Operator of Turkish Natural Catastrophe Insurance Pool and notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.

The Company is assigned as Extraordinary Risks Management Centre for 5 years applicable as of May 23, 2020 with respect to assignment letter, dated May 23, 2020 and numbered 71065509-010.99(20) and referenced as on "State Supported Credit Insurance System" notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.

The Company is assigned to conduct works and transactions of Extraordinary Risks Management Centre regarding Mining Workers Personal Accident Insurance and also premium and claims sharing in scope of Communique on Principles and Procedures Regarding Entity Contribution in terms of Compulsory Medical Malpractice numbered 2010/1 in accordance with Insurance Law numbered 5684 with respect to resolution of Insurance and Private Pension Regulation and Supervision Agency dated September 1, 2020 and numbered 18.

#### The details of provisions for the period ended on December 31, 2021 and 2020 are as follows:

Provisions expenses	January 1- December 31, 2021	January 1- December 31, 2020
Provision no longer required	304.001	-
Provision for unused vacation expense (Note 23)	699.554	193.953
Provision for employee termination benefits expense (Note 23)	297.444	119.007
Personnel bonus provision (Note 23)	2.781.949	-
Provision for invoices expense (Note 23)	202.938	501.020
<b>Provisions</b>	<b>4.285.886</b>	<b>813.980</b>

#### Fees paid to an independent auditor or an independent audit firm for services

	January 1- December 31, 2021	January 1- December 31, 2020
Independent audit fee for the reporting period	220.000	140.000
Fees for tax advisory services	40.000	35.000
<b>Total (*)</b>	<b>260.000</b>	<b>175.000</b>

(\*) The fee is excluding VAT.



# **Türk Reasürans Anonim Şirketi**

**Consolidated Financial Statements as  
of December 31, 2021 together with  
the Independent Auditors' Report**

(Convenience Translation of Consolidated Financial Statements and Related  
Disclosures and Notes Originally Issued in Turkish, See Note 2.1.1)



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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **A) Report on the Audit of the Consolidated Financial Statements**

#### **1) Opinion**

We have audited the consolidated financial statements of Türk Reasürans Anonim Şirketi (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and statement of profit distribution for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance, its consolidated cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

#### **2) Basis for Opinion**

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

#### **3) Key Audit Matters**

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



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<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Incurred But Not Reported Outstanding Claims Reserve</b>	
<p>As of December 31, 2021, the Group has insurance liabilities of TL 950.760.741 representing 46% of the Group's total liabilities. The Group has reflected a net provision of TL 221.937.949 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions net amount of TL 10.703.244 which is accounted under the outstanding claims reserves, the Group Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Group's consolidated financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team.</p> <p>These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Group are appropriate.</p> <p>In this context, we have performed the audit procedures related to the recording of the Group's incurred outstanding claims; performed the analytical review, performed detailed testing on the incurred case files which selected randomly; have performed the audit procedures related to the completeness of the data used in the calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Group for each line of businesses both the relevant claim characteristics and the Group's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Group; reviewed the claim analyzes made by the Group's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Group past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

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

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

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

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



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

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

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

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

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

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

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

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

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Fatih Polat, SMMM  
Associate Partner

March 14, 2022  
Istanbul, Turkey

**TÜRK REASÜRANS ANONİM ŞİRKETİ**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**PREPARED AS OF DECEMBER 31, 2021**

We confirm that the consolidated financial statements and related disclosures and notes as of December 31, 2021 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the “Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies” and the financial records of our Group.

Istanbul, March 14, 2022



Selva EREN  
Member of Board of Directors and  
General Manager



Erdal TURGUT  
Assistant General Manager



Hatice Dilek OĞUZ EKER  
Financial Reporting and  
Accounting Manager



Orhun Emre ÇELİK  
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## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Financial Position As of December 31, 2021

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

I- Current Assets	Notes	Audited Current Period December 31, 2021 (*)	Audited Prior Period December 31, 2020
<b>A- Cash and Cash Equivalents</b>		<b>945.932.366</b>	<b>399.053.530</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4.2, 14	945.932.366	399.053.530
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</b>	<b>304.439.228</b>	<b>45.943.846</b>
1- Available-for-Sale Financial Assets	4.2, 11	193.698.578	45.943.846
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4.2, 11	110.740.650	-
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>613.781.608</b>	<b>414.115.407</b>
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4.2, 12	613.781.608	414.115.407
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>-</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>E- Other Receivables</b>		<b>9.953.126</b>	<b>1.104.225</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4.2, 12	9.953.126	1.104.225
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>174.736.259</b>	<b>95.080.923</b>
1- Deferred Acquisition Costs	17	169.771.022	90.702.285
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4.2, 12	3.489.142	3.431.649
4- Other Prepaid Expenses	4.2, 12	1.476.095	946.989
<b>G- Other Current Assets</b>		<b>7.917</b>	<b>43.781</b>
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4.2, 12	7.917	8.540
5- Advances Given to Personnel	4.2	-	35.241
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>2.048.850.504</b>	<b>955.341.712</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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



# Türk Reasürans Anonim Şirketi

## Consolidated Statement of Financial Position As of December 31, 2021

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

II- Non-Current Assets	Notes	Audited Current Period December 31, 2021 (*)	Audited Prior Period December 31, 2020
<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>		<b>4.500</b>	<b>3.000</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2, 12	4.500	3.000
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>4.497.494</b>	<b>4.497.494</b>
1- Investments in Equity Shares	4.2, 9	4.497.494	4.497.494
2- Investments in Associates		-	-
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	<b>6</b>	<b>8.493.003</b>	<b>9.829.686</b>
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's	6	2.458.851	2.440.124
5- Furniture and Fixtures	6	823.774	914.751
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	1.868.281	2.274.481
8- Tangible Assets Acquired Through Finance Leases	6	8.247.205	6.366.041
9- Accumulated Depreciation	6	(4.905.108)	(2.165.711)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	<b>8</b>	<b>5.813.385</b>	<b>5.579.709</b>
1- Rights	8	8.140.971	6.641.135
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(2.818.726)	(1.061.426)
7- Advances Paid for Intangible Assets	8	491.140	-
<b>G-Prepaid Expenses and Income Accruals</b>		-	<b>5.362</b>
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses	4.2, 12	-	5.362
<b>H-Other Non-Current Assets</b>		<b>3.890.836</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	3.890.836	-
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>22.699.218</b>	<b>19.915.251</b>
<b>TOTAL ASSETS</b>		<b>2.071.549.722</b>	<b>975.256.963</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Financial Position

As of December 31, 2021

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

III- Short-Term Liabilities	Notes	Audited Current Period December 31, 2021 (*)	Audited Prior Period December 31, 2020
<b>A- Financial Liabilities</b>		<b>88.059.843</b>	<b>1.416.567</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Leasing Costs		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	20	88.059.843	1.416.567
<b>B- Payables Arising from Main Operations</b>		<b>91.150.645</b>	<b>19.480.471</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4, 2, 19	83.020.683	17.260.727
3- Cash Deposited by Insurance and Reinsurance Companies	4, 2, 10, 19	8.129.962	2.219.744
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>46.346</b>	<b>14.490</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4, 2, 19	46.346	14.490
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4, 2, 19</b>	<b>2.271.285</b>	<b>1.182.426</b>
1- Deposits and Guarantees Received	4, 2, 19	-	250.000
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4, 2, 19	2.271.285	932.426
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>		<b>918.817.485</b>	<b>476.818.358</b>
1- Reserve for Unearned Premiums - Net	17	691.706.127	367.398.048
2- Reserve for Unexpired Risks- Net	17	5.173.409	57.876
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4, 1, 17	221.937.949	109.362.434
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4, 2, 19</b>	<b>33.320.962</b>	<b>1.021.463</b>
1- Taxes and Funds Payable	4, 2	960.228	546.399
2- Social Security Premiums Payable	4, 2	639.840	417.464
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4, 2, 19, 35	74.097.278	22.850.691
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4, 2, 19	(42.388.001)	(22.803.104)
7- Provisions for Other Taxes and Similar Liabilities	4, 2	11.617	10.013
<b>G- Provisions for Other Risks</b>		<b>3.878.394</b>	<b>694.973</b>
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	3.878.394	694.973
<b>H- Deferred Income and Expense Accruals</b>		<b>2.410.739</b>	<b>1.222.288</b>
1- Deferred Commission Income	10, 19	1.566.297	1.060.181
2- Expense Accruals	23	844.442	162.107
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>1.139.955.699</b>	<b>501.851.036</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Financial Position As of December 31, 2021

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

IV- Long-Term Liabilities	Notes	Audited Current Period December 31, 2021 (*)	Audited Prior Period December 31, 2020
<b>A- Financial Liabilities</b>		<b>3.567.319</b>	<b>3.964.809</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	20	3.567.319	3.964.809
<b>B- Payables Arising from Main Operations</b>		<b>-</b>	<b>-</b>
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
<b>C- Due to Related Parties</b>		<b>-</b>	<b>-</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>-</b>	<b>-</b>
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
<b>E-Insurance Technical Provisions</b>		<b>31.943.256</b>	<b>9.140.069</b>
1- Reserve for Unearned Premiums – Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts – Net		-	-
6- Other Technical Provisions – Net	17	31.943.256	9.140.069
<b>F-Other Liabilities and Relevant Accruals</b>		<b>-</b>	<b>-</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>465.667</b>	<b>119.007</b>
1- Provisions for Employment Termination Benefits	23	465.667	119.007
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H-Deferred Income and Expense Accruals</b>		<b>-</b>	<b>-</b>
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		<b>-</b>	<b>349.395</b>
1- Deferred Tax Liabilities	21	-	349.395
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>35.976.242</b>	<b>13.573.280</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Financial Position

As of December 31, 2021

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

V- Shareholders' Equity	Notes	Audited Current Period December 31, 2021 (*)	Audited Prior Period December 31, 2020
<b>A- Paid in Capital</b>	<b>2.13, 15</b>	<b>600.000.000</b>	<b>375.000.000</b>
1- (Nominal) Capital	2.13, 15, 37	600.000.000	600.000.000
2- Unpaid Capital	15	-	(225.000.000)
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>(6.651.719)</b>	<b>(348.400)</b>
1- Legal Reserves	15	4.271.283	156.411
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets	4.2, 15	(10.883.629)	(504.811)
6- Other Profit Reserves	15	(39.373)	-
<b>D- Retained Earnings</b>		<b>81.066.175</b>	<b>2.971.810</b>
1- Retained Earnings		81.066.175	2.971.810
<b>E- Accumulated Losses</b>		<b>-</b>	<b>-</b>
1- Accumulated Losses		-	-
<b>F-Net Profit/(Loss) for the Period</b>		<b>221.203.325</b>	<b>82.209.237</b>
1- Net Profit for the Year		221.203.325	82.209.237
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>895.617.781</b>	<b>459.832.647</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2.071.549.722</b>	<b>975.256.963</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Income

As of December 31, 2021

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

I-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2021 (*)	Audited Prior Period January 1 – December 31, 2020
<b>A- Non-Life Technical Income</b>		<b>1.549.500.255</b>	<b>650.788.446</b>
1- Earned Premiums (Net of Reinsurer Share)		1.371.469.268	623.625.844
1.1- Written Premiums (Net of Reinsurer Share)		1.700.892.880	991.081.768
1.1.1- Written Premiums, gross	17, 24	1.820.194.168	1.031.906.523
1.1.2- Written Premiums, ceded	10, 17, 24	(119.301.288)	(40.824.755)
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)	29	(324.308.079)	(367.398.048)
1.2.1- Reserve for Unearned Premiums, gross	17	(327.008.846)	(372.180.314)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	2.700.767	4.782.266
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)	29	(5.115.533)	(57.876)
1.3.1- Reserve for Unexpired Risks, gross	17	(5.292.655)	(62.977)
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	177.122	5.101
2- Investment Income - Transferred from Non-Technical Section		178.029.943	27.157.042
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		1.044	5.560
<b>B- Non-Life Technical Expense</b>		<b>(1.265.224.639)</b>	<b>(551.423.690)</b>
1- Incurred Losses (Net of Reinsurer Share)		(807.956.465)	(357.271.348)
1.1- Claims Paid (Net of Reinsurer Share)	29	(695.380.950)	(247.908.914)
1.1.1- Claims Paid, gross	17	(699.102.562)	(248.100.508)
1.1.2- Claims Paid, ceded	17	3.721.612	191.594
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(112.575.515)	(109.362.434)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(118.726.742)	(111.740.512)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	6.151.227	2.378.078
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, 29	(22.803.187)	(9.140.069)
4- Operating Expenses	32	(399.805.973)	(167.572.801)
5- Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5.1- Mathematical Provisions, gross		-	-
5.2 - Mathematical Provisions, ceded		-	-
6- Other Technical Expenses (Net of Reinsurer and Less the Amounts Carried Forward)		(34.659.014)	(17.439.472)
6.1- Other Technical Expenses, gross	47	(34.659.014)	(17.439.472)
6.2- Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A – B)</b>		<b>284.275.616</b>	<b>99.364.756</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Income For the Year Ended December 31, 2021

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

I-TECHNICAL SECTION	Notes	Audited	Audited
		Current Period January 1 – December 31, 2021 (*)	Prior Period January 1 – December 31, 2020
<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- Unrealized 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		-	-
<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		-	-
3.1.1- Actuarial Mathematical Provisions		-	-
3.1.2- Dividend Equivalent (Investment Risk Life Policy Holders' Response to Policies)		-	-
3.2- Reinsurance Share for Math		-	-
3.2.1- Reinsurance Share in Actuarial Mathematics Provisions		-	-
3.2.2- Dividend Equivalent (Investment Risk Provision for Policies for Life Policy Holders) (+)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
<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 consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Income For the Year Ended December 31, 2021

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

II-NON-TECHNICAL SECTION	Notes	Audited Current Period January 1 – December 31, 2021 (*)	Audited Prior Period January 1 – December 31, 2020
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>284.275.616</b>	<b>99.364.756</b>
F- Net Technical Income – Life (D-E)		-	-
<b>I - Net Technical Income – Pension Business (G-H)</b>		<b>-</b>	<b>-</b>
<b>J- Total Net Technical Income (C+F+I)</b>		<b>284.275.616</b>	<b>99.364.756</b>
<b>K- Investment Income</b>	<b>4.2</b>	<b>423.337.959</b>	<b>66.307.390</b>
1- Income from Financial Assets	4.2	119.453.290	16.959.249
2- Income from Disposal of Financial Assets	4.2	19.771.804	29.989.039
3- Valuation of Financial Assets	4.2	24.049.650	3.010.825
4- Foreign Exchange Gains	4.2	258.685.114	5.786.724
5- Income from Associates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		-	-
8- Income from Derivative Transactions	4.2	1.378.101	10.561.553
9- Other Investments		-	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>		<b>(428.554.102)</b>	<b>(68.089.079)</b>
1- Investment Management Expenses (including interest)	4.2	(565.781)	(451.968)
2- Diminution in Value of Investments	4.2	(1.051.072)	-
3- Loss from Disposal of Financial Assets	4.2	(5.436.420)	(21.086.781)
4- Investment Income Transferred to Non-Life Technical Section		(178.029.943)	(27.157.042)
5- Loss from Derivative Transactions	4.2	(178.990.850)	(12.276.843)
6- Foreign Exchange Losses	4.2	(59.829.674)	(4.013.907)
7- Depreciation and Amortisation Expenses	6, 8	(4.645.168)	(3.090.785)
8- Other Investment Expenses	4.2	(5.194)	(11.753)
<b>M- Income and Expenses from Other and Extraordinary Operation</b>		<b>16.241.130</b>	<b>7.476.861</b>
1- Provisions	47	(4.285.886)	(813.980)
2- Rediscounts		-	-
3- Specified Insurance Accounts		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	445.446	-
6- Deferred Taxation (Deferred Tax Liabilities)	21, 35	-	(275.128)
7- Other Income	47	20.311.444	8.735.522
8- Other Expenses and Losses		(229.874)	(169.553)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Period</b>		<b>221.203.325</b>	<b>82.209.237</b>
1- Profit for the Period		295.300.603	105.059.928
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(74.097.278)	(22.850.691)
3- Net Profit for the Period		221.203.325	82.209.237
4- Inflation Adjustment Account		-	-

(\*) The consolidation principles that are applied re detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Cash Flow For the Year Ended December 31, 2021

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

CASH FLOW	Notes	Audited Current Period January 1 – December 31, 2021 <sup>(*)</sup>	Audited Prior Period January 1 – December 31, 2020
<b>A. Cash flows from main activities</b>			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		1.895.529.505	1.048.152.499
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(1.131.291.686)	(810.122.246)
6. Cash used in pension business		-	-
<b>7. Cash provided from main activities</b>		<b>764.237.819</b>	<b>238.030.253</b>
8. Interest paid		-	-
9. Income taxes paid	19	(42.435.588)	(22.982.011)
10. Other cash inflows		-	250.000
11. Other cash outflows		(8.928.003)	(980.359)
<b>12. Net cash provided from operating activities</b>		<b>712.874.228</b>	<b>214.317.883</b>
<b>B. Cash flows from investing activities</b>			
1. Disposal of tangible assets		1.757.058	968.697
2. Acquisition of tangible assets	6, 8	(3.274.438)	(9.161.337)
3. Acquisition of financial assets	9, 11	(1.479.497.397)	(3.097.756.403)
4. Disposal of financial assets	11	1.222.403.550	3.047.847.383
5. Interests received		106.400.938	14.913.352
6. Dividends received		1.183.374	136.159
7. Other cash inflows		286.679.983	41.777.325
8. Other cash outflows		(642.081.631)	(189.244.819)
<b>9. Net cash provided by investing activities</b>		<b>(506.428.563)</b>	<b>(190.519.643)</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		225.000.000	225.000.000
6. Other cash outflows		-	-
<b>7. Net cash used in financing activities</b>		<b>225.000.000</b>	<b>225.000.000</b>
<b>D. Impact of currency differences on cash and cash equivalents</b>		<b>107.539.890</b>	<b>-</b>
<b>E. Net increase/(decrease) in cash and cash equivalents</b>		<b>538.985.555</b>	<b>248.798.240</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>397.093.777</b>	<b>148.295.537</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>936.079.332</b>	<b>397.093.777</b>

(\*) The consolidation principles that are applied were detailed in the 2.2 – Consolidation note.

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



**Türk Reasürans Anonim Şirketi**

**Consolidated Statement of Changes in Equity  
For the Year Ended December 31, 2021**

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

Audited Statement of Changes in Equity – December 31, 2020												
EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I- Balance at the end of the previous year – December 31, 2019	2.13.15	150.000.000	-	-	-	-	-	-	-	3.128.221	-	153.128.221
II- Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III- Restated balances (I+II) – January 1, 2020	2.13.15	150.000.000	-	-	-	-	-	-	-	3.128.221	-	153.128.221
A- Capital increase	15	225.000.000	-	-	-	-	-	-	-	-	-	225.000.000
1- In cash		225.000.000	-	-	-	-	-	-	-	-	-	225.000.000
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	4.12.15	-	-	(504.811)	-	-	-	-	-	-	-	(504.811)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	82.209.237	-	82.209.237
I- Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J- Dividends paid	15	-	-	-	-	-	156.411	-	-	(3.128.221)	2.971.810	-
IV- Balance at the end of the period December 31, 2020 (III+A+B+C+D+E+F+G+H+I+J)	15	375.000.000	-	(504.811)	-	-	156.411	-	-	82.209.237	2.971.810	459.832.647

Audited Statement of Changes in Equity December 31, 2021 (*)												
EQUITY CHANGE	Notes	Capital	The business's own stocks	Increase in assets	Equity inflation adjustment differences	Foreign currency exchange differences	Legal reserves	Status reserves	Other reserves and undistributed profits	Net period profit	Profit-losses in past years	Total
I- Balance at the end of the previous year – (December 31, 2020)	2.13. 15	375.000.000	-	(504.811)	-	-	156.411	-	-	82.209.237	2.971.810	459.832.647
II- Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances (January 1, 2021)	2.13. 15	375.000.000	-	(504.811)	-	-	156.411	-	-	82.209.237	2.971.810	459.832.647
A- Capital increase	15	225.000.000	-	-	-	-	-	-	-	-	-	225.000.000
1- In cash		225.000.000	-	-	-	-	-	-	-	-	-	225.000.000
2- From reserves		-	-	-	-	-	-	-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C- Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D- Change in the value of financial assets	4.2. 15	-	-	(10.378.818)	-	-	-	-	-	-	-	(10.378.818)
E- Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses	15	-	-	-	-	-	-	-	(39.373)	-	-	(39.373)
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the year		-	-	-	-	-	-	-	-	221.203.325	-	221.203.325
I- Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J- Dividends paid	15	-	-	-	-	-	4.114.872	-	-	(82.209.237)	78.094.365	-
IV- Balance at the end of the period December 31, 2021 (III+A+B+C+D+E+F+G+H+I+J)	15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	221.203.325	81.066.175	895.617.781

(\*) The consolidation principles that are applied, were detailed in the 2.2 – Consolidation note.

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

## Türk Reasürans Anonim Şirketi

### Consolidated Statement of Profit Distribution For the Year Ended December 31, 2021

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

PROFIT DISTRIBUTION	Notes	Audited Current Period December 31, 2021 (*)(**)	Audited Prior Period December 31, 2020
<b>I. PROFIT DISTRIBUTION</b>			
1.1. CURRENT YEAR PROFIT		295.300.603	105.059.928
1.2. TAX AND FUNDS PAYABLE		(74.097.278)	(22.850.691)
1.2.1. Corporate Income Tax (Income Tax)	35	(74.097.278)	(22.850.691)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Duties		-	-
<b>A NET PROFIT (1.1 – 1.2)</b>		<b>221.203.325</b>	<b>82.209.237</b>
1.3. PREVIOUS PERIOD LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		11.060.166	4.114.872
1.5. STATUTORY FUND (-) (***)	2.23	5.137.663	-
<b>B NET PROFIT DISTRIBUTION [(A)-(1.3 + 1.4 + 1.5)]</b>		<b>205.005.496</b>	<b>78.094.365</b>
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. Holders of shares		-	-
1.6.2. Holders of Preferred shares		-	-
1.6.3. Holders of Redeemed shares		-	-
1.6.4. Holders of Participation Bond		-	-
1.6.5. Holders of Profit and Loss sharing certificate		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.10.1. Holders of Shares		-	-
1.10.2. Holders of Preferred shares		-	-
1.10.3. Holders of Redeemed shares		-	-
1.10.4. Holders of Participation Bond		-	-
1.10.5. Holders of Profit and Loss sharing certificate		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14. OTHER RESERVES		-	78.094.365
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1. DISTRIBUTION OF RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. COMMON SHARES (-)		-	-
2.3.1. Holders of Shares		-	-
2.3.2. Holders of Preferred shares		-	-
2.3.3. Holders of Redeemed shares		-	-
2.3.4. Holders of Participation Bond		-	-
2.3.5. Holders of Profit and Loss sharing certificate		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. HOLDERS OF SHARES (****)		-	0,2083
3.2. HOLDERS OF SHARES (%)		-	20,83
3.3. HOLDERS OF PREFERRED SHARES		-	-
3.4. HOLDERS OF PREFERRED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1. HOLDERS OF SHARES		-	-
4.2. HOLDERS OF SHARES (%)		-	-
4.3. HOLDERS OF PREFERRED SHARES		-	-
4.4. HOLDERS OF PREFERRED SHARES (%)		-	-

(\*) In accordance with Article 408 of the Turkish Commercial Code, the entire authority in determining profit distribution and reserve fund transfers is in the General Assembly and the profit distribution proposal for 2021 has not been filled since the Annual Ordinary General Assembly Meeting has not been held yet as of the date these financial statements were prepared.

(\*\*) The consolidation principles that are applied, were detailed in the 2.2 – Consolidation note.

(\*\*\*) Resources not subject to profit distribution are explained in 2.23 Dividend distribution note.

(\*\*\*\*) The number of shares corresponding to the paid up capital has been taken into account.

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

## **1 General Information**

### **1.1 Name of the Company**

The Company was established by the Republic of Turkey Ministry of Treasury and Finance as of January 18, 2019 under the title of "Türk Reasürans Anonim Şirketi" in accordance with Law No. 5684 and started its activities as of register date which is September 6, 2019. As at December 31, 2021, the shareholder having direct or indirect control over the shares of Türk Reasürans Anonim Şirketi ("the Company") is the Republic of Turkey Ministry of Treasury and Finance.

In order to support the healthy and sustainable development of the participation insurance sector in Turkey, to contribute to Turkey's becoming an important player in this developing market all over the world, and to fulfill the participation reinsurance activities included in its articles of association, the Company has established Türk Katılım Reasürans Anonim Şirketi with fully paid-up capital TL 100.000.000 by 100% share on September 8, 2021.

The Company and its subsidiary, Türk Katılım Reasürans Anonim Şirketi, (collectively referred to as the "Group") are included in the consolidated financial statements as of December 31, 2021.

### **1.2 The Company's address and legal structure and address of its registered country and registered office**

The Company was registered in Turkey in September 6, 2019 and has the status of 'Incorporated Company'. The address of the Company's registered office is "Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul".

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

The subject of the Company's actual activity is to perform all sorts and branches of insurance transactions of the insurance groups in Turkey and foreign countries, to perform proportional and/or non-proportional all kinds of reinsurance, retrocession and alternative risk transfer operations related to these insurances, and to participate in risk sharing and transfers by managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance.

The subject of actual activity of the Türk Katılım Reasürans A.Ş. which is the Company's subsidiary, is to fulfill the abovementioned traditional insurance and reinsurance transactions within the framework of participation principles.

### **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 June 14, 2007 dated and 26552 numbered Official Gazette and the communiqués and other regulations in force issued by Republic of Turkey Ministry of Treasury and Finance based on the Insurance Law.

The Company's objective and its main work issues are as follows as stated in the Company's Articles of Association:

- To take over the portfolios of other reinsurance and insurance companies and pension companies or their agencies at Turkey and abroad, in compliance with the Insurance Law and all other regulations, and transfer them including their own portfolio when necessary;
- Managing pool activities approved by the Republic of Turkey Ministry of Treasury and Finance and participating in risk sharing and transfers;
- To purchase, sale lease and lease out or to obtain through construction of all kinds of movable and immovable goods in order to conduct the operations of the Company to keep them as Company assets;
- To issue all kinds of bonds, redeemed share, profit partnership certificate and other securities in accordance with the provisions of the Turkish Commercial Code and other legislation on the subject;
- In addition to these, to perform other operations which are deemed to be useful and required for the Company and are not prohibited by the law.

The objective and its main occupations of Türk Katılım Reasürans A.Ş., the subsidiary of the Company, are to perform the specified above company activities, to conduct its operations in accordance with the participation principles determined in the relevant legislation, and to provide and get services as religiously permissible.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 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:

	December 31, 2021	December 31, 2020
Top executive	6	5
Executive	13	11
Executive assistant	18	17
Expert / Authorized / Other employees	70	45
<b>Total</b>	<b>105</b>	<b>78</b>

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

For the period that ended on December 31, 2021, TL 1.038.952 to the chairman and members of the board of directors (December 31, 2020: TL 733.177), TL 5.678.487 (December 31, 2020: TL 3.543.915) wages and similar benefits were provided to senior executives.

##### 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 Republic of Turkey Ministry of Treasury and Finance.

In accordance with the above mentioned communiqué, companies may transfer the operating expenses of the technical section to the insurance section through method determined by the Republic of Turkey Ministry of Treasury and Finance or by the companies' own method which approved by Republic of Turkey Ministry of Treasury and Finance. In this framework, the Company directly allocates its costs, which are certainly documented to be made for related branches and for which there is no hesitation regarding the ownership of such costs to respective branches while it allocates its other operating expenses based on their shares within the total gross written premium during a period for each sub-branches.

Investment income from the assets covering the non-life technical provisions is transferred to technical section from non-technical section; other investment is remained in the non-technical section. Income is distributed to the sub-branches in accordance with the percentage calculated by dividing "net cash flow" to the "total net cash flow". Net cash flow is calculated by deducting net claims paid from net written premiums.

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

The accompanying consolidated financial statements consist of the consolidated financial statements of Türk Katılım Reasürans A.Ş. a subsidiary of the Company, according to the full consolidation method. Information about the consolidation principles applied is explained in detail in the Note 2.2 – Consolidation note.

##### 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	: Türk Reasürans Anonim Şirketi
Registered address of the head office	: Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Ak Ofis No:8/1, 34768 Ümraniye, İstanbul
The web page of the Company	: <a href="http://www.turkreasurans.com.tr">www.turkreasurans.com.tr</a>

There has been no change in the information presented above since the previous reporting period.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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#### **1 General Information (continued)**

##### **1.10 Subsequent events to date of balance sheet**

The consolidated financial statements prepared as at December 31, 2021, have been approved by the Company's Board of Directors on March 14, 2022.

Explanations related to date of balance sheet subsequent events are disclosed in Note 46 – *Subsequent events*.

#### **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 Group prepares its consolidated financial statements in accordance with the accounting principles and standards in force as per the regulations of Insurance Law numbered 5684 published in the Official Gazette dated June 14, 2007 and numbered 26522, and other regulations, statements and guidance issued by the Insurance and Private Pension Regulation and Supervision Agency ("IPPRSA") established by the Presidential Decree dated October 18, 2019 and "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" contains terms of Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS"). The insurance legislation before the establishment of IPPRSA had been published by the Republic of Turkey Ministry of Treasury and Finance.

According to numbered 4<sup>th</sup> of related law, 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 related disclosures and notes are determined by notices to be issued by the Republic of Turkey Ministry of Treasury and Finance.

The "Communiqué on Presentation of Financial Statements" published in the Official Gazette numbered 26851 and dated April 18, 2008 and "Communiqué on Presentation of Financial Statements with the New Accounting Codes" numbered 2012/7 and dated May 31, 2012 and published by the Republic of Turkey Ministry of Treasury and Finance determines the comparison of the financial statements with the prior periods and also other companies in terms of the format and content.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority 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, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74,41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

##### **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.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.1 Basis of preparation (continued)**

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

##### **Other accounting policies**

The Company record premiums, commissions and claims accruals based on the notifications sent by the insurance and reinsurance companies after the closing of their balances. Premiums, commissions and claims accruals are recorded in the accompanying financial statements with the three-month delay. Therefore, related consolidated income statement balances consist of amounts for the nine-months period ended January 1 - September 30, 2021 and accordingly related balance sheet balances as of December 31, 2021 do not reflect the actual position. According to the letter dated September 1, 2020 and numbered 97354901-040.03.E.474952 sent by IPPRSA to the Company, it is stated that account statements sent by the ceding companies are subject to possible delays and Republic of Turkey Ministry of Treasury and Finance is considered special situations of the reinsurance companies in their regulations.

Information on other accounting policies is explained above in the section 2.1.1 - *Information about the principles and special accounting policies used in the preparation of the financial statements* and each under its own heading in the following sections of this report.

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

The accompanying consolidated financial statements are presented in TL, which is the Group'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 except financial assets held for trading, available-for-sale financial assets, derivative financial instruments which are measured at their fair values in case of reliable measures are available.

#### **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.

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 is no changes in accounting policies and no significant accounting errors identified.

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

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.2 Consolidation

"Circular Related to the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by Republic of Turkey Ministry of Treasury and Finance in the Official Gazette dated December 31, 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from March 31, 2009.

In this framework, the financial statements of the Company's subsidiary, Turk Katılım Reasürans A.Ş., are included in the consolidated financial statements to be prepared using the full consolidation method in accordance with the provisions of the Circular for Consolidation and TFRS 10 Consolidated Financial Statements.

Within the framework of TAS 27 Consolidated and Separate Financial Statements, TFRS 10 Consolidated Financial Statements, and Circular for Consolidation, consolidated financial statements have been prepared in accordance with the same account chart and by eliminating all related equity, income, expense, and cash flows, as well as intra-Group assets and liabilities.

Since Türk Katılım Reasürans A.Ş. was registered and started its activities on September 8, 2021, the Group's financial statements for the period ending on December 31, 2021 are prepared on a consolidated basis while the financial statements for the previous period include only the Company's financial statements. On the other hand, the financial statements of the Türk Katılım Reasürans A.Ş. for the period between September 8, – December, 31 2021 are included by being consolidated according to the full consolidation method to the detailed consolidated statement of income and statement of cash flow of the Group for the period ended December 31, 2021.

According to the Circular for Consolidation, the Company excludes investments with a capital share of less than 10% that do not have a significant impact on the scope of consolidation, either directly or indirectly, and are accounted for at cost in financial assets.

Information on subsidiaries included to consolidation is as follows:

Name	Shareholder rate	Total assets	Total equity	Current period profit	Whether it has passed independent audit	Period
Türk Katılım Reasürans A.Ş.	100%	104.424.996	103.058.875	3.058.875	Passed	December, 31 2021

### 2.3 Segment reporting

As of December 31, 2021, the Group does not prepare the segment reporting since the Group has been continuing their activities in mainly Turkey in non-life insurance branches that is recording as only one reportable segment in scope of TFRS 8- "Activity Segments" standard and also the Group is not publicly held.

### 2.4 Foreign currency transactions

Transactions are recorded in TL, which is the Group'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.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.5 Tangible assets

Tangible assets are shown by deducting accumulated depreciation from the acquisition cost. Depreciation is allocated based on the useful lives of tangible assets by using the straight-line method. The depreciation periods estimated based on the useful lives of tangible assets are as follows:

Tangible assets	Estimated useful lives (years)	Depreciation rates (%)
Machinery and equipment	3 – 10	33,3 – 10,0
Furniture and fixtures	5 – 10	20,0 – 10,0
Motor vehicles	5	20,0
Other tangible assets (includes leasehold improvements)	5	20,0
Leased tangible assets	3 – 5	33,3 – 20,0

In case of there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and when the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the balance of impairment associates with expense accounts.

As of December 31, 2021, the Group has no any impairment on tangible assets (December 31, 2020: None). Gains and losses on the disposal of tangible assets are determined in reference to their carrying amounts and are taken into account in determining operating profit and losses (Note 6).

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.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

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 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.

### 2.6 Investment property

As at December 31, 2021, the Group has not any investment property (December 31, 2020: None).

### 2.7 Intangible assets

Intangible fixed assets include the acquired information systems, franchise rights and computer software. Intangible fixed assets are recorded at their acquisition cost in accordance with TAS 38 - Accounting Standard for Intangible Fixed Assets and are subjected to depreciation with the straight-line depreciation method over their estimated useful lives after the date of acquisition. In case of impairment, the registered value of intangible fixed assets is brought to their recoverable value. As of December 31, 2021, the Group does not have any intangible fixed assets impaired (December 31, 2020: None) (Note 8).

Expenditures that are under the control of the Group, that can be directly associated with identifiable and unique software products and that will provide economic benefits above their cost for more than one year are considered as intangible assets.

The depreciation periods of intangible fixed assets vary between 3 and 15 years.



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 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.

*Financial assets at fair value through profit or loss* are presented as financial assets held for trading in the accompanying consolidated financial statements and trading securities and derivatives are included in this category. Financial assets at fair value through profit or loss measured at their fair values and gain/loss arising due to changes in the fair values of related financial assets is recorded in profit / loss. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses. Accounting policies of derivatives are detailed in note 2.10 – *Derivative financial instruments*.

*Held to maturity financial assets* are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables. Subsequent to initial recognition, held to maturity financial assets and loans and receivables are measured at amortized cost using effective interest rate method less impairment losses, if any. The Group has no financial assets that are allowed to be classified as held to maturity financial assets.

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

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in “Revaluation of financial assets” under shareholders’ equity. The realized gain or losses through disposal are recognized directly in the statement of income.

The determination of fair values of financial instruments not traded in an active market is determined by using valuation techniques. Observable market prices of the quoted financial instruments which are similar in terms of interest, maturity and other conditions are used in determining the fair value.

The Company has accounted equity shares classified as available-for-sale according to quoted market prices or dealer price quotations for financial instruments traded in active markets or according to cost less impairment losses for financial instruments not traded in active markets.

*Investments in equity shares* are shares and partnership interests, in which the Company has a share less than 10% and which are not participating in the determination of partnership policies and management of other companies directly or indirectly and are acquired for the purpose of investment. Differences between fair value and book value of such securities are recognized under “Revaluation of financial assets” within equities items provided they can be measured reliably with their book values. Market value securities are demonstrated under assets with their market value while others are demonstrated with their net value subsequent to impairment from their book values, if available.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.8 Financial assets (continued)**

*Subsidiaries* are partnership shares in which the Company's share is more than 50% or in which it has the opportunity to manage its activities that significantly affect the returns of the invested partnership. In accordance with the provisions of the Consolidation Circular and IFRS 10 Consolidated Financial Statements subsidiaries are, including in the scope of consolidation in the content of the consolidated financial statements.

*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 are measured at amortized cost by effective interest method less impairment losses, if exist.

Securities are recognized and derecognized at the date of settlement.

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, expired or surrendered.

### **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 Group estimates the amount of impairment. Impairment loss incurs, if and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

Loans and receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

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 Group 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.

Provision and rediscount expenses of the period(s) are detailed in *Note 47*.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.10 Derivative financial instruments

Derivative instruments are treated as held for trading financial assets in compliance with the standard *TAS 39 – Financial Instruments: Recognition and measurement*.

Derivative financial instruments are initially recognized at their fair value.

The receivables and liabilities arising from the derivative transactions are recognized under the off-balance sheet accounts through the contract amounts.

Derivative financial instruments are subsequently remeasured at fair value and positive fair value differences are presented either as "income accruals" and negative fair value differences are presented as "other financial liabilities" in the accompanying financial statements. All unrealized gains and losses on these instruments are included in the statement of income.

The Group does not have any forward transaction collateral categorised as financial assets held for trade as of December 31, 2021. (December 31, 2020: None). As of the reporting date, the impairment amounting to TL 85.921.272 (December 31, 2020: None) generated from swap and forward contracts that is denominated the foreign currency, was accounted for under the Other financial liabilities.

### 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 Group'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 Group or not blocked for any other purpose.

### 2.13 Capital

As at December 31, 2021 and 2020, the share capital and ownership structure of the Company are as follows:

Name	December 31, 2021		December 31, 2020	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital (*)</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>

(\*) As of December 31, 2021, the entire capital has been paid in cash. (December 31, 2020: TL 375.000.000 paid in cash).

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2021.

As of December 31, 2021, there are not any privileges on common shares representing share capital (December 31, 2020: None).

As of December 31, 2021 and 2020, the Company is not subject to registered capital system.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.14 Insurance and investment contracts - classification**

An insurance contract is a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risk except for financial risks. All premiums have been received within the scope 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 Group acts as a reinsurer when writing insurance from an insurance company (cedant) on the basis of reinsurance contracts and cedes insurance business to another retrocessionaire (the retrocedant) on the basis of retrocession contracts.

As at the reporting date, the Group does not have a contract which is classified as an investment contract.

### **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 Group does not have any insurance or investment contracts that contain a DPF (December 31, 2020: None).

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

As of the reporting date, the Group does not have any insurance contracts and investment contracts without discretionary participation feature (December 31, 2020: None).

### **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 Group are measured at their discounted values. A financial liability is derecognized when it is paid.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.18 Taxes

#### Corporate tax

Statutory income is subject to corporate tax at 20% (According to Provisional Article 13 added to the Corporate Tax Law No. 5520 with Law No. 7316 on the "Law on the Collection and Procedure of Public Claims and Amendment of Some Laws" published in the Official Gazette on April 22, 2021- numbered 31462, the tax rate for corporate earnings in 2021 has been increased to 25% and for corporate earnings in 2022 to 23%. The aforementioned provision applies to corporate earnings for the taxation period beginning on January 1, 2021, with declarations due on July 1, 2021.). This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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 Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their corporate tax returns to their tax offices by the end of last day of the fourth month of 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 on 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 consolidated financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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

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

Since, as of July 1, 2021, the corporate tax rate for 2021, 2022 and after 2022 is determined as 25%, 23% and 20% respectively, as of December 31, 2021, 23% tax rates is used for the temporary differences expected to be realized/closed in 2022 in the deferred tax calculation; 20% tax rate is used for temporary differences that are expected to be realized/closed after 2022 (December 31, 2020: Since the corporate tax rate effective as of January 1, 2021 is 20%, tax rate is used %20 for the valid differences that are expected to be realized / closed after 2020).

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.18 Taxes (continued)

#### 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.

### 2.19 Employee benefits

#### Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group 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 at December 31, 2021 is TL 8.284,51 (December 31, 2020: TL 7.117,17).

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about “Benefits Employee Accounting Standard” and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Group started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The Group accounted for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

The major actuarial assumptions used in the calculation of the total liability as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Discount rate	3,95%	2,09%
Expected rate of salary/limit increase	25,00%	18,00%

#### Other benefits

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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

### **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 Group 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 Group. Contingent assets are not recognized in consolidated 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 consolidated 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 consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent assets in the notes to the consolidated financial statements.

### **2.21 Revenue recognition**

#### **Written premiums**

Written premiums represent premiums ceded from insurance and reinsurance companies as a reinsurance group. Premiums ceded to retrocessionaire 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 cedant in treaties whereas facultative accounts are registered upon the receipt of monthly slips.

#### **Claims paid**

Claims paid represent payments of the Group as a reinsurance company when risks ceded 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 insurance and reinsurance companies and brokers related to the taken risk of written premium as a reinsurance company and the commissions received from the reinsurance companies related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses respectively 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.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.21 Revenue recognition (continued)**

#### **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 consolidated financial statements.

#### **Dividends**

Dividend income is recognized when the Group's right to receive payment is ascertained.

### **2.22 Leasing transactions**

Tangible assets acquired through 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 consolidated 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 realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes as following;

- (a) the initial amount of lease liabilities recognised,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) all initial direct costs incurred by the Group

Unless the Group 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.



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 2 Summary of significant accounting policies (continued)

### 2.22 Leasing transactions (continued)

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The right of use which is calculated on leasing agreements is accounted under "Tangible Assets" account.

The interest expense on the lease obligation is accounted under "Investment Management Expense - Including Interest", and the depreciation expense of the usage right asset is accounted under "Depreciation and Amortization Expenses".

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

<b>Assets subject to operational leasing</b>	<b>Contract Period (Year)</b>	<b>Discount Rate - TL (%)</b>
Buildings	3-5 years	11,32-17,61
Vehicles	3 years	11,00-18,30

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.23 Dividend distribution**

Dividend distributions are reflected in the financial statements as a liability in the period in which they are declared as a component of profit distribution in accordance with Turkish Commercial Law, related tax laws, Insurance legislation and the Company's Articles of Association.

Article 7 of Circular No. 2016/22 on Discounting Net Cash Flows Arising from Outstanding Claims Provision No. 2021/30, published on December 30, 2021 "Net cash flows are discounted to cash value at a rate of 14% as of the financial reporting date." As a result of the relevant change; the 14% rate is taken into account in discounting the net cash flows arising from the uncertain compensation provision. According to the 13th article of the same Circular, "The positive difference that may arise within the scope of the change in the discount rate cannot be used in the profit distribution for a year following the year of the change, and cannot be taken into account in the calculation and of the capital adequacy ratio to be and cannot be taken into account for the profit distribution." has been added and accordingly, the positive difference amounting to TL 6.850.217, which emerged in the discounting of uncertain claims as of December 31 2021, has not been subject to consolidated profit distribution.

### **2.24 Insurance technical provisions**

#### ***Unearned premium reserve***

In accordance with the "Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") which was issued in 26606 numbered and August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the unearned premiums reserve 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 current insurance policies. Nonetheless;

- Unearned premium reserve is 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 marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months 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 Group: for proportional reinsurance contracts, on the basis of 1/24 over the ceded premiums for treaty and facultative contracts, for commodity marine policies with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months 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 Group calculates unearned premiums reserve for ceded premium as retrocedant on the same basis.

Unearned premiums reserve 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.

#### ***Unexpired risk reserves***

In accordance with the Communiqué on Technical Reserves, while providing unearned premiums reserve, 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 unearned premiums reserve already provided. In performing this test, it is required to multiply the unearned premiums reserve, net with the expected claim/premium ratio. Expected claim/premium ratio is calculated by dividing incurred losses (outstanding claims reserve, net at the end of the period + claims paid, net – outstanding claims reserve, net at the beginning of the period) to earned premiums (written premiums, net + unearned premiums reserve, net at the beginning of the period – unearned premiums reserve, net at the end of the period).

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.24 Insurance technical provisions (continued)**

#### ***Unexpired risk reserves (continued)***

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 unexpired risk reserve detailed in the above, gross unexpired risk reserve 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 unearned premiums reserve 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.

According to the Circular numbered 2012/15 dated December 10, 2012, reserve for unexpired risks are calculated on main branches.

As a result of new start of the Group according to "Regulation on the technical provisions and assets which are to be invested of Insurance and Reinsurance and Pension Companies" ("Regulation"), unexpired risk reserve is not; it's calculated by the Company actuary until the end of the twenty-fourth month following the commencement of operations 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 6th subclause of 6th article of Regulation, unexpired risk reserve 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 unexpired risk reserve is calculated as ratio which exceeds 95% by multiplying with net amount of unearned premiums reserve, gross unexpired risk reserve is calculated by multiplying with gross amount of unearned premiums reserve.

As a result of the calculation during the reporting period, the Group has TL 5.173.409 unexpired risk reserves (December 31, 2020: TL 57.876).

#### ***Outstanding claims reserve***

The 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 "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 27655 numbered and July 28, 2010 dated Official Gazette, all expenses related to the claim files including calculated or expected expertise, consultant, lawsuit and communication expenses are considered while the calculation of outstanding claims reserve. In these calculations salvage and subrogation income are not considered.

In accordance with the Regulation, the calculation of provisions for incurred but not reported 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, sending these calculation table to the Republic of Turkey Ministry of Treasury and Finance and the addition of the calculated difference to provision for outstanding claims in financial statements are determined by the Republic of Turkey Ministry of Treasury and Finance.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

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

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

### **2.24 Insurance technical provisions (continued)**

#### ***Outstanding claims reserve (continued)***

Current or related reinsurance agreement conditions are considered in calculations of provisions for outstanding claims, ceded.

Except for the life branch, the difference between the outstanding claims reserve that has accrued and determined in amount, and the results of the actuarial chain ladder method whose content and application criteria stated by Republic of Turkey Ministry of Treasury and Finance, is called as incurred but not reported ("IBNR") claims. Actuarial chain ladder method may be differentiated by Republic of Turkey Ministry of Treasury and Finance for reinsurance companies due to their special conditions.

December 5, 2014 dated "Circular regarding Outstanding Claims Reserve (2014/16)" and 2010/12 numbered "Circular regarding actuarial chain ladder method" except its Article 9 and 10 have abolished. According to circular that explains ACML measurement method, insurance and reinsurance companies calculate ACML with six different methods as "Standard Chain, Claim/Premium, Cape Cod, Frequency/Intense, Munich Chain and Bornhuetter-Ferguson".

The Company, as a reinsurance company, selects data, adjustments, applicable methods and development factors by itself over the data obtained from insurance companies on a branch basis via actuarial methods. According to the article 11 clause 5 of "Circular on Actuarial Report for Non-Life Insurance Branch" dated November 6, 2008, selections and results should be assess in detail in actuarial report by the actuary. Actuary of the company, tests the damage development factors for certain methods with the provision software and then makes the appropriate factor selections with actuarial analysis.

As of December 31, 2021, gross and ceded IBNR amount based on sub-branch except Agricultural sub-branches in the General Losses main branch was calculated by deducting incurred loss from final loss dated December 31, 2021 determined through sector loss ratio based on sub-branch due to insufficient data in branches.

However, the IBNR amounts reported by Tarsim (Insurance of Agriculture) as of December 31, 2021 in the Agriculture sub-branches of the General Losses main branch were included in the financial statements.

In the calculation of the ceded IBNR, the retrocession / gross ratio in the incurred loss on the basis of sub-branch is used.

As of December 31, 2021, the Company reflected to consolidated financial statement the gross IBNR amount of TL 9.650.212 (December 31, 2020: TL 26.162.560) and TL 10.703.244 net IBNR calculated according to the method explained above (December 31, 2020: TL 25.902.598).

In the framework of "Circular on Discounting Net Cash Flows Arising from Outstanding Claims Reserves" dated June 10, 2016 and numbered 2016/22 published by the Republic of Ministry of Treasury and Finance and "Circular on Making Amendments on Circular Numbered 2016/22 on Discounting of Net Cash Flows arising from Outstanding Claims" dated September 15, 2017 and numbered 2017/7 of Ministry of Treasury and Finance, discounting of net cash flows arising from outstanding claims reserves calculated and allocated according to insurance legislation has become obligatory in terms of General Liability and Land Vehicles Liability branches and possible in terms of other branches.

In accordance with the Circular No. 2016/22 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions dated December 30, 2021 and numbered 2021/30, the rate taken into account for the discount has been increased from 9% to 14%. Due to the related change, 14% rate has been taken into account in discounting the net cash flows arising from outstanding claims provision.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.24 Insurance technical provisions (continued)**

#### ***Outstanding claims reserve (continued)***

The Company has calculated taking into account the sector cash flow rates in the Table57-AZMM file uploaded on January 28, 2022 to discount of all branches. Accordingly, as of December 31 2021, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of TL 26.958.368 (December 31 2020: TL 8.763.939). If the 9% discount rate that is previous valid rate, was effective, the net discount amount of outstanding claims reserve would have been TL 20.108.151 as of December 31, 2021. The positive difference that is amount of TL 6.850.217 was not subject to the dividend distribution.

#### ***Equalization reserve***

In accordance with the Communiqué on Technical Reserves put into effect starting from November 10, 2021, the companies should provide equalization reserve 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 reserves. Claims payments are deducted from first year's equalization reserves 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. 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 reserves are presented under "Other technical reserves" within long term liabilities in the accompanying consolidated financial statements. As of the reporting date, the Group has recognized equalization reserves amounting to TL 31.943.256 (December 31, 2020: TL 9.140.069).

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.25 Related parties**

Parties are considered related to the Group if:

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

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

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

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

(d) the party is member of the key management personnel of the Group 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 (e)

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, 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

### **2.26 Earning per share**

Earnings per share are determined by dividing the consolidated net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Group. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares.

### **2.27 Subsequent events**

Subsequent events that provide additional information about the Group’s position at the reporting dates (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

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

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. The effects of these standards and interpretations on the Group financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:**

#### **Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16**

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted and must be disclosed.

#### **Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

#### **Relief from discontinuing hedging relationships**

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

**i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows: (continued)**

#### **Separately identifiable risk components**

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

#### **Additional disclosures**

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

#### **Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021**

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

The amendments are not applicable for the the Group and will not have an impact on the financial position or performance of the Group.

#### **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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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



## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1, 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits 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 issued to TAS 16 which are effective for periods beginning on or after January 1, 2022. 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. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1, 2022, to 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). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after January 1, 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

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

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after January 1, 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 POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after January 1, 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

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

### **2.28 The new standards, amendments and interpretations (continued)**

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

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after January 1, 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 Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

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

- TFRS 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.
- TFRS 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.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

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

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

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

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

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the consolidated 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 11 – *Financial assets*
- Note 12 – *Loans and receivables*
- Note 17 – *Insurance liabilities and reinsurance assets*
- Note 21 – *Deferred taxes*
- Note 23 – *Other liabilities and cost provisions*
- Note 34 – *Financial costs*

#### Assessing the impact of the Covid 19 virus outbreak on Group activities

The Covid-19 outbreak has severely affected all areas of life in Turkey as well as all over the world. In addition to the health threat it poses, the outbreak has caused financial fluctuations whose impact is felt on a global scale. In order to reduce the negative effects of the virus epidemic on economies, countries have repeatedly announced economic measures. In our country, many measures have been taken in social life and in the field of economy with the beginning of the virus as of March 2020. In addition to the measures that regulate social life according to the epidemic, support packages for sectors that are likely to be negatively affected by the epidemic by going to interest rate cuts in the field of economy have been explained.

As of December 31, 2021, the pandemic process does not adversely affect the financial performance of our Group for the twelve months. On the other hand, measures are taken to ensure that our personnel can work remotely in order not to disrupt our operational activities, and our practices are shaped in parallel with the developments in the epidemia process. In this process, there has been no remote operational disruption in the fields of operations and information technology.

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements**

**As of December 31, 2021**

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

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## **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 and retrocession risk are 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 "Risk Acceptance Criteria" issued by the approval of the Board of Directors.

The main objective of the "Risk Acceptance Criteria" 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.

Reinsurance risk is measured by quantitative methods and kept under pre-specified limits based on the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" updated and approved annually by the Board of Directors.

Reinsurance risk is monitored regularly according to criteria described in the "Limit over Acceptable Reinsurance Risk and Maximum Custody Share Limit" policy and results are analysed and reported 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.

#### **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.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

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

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

###### Insurance risk condensation

The Company's insurance risk condensation on the basis of branches is summarized in the following table as gross and net (post-reinsurance):

Total claims liability December 31, 2021	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	87.988.659	(1.387.812)	86.600.847
Fire and Natural Disasters	42.065.918	(4.706.233)	37.359.685
General Liabilities	34.402.272	(725.415)	33.676.857
Marine	18.465.538	-	18.465.538
Water Vehicles	17.485.195	-	17.485.195
Land Vehicles	10.972.437	-	10.972.437
Financial Losses	8.073.768	(741.561)	7.332.207
Credit	5.928.358	(968.284)	4.960.074
Accident	4.289.800	-	4.289.800
Land Vehicles Liability	510.228	-	510.228
Breach of Trust	164.572	-	164.572
Air Vehicles	120.231	-	120.231
Legal Protection	278	-	278
<b>Total</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

Total claims liability December 31, 2020	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	61.264.762	(286.233)	60.978.529
Fire and Natural Disasters	25.812.347	(1.597.787)	24.214.560
General Liabilities	7.708.817	(277.527)	7.431.290
Marine	5.122.551	-	5.122.551
Water Vehicles	4.754.799	(43.826)	4.710.973
Land Vehicles	3.833.372	-	3.833.372
Financial Losses	2.266.060	(166.964)	2.099.096
Credit	410.757	(5.741)	405.016
Accident	318.426	-	318.426
Land Vehicles Liability	144.209	-	144.209
Breach of Trust	103.910	-	103.910
Air Vehicles	466	-	466
Legal Protection	36	-	36
<b>Total</b>	<b>111.740.512</b>	<b>(2.378.078)</b>	<b>109.362.434</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

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

###### Insurance risk condensation (continued)

###### Given insurance collateral amounts in respect to branches

	December 31, 2021	December 31, 2020
Fire and Natural Disasters	163.734.084.063	47.632.437.119
General Losses	69.762.785.658	23.913.363.653
Financial Losses	8.314.386.326	2.602.254.868
General Liabilities	3.704.607.688	1.149.000.955
Accident	1.714.026.707	457.028.804
Land Vehicles Liability	803.106.238	337.876.312
Water Vehicles	513.679.766	250.878.302
Land Vehicles	405.538.605	117.962.849
Land Vehicles Marine	318.181.917	48.372.271
Air Vehicles	64.428.113	23.576.258
Credit	51.605.140	25.496.470
Breach of Trust	9.348.379	-
Legal protection	25.563	12.513
<b>Total<sup>(*)</sup></b>	<b>249.395.804.163</b>	<b>76.558.260.374</b>

(\*) Net amount which deducted share of reinsurance.

###### Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

In the current year, there are no material changes in the assumptions of measurement of insurance assets and liabilities.

##### 4.2 Management of insurance 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 Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

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

###### Credit risk

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

- Banks
- Available for sale financial assets
- Held for trading financial assets
- Premium receivables from insurance companies
- Premium receivables from brokers due to reinsurance activity
- Receivables related to commission from retrocessionaire
- Reinsurance shares of insurance liability
- Prepaid expenses
- Other receivables

Credit risk is measured by both quantitative and qualitative methods. The Group assess the financial strengths, financial positions and payment performance of companies described as third party. In addition, the Group consider to credit ratings confirmed by international credit rating agencies related to retrocessionaire.

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.

Net book value of the assets that is exposed to credit risk is shown in the table below.

	December 31, 2021	December 31, 2020
Cash and cash equivalents (Note 14)	945.932.366	399.053.530
Financial assets (Note 11)	251.979.541	38.365.339
Receivables from main operations (Note 12)	613.781.608	414.115.407
Various Other Receivables (Note 12)	9.953.126	1.104.225
Income accruals (Note 12)	3.489.142	3.431.649
Prepaid expenses (Note 12)	1.476.095	952.351
Other current assets (Note 12)	7.917	43.781
Other non-current assets (Note 12)	4.500	8.362
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	8.529.305	2.378.078
<b>Total</b>	<b>1.835.153.600</b>	<b>859.452.722</b>

(\*) Stocks amounting to TL 56.957.181 are not included (December 31, 2020: TL 12.076.000).



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

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

###### Credit risk (continued)

As at December 31, 2021 and 2020, the aging of the receivables from main operations and related provisions are as follows:

	December 31, 2021		December 31, 2020	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	603.762.936	-	407.855.770	-
Past due 0-30 days	4.436.961	-	1.742.989	-
Past due 31 – 60 days	2.022.401	-	1.030.157	-
Past due 61 – 90 days	594.253	-	1.013.028	-
Past due 90+	2.965.057	-	2.473.463	-
<b>Total</b>	<b>613.781.608</b>	<b>-</b>	<b>414.115.407</b>	<b>-</b>

The Group does not have any allowance for impairment losses for receivables from main operations as of December 31, 2021 (December 31, 2020: None).

###### Liquidity risk

Liquidity risk is the risk that the Group 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 Group's cash inflows and outflows in terms of maturity and volume.

The Group'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 Group 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

Action plan is determined by the Board of Directors in the case of having exposure higher than acceptable level of risk and probability.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

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

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

###### Liquidity risk (continued)

###### Management of the liquidity risk

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

Maturity distribution of monetary assets and liabilities:

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	945.932.366	316.669.266	627.101.362	-	-	-	2.161.738
Financial assets	308.936.722	5.765.607	17.760.963	18.860.431	25.388.981	68.965.415	172.195.325
Receivables from main operations	613.781.608	16.394.788	587.250.449	5.193.305	4.943.066	-	-
Other receivables and current assets	13.454.685	7.917	2.688.412	10.753.856	-	4.500	-
<b>Total monetary assets</b>	<b>1.882.105.381</b>	<b>338.837.578</b>	<b>1.234.801.186</b>	<b>34.807.592</b>	<b>30.332.047</b>	<b>68.969.915</b>	<b>174.357.063</b>
Other financial liabilities	91.627.162	168.141	86.267.435	527.205	1.097.062	3.567.319	-
Payables from main operations	91.150.645	3.932.957	46.797.229	32.290.497	8.129.962	-	-
Insurance technical reserves <sup>(*)</sup>	221.937.949	-	-	-	-	-	221.937.949
Provisions for taxes and other similar obligations	33.320.962	1.611.685	31.709.277	-	-	-	-
Other payables	2.317.631	1.308.478	1.009.153	-	-	-	-
Provisions for other risks and expense accruals	5.188.503	202.938	-	3.626.392	893.506	465.667	-
<b>Total monetary liabilities</b>	<b>445.542.852</b>	<b>7.224.199</b>	<b>165.783.094</b>	<b>36.444.094</b>	<b>10.120.530</b>	<b>4.032.986</b>	<b>221.937.949</b>

(\*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

December 31, 2020	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 year and up	Unallocated
Cash and cash equivalents	399.053.530	244.530.129	142.174.633	4.100.479	-	-	8.248.289
Financial assets	50.441.339	1.746.314	1.684.889	1.434.567	9.320.853	19.681.223	16.573.493
Receivables from main operations	414.115.407	58.163.248	351.578.014	2.336.102	2.038.043	-	-
Other receivables and current assets	4.582.655	1.148.006	3.431.649	-	-	3.000	-
<b>Total monetary assets</b>	<b>868.192.931</b>	<b>305.587.697</b>	<b>498.869.185</b>	<b>7.871.148</b>	<b>11.358.896</b>	<b>19.684.223</b>	<b>24.821.782</b>
Other financial liabilities	5.381.376	111.417	230.461	349.581	725.108	3.964.809	-
Payables from main operations	19.480.471	2.146.592	14.436.341	677.794	2.219.744	-	-
Insurance technical reserves <sup>(*)</sup>	109.362.434	-	-	-	-	-	109.362.434
Provisions for taxes and other similar obligations	1.021.463	973.876	47.587	-	-	-	-
Other payables	1.196.916	946.916	250.000	-	-	-	-
Provisions for other risks and expense accruals	976.087	501.020	162.107	-	-	-	312.960
<b>Total monetary liabilities</b>	<b>137.418.747</b>	<b>4.679.821</b>	<b>15.126.496</b>	<b>1.027.375</b>	<b>2.944.852</b>	<b>3.964.809</b>	<b>109.675.394</b>

(\*) Outstanding claims reserve is presented as net of reinsurance share in Insurance technical reserves.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

##### 4.2 Management of insurance 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 Group'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 Group is exposed to foreign currency risk through insurance and reinsurance transactions in foreign currencies.

The Group's exposure to foreign currency risk is as follows.

December 31, 2021	US Dollar	Euro	Other currencies	Total
Receivables from main operations	18.008.405	10.069.076	55.197	28.132.678
Cash and cash equivalents	477.536.850	10.288.735	1.276.025	489.101.610
<b>Total foreign currency assets</b>	<b>495.545.255</b>	<b>20.357.811</b>	<b>1.331.222</b>	<b>517.234.288</b>
Payables from main operations	-	32.290.513	-	32.290.513
Insurance technical reserves (*)	16.041.841	38.070.509	-	54.112.350
Financial liabilities	276.198.405	-	-	276.198.405
<b>Total foreign currency liabilities</b>	<b>292.240.246</b>	<b>70.361.022</b>	<b>-</b>	<b>362.601.268</b>
<b>Net financial position</b>	<b>203.305.009</b>	<b>(50.003.211)</b>	<b>1.331.222</b>	<b>154.633.020</b>
December 31, 2020	US Dollar	Euro	Other currencies	Total
Receivables from main operations	11.492.017	4.091.997	3.289	15.587.303
Cash and cash equivalents	6.092.565	1.977.686	127.281	8.197.532
<b>Total foreign currency assets</b>	<b>17.584.582</b>	<b>6.069.683</b>	<b>130.570</b>	<b>23.784.835</b>
Payables from main operations	-	11.298.426	-	11.298.426
Insurance technical reserves (*)	-	-	-	-
<b>Total foreign currency liabilities</b>	<b>-</b>	<b>11.298.426</b>	<b>-</b>	<b>11.298.426</b>
<b>Net financial position</b>	<b>17.584.582</b>	<b>(5.228.743)</b>	<b>130.570</b>	<b>12.486.409</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 Republic of Turkey's spot selling rates.

In order to evaluate the table above, the TL equivalents of the relevant foreign currency amounts are shown. If no exchange rate is specified, foreign currency technical provisions are valued at the CBRT's selling rate of December 31, 2021, while other foreign currency transactions are accounted at the prevailing exchange rates on the date of the transaction, and as of the end of the reporting period, assets are valued at the CBRT buying rates and liabilities are valued at the CBRT selling rate as of December 31, 2021 and the resulting exchange rate differences are recorded as foreign exchange profit and loss.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

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

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

###### Market risk (continued)

###### Exposure to foreign currency risk

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as of December 31, 2021 and 2020 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
December 31, 2021	13,3290	15,0867	13,3530	15,1139	8,8541	10,4381
December 31, 2020	7,3405	9,0079	7,3537	9,0241	7,0034	8,0140

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended December 31, 2021 and 2020 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.

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity <sup>(*)</sup>	Profit or loss	Equity <sup>(*)</sup>
US Dollar	(20.330.501)	(20.330.501)	(1.758.458)	(1.758.458)
Euro	5.000.321	5.000.321	522.874	522.874
Other	(133.122)	(133.122)	(13.057)	(13.057)
<b>Total, net</b>	<b>(15.463.302)</b>	<b>(15.463.302)</b>	<b>(1.248.641)</b>	<b>(1.248.641)</b>

(\*) As of December 31, 2021, equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

###### Exposure to interest rate risk

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

As at reporting date, the variable interest income and interest-bearing financial assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
<b>Financial assets / (liabilities) with fixed interest rates:</b>		
Cash at banks (Note 14)	943.770.628	390.805.241
Available for sale financial assets – Government bonds – TL (Note 11)	51.552.521	7.315.760
Available for sale financial assets – Private sector borrowing bonds – TL (Note 11)	24.310.310	6.928.930
Available for sale financial assets – Private sector bonds – TL (Note 11)	17.016.108	1.909.773
<b>Financial assets / (liabilities) with variable interest rate:</b>		
Available for sale financial assets – Private sector bonds – TL (Note 11)	43.862.458	17.212.762
Available for sale financial assets – Private sector borrowing bonds – TL (Note 11)	-	500.621

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

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

###### Market risk (continued)

###### Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

The Group has classified its financial assets as available for sale, held for trading or held to maturity. As of the reporting date, available for sale financial assets and financial assets held for trading are measured at their fair values based on their quoted prices or fair value information obtained from brokers in the accompanying consolidated financial statements.

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

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

TFRS 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 Group. 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.

In accordance with *TFRS 13 - Measurement of Fair Value* standard effective from January 1, 2013, all assets measured at fair value are classified and presented in an order that reflects the importance of the data used in determining their fair value.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

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

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

###### Market risk (continued)

Classification relevant to fair value information (continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

	December 31, 2021			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	193.698.578	-	-	193.698.578
Held for trading financial assets (Note 11)	110.740.650	-	-	110.740.650
<b>Total</b>	<b>304.439.228</b>	<b>-</b>	<b>-</b>	<b>304.439.228</b>

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets:</b>				
Available for sale financial assets (Note 11)	45.943.846	-	-	45.943.846
Held for trading financial assets (Note 11)	-	-	-	-
<b>Total</b>	<b>45.943.846</b>	<b>-</b>	<b>-</b>	<b>45.943.846</b>

###### Equity share price risk

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a decline in index.

The effect on income as a result of 10% decrease in the fair value of equity share instruments available for sale financial assets (traded at İstanbul Stock Exchange) due to a reasonably possible change in equity share indices, with all other variables held constant, is as follows (excluding tax effect):

	December 31, 2021		December 31, 2020	
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	(5.695.718)	(5.695.718)	(1.207.600)	(1.207.600)
<b>Total, net</b>	<b>(5.695.718)</b>	<b>(5.695.718)</b>	<b>(1.207.600)</b>	<b>(1.207.600)</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

#### 4 Management of insurance and financial risk (continued) 4.2 Management of insurance risk (continued)

##### Gain and losses from financial assets

	January 1- December 31, 2021	January 1 – December 31, 2020
<b>Gains and losses recognized in the statement of income, net:</b>		
Interest income from bank deposits	114.294.219	16.873.105
Income from debt securities classified as available for sale financial assets	18.173.574	3.487.205
Income from equity shares classified as available for sale financial assets	20.036.798	29.387.963
Income from investment funds classified as available for sale financial assets	29.503	210.840
Income from investment funds classified as trading financial assets	10.740.650	-
Income from derivative financial instruments	1.378.101	10.561.553
Foreign exchange gains	258.685.114	5.786.724
<b>Investment income</b>	<b>423.337.959</b>	<b>66.307.390</b>
Foreign exchange losses	(59.829.674)	(4.013.907)
Value decrease of securities	(1.051.072)	-
Loss from disposal of financial assets	(5.436.420)	(21.086.781)
Loss from derivative financial instruments	(178.990.850)	(12.276.843)
Investment management expenses (including interest)	(565.781)	(451.968)
Other investment expenses	(5.194)	(11.753)
<b>Investment expenses</b>	<b>(245.878.991)</b>	<b>(37.841.252)</b>
<b>Investment income, net</b>	<b>177.458.968</b>	<b>28.466.138</b>
<b>Gains and losses recognized in the statement of equity, net:</b>		
	December 31, 2021	December 31, 2020
Fair value changes in available for sale financial assets (Note 15)	(10.378.818)	(504.811)
<b>Total, net</b>	<b>(10.378.818)</b>	<b>(504.811)</b>

##### Capital management

The Company’s capital management policies include the following:

- To comply with the insurance capital requirements required by Republic of Turkey Ministry of Treasury 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 Republic of Turkey Ministry of Treasury and Finance on August 23, 2015 dated and 29454 numbered; as of the reporting date, the Company measured its minimum capital requirement as TL 353.526.281 (December 31, 2020: TL 179.423.250). As of December 31, 2021, the capital amount of the Company calculated according to the Communiqué is TL 469.348.700 (December 31, 2020: TL 289.549.465) more than the minimum capital requirement amounts.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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## 5 Segment Information

A segment is a distinguishable component of the Group 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.

As of December 31, 2021 and 2020, the Group 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. The main geographical segment the Group operates is in Turkey, so the Group does not disclose geographical segment reporting.

## 6 Tangible Assets

Movement in tangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Disposals	December 31, 2021
<b>Cost:</b>				
Machinery and equipment	2.440.124	358.667	(339.940)	2.458.851
Furniture and fixtures	914.751	128.127	(219.104)	823.774
Other tangible assets (including leasehold improvements)	2.274.481	251.661	(657.861)	1.868.281
Operating leases (Buildings)	4.765.663	1.464.444	-	6.230.107
Operating leases (Vehicles)	1.600.378	416.720	-	2.017.098
	<b>11.995.397</b>	<b>2.619.619</b>	<b>(1.216.905)</b>	<b>13.398.111</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(435.648)	(610.692)	43.296	(1.003.044)
Furniture and fixtures	(115.220)	(130.733)	16.936	(229.017)
Other tangible assets (including leasehold improvements)	(404.900)	(388.612)	56.681	(736.831)
Operating leases (Buildings)	(923.266)	(1.142.857)	-	(2.066.123)
Operating leases (Vehicles)	(286.677)	(583.416)	-	(870.093)
	<b>(2.165.711)</b>	<b>(2.856.310)</b>	<b>116.913</b>	<b>(4.905.108)</b>
<b>Carrying amounts</b>	<b>9.829.686</b>			<b>8.493.003</b>

Movement in tangible assets in the period from January 1 to December 31, 2020 is presented below:

	January 1, 2020	Additions	Disposals	December 31, 2020
<b>Cost:</b>				
Machinery and equipment	323.063	2.167.137	(50.076)	2.440.124
Furniture and fixtures	315.797	598.954	-	914.751
Land vehicles	692.946	-	(692.946)	-
Other tangible assets (including leasehold improvements)	898.149	1.376.332	-	2.274.481
Operating leases (Buildings)	2.300.451	2.465.212	-	4.765.663
Operating leases (Vehicles)	-	1.600.378	-	1.600.378
	<b>4.530.406</b>	<b>8.208.013</b>	<b>(743.022)</b>	<b>11.995.397</b>
<b>Accumulated depreciation:</b>				
Machinery and equipment	(16.810)	(428.217)	9.379	(435.648)
Furniture and fixtures	(11.726)	(103.494)	-	(115.220)
Land vehicles	(34.647)	(80.844)	115.491	-
Other tangible assets (including leasehold improvements)	(38.869)	(366.031)	-	(404.900)
Operating leases (Buildings)	(76.682)	(846.584)	-	(923.266)
Operating leases (Vehicles)	-	(286.677)	-	(286.677)
	<b>(178.734)</b>	<b>(2.111.847)</b>	<b>124.870</b>	<b>(2.165.711)</b>
<b>Carrying amounts</b>	<b>4.351.672</b>			<b>9.829.686</b>

There is not any mortgage over tangible assets of the Group as at December 31, 2021 (December 31, 2020: None).



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 7 Investment properties

The Group has not any investment property as at December 31, 2021 (December 31, 2020: None).

#### 8 Intangible assets

Movement in intangible assets in the period from January 1 to December 31, 2021 is presented below:

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
<b>Costs:</b>					
Rights	6.641.135	1.682.453	-	(182.617)	8.140.971
Advances on intangible fixed assets	-	853.530	-	(362.390)	491.140
	<b>6.641.135</b>	<b>2.535.983</b>	<b>-</b>	<b>(545.007)</b>	<b>8.632.111</b>
<b>Accumulated amortization:</b>					
Intangible assets	(1.061.426)	(1.788.858)	-	31.558	(2.818.726)
	<b>(1.061.426)</b>	<b>(1.788.858)</b>	<b>-</b>	<b>31.558</b>	<b>(2.818.726)</b>
<b>Net book value</b>	<b>5.579.709</b>				<b>5.813.385</b>

Movement in intangible assets in the period from January 1 to December 31, 2020 is presented below:

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
<b>Costs:</b>					
Rights	986.035	5.018.914	636.186	-	6.641.135
Advances on intangible fixed assets	636.186	-	(636.186)	-	-
	<b>1.622.221</b>	<b>5.018.914</b>	<b>-</b>	<b>-</b>	<b>6.641.135</b>
<b>Accumulated amortization:</b>					
Intangible assets	(82.488)	(978.938)	-	-	(1.061.426)
	<b>(82.488)</b>	<b>(978.938)</b>	<b>-</b>	<b>-</b>	<b>(1.061.426)</b>
<b>Net book value</b>	<b>1.539.733</b>				<b>5.579.709</b>

#### 9 Investments in associates

	December 31, 2021		December 31, 2020	
	Net book value - TL	Participation rate %	Net book value - TL	Participation rate %
B3i Services AG	4.497.494	0,89	4.497.494	0,89
<b>Investments in equity shares (Note 4.2)</b>	<b>4.497.494</b>		<b>4.497.494</b>	
<b>Financial assets (Note 4.2)</b>	<b>4.497.494</b>		<b>4.497.494</b>	

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 10 Reinsurance asset and liabilities

As of December 31, 2021 and 2020, outstanding reinsurance assets and liabilities of the Group, as reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	December 31, 2021	December 31, 2020
Receivables from reinsurance companies (Note 12)	1.306.279	3.145.730
Unearned premiums reserve, ceded (Note 17)	7.483.033	4.782.266
Unexpired risk reserve, ceded (Note 17)	182.223	5.101
Outstanding claims reserve, ceded (Note 17, 4.2)	8.529.305	2.378.078
Other technical reserves, ceded (Note 17)	10.345.317	2.457.310
<b>Total</b>	<b>27.846.157</b>	<b>12.768.485</b>

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	December 31, 2021	December 31, 2020
Payables to reinsurance companies related to premiums written	1.448.332	3.660.125
Deferred commission income (Note 19)	1.566.297	1.060.181
Cash deposited by reinsurance companies (Note 19)	8.129.962	2.219.744
<b>Total</b>	<b>11.144.591</b>	<b>6.940.050</b>

The gains and losses recognized in the income statement in accordance with the retrocession contracts of the Group are shown in the following table:

	January 1 – December 31, 2021	January 1 - December 31, 2020
Premiums ceded during the period (Note 17)	(119.301.288)	(40.824.755)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(4.782.266)	-
Unearned premiums reserve, ceded at the end of the period (Note 17)	7.483.033	4.782.266
<b>Premiums earned, ceded (Note 17)</b>	<b>(116.600.521)</b>	<b>(36.042.489)</b>
Claims paid, ceded during the period (Note 17)	3.721.612	191.594
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(2.378.078)	-
Outstanding claims reserve, ceded at the end of the period (Note 17)	8.529.305	2.378.078
<b>Claims incurred, ceded (Note 17)</b>	<b>9.872.839</b>	<b>2.569.672</b>
Commission income accrued from reinsurers during the period (Note 32)	5.704.981	2.183.774
Deferred commission income at the beginning of the period (Note 19)	1.060.181	-
Deferred commission income at the end of the period (Note 19)	(1.566.297)	(1.060.181)
<b>Commission income earned from reinsurers (Note 32)</b>	<b>5.198.865</b>	<b>1.123.593</b>
<b>Changes in unexpired risks reserve, ceded (Note 17)</b>	<b>182.223</b>	<b>5.101</b>
<b>Changes in equalization reserve, ceded (Note 17)</b>	<b>10.345.317</b>	<b>2.457.310</b>
<b>Total, net</b>	<b>(91.001.277)</b>	<b>(29.886.813)</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 11 Financial assets

As of December 31, 2021 and 2020, the Group's financial assets portfolio are detailed as follows:

	December 31, 2021	December 31, 2020
Available for sale financial assets	193.698.578	45.943.846
Financial assets held for trading	110.740.650	-
<b>Total</b>	<b>304.439.228</b>	<b>45.943.846</b>

As of December 31, 2021 and 2020, the Group's available for sale financial assets are as follows:

	December 31, 2021			Net book value
	Nominal value	Cost	Fair value	
<b>Debt instruments:</b>				
Government bonds – TL	59.761.790	53.006.701	51.552.521	51.552.521
Private sector borrowing bonds – TL	24.650.000	23.926.140	24.310.310	24.310.310
Private sector bonds - TL	59.300.000	58.360.998	60.878.566	60.878.566
<b>Total</b>	<b>135.293.839</b>	<b>136.741.397</b>	<b>136.741.397</b>	<b>136.741.397</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	11.268.184	67.211.536	56.957.181	56.957.181
<b>Total</b>	<b>67.211.536</b>	<b>56.957.181</b>	<b>56.957.181</b>	<b>56.957.181</b>
<b>Total available for sale financial assets (Note 4.2)</b>	<b>202.505.375</b>	<b>193.698.578</b>	<b>193.698.578</b>	<b>193.698.578</b>
	December 31, 2020			Net book value
	Nominal value	Cost	Fair value	
<b>Debt instruments:</b>				
Government bonds – TL	7.500.000	7.102.098	7.315.760	7.315.760
Private sector borrowing bonds – TL	7.500.000	7.358.195	7.429.551	7.429.551
Private sector bonds - TL	18.780.000	18.627.233	19.122.535	19.122.535
<b>Total</b>	<b>33.087.526</b>	<b>33.867.846</b>	<b>33.867.846</b>	<b>33.867.846</b>
<b>Non-fixed income financial assets:</b>				
Equity shares	3.600.000	12.324.000	12.076.000	12.076.000
<b>Total</b>	<b>12.324.000</b>	<b>12.076.000</b>	<b>12.076.000</b>	<b>12.076.000</b>
<b>Total available for sale financial assets (Note 4.2)</b>	<b>45.411.526</b>	<b>45.943.846</b>	<b>45.943.846</b>	<b>45.943.846</b>

All of the debt securities of the Group shown in the above tables consist of securities traded in stock exchanges.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 11 Financial assets (continued)

As of December 31, 2021, the details of the Group's financial assets held for trading are as follows:  
(December 31, 2020: None).

	December 31, 2021			Booked value
	Nominal value	Cost value	Fair value	
<b>Other non-fixed income financial assets</b>				
Investment funds	100.000.000	100.000.000	110.740.650	110.740.650
<b>Total trading financial assets (Not 4.2)</b>	<b>100.000.000</b>	<b>100.000.000</b>	<b>110.740.650</b>	<b>110.740.650</b>

As of December 31, 2021, the Group does not have any securities classified as financial assets to be held until maturity (December 31, 2020: None).

The Group does not have any financial assets issued by its affiliates.

There are no securities representing debt issued by the Group during the period or previously issued but redeemed during the period.

Among the financial asset portfolios of the Group, there is no financial asset that is overdue but not impaired yet.

Movements of financial assets during the period are as follows:

	December 31, 2021		
	Available for sale	Held for trading	Total
<b>Balance at the beginning of the period</b>	<b>45.943.846</b>	<b>-</b>	<b>45.943.846</b>
Acquisitions during the period	1.190.385.878	289.111.519	1.479.497.397
Disposals (sale and redemption)	(1.033.292.031)	(189.111.519)	(1.222.403.550)
Change in the fair value of financial assets	(9.339.115)	10.740.650	1.401.535
<b>Balance at the end of the period</b>	<b>193.698.578</b>	<b>110.740.650</b>	<b>304.439.228</b>

	December 31, 2020		
	Available for sale	Held for trading	Total
<b>Balance at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
Acquisitions during the period	2.647.878.483	445.380.427	3.093.258.910
Disposals (sale and redemption)	(2.602.466.956)	(445.380.427)	(3.047.847.383)
Change in the fair value of financial assets	532.319	-	532.319
<b>Balance at the end of the period</b>	<b>45.943.846</b>	<b>-</b>	<b>45.943.846</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 12 Loan and receivables

	December 31, 2021	December 31, 2020
Receivables from main operations (Note 4.2)	613.781.608	414.115.407
Other receivables from third parties (Note 4.2) (*)	9.953.126	1.104.225
Income accruals (Note 4.2) (**)	3.489.142	3.431.649
Prepaid expenses (Note 4.2) (***)	1.476.095	952.351
Other current assets (Note 4.2)	7.917	43.781
Other non-current asset (Note 4.2)	4.500	8.362
<b>Total</b>	<b>628.712.388</b>	<b>419.655.775</b>
Short-term receivables	628.707.888	419.642.051
Long-term receivables	4.500	13.724
<b>Total</b>	<b>628.712.388</b>	<b>419.655.775</b>

(\*) The part amounting to TL 9.951.156 consists of receivables accrued within the scope of the Technical Operations of the Turkish Natural Catastrophe Insurance Pool and the accrued of the costs incurred for the reporting period within the scope of the Technical Operations of the Special Risks Management Center. (Note 47).

(\*\*) Consists of replacement premium accruals.

(\*\*\*) Prepaid expenses consist of personnel health insurance and meal benefits.

As of December 31, 2021 and 2020, receivables from main operations are detailed as follows:

	December 31, 2021	December 31, 2020
Receivables from insurance companies	591.628.444	401.196.236
Receivables from brokers and intermediaries	20.846.885	9.773.441
Receivables from reinsurance companies (Note 10)	1.306.279	3.145.730
<b>Total receivables from insurance operations, net</b>	<b>613.781.608</b>	<b>414.115.407</b>
Cash deposited to insurance and reinsurance companies	-	-
Doubtful receivables from main operations	-	-
Provision for doubtful receivables from main operations	-	-
<b>Receivables from main operations</b>	<b>613.781.608</b>	<b>414.115.407</b>

As of December 31, 2021, the Group does not have any mortgages and collaterals obtained for receivables (December 31, 2020: None).

### 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, 2020: None).

b) *Provision for premium receivables (due)*: None (December 31, 2020: None).

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

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.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 13 Derivative financial instruments

The Group does not have any forward transaction collateral categorised as financial assets held for trade as of December 31, 2021 (December 31, 2020: None). As of the reporting date, the impairment amounting to TL 85.921.272 (December 31, 2020: None) generated from swap and forward contracts that is denominated the foreign currency, was accounted for under the Other financial liabilities.

#### 14 Cash and cash equivalents

As at December 31, 2021 and 2020, cash and cash equivalents are as follows:

	December 31, 2021		December 31, 2020	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	945.932.366	399.053.530	399.053.530	150.508.030
<b>Cash and cash equivalents in the balance sheet</b>	<b>945.932.366</b>	<b>399.053.530</b>	<b>399.053.530</b>	<b>150.508.030</b>
Interest accruals on bank deposits	(9.853.034)	(1.959.753)	(1.959.753)	(2.212.493)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>936.079.332</b>	<b>397.093.777</b>	<b>397.093.777</b>	<b>148.295.537</b>

As at December 31, 2021 and 2020, bank deposits are further analyzed as follows:

	December 31, 2021	December 31, 2020
Foreign currency denominated bank deposits		
- time deposits	487.004.494	-
- demand deposits	2.097.116	8.197.532
Bank deposits in Turkish Lira		
- time deposits	456.766.134	390.805.241
- demand deposits	64.622	50.757
<b>Banks</b>	<b>945.932.366</b>	<b>399.053.530</b>

Interest rates for time deposits to TL applied are 14,42%-22,00% (December 31, 2020: 15,10% -19,00%); for foreign currency deposits are between 0,05%-2,40%(December 31, 2020: None).

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

## 15 Equity

### Paid in capital

As of December 31, 2021 and 2020, the shareholding structure of the Company is as follows:

Name	December 31, 2021		December 31, 2020	
	Shareholding amount (TL)	Shareholding rate (%)	Shareholding amount (TL)	Shareholding rate (%)
Republic of Turkey Ministry of Treasury and Finance	600.000.000	100,00	600.000.000	100,00
<b>Paid in capital</b>	<b>600.000.000</b>	<b>100,00</b>	<b>600.000.000</b>	<b>100,00</b>
Unpaid capital (-)	-	-	225.000.000	37,50
<b>Unpaid capital (*)</b>	<b>600.000.000</b>	<b>100,00</b>	<b>375.000.000</b>	<b>62,50</b>

(\*) As of December 31, 2021, the entire capital has been paid in cash. (December 31, 2020: TL 375.000.000 paid in cash).

The capital of the Company is TL 600.000.000 in total which consists of 600.000.000 shares, each of them is valued as TL 1. TL 600.000.000 corresponding to 600.000.000 shares, which are valued as TL 1 each, is paid in cash by Republic of Turkey Ministry of Treasury and Finance as of December 31, 2021.

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

### 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 used.

The movement table for legal reserves is as follows;

	December 31, 2021	December 31, 2020
Legal reserves at the beginning of the period	156.411	-
Transfer from profit	4.114.872	156.411
<b>Legal reserves at the end of the period</b>	<b>4.271.283</b>	<b>156.411</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 15 Equity (continued)

### Valuation of financial assets

As of December 31, 2021 and 2020, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	December 31, 2021		December 31, 2020	
	Available for sale financial assets	Total	Available for sale financial assets	Total
<b>Revaluation differences at the beginning of the period</b>	<b>(504.811)</b>	<b>(504.811)</b>	-	-
Change in the fair value during the period	(13.703.764)	(13.703.764)	(518.752)	(518.752)
Deferred tax effect	3.324.946	3.324.946	13.941	13.941
<b>Revaluation differences at the end of the period</b>	<b>(10.883.629)</b>	<b>(10.883.629)</b>	<b>(504.811)</b>	<b>(504.811)</b>

### Other profit reserves

In accordance with TAS 19 which published by Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) dated March 12, 2013 and numbered 28585 is about "Benefits Employee Accounting Standard" and defined by beginning from December 31, 2012, net defined benefit liability of the actuarial gains and losses arising on re-measurement should be recognized in other comprehensive income under shareholders' equity and this effect should be applied retrospectively. The Group started to account current actuarial gains and losses under equity (other profit reserves) due to the fact that prior period actuarial gains and losses have remained below the materiality.

The movement table of other profit reserves as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
<b>Other profit reserves at the beginning of the period</b>	-	-
Actuarial (loss)/gain (Note 23)	(49.216)	-
Deferred tax effect	9.843	-
<b>Other profit reserves at the end of the period</b>	<b>(39.373)</b>	-

## 16 Other reserves and equity component of discretionary participation

As of December 31, 2021 and 2020, other reserves are explained in detail in Note 15 – Equity above.

As of December 31, 2021 and 2020, the Group does not hold any insurance or investment contracts which contain a discretionary participation feature.



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 17 Insurance contract liabilities and reinsurance assets

Estimation of the ultimate payment for the outstanding claims is one of the most important accounting assumptions of the Group. Estimation of the insurance contract liabilities contains several ambiguities by nature. The Group 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 at December 31, 2021 and 2020, technical reserves of the Group are as follows:

	December 31, 2021	December 31, 2020
Unearned premiums reserve, gross	699.189.160	372.180.314
Unearned premiums reserve, ceded ( <i>Note 10</i> )	(7.483.033)	(4.782.266)
<b>Unearned premiums reserve, net</b>	<b>691.706.127</b>	<b>367.398.048</b>
Unexpired risk reserve, gross	5.355.632	62.977
Unexpired risk reserve, ceded ( <i>Note 10</i> )	(182.223)	(5.101)
<b>Outstanding claims reserve, net</b>	<b>5.173.409</b>	<b>57.876</b>
Outstanding claims reserve, gross	230.467.254	111.740.512
Outstanding claims reserve, ceded ( <i>Note 10</i> )	(8.529.305)	(2.378.078)
<b>Outstanding claims reserve, net</b>	<b>221.937.949</b>	<b>109.362.434</b>
Equalization reserve, gross	42.288.573	11.597.379
Equalization reserve, ceded ( <i>Note 10</i> )	(10.345.317)	(2.457.310)
<b>Equalization reserve, net</b>	<b>31.943.256</b>	<b>9.140.069</b>
<b>Total technical provisions, net</b>	<b>950.760.741</b>	<b>485.958.427</b>
Short-term	918.817.485	476.818.358
Mid and long-term	31.943.256	9.140.069
<b>Total technical provisions, net</b>	<b>950.760.741</b>	<b>485.958.427</b>

As of December 31, 2021 and 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums reserve	December 31, 2021		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	372.180.314	(4.782.266)	367.398.048
Written premiums during the period	1.820.194.168	(119.301.288)	1.700.892.880
Earned premiums during the period	(1.493.185.322)	116.600.521	(1.376.584.801)
<b>Unearned premiums reserve at the end of the period</b>	<b>699.189.160</b>	<b>(7.483.033)</b>	<b>691.706.127</b>

Unearned premiums reserve	December 31, 2020		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	-	-	-
Written premiums during the period	1.031.906.523	(40.824.755)	991.081.768
Earned premiums during the period	(659.726.209)	36.042.489	(623.683.720)
<b>Unearned premiums reserve at the end of the period</b>	<b>372.180.314</b>	<b>(4.782.266)</b>	<b>367.398.048</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

Unexpired risk reserve	December 31, 2021		
	Gross	Ceded	Net
Unexpired risk reserve at the beginning of the period	62.977	(5.101)	57.876
Change in unexpired risk reserves during the period	5.292.655	(177.122)	5.115.533
<b>Unexpired risk reserve at the end of the period</b>	<b>5.355.632</b>	<b>(182.223)</b>	<b>5.173.409</b>

Unexpired risk reserve	December 31, 2020		
	Gross	Ceded	Net
Unexpired risk reserve at the beginning of the period	-	-	-
Change in unexpired risk reserves during the period	62.977	(5.101)	57.876
<b>Unexpired risk reserve at the end of the period</b>	<b>62.977</b>	<b>(5.101)</b>	<b>57.876</b>

Outstanding claims reserve	December 31, 2021		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	111.740.512	(2.378.078)	109.362.434
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	817.829.304	(9.872.839)	807.956.465
Claims paid during the period	(699.102.562)	3.721.612	(695.380.950)
<b>Outstanding claims reserve at the end of the period</b>	<b>230.467.254</b>	<b>(8.529.305)</b>	<b>221.937.949</b>

Outstanding claims reserve	December 31, 2020		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	-	-	-
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	359.841.020	(2.569.672)	357.271.348
Claims paid during the period	(248.100.508)	191.594	(247.908.914)
<b>Outstanding claims reserve at the end of the period</b>	<b>111.740.512</b>	<b>(2.378.078)</b>	<b>109.362.434</b>

Equalization reserve	December 31, 2021		
	Gross	Ceded	Net
Equalization reserve at the beginning of the period	11.597.379	(2.457.310)	9.140.069
Equalization reserve during the period	30.691.194	(7.888.007)	22.803.187
<b>Equalization reserve at the end of the period</b>	<b>42.288.573</b>	<b>(10.345.317)</b>	<b>31.943.256</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

Equalization reserve	December 31, 2020		Net
	Gross	Ceded	
Equalization reserve at the beginning of the period	-	-	-
Equalization reserve during the period	11.597.379	(2.457.310)	9.140.069
<b>Equalization reserve at the end of the period</b>	<b>11.597.379</b>	<b>(2.457.310)</b>	<b>9.140.069</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 Group, being a reinsurance Company, has no obligation of providing guarantees.

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

Total amount of insurance risk on branch basis for non-life insurance branch is not kept by the Group.

#### 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.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

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

**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.

**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 Group capitalizes the portion of commissions paid which is belong following periods, to the intermediaries related to premium production under "Deferred acquisition costs". As at December 31, 2021, deferred acquisition costs are amounting to TL 169.771.022 (December 31, 2020: TL 90.702.285) that consist of short-term deferred commission expenses are amounting to TL 152.668.242 (December 31, 2020: TL 81.016.220) and the part amounting to TL 17.102.780 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2020: TL 9.686.065).

For the periods ended December 31, 2021 and 2020, the movement of deferred commission expenses are presented below:

	December 31, 2021	December 31, 2020
Deferred commission expenses at the beginning of the period	81.016.220	-
Commissions accrued during the period (Note 32)	429.868.592	226.549.553
Commissions expensed during the period (Note 32)	(358.216.570)	(145.533.333)
<b>Deferred commission expenses at the end of the period</b>	<b>152.668.242</b>	<b>81.016.220</b>

#### 18 Investment contract liabilities

None.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

#### 19 Trade and other payables and deferred income

	December 31, 2021	December 31, 2020
Other financial liabilities (Not 20)	91.627.162	5.381.376
Payables from reinsurance operations	83.020.683	17.260.727
Cash deposited by reinsurance companies (Note 19)	8.129.962	2.219.744
Deferred commission income (Note 10)	1.566.297	1.060.181
Taxes and other liabilities and similar obligations	33.320.962	1.021.463
Other payables	2.317.631	1.196.916
<b>Total</b>	<b>219.982.697</b>	<b>28.140.407</b>
Short-term liabilities	216.415.378	24.175.598
Long-term liabilities	3.567.319	3.964.809
<b>Total</b>	<b>219.982.697</b>	<b>28.140.407</b>

As of December 31, 2021, Other payables consist of payments to be made for outsourced benefits and services and guarantees received.

Corporate tax liabilities and prepaid taxes are disclosed below:

	December 31, 2021	December 31 2020
Corporate tax liabilities	(74.097.278)	(22.850.691)
Taxes paid during the year	42.388.001	22.803.104
<b>Corporate tax asset/(liability), net</b>	<b>(31.709.277)</b>	<b>(47.587)</b>

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

None.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 20 Financial liabilities

	December 31, 2021	December 31, 2020
Expense accruals arising from derivative financial instruments (Note 13)	85.921.272	-
Payables from operating leases (Note 34) (*)	5.705.890	5.381.376
Short term	2.138.571	1.416.567
Mid and long term	3.567.319	3.964.809
<b>Total</b>	<b>91.627.162</b>	<b>5.381.376</b>

(\*) As of December 31, 2021 and 2020, the details of financial liabilities are presented in Note 34 – Financial costs.

## 21 Deferred tax

As at December 31, 2021 and 2020, deferred tax assets and liabilities are attributable to the following:

	December 31, 2021		December 31, 2020	
	Tax rate used %	Deferred tax assets / (liabilities)	Tax rate used %	Deferred tax assets / (liabilities)
Equalization reserve	20	2.613.786	20	302.263
Valuation differences in financial assets	23	645.808	20	49.600
Adjustment of IFRS 16	23	85.315	20	45.096
Expense accruals	23	194.222	20	132.625
Provision for unused vacation	20	178.701	20	38.791
Provisions for employee termination benefits	20	93.133	20	23.801
Time deposits rediscount	23	19.640	20	7.397
Unexpired risk reserves	23	1.189.884	20	11.575
Income accrual	23	(802.503)	20	(686.330)
TAS adjustment differences in depreciation	20	(327.150)	20	(274.213)
<b>Deferred tax assets / (liabilities), net</b>		<b>3.890.836</b>		<b>(349.395)</b>

As at December 31, 2021, the Group has not any deductible tax losses (December 31, 2020: None).

Movement of deferred tax assets are given below:

	December 31, 2021	December 31, 2020
<b>Opening balance at January 1</b>	<b>(349.395)</b>	<b>(88.208)</b>
Deferred tax income/ expense (Note 35)	445.446	(275.128)
Deferred tax income/ expense recognised in equity (Note 15)	3.334.789	13.941
Closing of corporate tax provision shown under deferred tax	459.996	-
<b>Deferred tax assets / (liabilities)</b>	<b>3.890.836</b>	<b>(349.395)</b>

## 22 Retirement benefit obligations

None.

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

## 23 Other liabilities and expense accruals

As of December 31, 2021 and 2020, other liabilities and expense accruals are as follows:

	December 31, 2021	December 31, 2020
Substitution outstanding reserves under excess of loss agreements	844.442	162.107
Personnel bonus provision	2.781.949	-
Provision for unused vacation	893.507	193.953
Provision for employee termination benefits	465.667	119.007
Invoice accruals	202.938	501.020
<b>Total</b>	<b>5.188.503</b>	<b>976.087</b>

The movement of the provision for employee termination benefits within the period is as follows:

	December 31, 2021	December 31, 2020
Provision for employee termination benefits beginning of the period	119.007	-
Interest cost (Note 47)	20.231	-
Service cost (Note 47)	277.213	119.007
Payments during the period (Note 47)	-	-
Actuarial loss/(gain) (Note 15)	49.216	-
<b>Provision for employee termination benefits end of the period</b>	<b>465.667</b>	<b>119.007</b>

The movement of the provision for unused vacation within the period is as follows:

	December 31, 2021	December 31, 2020
Provision for unused vacation beginning of the period	193.953	-
Provision made during the period (Note 47)	699.554	193.953
<b>Provision for unused vacation end of the period</b>	<b>893.507</b>	<b>193.953</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

#### 24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - December 31, 2021			January 1 - December 31, 2020		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	1.324.163.662	(31.475.062)	1.292.688.600	847.404.831	(9.098.542)	838.306.289
Fire and Natural Disasters	334.563.611	(66.405.487)	268.158.124	130.538.114	(22.616.558)	107.921.556
Credit	40.745.467	(11.603.611)	29.141.856	17.264.952	(5.436.609)	11.828.343
General Liabilities	36.457.249	(4.319.415)	32.137.834	13.503.480	(2.471.405)	11.032.075
Marine	33.669.608	(1.816.398)	31.853.210	8.090.501	(406.805)	7.683.696
Water Vehicles	17.884.428	(1.824.105)	16.060.323	7.901.696	(406.805)	7.494.891
Accident	15.369.411	(414.823)	14.954.588	2.339.274	(23.685)	2.315.589
Financial Losses	13.303.747	(1.213.837)	12.089.910	4.205.420	(304.181)	3.901.239
Land Vehicles	3.004.365	(222.767)	2.781.598	345.039	(60.165)	284.874
Air Vehicles	396.076	-	396.076	150.546	-	150.546
Land Vehicles Liability	271.015	-	271.015	133.549	-	133.549
Breach Of Trust	230.472	-	230.472	1.237	-	1.237
Legal Protection	128.341	(5.783)	122.558	27.884	-	27.884
Air Vehicles Liability	6.716	-	6.716	-	-	-
<b>Total</b>	<b>1.820.194.168</b>	<b>(119.301.288)</b>	<b>1.700.892.880</b>	<b>1.031.906.523</b>	<b>(40.824.755)</b>	<b>991.081.768</b>

#### 25 Fee revenue

None

#### 26 Investment income

Investment income is presented in Note 4.2 – *Financial risk management*.

#### 27 Net income accrual on financial assets

Net realized gains on financial assets are presented in Note 4.2 – *Financial risk management*.

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

Presented in Note 4.2 – *Financial Risk Management*.



## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

#### 29 Insurance rights and claims

	January 1 – December 31, 2021	January 1 – December 31, 2020
Claims paid, net off reinsurers' share	695.380.950	247.908.914
Changes in unearned premiums reserve, net off reinsurers' share	324.308.079	367.398.048
Changes in unexpired risk reserve, net off reinsurers' share	5.115.533	57.876
Change in outstanding claims reserve, net off reinsurers' share	112.575.515	109.362.434
Change in equalization reserve, net off reinsurers' share	22.803.187	9.140.069
<b>Total</b>	<b>1.160.183.264</b>	<b>733.867.341</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

	January 1 – December 31, 2021	January 1 – December 31, 2020
Commission expenses (Note 17)	358.216.570	145.533.333
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	<i>429.868.592</i>	<i>226.549.553</i>
<i>Changes in deferred commission expenses (Note 17)</i>	<i>(71.652.022)</i>	<i>(81.016.220)</i>
Employee benefit expenses (Note 33)	32.347.381	15.802.273
Administration expenses	9.496.953	4.995.919
Outsourced benefits and services	4.943.934	2.364.869
Commission income from reinsurers (Note 10)	(5.198.865)	(1.123.593)
<i>Commission income from reinsurers accrued during the period</i>	<i>(5.704.981)</i>	<i>(2.183.774)</i>
<i>Change in deferred commission income</i>	<i>506.116</i>	<i>1.060.181</i>
<b>Total</b>	<b>399.805.973</b>	<b>167.572.801</b>

#### 33 Employee benefit expenses

	January 1 – December 31, 2021	January 1 – December 31, 2020
Wages and salaries	26.519.645	13.260.231
Employer's share in social security premiums	3.499.826	1.574.849
Pension fund benefits	2.327.910	967.193
<b>Total (Note 32)</b>	<b>32.347.381</b>	<b>15.802.273</b>

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements As of December 31, 2021

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

#### 34 Financial costs

As of December 31, 2021, TL 557.803 (December 31, 2020: TL 451.968) interest expense arising from leases that the Group is subject to *IFRS 16 Leasing Transactions* standard is recognised under “Investment Management Expenses - Interest Included” account; and the depreciation expense amounting to TL 1.706.775 is recognised under the “Depreciation and Amortization Expense” accounts (December 31, 2020: TL 1.113.261).

As of December 31, 2021 and 2020, discounted reimbursement plan for operating leases of the Group is as follows:

	December 31, 2021	December 31, 2020
	Operating Leases	Operating Leases
	Reimbursement Plan -TL	Reimbursement Plan -TL
Up to 1 year	2.138.571	1.416.567
1 to 2 years	2.045.459	1.576.235
2 to 3 years	1.521.860	1.406.549
3 to 4 years	-	982.025
<b>Total (*)</b>	<b>5.705.890</b>	<b>5.381.376</b>

(\*) As of reporting date, TL 2.138.571 (December 31, 2020: TL 1.416.567) was short term, TL 3.567.319 (December 31, 2020: TL 3.964.809) was long term.

#### 35 Income taxes

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

	January 1 – December 31, 2021	January 1 - December 31, 2020
<b>Corporate tax expense:</b>		
Corporate tax provision	(74.097.278)	(22.850.691)
<b>Deferred taxes:</b>		
Origination and reversal of temporary differences	445.446	(275.128)
<b>Total income tax income / (expense)</b>	<b>(73.651.832)</b>	<b>(23.125.819)</b>

For the periods then ended as of December 31, 2021 and 2020, 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 Group’s effective income tax rate is as follows:

	December 31, 2021		December 31, 2020	
		Tax rate		Tax rate
Profit before taxes	294.855.157	(%)	105.335.056	(%)
Taxes on income per statutory tax rate	73.713.789	25,00	23.173.712	22,00
Tax-exempt incomes	(5.168.387)	(1,75)	(975.752)	(0,93)
Non-deductible expenses	5.107.160	1,73	950.035	0,90
Donations and charities	(731)	(0,00)	(22.176)	(0,02)
<b>Total tax expense recognized in loss / (profit)</b>	<b>73.651.831</b>	<b>24,98</b>	<b>23.125.819</b>	<b>21,95</b>

## **Türk Reasürans Anonim Şirketi**

### **Notes to the Consolidated Financial Statements As of December 31, 2021**

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

#### **36 Net foreign exchange gains**

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

#### **37 Earnings per share**

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

	<b>January 1 – December 31, 2021</b>	<b>January 1 – December 31, 2020</b>
Net profit for the period	221.203.325	82.209.237
Weighted average number of shares	447.123.288	186.270.492
Earnings per share (TL)	0,495	0,441

#### **38 Dividends per share**

None.

#### **39 Cash generated from operations**

The cash flows from main 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**

Due to the Group's activities, it provides protection to sedan companies as reinsurers in non-life insurance branches, and guarantees the insurance risk through reinsurance agreements.

The details of the guarantees that are given by the Group for the operations in non-life branches are presented in *Note 17 - Insurance contract liabilities and reinsurance assets*.

#### **44 Business combinations**

None.

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

Republic of Turkey Ministry of Treasury and Finance which own 100% shares of the Company, B3i Services AG which is the Company's investment of the shares by 0,89%, are defined as related parties at these consolidated financial statements

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

As of December 31, 2021

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

#### 45 Related party transactions (continued)

There are no any transactions with related parties for the period ended December 31, 2021 (December 31, 2020: None).

	December 31, 2021	December 31, 2020
B3i Services AG – Acquisition of fixed assets	491.140	-
<b>Total</b>	<b>491.140</b>	<b>-</b>

#### 46 Subsequent events

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law” published on January 29, 2022, the companies that convert their foreign currencies or various gold resources into Turkish Lira and use the Turkish Lira assets thus obtained in deposits and participation accounts with a maturity of at least six months, interest, profit share and other incomes are exempted from corporate tax. Company, on February 18, and February 23, 2022 he made a foreign exchange protected deposit with a maturity of 181 days, amounting to TL 213.834.830. The Company benefited TL 14.907.187 tax exemption within the scope of the said regulation. Changes made in tax laws after the reporting date are within the scope of “non-adjusting event after the reporting period” in accordance with IAS 10, and the period tax expense of the enterprise has been calculated without considering this Law amendment.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Group does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Group’s operations because of the uncertainty about how the crisis will evolve.

#### 47 Other

**Items and amounts classified under the “other” account in consolidated 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.

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

None.

**Information on Other technical expenses items in consolidated income statement for the period ended December 31, 2021 and 2020**

Other technical expenses in the consolidated income statement amounting to TL 34.659.014 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (December 31, 2020: TL 17.439.472).

## Türk Reasürans Anonim Şirketi

### Notes to the Consolidated Financial Statements

#### As of December 31, 2021

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

#### 47 Other (continued)

#### Information on Other income items in income statement for the period ended December 31, 2021 and 2020

Other income and profits	January 1- December 31, 2021	January 1 – December 31, 2020
Technical operating income (*)	20.161.698	8.369.742
Gain on sale of assets	143.617	350.545
Other income and gain	6.129	15.235
<b>Other income and gain</b>	<b>20.311.444</b>	<b>8.735.522</b>

(\*) The Company is determined as Technical Operator of Turkish Natural Catastrophe Insurance Pool for 5 years applicable as of August 8, 2020 with the Approval, dated October 31, 2019 and numbered 454523, Office of Deputy Minister of Republic of Turkey Ministry of Treasury and Finance as it is stated in the assignment letter, dated November 4, 2019 and numbered 71065509-030.02-E.463394 and referenced as Selection of Technical Operator of Turkish Natural Catastrophe Insurance Pool and notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.

The Company is assigned as Extraordinary Risks Management Centre for 5 years applicable as of May 23, 2020 with respect to assignment letter, dated May 23, 2020 and numbered 71065509-010.99(20) and referenced as on "State Supported Credit Insurance System" notified by General Directorate of Insurance of Republic of Turkey Ministry of Treasury and Finance.

The Company is assigned to conduct works and transactions of Extraordinary Risks Management Centre regarding Mining Workers Personal Accident Insurance and also premium and claims sharing in scope of Communiqué on Principles and Procedures Regarding Entity Contribution in terms of Compulsory Medical Malpractice numbered 2010/1 in accordance with Insurance Law numbered 5684 with respect to resolution of Insurance and Private Pension Regulation and Supervision Agency dated September 1, 2020 and numbered 18.

#### The details of provisions for the period ended on December 31, 2021 and 2020 are as follows:

Provisions expenses	January 1 – December 31, 2021	January 1– December 31, 2020
Provision no longer required	304.001	-
Provision for unused vacation expense (Note 23)	699.554	193.953
Provision for employee termination benefits expense (Note 23)	297.444	119.007
Personnel bonus provision (Note 23)	2.781.949	-
Provision for invoices expense (Note 23)	202.938	501.020
<b>Provisions</b>	<b>4.285.886</b>	<b>813.980</b>

#### Fees paid to an independent auditor or an independent audit firm for services

	January 1– December 31, 2021	January 1– December 31, 2020
Independent audit fee for the reporting period	245.000	140.000
Fees for tax advisory services	40.000	35.000
<b>Total (*)</b>	<b>285.000</b>	<b>175.000</b>

(\*) The fee is excluding VAT.

(\*\*) Includes fees for service received for subsidiaries.





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