

Türk Reasürans Anonim Şirketi

Unconsolidated Interim Financial Statements as of June 30, 2023 together with the Independent Auditors' Report

*(Convenience Translation of Unconsolidated Financial Statements and Related
Disclosures and Notes Originally Issued in Turkish)*



EY

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working world**

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

Report on Review of Unconsolidated Interim Financial Statements

To the Board of Directors of Türk Reasürans Anonim Şirketi,

Introduction

We have reviewed the accompanying unconsolidated interim statement of financial position of Türk Reasürans Anonim Şirketi ("the Company") as of June 30, 2023 and the unconsolidated interim statement of profit or loss and other comprehensive income, unconsolidated statement of changes in equity and the unconsolidated statement cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of these unconsolidated interim financial statements in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation" Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with the prevailing accounting principles and standards set out by the Insurance Accounting and Financial Reporting Legislation.

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


Fatih Polat, SMMM
Partner

September 29, 2023
İstanbul, Turkey

TÜRK REASÜRANS ANONİM ŞİRKETİ**THE MANAGEMENT'S REPRESENTATION ON THE
UNCONSOLIDATED FINANCIAL STATEMENTS
PREPARED AS OF JUNE 30, 2023**

We confirm that the unconsolidated financial statements and related disclosures and notes as of June 30, 2023 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.

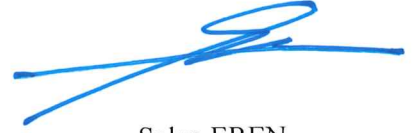
Istanbul, September 29, 2023



Dr. Ahmet GENÇ
Chairman of the
Board of Directors



Ayşe DİLBAY
Member of the
Board of Directors



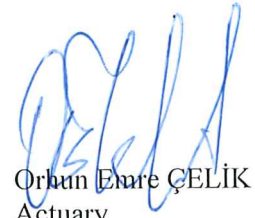
Selva EREN
Member of the
Board of Directors and
General Manager



Erdal TURGUT
Assistant General Manager



Dilek OĞUZ EKER
Finance Group Manager



Orhun Emre ÇELİK
Actuary

Türk Reasürans A.Ş.

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CONTENTS	PAGE
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-5
UNCONSOLIDATED STATEMENT OF INCOME	6-8
UNCONSOLIDATED STATEMENT OF CASH FLOW	9
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS	11-69
NOTE 1 GENERAL INFORMATION	11-12
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13-33
NOTE 3 SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS	34
NOTE 4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK	35-45
NOTE 5 SEGMENT REPORTING	46
NOTE 6 TANGIBLE ASSETS	46
NOTE 7 INVESTMENT PROPERTIES	47
NOTE 8 INTANGIBLE ASSETS	47
NOTE 9 INVESTMENT IN ASSOCIATES	47
NOTE 10 REINSURANCE ASSETS AND LIABILITIES	48
NOTE 11 FINANCIAL ASSETS	49-51
NOTE 12 LOANS AND RECEIVABLES	52
NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS	53
NOTE 14 CASH AND CASH EQUIVALENTS	53
NOTE 15 EQUITY	54-55
NOTE 16 OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION	55
NOTE 17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS	56-59
NOTE 18 INVESTMENT CONTRACT LIABILITIES	59
NOTE 19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME	60
NOTE 20 FINANCIAL LIABILITIES	61
NOTE 21 DEFERRED TAX	61
NOTE 22 RETIREMENT BENEFIT OBLIGATIONS	62
NOTE 23 OTHER LIABILITIES AND EXPENSE ACCRUALS	62
NOTE 24 NET INSURANCE PREMIUM REVENUE	63
NOTE 25 FEE REVENUE	63
NOTE 26 INVESTMENT INCOME	63
NOTE 27 NET INCOME ACCRUAL ON FINANCIAL ASSETS	64
NOTE 28 ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS	64
NOTE 29 INSURANCE RIGHT AND CLAIMS	64
NOTE 30 INVESTMENT CONTRACT BENEFITS	64
NOTE 31 OTHER EXPENSES	64
NOTE 32 OPERATING EXPENSES	64
NOTE 33 EMPLOYEE BENEFIT EXPENSES	65
NOTE 34 FINANCIAL COSTS	65
NOTE 35 INCOME TAX	66
NOTE 36 NET FOREIGN EXCHANGE GAINS	66
NOTE 37 EARNING PER SHARE	66
NOTE 38 DIVIDEND PER SHARE	66
NOTE 39 CASH GENERATED FROM OPERATIONS	67
NOTE 40 CONVERTIBLE BONDS	67
NOTE 41 REDEEMABLE PREFERENCE SHARES	67
NOTE 42 RISKS	67
NOTE 43 COMMITMENTS	67
NOTE 44 BUSINESS COMBINATIONS	67
NOTE 45 RELATED PARTY TRANSACTIONS	67
NOTE 46 SUBSEQUENT EVENTS	67
NOTE 47 OTHER	68-69

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of June 30, 2023

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

I- Current Assets	Notes	Reviewed Current Period June 30, 2023	Audited Prior Period December 31, 2022
A- Cash and Cash Equivalents		2.178.120.049	413.817.209
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	4,2, 14	2.178.120.049	413.817.209
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- Financial Assets and Financial Investments with Risks on Policyholders	4,2	1.630.950.148	1.709.372.162
1- Available-for-Sale Financial Assets	4,2, 11	634.086.256	227.221.663
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4,2, 11, 13	996.863.892	1.482.150.499
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		-	-
C- Receivables from Main Operations		2.661.276.905	1.657.081.126
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations	4,2, 12	2.632.054.064	1.639.458.899
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance and Reinsurance Companies	4,2, 12	29.222.841	17.622.227
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		-	-
D- Due from Related Parties		22.503	30.144
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries	4,2, 12, 45	22.503	30.144
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		-	-
E- Other Receivables		2.507.566.527	7.028.960
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	4,2, 12	2.507.566.527	7.028.960
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		961.050.872	471.772.243
1- Deferred Acquisition Costs	17	889.776.494	395.864.134
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	4,2, 12	68.469.044	70.877.754
4- Other Prepaid Expenses	4,2, 12	2.805.334	5.030.355
G- Other Current Assets		189.499	63.055
1- Stocks to be Used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Job Advances	4,2, 12	189.499	63.055
5- Advances Given to Personnel		-	-
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
I- Total Current Assets		9.939.176.503	4.259.164.899

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of June 30, 2023

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

II- Non-Current Assets	Notes	Reviewed Current Period June 30, 2023	Audited Prior Period December 31, 2022
A- Receivables from Main Operations		-	-
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- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables		7.500.004.500	4.500
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2, 12	4.500	4.500
4- Other Miscellaneous Receivables	4.2, 12	7.500.000.000	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets		150.000.000	150.000.000
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	150.000.000	150.000.000
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	4.2, 9	(4.497.494)	(4.497.494)
E- Tangible Assets		22.472.011	18.721.762
1- Investment Property		-	-
2- Impairment on Investment Property		-	-
3- Owner Occupied Property		-	-
4- Machinery and Equipment's	6	8.330.198	6.913.574
5- Furniture and Fixtures	6	2.663.408	2.236.581
6- Motor Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	6.115.043	4.714.855
8- Tangible Assets Acquired Through Finance Leases	6	20.491.808	15.493.734
9- Accumulated Depreciation	6	(15.128.446)	(10.636.982)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
F- Intangible Assets		10.163.641	7.722.133
1- Rights	8	16.506.919	12.405.064
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortization	8	(6.844.973)	(5.184.626)
7- Advances Paid for Intangible Assets	8	501.695	501.695
G-Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H-Other Non-Current Assets		41.008.691	13.526.400
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	41.008.691	13.526.400
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		7.723.648.843	189.974.795
TOTAL ASSETS		17.662.825.346	4.449.139.694

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of June 30, 2023

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

III- Short-Term Liabilities	Notes	Reviewed Current Period June 30, 2023	Audited Prior Period December 31, 2022
A- Financial Liabilities		2.508.223.804	4.895.513
1- Borrowings from Financial Institutions	20	2.500.041.854	-
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	8.181.950	4.895.513
B- Payables Arising from Main Operations		460.396.753	134.113.873
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations	4.2, 19	445.667.167	123.823.888
3- Cash Deposited by Insurance and Reinsurance Companies	4.2, 10, 19	14.729.586	10.289.985
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations		-	-
C-Due to Related Parties		204.367	39.648
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4.2, 19	204.367	39.648
6- Due to Other Related Parties		-	-
D- Other Payables	4.2, 19	7.171.951	10.563.068
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables	4.2, 19	7.171.951	10.563.068
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		4.489.791.911	2.495.736.929
1- Reserve for Unearned Premiums - Net	17	2.481.600.792	1.726.755.513
2- Reserve for Unexpired Risks- Net	17	6.918.827	22.977.195
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.1, 17	2.001.272.292	746.004.221
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations	4.2, 19	179.253.580	84.780.571
1- Taxes and Funds Payable	4.2	5.214.395	2.158.185
2- Social Security Premiums Payable	4.2	5.110.068	2.863.953
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Corporate Tax Payable	4.2, 19, 35	217.000.000	167.000.000
6- Prepaid Taxes and Other Liabilities Regarding Current Period Profit	4.2, 19	(48.417.963)	(87.275.687)
7- Provisions for Other Taxes and Similar Liabilities	4.2	347.080	34.120
G- Provisions for Other Risks		2.364.457	15.517.925
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	2.364.457	15.517.925
H- Deferred Income and Expense Accruals		108.396.759	10.491.367
1- Deferred Commission Income	10, 19	1.859.901	1.411.629
2- Expense Accruals	23	106.536.858	9.079.738
3- Other Deferred Income		-	-
I- Other Short-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
III – Total Short-Term Liabilities		7.755.803.582	2.756.138.894

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of June 30, 2023

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

IV- Long-Term Liabilities	Notes	Reviewed Current Period June 30, 2023	Audited Prior Period December 31, 2022
A- Financial Liabilities		7.504.022.510	4.649.069
1- Borrowings from Financial Institutions	20	7.500.000.000	-
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	4.022.510	4.649.069
B- Payables Arising from Main Operations		-	-
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		-	-
C- Due to Related Parties		-	-
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		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables		-	-
E-Insurance Technical Provisions		119.327.264	81.627.100
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	119.327.264	81.627.100
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		2.608.793	1.653.012
1- Provisions for Employment Termination Benefits	23	2.608.793	1.653.012
2- Provisions for Employee Pension Funds Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		7.625.958.567	87.929.181

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Financial Position

As of June 30, 2023

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

V- Shareholders' Equity	Notes	Reviewed Current Period June 30, 2023	Audited Prior Period December 31, 2022
A- Paid in Capital	2.13, 15	600.000.000	600.000.000
1- (Nominal) Capital	2.13, 15, 37	600.000.000	600.000.000
2- Unpaid Capital		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		-	-
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		-	-
C- Profit Reserves		11.283.056	43.431.028
1- Legal Reserves	15	15.178.506	15.178.506
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds		-	-
5- Revaluation of Financial Assets	4.2, 15	(24.978.256)	6.400.863
6- Other Profit Reserves	15	21.082.806	21.851.659
D- Retained Earnings		961.640.591	266.643.395
1- Retained Earnings		961.640.591	266.643.395
E- Accumulated Losses		-	-
1- Accumulated Losses		-	-
F-Net Profit/(Loss) for the Period		708.139.550	694.997.196
1- Net Profit for the Year		708.139.550	694.997.196
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		2.281.063.197	1.605.071.619
TOTAL EQUITY AND LIABILITIES		17.662.825.346	4.449.139.694

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income

For the Six-Months-Period Ended June 30, 2023

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

I-TECHNICAL SECTION	Notes	Reviewed Current Period January 1 – June 30, 2023	Non - reviewed Current Period April 1 – June 30, 2023	Reviewed Prior Period January 1 – June 30, 2022	Non - reviewed Prior Period April 1 – June 30, 2022
A- Non-Life Technical Income		3.613.782.540	2.374.043.005	1.501.433.508	970.434.163
1- Earned Premiums (Net of Reinsurer Share)		2.873.983.902	1.769.452.429	1.267.720.279	818.926.205
1.1- Written Premiums (Net of Reinsurer Share)		3.612.770.813	1.229.881.131	1.632.253.488	673.407.271
1.1.1- Written Premiums, gross	17, 24	4.041.230.818	1.486.205.882	1.724.978.579	722.838.737
1.1.2- Written Premiums, ceded	10, 17, 24	(428.460.005)	(256.324.751)	(92.725.091)	(49.431.466)
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	(754.845.279)	531.002.761	(364.533.209)	145.518.934
1.2.1- Reserve for Unearned Premiums, gross	17	(753.984.797)	531.669.585	(368.380.980)	143.798.008
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	(860.482)	(666.824)	3.847.771	1.720.926
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	16.058.368	8.568.537	-	-
1.3.1- Reserve for Unexpired Risks, gross	17	16.914.026	8.845.394	-	-
1.3.2- Reserve for Unexpired Risks, ceded	10, 17	(855.658)	(276.857)	-	-
2- Investment Income - Transferred from Non-Technical Section		739.684.300	604.476.238	233.713.229	151.507.958
3- Other Technical Income (Net of Reinsurer Share)		30.398	30.398	-	-
3.1- Other Technical Income, gross		30.398	30.398	-	-
3.2- Other Technical Income, ceded		-	-	-	-
4- Accrued Salvage and Subrogation Income		83.940	83.940	-	-
B- Non-Life Technical Expense		(2.728.169.867)	(1.629.039.103)	(1.273.889.184)	(776.407.774)
1- Incurred Losses (Net of Reinsurer Share)		(1.759.586.305)	(1.059.650.916)	(861.019.489)	(515.556.224)
1.1- Claims Paid (Net of Reinsurer Share)	29	(504.318.234)	(361.389.014)	(341.317.836)	(170.907.815)
1.1.1- Claims Paid, gross	17	(1.317.644.121)	(804.348.719)	(347.503.155)	(174.954.459)
1.1.2- Claims Paid, ceded	17	813.325.887	442.959.705	6.185.319	4.046.644
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	29	(1.255.268.071)	(698.261.902)	(519.701.653)	(344.648.409)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(3.654.506.657)	(1.445.198.297)	(518.797.495)	(342.215.590)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10, 17	2.399.238.586	746.936.395	(904.158)	(2.432.819)
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	(37.700.164)	(15.008.270)	(22.366.894)	(11.451.587)
4- Operating Expenses	32	(855.395.203)	(506.075.065)	(358.953.227)	(228.474.129)
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)	47	(75.488.195)	(48.304.852)	(31.549.574)	(20.925.834)
6.1- Other Technical Expenses, gross	47	(75.488.195)	(48.304.852)	(31.549.574)	(20.925.834)
6.2- Other Technical Expenses, ceded		-	-	-	-
C- Net Technical Income-Non-Life (A – B)		885.612.673	745.003.902	227.544.324	194.026.389

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income

For the Six-Months-Period Ended June 30, 2023

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

I-TECHNICAL SECTION	Notes	Reviewed Current Period January 1 – June 30, 2023	Non - reviewed Current Period April 1 – June 30, 2023	Reviewed Prior Period January 1 – June 30, 2022	Non - reviewed Prior Period April 1 – June 30, 2022
D- Life Technical Income		-	-	-	-
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		-	-	-	-
E- Life Technical Expense		-	-	-	-
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 (-)		-	-	-	-
F- Net Technical Income- Life (D – E)		-	-	-	-
G- Pension Business Technical Income		-	-	-	-
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		-	-	-	-
H- Pension Business Technical Expense		-	-	-	-
1- Fund Management Expense		-	-	-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-	-	-
3- Operating Expenses		-	-	-	-
4- Other Technical Expenses		-	-	-	-
I- Net Technical Income - Pension Business (G – H)		-	-	-	-

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Income

For the Six-Months-Period Ended June 30, 2023

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

II-NON-TECHNICAL SECTION	Notes	Reviewed Current Period January 1 – June 30, 2023	Non - reviewed Current Period April 1 – June 30, 2023	Reviewed Prior Period January 1 – June 30, 2022	Non - reviewed Prior Period April 1 – June 30, 2022
C- Net Technical Income – Non-Life (A-B)		885.612.673	745.003.902	227.544.324	194.026.389
F- Net Technical Income – Life (D-E)		-	-	-	-
I - Net Technical Income – Pension Business (G-H)		-	-	-	-
J- Total Net Technical Income (C+F+I)		885.612.673	745.003.902	227.544.324	194.026.389
K- Investment Income	4.2	944.826.604	739.284.881	388.885.010	178.517.655
1- Income from Financial Assets	4.2	178.557.873	136.594.377	61.943.762	28.676.049
2- Income from Disposal of Financial Assets	4.2	102.921.225	51.884.598	32.250.025	27.141.667
3- Valuation of Financial Assets	4.2	178.261.831	119.191.381	38.651.300	21.940.657
4- Foreign Exchange Gains	4.2	388.029.272	356.129.056	60.837.033	14.323.523
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	97.056.403	75.485.469	195.202.890	86.435.759
9- Other Investments		-	-	-	-
10- Income Transferred from Life Section		-	-	-	-
L- Investment Expense		(952.982.568)	(743.589.859)	(393.034.103)	(180.730.322)
1- Investment Management Expenses (including interest)	4.2	(767.933)	(389.151)	(626.588)	(324.939)
2- Diminution in Value of Investments	4.2	(10.502.454)	-	(5.415.720)	-
3- Loss from Disposal of Financial Assets	4.2	(54.385.619)	(23.269.116)	(22.735.267)	(18.800.779)
4- Investment Income Transferred to Non-Life Technical Section		(739.684.300)	(604.476.238)	(233.713.229)	(151.507.958)
5- Loss from Derivative Transactions	4.2	(290.447)	(290.447)	(116.623.543)	(2.689.189)
6- Foreign Exchange Losses	4.2	(139.963.784)	(111.249.079)	(10.397.252)	(5.519.730)
7- Depreciation and Amortisation Expenses	6, 8	(7.388.031)	(3.915.828)	(3.522.504)	(1.887.727)
8- Other Investment Expenses		-	-	-	-
M- Income and Expenses from Other and Extraordinary Operation		47.682.841	37.939.027	32.602.262	5.731.731
1- Provisions	47	484.598	(493.613)	1.498.050	(459.304)
2- Rediscounts		-	-	-	-
3- Specified Insurance Accounts		-	-	-	-
4- Inflation Adjustment Account		-	-	-	-
5- Deferred Taxation (Deferred Tax Assets)	21, 35	16.352.529	5.256.706	8.245.248	1.089.841
6- Deferred Taxation (Deferred Tax Liabilities)		-	-	-	-
7- Other Income	47	40.113.828	31.852.842	8.997.164	5.665.862
8- Other Expenses and Losses		(10.868.651)	(277.445)	(205.642)	(157.545)
9- Prior Year's Income	47	1.600.537	1.600.537	14.067.442	(407.123)
10- Prior Year's Expenses and Losses		-	-	-	-
N- Net Profit for the Period		708.139.550	603.637.951	226.497.493	168.150.355
1- Profit for the Period		925.139.550	778.637.951	255.997.493	197.545.453
2- Corporate Tax Provision and Other Fiscal Liabilities	19, 35	(217.000.000)	(175.000.000)	(29.500.000)	(29.395.098)
3- Net Profit for the Period		708.139.550	603.637.951	226.497.493	168.150.355
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 Six-Months-Period Ended June 30, 2023

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

CASH FLOW	Notes	Reviewed Current Period January 1 – June 30, 2023	Reviewed Prior Period January 1 – June 30, 2022
A. Cash flows from main activities			
1. Cash provided from insurance activities		-	-
2. Cash provided from reinsurance activities		5.180.953.923	1.839.774.333
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		-	-
5. Cash used in reinsurance activities		(3.319.252.188)	(1.032.784.463)
6. Cash used in pension business		-	-
7. Cash provided from main activities		1.861.701.735	806.989.870
8. Interest paid		-	-
9. Income taxes paid	19	(128.142.276)	(33.694.381)
10. Other cash inflows		10.097.464.761	-
11. Other cash outflows		(10.011.566.580)	5.713.095
12. Net cash provided from operating activities		1.819.457.640	779.008.584
B. Cash flows from investing activities			
1. Disposal of tangible assets		-	-
2. Acquisition of tangible assets	6, 8	(7.345.494)	(2.280.988)
3. Acquisition of financial assets	11	(5.121.556.297)	(4.487.341.429)
4. Disposal of financial assets	11	5.296.380.544	3.607.232.999
5. Interests received		142.348.066	47.990.852
6. Dividends received		14.871.244	349.459
7. Other cash inflows		593.375.940	206.709.239
8. Other cash outflows		(1.011.257.016)	(493.466.720)
9. Net cash provided by investing activities		(93.183.013)	(1.120.806.588)
C. Cash used in financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		(4.377.504)	(2.108.933)
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash used in financing activities		(4.377.504)	(2.108.933)
D. Impact of currency differences on cash and cash equivalents		7.678.701	309.679
E. Net increase/(decrease) in cash and cash equivalents		1.729.575.824	(343.597.258)
F. Cash and cash equivalents at the beginning of the period	14	410.465.930	833.233.371
G. Cash and cash equivalents at the end of the period	14	2.140.041.754	489.636.113

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

Türk Reasürans Anonim Şirketi

Unconsolidated Statement of Changes in Equity For the Six-Months-Period Ended June 30, 2023

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

Reviewed Prior Period – June 30, 2022												
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, 2021)	2.13, 15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
II – Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III – Restated balances (I+II) (January 1, 2022)	2.13, 15	600.000.000	-	(10.883.629)	-	-	4.271.283	-	(39.373)	218.144.450	81.066.175	892.558.906
A – Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 – In cash		-	-	-	-	-	-	-	-	-	-	-
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D – Change in the value of financial assets	4.2, 15	-	-	5.862.656	-	-	-	-	-	-	-	5.862.656
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses	15	-	-	-	-	-	-	-	306.093	-	-	306.093
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	226.497.493	-	226.497.493
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid		-	-	-	-	-	10.907.223	-	-	(218.144.450)	207.237.227	-
IV- Balance at the end of the period June 30, 2022 (III+A+B+C+D+E+F+G+H+I+J)	15	600.000.000	-	(5.020.973)	-	-	15.178.506	-	266.720	226.497.493	288.303.402	1.125.225.148
Reviewed Current Period – June 30, 2023												
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, 2022)	2.13, 15	600.000.000	-	6.400.863	-	-	15.178.506	-	21.851.659	694.997.196	266.643.395	1.605.071.619
II- Change in Accounting Standards		-	-	-	-	-	-	-	-	-	-	-
III- Restated Balances (I+II) (January 1, 2023)	2.13, 15	600.000.000	-	6.400.863	-	-	15.178.506	-	21.851.659	694.997.196	266.643.395	1.605.071.619
A – Capital increase		-	-	-	-	-	-	-	-	-	-	-
1 – In cash		-	-	-	-	-	-	-	-	-	-	-
2 – From reserves		-	-	-	-	-	-	-	-	-	-	-
B – Purchase of own shares		-	-	-	-	-	-	-	-	-	-	-
C – Gains and losses that are not included in the statement of income		-	-	-	-	-	-	-	-	-	-	-
D – Change in the value of financial assets	4.2, 15	-	-	(31.379.119)	-	-	-	-	-	-	-	(31.379.119)
E – Currency translation adjustments		-	-	-	-	-	-	-	-	-	-	-
F – Other gains and losses	15	-	-	-	-	-	-	-	(768.853)	-	-	(768.853)
G – Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H – Net profit for the year		-	-	-	-	-	-	-	-	708.139.550	-	708.139.550
I – Other reserves and transfers from retained earnings		-	-	-	-	-	-	-	-	-	-	-
J – Dividends paid		-	-	-	-	-	-	-	-	(694.997.196)	694.997.196	-
IV- Balance at the end of the period June 30, 2023 (III+A+B+C+D+E+F+G+H+I+J)	15	600.000.000	-	(24.978.256)	-	-	15.178.506	-	21.082.806	708.139.550	961.640.591	2.281.063.197

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

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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 June 30, 2023, 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:

	June 30, 2023	December 31, 2022
Top executive	5	6
Executive	17	14
Executive assistant	13	20
Expert / Authorized / Other employees	115	104
Total (*)	150	144

(*) Included 62 personnel who are assigned for operations of institutions that the Company has been authorized as the ‘Technical Operator’ (December 31, 2022: 57).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

1 General Information (continued)

1.6 Wages and similar benefits provided to the senior management

For the interim period that ended on June 30, 2023, TL 685.122 to the chairman and members of the board of directors (January 1 - June 30, 2022: TL 592.362), TL 13.558.518 (January 1 - June 30, 2022: TL 5.556.175) 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 June 30, 2023 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	: www.turkreasurans.com.tr

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 unconsolidated financial statements prepared as at June 30, 2023, have been approved by the Company's Board of Directors on September 29, 2023.

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 June 30, 2023

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

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 4th 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.

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

Accounting in hyperinflationary countries

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 – Financial Reporting in Hyperinflationary Economies" as at December 31, 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

In accordance with TAS 29 Financial Reporting in Hyperinflation Economies, entities whose functional currency is the currency of a hyperinflationary economy require to prepare their financial statements in terms of the measuring unit current at the balance sheet date. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on June 30, 2022 in accordance with TAS 29. In this context, as of June 30, 2023 are not adjusted for inflation in accordance with TAS 29.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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 unconsolidated financial statements with the three-month delay. Therefore, related unconsolidated income statement balances consist of amounts for the three-months period ended October 1 - December 31, 2022 and also for the three-months period ended January 1 – March 31, 2023. Accordingly related balance sheet balances as of June 30, 2023 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 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 unconsolidated 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*.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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” (“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.

The Company treats T Rupt Teknoloji Anonim Şirketi, positioned as a subsidiary, by excluding it from the consolidation scope. This is based on the grounds that, in accordance with the provisions of the Consolidation Communiqué, the total assets of its affiliated partnership should be less than one percent of its own total assets, while considering the principle of materiality. T Rupt Teknoloji is accounted for within the category of 'Financial assets' at cost value.

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 June 30, 2023, the Company does not prepare the segment reporting since the Company 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 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 June 30, 2023

(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
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 June 30, 2023, the Company has no any impairment on tangible assets (December 31, 2022: 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. Such assets are depreciated when they are ready for use, as in the depreciation method used for other fixed assets.

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 June 30, 2023, the Company has not any investment property (December 31, 2022: 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 June 30, 2023, the Company does not have any intangible fixed assets impaired (December 31, 2022: 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 June 30, 2023

(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 favorable 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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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 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 June 30, 2023

(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.

As of June 30, 2023, the Company has no derivative financial instruments. (December 31, 2022: None).

2.11 Offsetting of financial assets

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

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

2.12 Cash and cash equivalents

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

2.13 Capital

As at June 30, 2023 and December 31, 2022, the share capital and ownership structure of the Company are as follows:

Name	June 30, 2023		December 31, 2022	
	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
Paid in capital	600.000.000	100,00	600.000.000	100,00

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 June 30, 2023.

As of June 30, 2023, there are not any privileges on common shares representing share capital (December 31, 2022: None).

As of June 30, 2023 and December 31, 2022, the Company is not subject to registered capital system.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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, 2022: 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, 2022: 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 June 30, 2023

(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 25%. 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 10%. 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 Grand National Assembly of Türkiye 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 unconsolidated 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.

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

2 Summary of significant accounting policies (continued)

2.18 Taxes (continued)

2.19 Employee benefits

Pension and other post-retirement obligations

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at June 30, 2023 is TL 19.982,83 (December 31, 2022: TL 15.371,40).

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 June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Discount rate	%3,11	%3,11
Expected rate of salary/limit increase	%25,00	%20,00

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 unconsolidated financial statements.

2.20 Provisions

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

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

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

2 Summary of significant accounting policies (continued)

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.

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

2 Summary of significant accounting policies (continued)

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.

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:

Assets subject to operational leasing	Contract Period (Year)	Discount Rate - TL (%)
Buildings	3-5 years	11,32-23,00
Vehicles	3 years	11,00-23,00

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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.

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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

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).

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.

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 calculated on net claim/premium ratio (outstanding claims (net) + claims paid (net)) / ((written premiums (net) – reserve for unearned premiums (net)) 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 6.918.827 unexpired risk reserves (December 31, 2022: TL 22.977.195).

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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions (continued)

Outstanding claims reserve (continued)

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.

Considering that calculations should be made on a fiscal year basis, and actuarial methods should be employed in relevant line of business when determining the incurred loss reserves due to the insufficient maturity of the Company's date-of-loss-based data. In this context, it is evaluated that the identified outstanding claim reserves also encompass the liability adequacy of the outstanding claim reserve.

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.

In accordance with December 5, 2014 dated and 2014/16 numbered “Circular regarding Outstanding Claims Reserve”, the Company decided to record the IBNR once in a year and as of year-end since the data considered in calculation of IBNR, is constituted by taking base of acceptance year rather than casualty period for the reason of characteristic of reinsurance operations (December 31, 2022: 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, 2022 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, 2022 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, 2022, the Company reflected to unconsolidated financial statement the gross IBNR amount of TL 86.009.292 and TL 93.929.903 net IBNR calculated according to the method explained above).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

2 Summary of significant accounting policies (continued)

2.24 Insurance technical provisions (continued)

Outstanding claims reserve (continued)

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. 2023/21 on the Discounting of Net Cash Flows Arising from Outstanding Claims Provisions as of July 12, 2023, the rate taken into account for the discount has determined as 28% (December 31, 2022: %22).

The Company has calculated taking into account the sector cash flow rates to discount of all branches. Accordingly, as of June 30, 2023, the Company discounted the cash flows to will be generated by the outstanding claims provision, net of TL 416.596.984 (December 31, 2022: 144.040.719 TL).

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 119.327.264 (December 31, 2021: TL 81.627.100).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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 June 30, 2023

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

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 of June 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. 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 change did not have a significant impact on the financial position or performance of the Company.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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)

- i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows: (continued)**

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

In August 2021, 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 clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

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 June 30, 2023

(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)

IFRS 17 - The new Standard for insurance contracts

POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI.

The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. 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 IFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA:

- Insurance, Reinsurance and Pension Companies.
- Banks that have partnerships/investments in insurance, reinsurance and pension companies.
- Other companies that have partnerships/investments in insurance, reinsurance and pension companies.

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

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

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

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

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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 16 - Lease Liability in a Sale and Leaseback

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

A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

iii) Amendments published by the International Accounting Standards Authority (UMSK) but not by the POA

The following amendments to IAS 12 as well as IAS 7 and IFRS 7 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its unconsolidated financial statements after the amendments are issued and become effective under TFRS.

IAS 12 Amendments – International Tax Reform – Second Step Model Rules

In May 2023, IASB issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws.

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

IAS 7 and IFRS 7 Amendments - Explanations: Supplier Financing Agreements

The amendments issued in May 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

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

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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*

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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 June 30, 2023

(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

As at June 30, 2023 and December 31, 2022, 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 June 30, 2023	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
Fire and Natural Disasters	2.651.550.781	(2.177.090.521)	474.460.260
General Loses	1.285.079.214	(75.691.618)	1.209.387.596
Marine	121.908.461	(11.551.904)	110.356.557
General Liabilities	116.923.965	(8.733.183)	108.190.782
Financial Losses	96.320.867	(81.217.467)	15.103.400
Land Vehicles	66.839.282	(57.486.263)	9.353.019
Water Vehicles	56.291.986	-	56.291.986
Accident	17.235.868	(11.819.527)	5.416.341
Credit	8.293.214	(173.313)	8.119.901
Breach of Trust	2.096.860	-	2.096.860
Air Vehicles	1.619.717	-	1.619.717
Land Vehicles Liability	816.783	-	816.783
Health	355.511	(316.505)	39.006
Legal Protection	11.269	-	11.269
Air Vehicles Liability	8.815	-	8.815
Total	4.425.352.593	(2.424.080.301)	2.001.272.292

Total claims liability December 31, 2022	Gross total claims liability	Reinsurance share of total claims liability	Net total claims liability
General Loses	364.199.899	(5.169.334)	359.030.565
Fire and Natural Disasters	138.998.943	(8.247.653)	130.751.290
General Liabilities	123.175.671	(11.321.405)	111.854.266
Marine	82.553.330	-	82.553.330
Water Vehicles	35.581.295	-	35.581.295
Land Vehicles	6.868.868	-	6.868.868
Financial Losses	4.647.146	489.170	5.136.316
Credit	6.401.452	(592.493)	5.808.959
Accident	3.496.784	-	3.496.784
Land Vehicles Liability	881.429	-	881.429
Breach of Trust	2.285.737	-	2.285.737
Air Vehicles	1.705.028	-	1.705.028
Health	29.900	-	29.900
Legal Protection	11.133	-	11.133
Air Vehicles Liability	9.321	-	9.321
Total	770.845.936	(24.841.715)	746.004.221

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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

	June 30, 2023	December 31, 2022
Fire and Natural Disasters	749.757.538.954	456.813.951.399
General Losses	331.997.110.559	181.516.218.846
Financial Losses	32.089.932.188	18.689.631.779
General Liabilities	15.620.914.689	9.512.778.365
Land Vehicles Liability	12.163.184.624	1.689.238.368
Accident	9.507.055.421	4.230.708.643
Water Vehicles	3.156.560.048	1.158.589.679
Land Vehicles	2.959.263.450	1.142.355.944
Marine	1.424.785.415	699.099.510
Air Vehicles	391.199.387	178.706.501
Credit	156.280.873	88.396.440
Breach of Trust	40.512.213	28.193.160
Health	861.369	861.369
Legal protection	90.393	64.189
Total(*)	1.159.265.289.583	675.748.794.192

(*) 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 June 30, 2023

(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 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.

	June 30, 2023	December 31, 2022
Cash and cash equivalents (Note 14)	2.178.120.049	413.817.209
Financial assets (Note 11) (*)	1.371.881.203	1.814.396.632
Receivables from main operations (Note 12)	2.661.276.905	1.657.081.126
- third parties (Note 12)	2.557.069.222	1.656.140.731
- related parties (Note 12), (Note 45)	104.207.683	940.395
Other receivables (Note 12)	10.007.589.030	7.059.104
- third parties (Note 12)	10.007.566.527	7.028.960
- related parties (Note 12), (Note 45)	22.503	30.144
Income accruals (Note 12)	68.469.044	70.877.754
Prepaid expenses (Note 12)	2.805.334	5.030.355
Other current assets (Note 12)	189.499	63.055
Other non-current assets (Note 12)	4.500	4.500
Reinsurer share in provision for outstanding claims (Note 10), (Note 17)	2.424.080.301	24.841.715
Total	18.714.415.865	3.993.171.450

(*) Equity shares amounting to TL 409.068.946 are not included (December 31, 2022: TL 44.975.530).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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 June 30, 2023 and December 31, 2022, the aging of the receivables from main operations and related provisions are as follows:

	June 30, 2023		December 31, 2022	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	2.561.423.654	-	1.627.811.598	-
Past due 0-30 days	29.123.976	-	6.675.587	-
Past due 31 – 60 days	12.317.822	-	3.610.716	-
Past due 61 – 90 days	26.001.577	-	9.690.071	-
Past due 90+	32.409.876	-	9.293.154	-
Total	2.661.276.905	-	1.657.081.126	-

The Company does not have any allowance for impairment losses for receivables from main operations as of June 30, 2023 (December 31, 2022: 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 June 30, 2023

(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.

June 30, 2023	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	2.178.120.049	2.119.464.501	50.733.545	-	-	-	7.922.003
Financial assets	1.780.950.148	25.380.679	351.090.946	90.073.707	30.583.885	16.608.730	1.267.212.201
Receivables from main operations -third parties	2.557.069.222	144.816.438	387.511.125	99.894.808	1.924.846.851	-	-
Receivables from main operations -related parties	104.207.683	-	-	-	104.207.683	-	-
Other receivables -related parties	22.503	-	22.503	-	-	-	-
Other receivables and current assets	10.076.229.570	7.566.527	5.589.735	2.563.068.808	-	7.500.004.500	-
Total monetary assets	16.696.599.175	2.297.228.145	794.947.854	2.753.037.323	2.059.638.419	7.516.613.230	1.275.134.204
Other financial liabilities	10.012.246.314	694.008	2.501.304.838	2.008.001	4.216.957	7.504.022.510	-
Payables from main operations -third parties	322.869.667	13.257.903	98.987.457	210.624.307	-	-	-
Insurance technical reserves (*)	137.527.086	-	-	-	137.527.086	-	-
Provisions for taxes and other similar obligations	2.001.272.292	-	-	-	-	-	2.001.272.292
Other payables	179.253.580	10.671.543	168.582.037	-	-	-	-
Provisions for other risks and expense accruals	7.376.318	7.376.318	-	-	-	-	-
	111.510.108	-	-	106.536.858	2.364.457	2.608.793	-
Total monetary liabilities	12.772.055.365	31.999.772	2.768.874.332	319.169.166	144.108.500	7.506.631.303	2.001.272.292

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

December 31, 2022	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	413.817.209	222.541.883	186.138.429	-	-	-	5.136.897
Financial assets	1.859.372.162	2.457.196	736.526.314	47.855.623	81.505.753	10.903.110	980.124.166
Receivables from main operations -third parties	1.656.140.731	360.786.748	1.251.477.921	29.539.120	14.336.942	-	-
Receivables from main operations -related parties	940.395	940.395	-	-	-	-	-
Other receivables from related parties	30.144	-	30.144	-	-	-	-
Other receivables and current assets	77.974.269	7.028.960	63.055	70.877.754	-	4.500	-
Total monetary assets	4.008.274.910	593.755.182	2.174.235.863	148.272.497	95.842.695	10.907.610	985.261.063
Other financial liabilities	9.544.582	408.360	841.001	1.252.497	2.393.655	4.649.069	-
Payables from main operations -third parties	134.113.873	4.369.920	114.729.500	15.014.453	-	-	-
Insurance technical reserves (*)	746.004.221	-	-	-	-	-	746.004.221
Provisions for taxes and other similar obligations	84.780.571	5.056.258	-	79.724.313	-	-	-
Other payables	10.602.716	10.602.716	-	-	-	-	-
Provisions for other risks and expense accruals	26.250.675	1.478.223	3.254.219	17.085.523	2.779.698	1.653.012	-
Total monetary liabilities	1.011.296.638	21.915.477	118.824.720	113.076.786	5.173.353	6.302.081	746.004.221

(*) 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 June 30, 2023

(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 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.

June 30, 2023	US Dollar	Euro	Other currencies	Total
Receivables from main operations	186.614.443	230.903.613	74.089.348	491.607.404
Cash and cash equivalents	309.499.758	350.943.620	5.375.693	665.819.071
Total foreign currency assets	496.114.201	581.847.233	79.465.041	1.157.426.475
Payables from main operations	23.993.876	285.014.930	-	309.008.806
Insurance technical reserves (*)	238.260.985	149.172.943	48.930.521	436.364.449
Total foreign currency liabilities	262.254.861	434.187.873	48.930.521	745.373.255
Net financial position	233.859.340	147.659.360	30.534.520	412.053.220

December 31, 2022	US Dollar	Euro	Other currencies	Total
Receivables from main operations	67.974.310	19.470.236	2.495.101	89.939.647
Cash and cash equivalents	38.858.754	52.838.297	21.382.517	113.079.568
Total foreign currency assets	106.833.064	72.308.533	23.877.618	203.019.215
Payables from main operations	-	65.664.293	-	65.664.293
Insurance technical reserves (*)	100.872.322	156.233.401	2.418.179	259.523.902
Total foreign currency liabilities	100.872.322	221.897.694	2.418.179	325.188.195
Net financial position	5.960.742	(149.589.161)	21.459.439	(122.168.980)

(*) 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 June 30, 2023, 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 June 30, 2023 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 June 30, 2023

(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 June 30, 2023 and December 31, 2022 are as follows:

	End of period -Buying		End of period -Selling		Average	
	US Dollar	EUR	US Dollar	EUR	US Dollar	EUR
June 30, 2023	25,8231	28,154	25,8696	28,2048	19,7992	21,4073
December 31, 2022	18,6983	19,9349	18,732	19,9708	16,5443	17,3629

The change in equity and the income statement (excluding tax impact) is shown in the following table during the accounting periods ended June 30, 2023 and December 31, 2022 due to the 10 percent depreciation of the TL against the following currencies. This analysis was prepared on the assumption that all other variables, especially interest rates, remain constant. If TL values 10 percent against related currencies, the effect will be in the same amount but in the opposite direction.

	June 30, 2023		December 31, 2022	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(23.385.934)	(23.385.934)	(596.074)	(596.074)
Euro	(14.765.936)	(14.765.936)	14.958.916	14.958.916
Other	(3.053.452)	(3.053.452)	(2.145.944)	(2.145.944)
Total, net	(41.205.322)	(41.205.322)	12.216.898	12.216.898

(*) 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:

	June 30, 2023	December 31, 2022
Financial assets / (liabilities) with fixed interest rates:		
Cash at banks (Note 14)	2.170.198.046	408.680.312
Available for sale financial assets – Government bonds – TL (Note 11)	5.000.589	22.737.652
Available for sale financial assets – Private sector borrowing bonds – TL (Note 11)	98.472.712	64.773.172
Available for sale financial assets – Private sector bonds – TL (Note 11)	77.673.058	57.745.443
Held for trading financial assets – FX indexed financial assets (Note 11)	288.720.636	696.992.052
Financial assets / (liabilities) with variable interest rate:		
Available for sale financial assets – Private sector bonds – TL (Note 11)	43.870.952	36.989.866

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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 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

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 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 *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 Unconsolidated Financial Statements

As of June 30, 2023

(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:

	June 30, 2023			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	634.086.256	-	-	634.086.256
Held for trading financial assets (Note 11)	708.143.256	288.720.636	-	996.863.892
Total	1.342.229.512	288.720.636	-	1.630.950.148

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available for sale financial assets (Note 11)	227.221.663	-	-	227.221.663
Held for trading financial assets (Note 11)	785.158.447	696.992.052	-	1.482.150.499
Total	1.012.380.110	696.992.052	-	1.709.372.162

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):

	June 30, 2023		December 31, 2022	
	Profit or loss	Equity	Profit or loss	Equity
Available for sale financial assets	(39.658.317)	(39.658.317)	(4.497.553)	(4.497.553)
Total, net	(39.658.317)	(39.658.317)	(4.497.553)	(4.497.553)

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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

<i>Gains and losses recognized in the statement of income, net:</i>	January 1- June 30, 2023	April 1- June 30, 2023	January 1- June 30, 2022	April 1- June 30, 2022
Interest income from bank deposits	177.075.082	123.298.705	44.414.408	20.563.522
Income from debt securities classified as available for sale financial assets	40.585.744	16.301.815	21.996.833	9.501.671
Income from equity shares classified as available for sale financial assets	116.933.596	56.421.274	32.349.812	27.379.421
Income from investment funds classified as available for sale financial assets	-	-	-	-
Income from investment funds classified as trading financial assets	125.146.507	111.648.562	34.084.034	20.313.759
Income from derivative financial instruments	97.056.403	75.485.469	195.202.890	86.435.759
Foreign exchange gains	388.029.272	356.129.056	60.837.033	14.323.523
Investment income	944.826.604	739.284.881	388.885.010	178.517.655
Foreign exchange losses	(139.963.784)	(111.249.079)	(10.397.252)	(5.519.730)
Value decrease of securities	(10.502.454)	-	(5.415.720)	-
Loss from disposal of financial assets	(54.385.619)	(23.269.116)	(22.735.267)	(18.800.779)
Loss from derivative financial instruments	(290.447)	(290.447)	(116.623.543)	(2.689.189)
Investment management expenses (including interest)	(767.933)	(389.151)	(626.588)	(324.939)
Other investment expenses	-	-	-	-
Investment expenses	(205.910.237)	(135.197.793)	(155.798.370)	(27.334.637)
Investment income, net	738.916.367	604.087.088	233.086.640	151.183.018

<i>Gains and losses recognized in the statement of equity, net:</i>	June 30, 2023	June 30, 2022
Fair value changes in available for sale financial assets (Note 15)	(31.379.119)	5.862.656
Total, net	(31.379.119)	5.862.656

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 1.168.995.970 (December 31, 2022: TL 931.275.595). As of June 30, 2023, the capital amount of the Company calculated according to the Communiqué is TL 1.131.394.491 (December 31, 2022: TL 655.432.124) more than the minimum capital requirement amounts.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

(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 June 30, 2023 and December 31, 2022, the Company operates in non-life branches and is not required to present segment reporting since its debt or equity instruments are not traded in a public market. The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

6 Tangible assets

Movement in tangible assets in the period from January 1 to June 30, 2023 is presented below:

	January 1, 2023	Additions	Disposals	June 30, 2023
Cost:				
Machinery and equipment	6.913.574	1.416.624	-	8.330.198
Furniture and fixtures	2.236.581	426.827	-	2.663.408
Other tangible assets (including leasehold improvements)	4.714.855	1.400.188	-	6.115.043
Operating leases (Buildings)	11.518.096	1.533.061	-	13.051.157
Operating leases (Vehicles)	3.975.638	4.701.233	(1.236.220)	7.440.651
	29.358.744	9.477.933	(1.236.220)	37.600.457
Accumulated depreciation:				
Machinery and equipment	(2.059.126)	(975.184)	-	(3.034.310)
Furniture and fixtures	(452.548)	(193.968)	-	(646.516)
Other tangible assets (including leasehold improvements)	(1.348.802)	(769.717)	-	(2.118.519)
Operating leases (Buildings)	(4.682.631)	(2.274.526)	-	(6.957.157)
Operating leases (Vehicles)	(2.093.875)	(1.514.289)	1.236.220	(2.371.944)
	(10.636.982)	(5.727.684)	1.236.220	(15.128.446)
Carrying amounts	18.721.762			22.472.011

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

	January 1, 2022	Additions	Disposals	June 30, 2022
Cost:				
Machinery and equipment	2.458.851	1.077.665	-	3.536.516
Furniture and fixtures	823.774	37.294	-	861.068
Other tangible assets (including leasehold improvements)	1.868.281	-	-	1.868.281
Operating leases (Buildings)	6.230.107	4.108.020	-	10.338.127
Operating leases (Vehicles)	1.783.133	287.348	-	2.070.481
	13.164.146	5.510.327	-	18.674.473
Accumulated depreciation:				
Machinery and equipment	(1.003.044)	(381.411)	-	(1.384.455)
Furniture and fixtures	(229.017)	(67.652)	-	(296.669)
Other tangible assets (including leasehold improvements)	(736.831)	(190.260)	-	(927.091)
Operating leases (Buildings)	(2.066.123)	(1.112.611)	-	(3.178.734)
Operating leases (Vehicles)	(850.596)	(580.673)	-	(1.431.269)
	(4.885.611)	(2.332.607)	-	(7.218.218)
Carrying amounts	8.278.535			11.456.255

There is not any mortgage over tangible assets of the Company as at June 30, 2023 (December 31, 2022: None).

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

7 Investment properties

The Company has not any investment property as at June 30, 2023 (December 31, 2022: None).

8 Intangible assets

Movement in intangible assets in the period from January 1 to June 30, 2023 is presented below:

	January 1, 2023	Additions	Transfers	Disposals	June 30, 2023
Costs:					
Rights	12.405.064	4.101.855	-	-	16.506.919
Advances on intangible fixed assets	501.695	-	-	-	501.695
	12.906.759	4.101.855	-	-	17.008.614
Accumulated amortization:					
Intangible assets	(5.184.626)	(1.660.347)	-	-	(6.844.973)
	(5.184.626)	(1.660.347)	-	-	(6.844.973)
Net book value	7.722.133				10.163.641

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

	January 1, 2022	Additions	Transfers	Disposals	June 30, 2022
Costs:					
Rights	8.140.971	949.645	216.384	-	9.307.000
Advances on intangible fixed assets	491.140	216.384	(216.384)	-	491.140
	8.632.111	1.166.029	-	-	9.798.140
Accumulated amortization:					
Intangible assets	(2.818.726)	(1.189.897)	-	-	(4.008.623)
	(2.818.726)	(1.189.897)	-	-	(4.008.623)
Net book value	5.813.385				5.789.517

9 Investments in associates

	June 30, 2023		December 31, 2022	
	Net book value	Participation rate %	Net book value	Participation rate %
	TL		TL	
B3i Services AG	4.497.494	0,89%	4.497.494	0,89
Impairment (-)	(4.497.494)		(4.497.494)	-
Investments in equity shares (Note 4.2)	-		-	
Türk Katılım Reasürans A.Ş.	100.000.000	100,00%	100.000.000	100,00
T Rupt Teknoloji A.Ş.	50.000.000	100,00%	50.000.000	100,00
Subsidiaries (Note 4.2)	150.000.000		150.000.000	
Financial assets (Note 4.2)	150.000.000		150.000.000	

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%	704.240.921	113.982.921	9.820.785	Limited reviewed	June, 30 2023
T Rupt Teknoloji A.Ş.	100%	63.345.737	61.193.598	11.125.596	Limited reviewed	June, 30 2023

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

10 Reinsurance asset and liabilities

As of June 30, 2023 and December 31, 2022, outstanding reinsurance assets and liabilities of the Company, as reinsurance company in accordance with existing reinsurance contracts are as follows:

Reinsurance assets	June 30, 2023	December 31, 2022
Receivables from reinsurance companies (Note 12)	107.422.974	6.299.215
Cash deposited to insurance and reinsurance companies (Note 12)	29.222.841	2.433.246
Unearned premiums reserve, ceded (Note 17)	9.714.543	10.575.025
Unexpired risk reserve, ceded (Note 17)	33.752	889.410
Outstanding claims reserve, ceded (Note 17, 4.2)	2.424.080.301	24.841.715
Other technical reserves, ceded (Note 17)	40.184.173	23.575.264
Total	2.610.658.584	68.613.875

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	June 30, 2023	December 31, 2022
Payables to reinsurance companies related to premiums written	139.684.153	300.416
Deferred commission income (Note 19)	1.859.901	1.411.629
Cash deposited by reinsurance companies (Note 19)	14.729.586	10.289.985
Total	156.273.640	12.002.030

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 – June 30, 2023	April 1 – June 30, 2023	January 1 – June 30, 2022	April 1 – June 30, 2022
Premiums ceded during the period (Note 17)	(428.460.005)	(256.324.751)	(92.725.091)	(49.431.466)
Unearned premiums reserve, ceded at the beginning of the period (Note 17)	(10.575.025)	-	(7.483.033)	-
Unearned premiums reserve, ceded at the end of the period (Note 17)	9.714.543	(666.824)	11.330.804	1.720.926
Premiums earned, ceded (Note 17)	(429.320.487)	(256.991.575)	(88.877.320)	(47.710.540)
Claims paid, ceded during the period (Note 17)	813.325.887	442.959.705	6.185.319	4.046.644
Outstanding claims reserve, ceded at the beginning of the period (Note 17)	(24.841.715)	-	(8.529.305)	-
Outstanding claims reserve, ceded at the end of the period (Note 17)	2.424.080.301	746.936.395	7.625.147	(2.432.819)
Claims incurred, ceded (Note 17)	3.212.564.473	1.189.896.100	5.281.161	1.613.825
Commission income accrued from reinsurers during the period (Note 32)	1.799.308	1.134.934	3.114.054	1.543.405
Deferred commission income at the beginning of the period (Note 19)	1.411.629	-	1.566.297	-
Deferred commission income at the end of the period (Note 19)	(1.859.901)	(530.697)	(2.106.875)	(196.376)
Commission income earned from reinsurers (Note 32)	1.351.036	604.237	2.573.476	1.347.029
Changes in unexpired risks reserve, ceded (Note 17)	33.752	(276.856)	182.223	-
Changes in equalization reserve, ceded (Note 17)	40.184.173	8.901.957	17.059.224	3.690.315
Total, net	2.824.812.947	942.133.863	(63.781.236)	(41.059.371)

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

11 Financial assets

As of June 30, 2023 and December 31, 2022, the Company's financial assets portfolio are detailed as follows:

	June 30, 2023	December 31, 2022
Available for sale financial assets	634.086.256	227.221.663
Financial assets held for trading	996.863.892	1.482.150.499
Total	1.630.950.148	1.709.372.162

As of June 30, 2022 and December 31, 2021, the Company's available for sale financial assets are as follows:

	June 30, 2023			Net book value
	Nominal value	Cost	Fair value	
Debt instruments:				
Government bonds – TL	5.037.831	4.199.474	5.000.589	5.000.589
Private sector borrowing bonds – TL	100.210.000	87.816.056	98.472.712	98.472.712
Private sector bonds - TL	109.670.000	113.623.563	121.544.010	121.544.010
Total	205.639.093	205.639.093	225.017.311	225.017.311
Non-fixed income financial assets:				
Equity shares	41.468.825	442.091.629	409.068.945	409.068.945
Total	41.468.825	442.091.629	409.068.945	409.068.945
Total available for sale financial assets (Note 4.2)	647.107.918	647.730.722	634.086.256	634.086.256
	December 31, 2022			Net book value
	Nominal value	Cost	Fair value	
Debt instruments:				
Government bonds – TL	22.934.389	19.199.474	22.737.652	22.737.652
Private sector borrowing bonds – TL	70.600.000	62.389.963	64.773.172	64.773.172
Private sector bonds - TL	90.090.000	89.534.564	94.735.309	94.735.309
Total	183.624.389	171.124.001	182.246.133	182.246.133
Non-fixed income financial assets:				
Equity shares	1.833.392	36.070.665	44.975.530	44.975.530
Total	1.833.392	36.070.665	44.975.530	44.975.530
Total available for sale financial assets (Note 4.2)	185.457.781	207.194.666	227.221.663	227.221.663

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 June 30, 2023

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

11 Financial assets (continued)

As of June 30, 2023 and December 31, 2022, the details of the Company's financial assets held for trading are as follows:

	June 30, 2023			
	Nominal value	Cost value	Fair value	Net book value
Other fixed income financial assets:				
FX indexed financial assets (*)		248.938.001	288.720.636	288.720.636
Total		248.938.001	288.720.636	288.720.636
Other non-fixed income financial assets:				
Investment funds	403.860.392	405.264.276	708.143.256	708.143.256
Total		405.264.276	708.143.256	708.143.256
Total trading financial assets (Not 4.2)		654.202.277	996.863.892	996.863.892
	December 31, 2022			
	Nominal value	Cost value	Fair value	Net book value
Other fixed income financial assets:				
FX indexed financial assets (*)		690.441.912	696.992.052	696.992.052
Total		690.441.912	696.992.052	696.992.052
Other non-fixed income financial assets:				
Investment funds	599.368.251	606.720.883	785.148.636	785.148.636
Derivative financial instruments		9.167	9.811	9.811
Total		606.730.050	785.158.447	785.158.447
Total trading financial assets (Not 4.2)		1.297.171.962	1.482.150.499	1.482.150.499

(*) The Company classified the foreign exchange protected Turkish Lira deposits having a maturity of three months or more in scope of Law No. 7352 published in the Official Gazette dated January 29, 2022 and numbered 31734 as trading financial assets.

As of June 30, 2023, the Company does not have any securities classified as financial assets to be held until maturity (December 31, 2022: 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.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

11 Financial assets (continued)

Movements of financial assets during the period are as follows:

	June 30, 2023		Total
	Available for sale	Held for trading	
Balance at the beginning of the period	227.221.663	1.482.150.499	1.709.372.162
Acquisitions during the period	4.515.018.761	606.537.536	5.121.556.297
Disposals (sale and redemption)	(4.077.237.995)	(1.219.142.549)	(5.296.380.544)
Change in the fair value of financial assets	(30.916.173)	127.318.406	96.402.233
Balance at the end of the period	634.086.256	996.863.892	1.630.950.148

	June 30, 2022		Total
	Available for sale	Held for trading	
Balance at the beginning of the period	193.698.578	110.740.650	304.439.228
Acquisitions during the period	3.141.335.094	1.346.006.335	4.487.341.429
Disposals (sale and redemption)	(3.075.456.044)	(531.776.955)	(3.607.232.999)
Change in the fair value of financial assets	10.505.545	49.863.577	60.369.122
Balance at the end of the period	270.083.173	974.833.607	1.244.916.780

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

12 Loan and receivables

	June 30, 2023	December 31, 2022
Receivables from main operations (Note 4.2)	2.661.276.905	1.657.081.126
- third parties (Note 4.2)	2.557.069.222	1.656.140.731
- related parties (Note 4.2), (Note 45)	104.207.683	940.395
Other receivables (Note 4.2)	10.007.589.030	7.059.104
- third parties (Note 4.2) (*)	10.007.566.527	7.028.960
- related parties (Note 4.2), (Note 45)	22.503	30.144
Income accruals (Note 4.2) (**)	68.469.044	70.877.754
Prepaid expenses (Note 4.2) (***)	2.805.334	5.030.355
Other current assets (Note 4.2)	189.499	63.055
Other non-current assets (Note 4.2)	4.500	4.500
Total	12.740.334.312	1.740.115.894
Short-term receivables	5.240.329.812	1.740.111.394
Long-term receivables	7.500.004.500	4.500
Total	12.740.334.312	1.740.115.894

(*) It consists of receivables from the sedan companies regarding the repayment of financing provided to sedan companies under structured reinsurance agreements (Note 20) and receivables accrued under the Technical Operation of the Catastrophe Insurance Institution (Note 47).

(**) The portion of total balance TL 42.896.587 consist of replacement premium accruals; and the portion of total balance TL 5.400.236 consist of receivables from Türk Katılım Reasürans A.Ş. which is subsidiary of the Company, related to providing the services which in scope of intra-group services, specified in the 'Cost Sharing Policy'; and the remaining part are accruals related to the reflection of the costs incurred for the reporting period within the scope of the Technical Operations of the Turkish Catastrophe Insurance Pool.

(***) Prepaid expenses consist of personnel health insurance, meal benefits and other prepaid externally provided benefits and services.

As of June 30, 2023 and December 31, 2022, receivables from main operations are detailed as follows:

	June 30, 2023	December 31, 2022
Receivables from insurance companies	2.240.529.852	1.579.047.923
Receivables from brokers and intermediaries	284.101.238	69.300.742
Receivables from reinsurance companies (Note 10)	107.422.974	6.299.215
Total receivables from insurance operations, net	2.632.054.064	1.654.647.880
Cash deposited to insurance and reinsurance companies	29.222.841	2.433.246
Receivables from main operations	2.661.276.905	1.657.081.126

As of June 30, 2023, the Company does not have any mortgages and collaterals obtained for receivables (December 31, 2022: None).

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

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

The Company's receivables from and payables to shareholders, associates and subsidiaries are detailed in 45 -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 June 30, 2023

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

13 Derivative financial instruments

As of June 30, 2023, the Company has not derivative financial instruments. (December 31, 2022: None).

14 Cash and cash equivalents

As at June 30, 2023 and December 31, 2022, cash and cash equivalents are as follows:

	June 30, 2023		December 31, 2022	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	2.178.120.049	413.817.209	413.817.209	841.729.403
Cash and cash equivalents in the balance sheet	2.178.120.049	413.817.209	413.817.209	841.729.403
Interest accruals on bank deposits	(38.078.295)	(3.351.279)	(3.351.279)	(8.496.032)
Cash and cash equivalents presented in the statement of cash flows	2.140.041.754	410.465.930	410.465.930	833.233.371

As at June 30, 2023 and December 31, 2022, bank deposits are further analyzed as follows:

	June 30, 2023	December 31, 2022
Foreign currency denominated bank deposits		
- time deposits	657.924.091	89.074.368
- demand deposits	7.894.979	5.117.785
Bank deposits in Turkish Lira		
- time deposits	1.512.273.955	319.605.944
- demand deposits	27.024	19.112
Banks	2.178.120.049	413.817.209

The interest rates applied to time deposits are in the range of 15.31% to 46.50% for Turkish Lira deposits (December 31, 2022: 16.00% to 27.25%); for foreign currency deposits, the rates range from 0.05% to 0.10% (as of December 31, 2022: 0.50% to 0.75%), and all of them have a maturity period of less than three months.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

15 Equity

Paid in capital

As of June 30, 2023 and December 31, 2022, the shareholding structure of the Company is as follows:

Name	June 30, 2023		December 31, 2022	
	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
Paid in capital	600.000.000	100,00	600.000.000	100,00

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 June 30, 2022.

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;

	June 30, 2023	December 31, 2022
Legal reserves at the beginning of the period	15.178.506	4.271.283
Transfer from profit	-	10.907.223
Legal reserves at the end of the period	15.178.506	15.178.506

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

15 Equity (continued)

Valuation of financial assets

As of June 30, 2023 and 2022, detailed change of fair value of marketable securities, debt securities classified as available for sale financial assets is as following:

	June 30, 2023		June 30, 2022	
	Available for sale financial assets	Total	Available for sale financial assets	Total
Revaluation differences at the beginning of the period	6.400.863	6.400.863	(10.883.629)	(10.883.629)
Change in the fair value during the period	(42.252.596)	(42.252.596)	7.527.885	7.527.885
Deferred tax effect	10.873.477	10.873.477	(1.665.229)	(1.665.229)
Revaluation differences at the end of the period	(24.978.256)	(24.978.256)	(5.020.973)	(5.020.973)

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 June 30, 2023 and 2022 is as follows:

	June 30, 2023	June 30, 2022
Other profit reserves at the beginning of the period	191.652	(39.373)
Actuarial (loss)/gain (Note 23)	(1.025.138)	404.843
Deferred tax effect	256.285	(98.750)
Other profit reserves at the end of the period	(577.201)	266.720

Revaluation surplus amounting to TL 21.660.007 which generated as a result of the revaluation application of depreciable tangible and intangible assets purchased before 2022 within the scope of Temporary Article 32 and reiterated Article 298's paragraph (ç) of the Tax Procedure Law, has been transferred from the 'Retained Earnings' to the 'Other Profit Reserves' within the framework of the provisions of the Tax Procedure Law General Communiqué numbered 537 and published in the Official Gazette dated January 14, 2023.

16 Other reserves and equity component of discretionary participation

As of June 30, 2023 and December 31, 2022, other reserves are explained in detail in Note 15 – Equity above.

As of June 30, 2023 and December 31, 2022, 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 June 30, 2023

(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 June 30, 2023 and December 31, 2022, technical reserves of the Company are as follows:

	June 30, 2023	December 31, 2022
Unearned premiums reserve, gross	2.491.315.335	1.737.330.538
Unearned premiums reserve, ceded (<i>Note 10</i>)	(9.714.543)	(10.575.025)
Unearned premiums reserve, net	2.481.600.792	1.726.755.513
Unexpired risk reserve, gross	6.952.579	23.866.605
Unexpired risk reserve, ceded (<i>Note 10</i>)	(33.752)	(889.410)
Outstanding claims reserve, net	6.918.827	22.977.195
Outstanding claims reserve, gross	4.425.352.593	770.845.936
Outstanding claims reserve, ceded (<i>Note 10</i>)	(2.424.080.301)	(24.841.715)
Outstanding claims reserve, net	2.001.272.292	746.004.221
Equalization reserve, gross	159.511.437	105.202.364
Equalization reserve, ceded (<i>Note 10</i>)	(40.184.173)	(23.575.264)
Equalization reserve, net	119.327.264	81.627.100
Total technical provisions, net	4.609.119.175	2.577.364.029
Short-term	4.489.791.911	2.495.736.929
Mid and long-term	119.327.264	81.627.100
Total technical provisions, net	4.609.119.175	2.577.364.029

As of June 30, 2023 and 2022, movements of the insurance liabilities and related reinsurance assets are presented below:

	June 30, 2023		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	1.737.330.538	(10.575.025)	1.726.755.513
Written premiums during the period	4.041.230.818	(428.460.005)	3.612.770.813
Earned premiums during the period	(3.287.246.021)	429.320.487	(2.857.925.534)
Unearned premiums reserve at the end of the period	2.491.315.335	(9.714.543)	2.481.600.792

	June 30, 2022		
	Gross	Ceded	Net
Unearned premiums reserve at the beginning of the period	699.189.160	(7.483.033)	691.706.127
Written premiums during the period	1.724.978.579	(92.725.091)	1.632.253.488
Earned premiums during the period	(1.356.597.599)	88.877.320	(1.267.720.279)
Unearned premiums reserve at the end of the period	1.067.570.140	(11.330.804)	1.056.239.336

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

17 Insurance contract liabilities and reinsurance assets(continued)

Unexpired risk reserve	June 30, 2023		
	Gross	Ceded	Net
Unexpired risk reserve at the beginning of the period	23.866.605	(889.410)	22.977.195
Change in unexpired risk reserves during the period	(16.914.026)	855.658	(16.058.368)
Unexpired risk reserve at the end of the period	6.952.579	(33.752)	6.918.827

Unexpired risk reserve	June 30, 2022		
	Gross	Ceded	Net
Unexpired risk reserve at the beginning of the period	5.355.632	(182.223)	5.173.409
Change in unexpired risk reserves during the period	-	-	-
Unexpired risk reserve at the end of the period	5.355.632	(182.223)	5.173.409

Outstanding claims reserve	June 30, 2023		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	770.845.936	(24.841.715)	746.004.221
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	4.972.150.778	(3.212.564.473)	1.759.586.305
Claims paid during the period	(1.317.644.121)	813.325.887	(504.318.234)
Outstanding claims reserve at the end of the period	4.425.352.593	(2.424.080.301)	2.001.272.292

Outstanding claims reserve	June 30, 2022		
	Gross	Ceded	Net
Outstanding claims reserve at the beginning of the period	230.467.254	(8.529.305)	221.937.949
Claims reported during the period and changes in the estimations of outstanding claims reserve provided at the beginning of the period	866.300.650	(5.281.161)	861.019.489
Claims paid during the period	(347.503.155)	6.185.319	(341.317.836)
Outstanding claims reserve at the end of the period	749.264.749	(7.625.147)	741.639.602

Equalization reserve	June 30, 2023		
	Gross	Ceded	Net
Equalization reserve at the beginning of the period	105.202.364	(23.575.264)	81.627.100
Equalization reserve during the period	54.309.072	(16.608.908)	37.700.164
Equalization reserve at the end of the period	159.511.436	(40.184.172)	119.327.264

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

17 Insurance contract liabilities and reinsurance assets(continued)

Equalization reserve	June 30, 2022		
	Gross	Ceded	Net
Equalization reserve at the beginning of the period	42.288.573	(10.345.317)	31.943.256
Equalization reserve during the period	29.080.801	(6.713.907)	22.366.894
Equalization reserve at the end of the period	71.369.374	(17.059.224)	54.310.150

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 June 30, 2023

(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 June 30, 2023, deferred acquisition costs are amounting to TL 889.776.494 (December 31, 2022: TL 395.864.134) that consist of short-term deferred commission expenses are amounting to TL 525.099.441 (December 31, 2022: TL 358.395.005) and the part amounting to TL 364.677.053 consists of deferred excess of loss premiums and other technical expense deferrals (December 31, 2022: TL 37.469.129).

For the periods ended June 30, 2023 and 2022, the movement of deferred commission expenses are presented below:

	June 30, 2023	June 30, 2022
Deferred commission expenses at the beginning of the period	358.395.005	152.668.242
Commissions accrued during the period (Note 32)	886.575.563	396.079.994
Commissions expensed during the period (Note 32)	(719.871.127)	(311.616.018)
Deferred commission expenses at the end of the period	525.099.441	237.132.218

18 Investment contract liabilities

None.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

19 Trade and other payables and deferred income

	June 30, 2023	December 31, 2022
Other financial liabilities (Not 20)	10.012.246.314	9.544.582
Payables from reinsurance operations	445.667.167	123.823.888
- third parties	308.140.081	123.823.888
- related parties (Note 45)	137.527.086	-
Cash deposited by reinsurance companies (Note 10)	14.729.586	10.289.985
Deferred commission income (Note 10)	1.859.901	1.411.629
Taxes and other liabilities and similar obligations	179.253.580	84.780.571
Other payables	7.376.318	10.602.716
Total	10.661.132.866	240.453.371
Short-term liabilities	10.657.110.356	235.804.302
Long-term liabilities	4.022.510	4.649.069
Total	10.661.132.866	240.453.371

As of June 30, 2023, 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:

	June 30, 2023	December 31, 2022
Taxes paid during the year	(217.000.000)	(167.000.000)
Corporate tax liabilities	48.417.963	87.275.687
Corporate tax asset/(liability), net	(168.582.037)	(79.724.313)

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 June 30, 2023

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

20 Financial liabilities

	June 30, 2023	December 31, 2022
Debts to credit institutions within the scope of structured reinsurance agreements (*)	10.000.041.854	-
<i>Short term</i>	2.500.041.854	-
<i>Mid and long term</i>	7.500.000.000	-
Payables from operating leases (Note 34) (**)	12.204.460	9.544.582
<i>Short term</i>	8.181.950	4.895.513
<i>Mid and long term</i>	4.022.510	4.649.069
Total	10.012.246.314	9.544.582

(*) It consists of credited liabilities related to the source of financing provided to sedan companies under structured reinsurance agreements. All of the financial liabilities arising from these agreements belong to the sedan companies, and within this framework, the balance equal to the amount of the obligation is recorded in the 'Other Receivables' account as receivables from the sedan companies that are parties to the agreement. In accordance with the repayment plan, the amount of TL 2.500.000.000 is short-term; the remaining amount is accounted for on a long-term basis.

(**) As of June 30, 2023 and December 31, 2022, the details of financial liabilities are presented in Note 34 – Financial costs.

21 Deferred tax

As at June 30, 2023 and December 31, 2022, deferred tax assets and liabilities are attributable to the following:

	June 30, 2023		December 31, 2022	
	Tax rate used %	Deferred tax assets / (liabilities)	Tax rate used %	Deferred tax assets / (liabilities)
Expense accruals	25	26.634.215	25	2.269.935
Equalization reserves	25	21.850.605	25	9.783.072
Valuation differences in financial assets	25	8.255.670	25	(2.224.069)
Unexpired risk reserves	25	1.729.707	25	5.744.299
Provisions for employee termination benefits	25	652.198	25	413.253
Provision for unused vacation	25	591.114	25	694.925
Adjustment of IFRS 16	25	254.447	25	200.847
Time deposits rediscount	25	173.541	25	20.443
TAS adjustment differences in depreciation	25	(8.408.659)	25	(806.533)
Income accrual	25	(10.724.147)	25	(2.569.772)
Deferred tax assets / (liabilities), net		41.008.691		13.526.400

As at June 30, 2023, the Company has not any deductible tax losses (December 31, 2022: None).

Movement of deferred tax assets are given below:

	June 30, 2023	June 30, 2022
Opening balance at January 1	13.526.400	3.889.706
Deferred tax income/ expense (Note 35)	16.352.529	8.245.248
Deferred tax income/ expense recognised in equity (Note 15)	11.129.762	(1.763.979)
Deferred tax assets / (liabilities)	41.008.691	10.370.975

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

22 Retirement benefit obligations

None.

23 Other liabilities and expense accruals

As of June 30, 2023 and December 31, 2022, other liabilities and expense accruals are as follows:

	June 30, 2023	December 31, 2022
Substitution outstanding reserves under excess of loss agreements	106.536.858	9.079.738
Personnel bonus provision	-	8.005.785
Provision for unused vacation	2.364.457	2.779.698
Provision for employee termination benefits	2.608.793	1.653.012
Invoice accruals	-	4.732.442
Total	111.510.108	26.250.675

The movement of the provision for employee termination benefits within the period is as follows:

	June 30, 2023	June 30, 2022
Provision for employee termination benefits beginning of the period	1.653.012	465.667
Interest cost (Note 47)	177.203	48.895
Service cost (Note 47)	579.853	714.836
Payments during the period (Note 47)	(826.413)	(11.554)
Actuarial loss/(gain) (Note 15)	1.025.138	(404.843)
Provision for employee termination benefits end of the period	2.608.793	813.001

The movement of the provision for unused vacation within the period is as follows:

	June 30, 2023	June 30, 2022
Provision for unused vacation beginning of the period	2.779.698	893.507
Provision for unused vacation beginning of the period	(23.307)	758.316
Provision made during the period (Note 47)	(391.934)	(23.656)
Provision for unused vacation end of the period	2.364.457	1.628.167

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

24 Net insurance premiums

The distribution of written premiums is as follows:

	January 1 - June 30, 2023			April 1 - June 30, 2023		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	3.001.260.466	(99.164.251)	2.902.096.215	918.898.651	(55.187.522)	863.711.129
Fire and Natural Disasters	815.794.756	(294.471.034)	521.323.722	472.461.427	(176.815.609)	295.645.818
Credit	35.784.628	(3.249.347)	32.535.281	21.203.960	(3.264.245)	17.939.715
General Liabilities	55.894.114	(2.850.746)	53.043.368	25.198.375	(3.082.798)	22.115.577
Marine	30.005.085	(5.937.936)	24.067.149	10.187.114	(4.035.477)	6.151.637
Water Vehicles	30.368.501	(3.665.248)	26.703.253	12.574.964	(2.173.467)	10.401.497
Accident	26.378.565	(3.649.862)	22.728.703	11.148.549	(2.267.762)	8.880.787
Financial Losses	25.108.010	(12.063.211)	13.044.799	11.380.891	(7.846.657)	3.534.234
Land Vehicles	16.875.474	(3.376.598)	13.498.876	2.460.104	(1.626.092)	834.012
Air Vehicles	1.209.227	-	1.209.227	535.774	-	535.774
Land Vehicles Liability	2.386.269	-	2.386.269	252.185	-	252.185
Breach of Trust	106.369	-	106.369	119.123	-	119.123
Legal Protection	50.236	(16.645)	33.591	-	(9.995)	(9.995)
Health	9.118	(15.127)	(6.009)	9.118	(15.127)	(6.009)
Air Vehicles Liability	-	-	-	(224.353)	-	(224.353)
Total	4.041.230.818	(428.460.005)	3.612.770.813	1.486.205.882	(256.324.751)	1.229.881.131

	January 1 - June 30, 2022			April 1 - June 30, 2022		
	Gross	Ceded	Net	Gross	Ceded	Net
General Losses	1.296.342.657	(25.907.718)	1.270.434.939	484.258.253	(13.767.442)	470.490.811
Fire and Natural Disasters	282.331.357	(53.466.481)	228.864.876	152.964.541	(28.945.573)	124.018.968
Credit	29.672.950	(6.230.603)	23.442.347	14.851.649	(2.970.646)	11.881.003
General Liabilities	35.564.357	(3.016.483)	32.547.874	21.326.454	(1.571.300)	19.755.154
Marine	36.756.944	(1.027.502)	35.729.442	28.497.874	(546.499)	27.951.375
Water Vehicles	15.380.185	(975.120)	14.405.065	9.484.297	(517.458)	8.966.839
Accident	10.884.654	(418.918)	10.465.736	5.222.402	(221.699)	5.000.703
Financial Losses	10.969.297	(1.515.158)	9.454.139	5.886.963	(801.831)	5.085.132
Land Vehicles	4.354.897	(162.037)	4.192.860	(424.313)	(86.320)	(510.633)
Air Vehicles	1.259.417	-	1.259.417	489.989	-	489.989
Land Vehicles Liability	811.155	-	811.155	99.887	-	99.887
Breach of Trust	508.838	-	508.838	123.359	-	123.359
Legal Protection	141.871	(5.071)	136.800	73.285	(2.698)	70.587
Air Vehicles Liability	-	-	-	(15.903)	-	(15.903)
Total	1.724.978.579	(92.725.091)	1.632.253.488	722.838.737	(49.431.466)	673.407.271

25 Fee revenue

None

26 Investment income

Investment income is presented in Note 4.2 – *Financial risk management*.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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*.

29 Insurance rights and claims

	January 1 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Claims paid, net off reinsurers’ share	504.318.234	361.389.014	341.317.836	170.907.815
Changes in unearned premiums reserve, net off reinsurers’ share	754.845.279	(531.002.761)	364.533.209	(145.518.934)
Changes in unexpired risk reserve, net off reinsurers’ share	(16.058.368)	(8.568.537)	-	-
Change in outstanding claims reserve, net off reinsurers’ share	1.255.268.071	698.261.902	519.701.653	344.648.409
Change in equalization reserve, net off reinsurers’ share	37.700.164	15.008.270	22.366.894	11.451.587
Total	2.536.073.380	535.087.888	1.247.919.592	381.488.877

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 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Commission expenses (Note 17)	719.871.127	429.150.085	311.616.018	201.305.638
<i>Commissions to the intermediaries accrued during the period (Note 17)</i>	886.575.563	313.292.574	396.079.994	173.932.120
<i>Changes in deferred commission expenses (Note 17)</i>	(166.704.436)	115.857.511	(84.463.976)	27.373.518
Employee benefit expenses (Note 33)	77.390.119	42.116.337	31.576.904	15.840.317
Administration expenses	37.536.025	19.579.202	14.693.338	11.213.525
Outsourced benefits and services	21.948.968	15.833.678	3.640.443	1.461.678
Commission income from reinsurers (Note 10)	(1.351.036)	(604.237)	(2.573.476)	(1.347.029)
<i>Commission income from reinsurers accrued during the period</i>	(1.799.308)	(1.134.934)	(3.114.054)	(1.543.405)
<i>Change in deferred commission income</i>	448.272	530.697	540.578	196.376
Total	855.395.203	506.075.065	358.953.227	228.474.129

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

33 Employee benefit expenses

	January 1 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Wages and salaries	60.125.229	32.942.820	26.373.951	13.113.345
Employer’s share in social security premiums	8.481.933	4.493.465	3.133.740	1.702.431
Pension fund benefits	8.782.957	4.680.052	2.069.213	1.024.541
Total (Note 32)	77.390.119	42.116.337	31.576.904	15.840.317

34 Financial costs

As of June 30, 2023, TL 767.933 (January 1 - June 30, 2022: TL 626.588) 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 3.788.816 is recognised under the “Depreciation and Amortization Expense” accounts (January 1 - June 30, 2022: TL 1.693.284).

As of June 30, 2023 and December 31, 2022, discounted reimbursement plan for operating leases of the Company is as follows:

	June 30, 2023	December 31, 2022
	Operating Leases Reimbursement Plan -TL	Operating Leases Reimbursement Plan -TL
Up to 1 year	8.181.950	4.895.513
1 to 2 years	4.022.510	4.541.404
2 to 3 years	-	107.665
Total (*)	12.204.460	9.544.582

(*) As of reporting date, TL 8.181.950 (December 31, 2022: TL 4.895.513) was short term, TL 4.022.510 (December 31, 2022: TL 4.649.069) was long term.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

35 Income taxes

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

	January 1 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Corporate tax expense:				
Corporate tax provision	(217.000.000)	(175.000.000)	(29.500.000)	(29.395.098)
Deferred taxes:				
Origination and reversal of temporary differences	16.352.529	5.256.706	8.245.248	1.089.841
Total income tax income / (expense)	(200.647.471)	(169.743.294)	(21.254.752)	(28.305.257)

For the periods then ended as of June 30, 2023 and 2022, 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:

	June 30, 2023		June 30, 2022	
		Tax rate (%)		Tax rate (%)
Profit before taxes	908.787.021		247.752.245	
Taxes on income per statutory tax rate	227.196.755	25,00	61.938.061	25,00
Tax-exempt incomes	(74.239.998)	(8,17)	(52.121.783)	(21,04)
Non-deductible expenses	50.205.771	5,52	11.439.217	4,62
Donations and charities	(2.515.057)	(0,28)	(743)	(0,00)
Total tax expense recognized in loss / (profit)	200.647.471	22,08	21.254.752	8,58

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 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Net profit for the period	708.139.550	603.637.951	226.497.493	168.150.355
Weighted average number of shares	600.000.000	600.000.000	600.000.000	600.000.000
Earnings per share (TL)	1,180	1,006	0,377	0,280

38 Dividends per share

None.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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

As of June 30, 2023, the Company has not been the subject of any lawsuits (December 31, 2022: 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 A.Ş and also T Rupt Teknoloji A.Ş 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.

As of June 30, 2023 and December 31, 2022, the details of the transactions performed with related parties are as follows:

	June 30, 2023	December 31, 2022
Türk Katılım Reasürans A.Ş. – <i>receivables from main operation under retrocession contracts</i>	104.207.683	940.395
Türk Katılım Reasürans A.Ş. – <i>payables arising from main operation under retrocession contracts</i>	137.527.086	-
Türk Katılım Reasürans A.Ş. – <i>income accruals related to intra-group services</i>	5.400.236	1.859.853
T Rupt Teknoloji A.Ş. – <i>other receivables</i>	22.503	30.144
B3i Services AG – <i>acquisition of fixed assets</i>	-	10.555

46 Subsequent events

Amendments were made to the Corporate Tax Law No. 5520 with a Law submitted to the Grand National Assembly of Turkey on 5 July 2023 and published in the Official Gazette dated 15 July 2023. According to this; the corporate tax rate has been increased from 20% to 25%, starting from the declarations that will be submitted as of 1 October 2023. In addition, starting from 15 July 2023; 50% tax exception ratio stipulated for immovable assets’ sales gains in the Law No. 5520 has been abolished with the amendment. However, the 50% tax exemption ratio will be applied as 25% for the sales of immovable assets of the entities acquired before 15 July 2023. Efforts to determine the effects of these changes on current and deferred tax amounts continue.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

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

The provision amount related to the annual corporate income tax return deadline is included in the financial statements under the principle of periodicity in accounting. This is due to the fact that the deadline for filing the annual corporate income tax return is later than the date of the last publication of their financial statements as determined by the Insurance Law No. 5684, for insurance, reinsurance, and pension companies. In this context, the Company records the difference that arises between the provision amount for the corporate income tax for the year 2022, reflected in its financial statements prepared as of December 31, 2022, and the definitive tax amount realized in the 2022 corporate income tax return. This difference is appropriately recorded in the current period income statement under the 'Prior year’s income and profits' or 'Prior year’s expenses and losses' line, taking into account its impact.

Information on Other technical expenses items in unconsolidated income statement for the period ended June 30, 2023 and 2022

Other technical expenses in the income statement amounting to TL 75.488.195 consists of technical expenses arising from reinsurance business acceptances and deferral of these expenses (January 1 – June 30, 2022: TL 31.549.574).

Information on Other income items in income statement for the period ended June 30, 2023 and 2022

	January 1 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Other income and profits				
Technical operating income (*)	39.973.353	31.780.710	6.672.971	3.365.743
Other income and gain	140.475	72.132	2.324.193	2.300.119
Other income and gain	40.113.828	31.852.842	8.997.164	5.665.862

(*) 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 appointed as ‘Technical Operator’ of Special Risks Management Center with respect to approval letter, dated July 8, 2021 and numbered 24996009-256 [258.01.02] notified by Republic of Turkey Ministry of Treasury and Finance. Accordingly, the Company is assigned as Technical Operator of the Center for 5 years effective as of July 30, 2021, with approval of Center Board of Directors in accordance with Technical Operator Agreement established between the Company and Center.

Türk Reasürans Anonim Şirketi

Notes to the Unconsolidated Financial Statements

As of June 30, 2023

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

47 Other (continued)

The details of provisions for the period ended on June 30, 2023 and 2022 are as follows:

Provisions expenses	January 1 – June 30, 2023	April 1- June 30, 2023	January 1 – June 30, 2022	April 1- June 30, 2022
Provision no longer required			(2.984.887)	-
Provision for unused vacation expense (Note 23)	(415.241)	239.690	734.660	77.438
Provision for employee termination benefits expense (Note 23)	(69.357)	253.923	752.177	381.866
Provisions	(484.598)	493.613	(1.498.050)	459.304