



 Garanti Emeklilik

ANNUAL
REPORT
2015

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*We achieve
customer
satisfaction with
happy employees!*

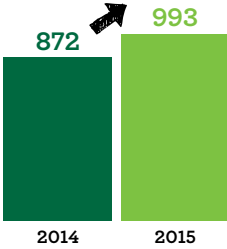
For us, the first step toward satisfying our customers is making our employees happy. As a company that understands the importance of receiving a genuine smile from customers, we always strive to make our employees truly happy. Happy employees make happy customers and happy customers bring the success and reliability that make us who we are.



Financial Indicators

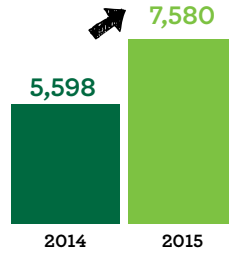
As of year-end 2015, Garanti Pension boasted 993 thousand* participants and a fund size of TL 7.6 billion.**

Number of Participants (Thousand)



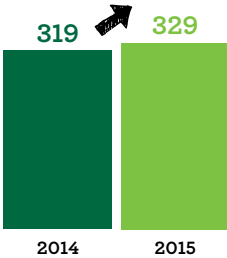
13.8%*
Growth

Fund Size (TL Million)



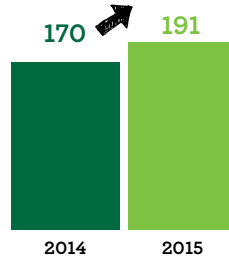
24.4%*
Growth

Life Insurance Premium (TL Million)



3.1%*
Growth

Net Profit (TL Million)



12.4%*
Growth

Garanti Pension and Life maintains steady and rapid growth in the private pension and life insurance segments, its core business areas.

Garanti Pension and Life has remained the most profitable company in the sector since 2010.**

* The source is EGM, dated 25.12.2015.

** The source is TSB, dated 30.09.2015.

About Garanti Pension and Life

Garanti Pension and Life has pioneered many “firsts” in the sector with its people-oriented approach and services tailored to meet customer needs.

Garanti Emeklilik ve Hayat Anonim Şirketi (Garanti Pension and Life) was incorporated as “AGF Garanti Hayat Sigorta Anonim Şirketi” on July 24, 1992.

The Company trade name was changed to “Garanti Hayat Sigorta Anonim Şirketi” on May 18, 1999.

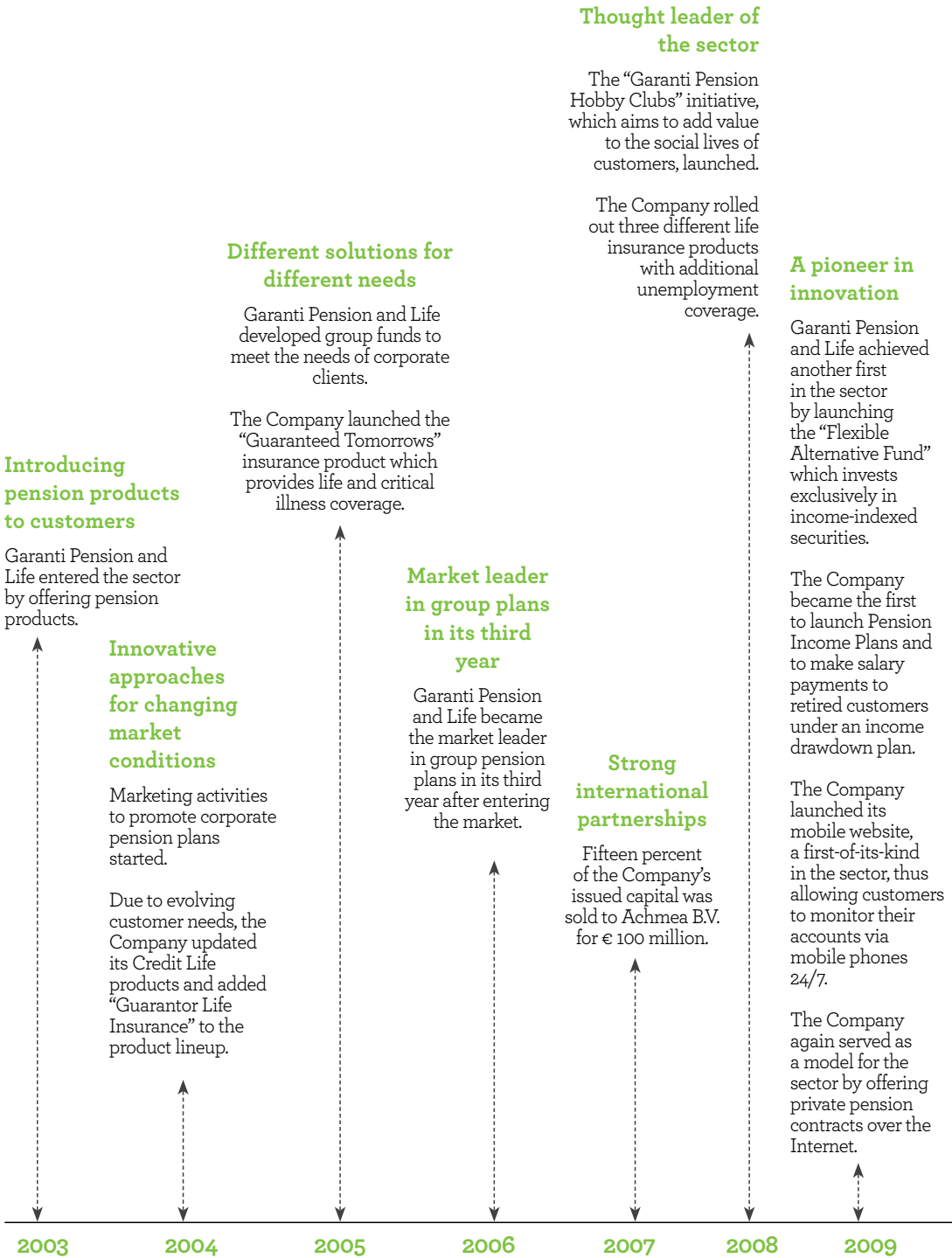
Following the decision to include private pension in its field of activities, the Company applied to convert from a life insurance company to a pension company on November 14, 2002. The Company’s name was changed initially to “Garanti Emeklilik Anonim Şirketi” and then to “Garanti Emeklilik ve Hayat Anonim Şirketi.” Subsequently, the Company set up pension mutual funds pursuant to the Board of Directors resolution dated June 28, 2003 and obtained authorization from the Capital Markets Board.

On June 21, 2007, 15% of the Company’s issued capital was sold to Achmea B.V. for € 100 million.

Garanti Pension and Life places great importance on continuing its track record of success which it owes to an energetic, customer-focused team. Thanks to this approach, the Company ranks among the most powerful players in the sector. Garanti Pension and Life develops its products and services with a keen eye on delivering customer satisfaction. In addition, Garanti Pension and Life has a dynamic organizational structure that can rapidly meet emerging needs. The Company also maintains a strong market position in an ever changing market environment. With all these competitive advantages, the Company adds significant value to Turkey’s pension and life insurance sectors. Garanti Pension and Life strives to always stand beside its customers and provide a happy, secure future for them. To this end, the Company has pioneered many “firsts” in the sector. Believing that happy employees ultimately lead to happy customers, Garanti Pension and Life gives top priority to employee satisfaction and carries out many activities to achieve this. As a result, in November, the Company received the “Gold” certificate from Investors in People, which sets the international standard for better people management. The Company continues to serve as a model for other companies operating in the sector, thanks to its know-how in bancassurance and deep financial expertise.

Garanti Pension and Life places great importance on continuing its track record of success which it owes to an energetic, customer-focused team. Thanks to this approach, the Company ranks among the most powerful players in the sector.

From Past to Today Garanti Pension and Life



The “Garanti Pension” brand grows stronger with innovations

The Company launched the “Online Pension Advisor” service, a first in the sector.

Private pension plans were developed specially for participation banking customers.

The Company launched the corporate social responsibility initiative “Back to School.”

The Social Security Advisor application launched as another innovation in the sector.

Garanti Pension and Life spearheads the sector’s transformation

The Company set up a Special Customer Relations Unit to offer customers a differentiated service point.

Garanti Pension and Life updated the credit life products in line with the changing needs of customers.

Garanti Pension and Life has launched unique products specially designed for self-employed and young customers.

Customer-focused investments and practices

Garanti Pension and Life Flexible (TL), Garanti Pension and Life Domestic Government Debt Securities Income, Garanti Pension and Life Equity, and Garanti Pension and Life Group Equity and Pension Mutual Funds launched.

The Company created a Facebook page to enable social media interaction.

“Always by your side”

Garanti Pension and Life maintained its market leadership in the number of participants throughout 2013 and 2014.

Garanti Pension’s new communication concept is “Always by your side”.

The Company further strengthened its social media presence by adding Twitter and LinkedIn to its communication channels.

Garanti Pension and Life won the “Highest Corporate Governance Rating Score” award in the “Private Companies” category at the 8th International Corporate Governance Summit.

Sector leader in number of participants

The Company became the sector leader in terms of the number of private pension participants.

The Company revamped garantiemeklilik.com.tr with an appealing visual quality, user-friendliness and advanced functionality to further improve customer accessibility and increase user satisfaction.

Having performed strongly in the compliance review by Investors in People (IIP), the world’s only international human resources quality standard, Garanti Pension and Life became the first and the only company in the sector to be awarded “Silver” certification.

“We achieve customer satisfaction with happy employees!”

Garanti Pension and Life was the first and the only private pension provider in Turkey to be awarded the “Gold” certificate by Investors in People, the only international quality standard in human resources.

Garanti Pension and Life signed the United Nations Global Compact, the world’s largest voluntary corporate responsibility initiative which is based on signatories’ commitment to implement universal sustainability principles.

Taking yet another important step forward in its embrace of sustainability, Garanti Pension and Life signed the United Nations Women’s Empowerment Principles, another first in the sector.

Garanti Pension and Life became the sector’s first private pension company to accept PPS applications via Facebook.

The Company revamped its Internet branch in line with the latest trends in digital media.

Garanti Pension and Life launched an Instagram account, adding a new social media tool to its digital media portfolio.

As a pioneer in the digital world, Garanti Pension became the first company in the sector to use Periscope, Twitter’s video streaming app.

2010

2011

2012

2013

2014

2015

Vision

To become the best Private Pension and Life Insurance Company in Europe

Mission

We stake a claim on the happy future of our stakeholders, guide them, add value and make them feel assured.

Core Values

- *I exceed customers' expectations.*
- *I believe in open dialogue.*
- *I strictly abide by all applicable laws.*
- *I conduct myself in an honest and ethical manner.*
- *I achieve customer satisfaction with happy employees.*
- *I strive to learn continuously to achieve the best performance in my job.*
- *I am innovative and creative.*
- *I care about society and the environment.*

Competitive Advantages

Garanti Pension and Life's most important competitive advantage in both private pension and life insurance is its experience and skill in the bancassurance area. The synergy between the Company and its main distribution channel Garanti Bank is an unrivaled model that has attracted the sector's attention for many years. Garanti Pension and Life has a significant competitive advantage with not only the compatibility between the Company and Garanti Bank in terms of advanced technology infrastructure, systems and regional sales organization, but also with the depth of collaboration carried out within a shared corporate culture and service approach.

Our Outmaneuvering Advantages

Garanti Pension and Life's most important competitive advantages include:

Brand equity of "Garantí"

- The reliability provided by the Garanti brand
- The synergy and collaboration with Garanti Bank

Financial strength and an advanced technology infrastructure

- Robust capital and stable financial structure
- Reinsurance capacity
- Profitable risk acceptance practices
- Continuously improving technology infrastructure

Customer-centric service approach

- Customized and exclusive solutions for the needs of customers
- Continuous development of after sales services
- Practices that reinforce closer customer relationships

Corporate culture and human resources

- Organizational structure that enables rapid adaptation to a changing market environment
- Creative and highly competent workforce capable of taking initiative
- Emphasis on life-long development
- Internal customer satisfaction efforts

Effective sales force

- Effective use of bancassurance
- Superior alternative distribution channels and widespread distribution network

Garanti Bank in Brief

Standing out with a dynamic business model, Garanti Bank facilitates the lives of customers through the use of advanced technology applications, which are integrated into its innovative products and services.

Established in Ankara in 1946, Garanti Bank is Turkey's second largest private bank with consolidated assets totaling US\$ 96.2 billion as of December 31, 2015.

Garanti Bank operates in corporate, commercial, private, retail and investment banking as well as in SME banking and payment systems. The Bank serves as an integrated financial services group with subsidiaries that operate in the life insurance and private pension, leasing, factoring, securities and asset management sectors. Garanti Bank's international subsidiaries are located in the Netherlands, Russia and Romania.

As of December 31, 2015, Garanti Bank provides a wide range of financial services to more than 13.9 million customers with about 19.7 thousand employees. The Bank's branch network includes 971 domestic locations and nine foreign branches, with seven in Cyprus and one each in Luxembourg and Malta. In addition, the Bank has representative offices in London, Düsseldorf and Shanghai; 4,504 ATMs; an award-winning Call Center; an extensive distribution network consisting of internet and mobile branches as well as social banking platforms, all of which feature an advanced technology infrastructure.

Aiming to achieve sustainable growth by creating value for all its stakeholders, Garanti builds its strategy on the principles of "transparency", "straightforwardness" and "accountability". The Company continually works to improve customer experience by offering customers products and services that are tailored to meet their needs. Thanks to its skilled and dynamic workforce, unrivalled technology infrastructure, customer-focused service approach, innovative and high quality products and services, Garanti Bank is the leader of the Turkish banking industry.

Garanti Bank in Brief

In addition, Garanti Bank strives to adopt the best corporate governance practices. Banco Bilbao Vizcaya Argentaria S.A. ("BBVA") and Doğuş Group own 39.9% and 10% of Garanti Bank shares, respectively. The Bank's shares are publicly listed and traded in Turkey with a free float of 50.02% on Borsa Istanbul as of December 31, 2015. In addition, Garanti Bank depositary receipts are traded in the UK and US.

With its dynamic business model and pioneering approach that integrates technology into its products and services, Garanti Bank continues to make a difference in the sector while making life easier for its customers. Standing out with a dynamic business model, Garanti Bank facilitates the lives of customers through the use of advanced technology applications, which are integrated into its innovative products and services. Custom-tailored solutions and a wide product variety play a key role in the Bank's US\$ 75.9 billion cash and non-cash loan portfolio. Garanti Bank's high asset quality is achieved through advanced risk management systems and a well-established risk management culture, which differentiate the Bank in the sector.

Building on the Bank's Core Values, Garanti defines sustainability as a commitment to create a strong, successful business model for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its customers, employees, shareholders and the local communities, wherever it operates. Garanti continues to bolster its approach to sustainable banking with social investment programs in various areas, including sports, education, arts, the environment and business information.

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Achmea B.V. in Brief

Achmea is a leading international insurance group with 200 years of experience. Based in the Netherlands, Achmea is one of the world's largest cooperative insurance organizations, operating with 18,000 employees in seven countries. Achmea provides customers with products and services that are transparent, financially affordable and easily understandable.

Achmea considers its customers as the actual owners of the Group and ranks them first among stakeholders. Believing that solidarity forms the basis of cooperative insurance, Achmea undertakes sustainable initiatives for its customers to achieve common goals by sharing strategic and financial risks. Achmea Group is widely known as an innovative employer, one of the best places to work in the finance industry, and a leader in boosting diversity.

Achmea develops solutions for health related issues when necessary; provides coverage and protection against damages resulting from fire, traffic accidents and theft; and ensures long-term financial security of its customers and their families. Through its micro insurance projects, Achmea also contributes to establishing economic stability in underdeveloped countries.

Active in all insurance branches and distribution channels, Achmea is preferred by one in two people in its home market, the Netherlands. Outside the Netherlands, Achmea is the second largest insurance company in Greece; the Group also holds strong market positions in Turkey, Slovakia, Ireland, and Romania.

Achmea's gross premium production under contract totals EUR 20 billion, shareholders' equity amounts to EUR 9.7 billion, and the Group's solvency ratio stands at 202%. International credit rating agency Standard & Poor's affirmed Achmea's Insurer Financial Strength Rating as 'A+'.

Operating in the non-life insurance market, Eureka Sigorta is a member of Achmea in Turkey and the country's leader in bancassurance, thanks to its powerful partnership with Garanti Bank.

Achmea considers its customers as the actual owners of the Group and ranks them first among stakeholders.

Chairman's Message

Always standing strong, Garanti Pension will continue to undertake successful initiatives and lead the sector in the coming period.

Following a slowdown after the global financial crisis, the world economy expanded moderately in 2015. Increasing concerns about economic growth, fluctuating financial markets, weakening domestic demand, falling oil and commodity prices were some of the main factors affecting the global economy during the year. Although the level of economic activity varies considerably across countries, global growth is projected to have been 3.1% in 2015.

Developed countries, the US and Eurozone in particular, continued to experience a moderate rebound in 2015. While America's economic recovery was stronger than other advanced economies, the Eurozone, including debt-troubled Greece, posted relatively slower growth when compared with the United States. Japan, on the other hand, has long struggled to achieve steady, balance growth since the global financial crisis began, with the country's economy once again falling short in 2015.

Even though the global economy has not yet reached a steady state, the low interest-rate and expansionary monetary policies implemented by central banks across the world have stood out as significant efforts to revive the world's economy.

Meanwhile, emerging markets recorded weak economic growth in general. Although oil prices, which fell sharply due to excess supply, had some positive impact on developing countries, this bloc was still negatively affected by the monetary policies of advanced nations. China's economic slowdown, in particular, increased global risk perceptions.

Turkey entered 2015 in the shadow of the Central Bank's monetary policies, looming general elections, the Federal Reserve (Fed)'s decision to raise interest rates, coupled with various domestic and international uncertainties. Both the political and the geopolitical environment following the June election exacerbated the depreciation of the Turkish lira in 2015. Although economic activity remained lower than expectations at the start of the year, the Turkish economy posted modest growth in 2015. As the manufacturing industry gains momentum and domestic consumption picks up, the Turkish economy continues to expand.

As in the previous year, oil prices and the foreign trade deficit continued to decline at the beginning of 2015; as a result, Turkey's current account gap narrowed.

From May onwards, inflation followed a downtrend, then fluctuated before ending the year at 8.81%.

Much like inflation, the country's unemployment rate initially declined in 2015, falling to single digits, but then reversed course to exceed 10% towards year's end.

Even though the Fed's monetary policy for 2016 is unclear, global risk perception remains high, economic growth is slow, and Turkey is exposed to significant geopolitical risks, including the Russia crisis, the Turkish economy is expected to post faster, more domestic consumption-driven growth in 2016, compared to the prior year.

Although Turkey aims for consumer spending to lead the economy's expansion in 2016, an approximate one-percentage-point increase is expected in the domestic savings rate in the coming year. The private pension system is the strongest supporter of this strategy. Following major legislative changes in 2013, including the 25% state contribution to encourage participation in the private pension system, new regulations due to take effect in 2016 will further support the PPS's participation, steady payments and permanence.

The Turkish private pension sector maintained rapid growth in 2015, reaching more than 6 million* participants and a total of TL 48 billion* in pension funds. Meanwhile, Garanti Pension, a major player in this fast-growing sector, continues to help nearly 1 million participants increase their retirement savings with a total fund size of TL 7.6 billion.

As in previous years, we increased our premium production in the life insurance segment, our second core business area, to TL 329 million in 2015. While we maintained steady growth, the Company's financial results reflected our success. Always striving to expand in a sustainable manner, Garanti Pension once again became the most profitable** company in the sector, for the sixth consecutive year.

In 2015, Garanti Pension further expanded its strong customer base while the Company's innovative approaches to employee and customer focus were recognized for excellence both at home and internationally. We were very proud to receive the "Gold" certificate from Investors in People (IiP), the only international quality standard in human resources.

In addition to achieving operational and financial success, Garanti Pension always strives to contribute to society as a whole. Our Company took this principle one step further in 2015 and set out on a journey towards sustainability. We will continue our sustainability efforts in the coming periods to leave a better, more livable world for future generations.

Always standing strong, Garanti Pension will continue to undertake successful initiatives and lead the sector. I would like to express my deepest gratitude to all our employees, who have helped us create this wonderful portrait of success and pride, and to all our participants, policyholders and stakeholders.

Respectfully yours,

*EGM (Pension Monitoring Center) data dated December 25, 2015.

**TSB (Insurance Association of Turkey) data dated September 30, 2015.



“Garanti Pension took its principle of contributing to society one step further and set out on a journey towards sustainability.”

Ali Fuat ERBİL
Chairman of the Board of Directors

CEO's Message

Thanks to business processes that are focused on operational efficiency and effective balance sheet management, Garanti Pension continues to grow and gain value in the sector.

As the world economy and developed countries experienced some recovery in 2015, emerging markets, especially China, struggled with their slowing economies. As a result, global economic growth fell short of desired levels. Meanwhile, Turkey began the year facing uncertainties on multiple fronts. However, given that the current account deficit declined despite two general elections and the Russia crisis, as we look at year-end growth forecasts, we are hopeful for 2016.

Of late, the domestic savings rate and the private pension system increasingly come up in discussions surrounding the current account gap. Turkey's private pension system completed its twelfth year in 2015. It has expanded considerably since 2013 – in particular after the introduction of the state contribution – and continued to grow rapidly during the year. The number of participants in the system reached more than 6 million* while the total fund size expanded 25% in 2015, to more than TL 47 billion*. More good news for the sector is that this remarkable growth has been realized across the entire country. Meanwhile, the state's subsidy contribution, which helped attract all segments of society across Turkey to the private pension system, has grown to TL 4.8 billion*.

Widely known as the pioneer of bancassurance in Turkey and a model in the sector, Garanti Pension and Life continued to expand, thanks to its successful partnership with Garanti Bank. Our Company closed the year with 993 thousand participants* and fund size of TL 7.6 billion, as we continued to grow in every city in Turkey.

In 2015, our Company continued to demonstrate a solid performance in the life insurance segment as well. Expansion and contraction in Turkey's life insurance sector are largely dependent on consumer loans. However, Garanti Pension maintained stable growth in 2015, gaining an 8.9% market share with premium production totaling TL 329 million. In order to provide faster service to customers, our Company took the most successful projects which it had developed to boost private pension sales processes and adapted them to the life insurance segment during the year. With our customer-oriented sales project, we aim to take our service quality to the next level by analyzing the expectations of our employees and customers. In the coming year, we will continue to focus our efforts on these areas in line with our continuous improvement approach.

We won the “Gold”!

With the belief that company performance can only be improved by investing in human capital, Garanti Pension and Life became the first private pension company in Turkey to receive the “Gold” certificate granted by Investors in People, the only international quality standard in human resources. Our main goal is to make our employees, our most important asset, happy.

Happy employees and satisfied customers are central to our success.

Since the day we began implementing “Employee-Focused” and “Customer-Centric” strategies as a fundamental management principle, Garanti Pension has strived to deliver an

experience that exceeds all expectations, by placing its employees and customers at the center of all the Company's business processes. As a result of these efforts, our employee satisfaction level rose to 71% in 2015, up from 56%. In addition, our Company's Net Promoter Score (NPS), an important indicator of our customer-centered practices, climbed to +63, a very high score by world standards, which made us all proud.

We set out on a journey towards sustainability.

We have taken a big step forward by taking into consideration not only the financial, but also the social and environmental aspects of sustainable development. As a company that leads the sector with its innovative practices, Garanti Pension has signed the United Nations Global Compact, demonstrating our commitment to implementing the internationally recognized principles related to human rights, labor standards, environmental protection and anti-corruption efforts. In addition, Garanti Pension achieved yet another milestone in pursuit of sustainability and signed the United Nations Women's Empowerment Principles, which aim to advance gender equality and strengthen the role of women in society.

Under the "Back to School" initiative, we secured the future of 700 children.

With our social responsibility project "Back to School," ongoing for five years now, Garanti Pension and Life has reached out to a total of 5,500 students and their parents. To date, our Company has helped some 700 children leave their jobs and return to school, where they belong.

"Garanti Pension" has been the most profitable company in the sector for the sixth year in a row.**

In 2015, sector-wide profitability remained restricted. In contrast, Garanti Pension and Life achieved its sustainable profitability goal for the year, generating technical profit of TL 130 million in the life insurance segment and TL 33 million in the private pension segment. Standing out as the most profitable** company in the sector, Garanti Pension and Life's net profit rose to TL 191 million in 2015. As in the past five years, Garanti Pension was the most profitable company in the sector in 2015 as well. Thanks to business processes focused on operational efficiency, financial awareness and effective balance sheet management, our Company continues to grow and gain value in the sector.

I would like to express my deepest gratitude to all our valuable employees, with whom we celebrate our Company's great achievements and confidently move forward into the future; to our participants and policyholders who have preferred our Company; and to our stakeholders, from whom we derive our strength.

I am looking forward to building on our success and strength, and sharing with you the joy and pride of further achievements in 2016.

Respectfully yours,

*EGM (Pension Monitoring Center) data dated December 25, 2015.
**TSB (Insurance Association of Turkey) Q3 2015 data.



"Garanti Pension and Life achieved its sustainable profitability goal in 2015, becoming the most profitable company in the sector for the sixth year in a row."

Cemal ONARAN
CEO

Sector Developments and Garanti Pension in 2015

2015 was filled with risk and uncertainty for financial markets. Both debt and equities markets experienced the highest fluctuations in recent years. On the other hand, vulnerability and volatility in financial markets also present opportunities to increase returns. Garanti Pension and Life managed to turn crisis into opportunity, especially in terms of equities. In 2015, the BIST 100 Index declined 7.5% while Garanti Pension and Life's Equity Fund outperformed the Index by five basis points. In addition, the Company invested heavily in international debt securities denominated in foreign currencies. As a result, Garanti Pension's Second Flexible Income Mutual Fund yielded a return of 25% in 2015, ranking among the top three mutual funds in the sector with the highest returns.

In 2015, the BIST 100 Index declined -7.5% while Garanti Pension and Life's Equity Fund outperformed the Index by five basis points.

The private pension system continues to grow.

Thanks to legislative changes implemented in 2013, and the 25% state contribution in particular, Turkey's private pension system has expanded rapidly and maintained this growth momentum through 2015.

New regulations that will further boost growth are on the way.

New regulations on deductions will be introduced in order to encourage participation in the private pension system. Under the new regulation, which will take effect in 2016, the sum total of entry and management fees shall not exceed 8.5% of annual minimum gross wage; in addition, companies will not be able charge these fees after five years. Starting in 2021, a percentage of total fund expense deductions will be returned to participants; 2.5% after the sixth year and increasing by 2.5% annually. Some 15% of annual fund deductions will be returned to participants after the 15th year.

Garanti Pension: Cynosure of the Sector

Becoming the first company in the sector to reach 900 thousand participants, Garanti Pension and Life closed the year 2015 with a total of 993,000 participants. With TL 7.6 billion in funds and 15.6% market share, Garanti Pension continues its rapid growth.

The life insurance sector returned to positive growth after a one year lapse.

During the first half of 2014, the overall life insurance sector contracted year-on-year mainly due to the decline in consumer loans. However, as consumer lending picked up in 2015, the life insurance sector resumed growth. Despite these fluctuations experienced by the sector, Garanti Pension maintained steady growth over the past two years, thanks to its diversified products tailored to meet customer needs and the Company's customer-centric practices.

Income insurance products, designed to complement the private pension system, are scheduled to launch soon.

Rules concerning income insurance products, which will complement the private pension system and mean a "lifelong salary" for participants, were announced with a regulation dated April 2015. Income insurance products will launch in 2016 and create a new market for insurance providers.

As the private pension system expanded steadily in 2015, the life insurance sector resumed growth after a one year lapse.

Financial Strength of Garanti Pension and Life

Committed to maintaining a solid market position and supporting its customers in every way, Garanti Pension and Life achieved great success once again in 2015, thanks to its robust financial structure and effective balance sheet management. Well-known for pioneering new practices and serving as a model in the sector, the Company consistently targets sustainable profitability in the private pension and life insurance segments. Garanti Pension and Life recorded a very strong performance in 2015 with its customer-focused strategies, human resource practices aimed at employee satisfaction, investments in technology infrastructure, integrated communications, innovative marketing and sales activities, and effective balance sheet management. The Company achieved rapid growth in total assets and profitability during the fiscal year, as in prior reporting periods.

In 2015, Garanti Pension's total assets grew 23%, to TL 9.1 billion, while shareholders' equity was up 22%, to TL 1.1 billion. Further strengthening its already robust financial structure with these results, the Company increased net profit after taxes by 12% over the previous year, to TL 191 million. The Company was once again the most profitable company in the sector, as in last five years.

A significant portion of Garanti Pension and Life's profit originates from technical profit earned from operations in the life insurance and private pension segments. In 2015, the Company's gross technical profit amounted to TL 163 million. Some 68% of the pre-tax profit of TL 241 million for the year was comprised of technical profit.

Ensuring that customers feel the Company's unwavering support is a primary goal of Garanti Pension and Life in 2016. Moreover, the Company aims to maintain steady growth through new investments and new products in both segments, while sustaining its financial strength.

Review of 2015 Operations

Increase in participant numbers

Garanti Pension and Life increased its number of participants to 993 thousand* in 2015. Unit sales per Savings and Insurance Expert increased 22% while contribution/entry fees rose 25% when compared to 2014.

“Life” changed in terms of sales processes and customer service approach

Garanti Pension and Life included life insurance products in the sales processes, which were developed by listening and responding to the needs of customers and sales teams. With the “I’m the Customer-Life” model, which places customers at the center and emphasizes the power of being ready for whatever life brings, the Company has achieved high levels of customer and employee satisfaction by analyzing past and present cultural codes. For the “I’m the Customer-Life” initiative, Garanti Pension was named the “Most Innovative Company” by International Finance Magazine. Additionally, World Finance magazine recognized Garanti Pension as the “Best Life Insurance Company in Turkey.”

Life insurance premium production

Garanti Pension’s life insurance premium production totaled TL 329 million** in 2015.

Premium production in the non-mandatory mortgage life insurance segment, created in collaboration with Garanti Mortgage, increased from TL 18,3 million in 2014 to TL 35,6 million in 2015. Meanwhile, market penetration rose from 24% to 34% in the same period.

“Coaching Model” for field managers

The Company introduced the “Coaching Model” in 2015. The Coaching Model assists field managers in helping Savings and Insurance Experts working at Garanti Bank branches in business processes, work methods and skills. As a result, employee productivity, professional development and job satisfaction improved.



Koray Pişirici
Retail Sales

“Garanti Pension became the first company in the sector to reach 900 thousand participants.”

*EGM (Pension Monitoring Center) data dated December 25, 2015.

**EGM (Pension Monitoring Center) year-end 2015 data.

Review of 2015 Operations



Özlem Özkök
Corporate Sales

“Garanti Pension sold more than 17,000 employer-sponsored contracts in 2015.”

243 new employer-sponsored group plans

In 2015, Garanti Pension and Life began to work with 243 new groups for employer-sponsored plans. The Company sold more than 17,000 contracts, and the number of employer-sponsored group contracts exceeded 43,000.

Biggest transfer of savings from a foundation

During the year, Garanti Pension realized the transfer of savings from the Siemens Foundation – the largest single transfer with the highest amount of savings. In 2015, the Company also transferred savings from Ereğli Demir ve Çelik Fabrikaları T.A.Ş. Employees Retirement Trust Foundation, Fortis Bank Employees Security Foundation, and CBRT Members Social Security and Retirement Trust Foundation. Achieving another sector first, Garanti Pension transferred savings from Bilkent University Foundation under an employer-sponsored plan.

Garanti Pension Five Years Statement in Private Pensions

	2011	2012	2013	2014	2015
Pension Fund Size (TL million)	2,345.41	3,325.80	4,249.32	6,092.81	7,580.28
Pension Fund Size Market Share (%)	16.4	16.3	16.2	16.1	15.6
Number of Pension Participants	529,076	610,487	763,520	872,224	992,539
Pension Participants Market Share (%)	20.0	19.5	18.4	17.1	16.5
Total Pension Contributions (TL million)	2,058.40	2,677.30	3,567.71	4,542.90	5,684.00
Pension Contributions Market Share (%)	16.6	16.5	16.3	16.0	15.5

A Year of Growth in the Life Insurance Sector

Steady growth continues.

Even though the overall life insurance sector shrank significantly in 2014 due to the decline in consumer loans, Garanti Pension continued to expand. The Company's direct premium production totaled TL 329 million in 2015 and it ranked fourth in the sector with a market share of 8.9%.

Thanks to its fruitful collaboration with Garanti Bank in the area of life insurance production, the Company has proven to be highly successful in bancassurance, setting an example for other companies in the sector. Through the Bank's extensive branch network, Garanti Pension and Life reaches a broad customer base. The Company's market share in risk life premium production was 10.1%.

With TL 81.7 million* in premium production generated through alternative distribution channels, Garanti Pension gained a 48% market share. The Company plans to further bolster its leading position in this area in coming years.

With TL 81.7 million in premium production generated through alternative distribution channels, Garanti Pension is the ADC leader of the life insurance sector.

Garanti Pension Five Years Statement in Life Insurance

	2011	2012	2013	2014	2015*
Life Insurance Premium Production (TL million)	240	262.9	298.1	318.8	328.8
Life Insurance Premium Production Market Share (%)	9.1	9.8	8.9	9.9	8.9

The most successful practitioner of bancassurance in both private pension and life insurance segments, and the most profitable company in the sector, Garanti Pension and Life will continue to implement its effective and profitable business model in the coming years.

*The source is TSB, dated third quarter of 2015.

We Place Customers at the Center of Our Business



Aylin Eşkinat

Customer Relationship Management,
Marketing and Strategic Planning

“Garanti Pension and Life leads the sector with its customer-centric business models.”

Garanti Pension and Life views customers as a core asset. Believing that long term, ever-increasing customer satisfaction is one of the most important components of sustainable financial performance, the Company shapes its business strategies accordingly. Thanks to this approach, Garanti Pension and Life leads the sector with its customer-centered business models.

Customer Values

In 2015, Garanti Pension and Life successfully managed its ever-expanding customer base by adopting “The Right Channel and the Right Service” approach. While the Company continued to diversify its range of customer services during the year, it also launched the “Customer Values” project, as an integral part of its customer-focused vision. Under this initiative, which was developed by taking into consideration the common needs of teams across all channels, the Company identified five key customer values and components existing in its corporate culture.

Multichannel Marketing

Appealing to a wide customer base with its diversified products and services, Garanti Pension develops programs tailored to meet the needs of various customer segments. These include both young people and older customers who have earned the right to retirement. The Company also offers solutions to meet the specific needs of different channels.

Starting in 2013, Garanti Pension set out to improve overall customer experience by analyzing individual experiences through emotion mapping, evaluation of desired and expected results, and needs analysis tailored to specific moments of experience. In 2015, the Company also began to analyze strategic experience moments as part of these studies and launched new channels in line with customers’ needs. Additionally, Garanti Pension developed smart business processes to improve customer loyalty by analyzing the depth of customer relationships with the Company as well as emerging needs and trends.

Aiming to achieve continuous improvement, Garanti Pension will continue to set the customer service standards for the sector in the coming period.

Customer-Friendly Projects

Garanti Pension Sapphire Project

Garanti Pension conducts business operations in accordance with the “Customer First” approach. Accordingly, the Company launched the “Sapphire Service” for upper-segment customers in 2015. Under this service, Sapphire customers can quickly access special customer representatives via the Sapphire Service Line. Aiming to achieve continuous improvement, Garanti Pension will continue to set the customer service standards for the sector in the coming period.

Analytical CRM Projects

As part of efforts to strengthen its infrastructure for CRM analytics, a top priority for Garanti Pension during the year, the Company further enhanced current data mining projects while initiating new projects. In addition, the Company extended the scope of these projects, which originally focused on private pension products, into the life insurance segment and developed new models aimed at the attitudes of life insurance policyholders.

We are a Recommended Company

Putting customers at the heart of its operations and activities, Garanti Pension and Life aims to create a memorable customer experience. To this end, the Company structured all of its projects along these lines in 2015.

Garanti Pension always “listens” to its customers in order to deliver the best possible experience to them. In 2015, the Company further expanded the scope of “Customer’s Voice,” a project it has carried out for many years. As a result, Garanti Pension obtained a world-class Net Promoter Score (NPS) of +63, a great success for the Company.

Garanti Pension always “listens” to its customers in order to deliver the best possible experience to them. In 2015, the Company further expanded the scope of “Customer’s Voice,” a project it has carried out for many years. As a result, Garanti Pension obtained a world-class Net Promoter Score (NPS) of +63, a great success for the Company.

Wide Range of Products



Şenol Serkan Şentürk
Product Development and Actuary

“Garanti Pension offers customers the opportunity to choose from a wide range of products with a one-stop shop approach”

Due to the close collaboration with Garanti Bank and their shared corporate values, Garanti Pension and Life adds to its achievements in its operational areas, and maintains a high level of customer satisfaction. By effectively using Garanti Bank’s extensive distribution network, the Company offers customers the opportunity to choose from a wide range of products with a “one-stop shop” approach.

Private pension plans

The introduction of state subsidy contributions to private pensions led to considerable growth, and the sector maintained growth momentum in 2015. The number of participants in the system exceeded 6 million.

Garanti Pension and Life places great importance on product diversity in order to meet the needs of customers in its operational sectors. For that reason, the Company offers five different private pension plans. Garanti Pension and Life customers who want to start saving for the future can confidently choose from among these five private pension plans, each of which will ensure a happy and secure retirement:

1. Practical Pension Plan: targets participants who want to make advantageous investments with modest savings.
2. Prestige Pension Plan: offers exclusive advantages for those customers who prefer to make large contributions with a prestigious retirement in mind.
3. Select Pension Plan: is designed for participants who would like to accumulate resources rapidly with the most advantageous plan.
4. Self-employed Pension Plan: is exclusively developed for small- and medium-size business owners.
5. The e-Pension Plan: is for customers who prefer to apply on the Internet and want to take advantage of the exclusive features offered by this innovative plan.

The Company offers customers a total of 21 fund options under private pension plans, including the Public and Private Sector Securities Fund, Contribution Fund, Alternative Contribution Fund, Gold Fund and Alternative Standard Fund.

In addition, group pension plans, which enable employees to form a group and join the private pension system with or without contributions from their employers, also have a significant position in Garanti Pension and Life's product line-up. Group pension plans offer special advantages to companies and their employees.

In order to meet the needs of customers in different segments and to further enhance customer satisfaction, the Company obtained approval from the Undersecretariat of Treasury for 14 plans and 42 additional benefits in 2015.

Insurance Products

Garanti Pension and Life's insurance products insure individuals and their families against unexpected risks in life, within certain coverage limits. With the effective and extensive use of bancassurance, the Company always takes into account the changing circumstances and needs of customers, and enhances its insurance product portfolio accordingly.

Life Insurance

- Credit life insurance products,
- Risk life insurance products,
- Guaranteed Tomorrows Insurance which offers financial coverage against critical illnesses,
- Education Insurance for those customers who would like to secure the educational expenses of their loved ones,
- Hospitalization Insurance covers the cost of medical treatments in case of accidents or sickness, within the claim amounts payable under the policy.

Unemployment Insurance Products

- Income Protection Insurance guarantees monthly income in case of job loss,
- Payment Protection Insurance makes the customer's loan payments in the event of unemployment,
- Garanti Credit Card Unemployment Insurance pays customers' credit card debt in case of job loss,
- Overdraft Account Payment Protection Insurance makes the policyholder's overdraft account payments in case of loss of employment,
- Bill Payment Insurance pays the customer's monthly bills in the event of unemployment.



Şadiye Çimeli

Fund Management, Budgeting and Reporting

“Garanti Pension offers private pension customers a total of 21 fund options.”

Wide Range of Products



Şükrü Yıldırım
Operations

“Garanti Pension and Life reduced the number of claims-related customer complaints by 90%.”

In addition to these products, the Company initiated efforts to develop an Income Insurance product tailored for participants who have earned the right to retirement. With the payback options, which will be offered to participants in line with their needs during retirement, the Company aims to pay salaries to support participants' social security wages.

In 2015, Garanti Pension and Life began to sell its Education Insurance product, designed for those customers who would like to secure the educational expenses of their loved ones, through the Company's website. Additionally, the Company included accident disability benefits with its Education Insurance product, thus offering wider coverage to policyholders.

During the year, the Company modified the categorizations based on coverage amount and credit period in credit life and unemployment insurance segments. It also matched the credit structure to the insurance policy, depending on whether it is annual, long-term or guaranteed renewable.

Improvements to the Indemnity Project and Related Processes

In 2015, Garanti Pension and Life continued to deliver superior service in claims processing, exceeding customer expectations. By improving the processes and technology infrastructure under this project, Garanti Pension aims to make customers feel supported through every experience. This effort helped the Company reduce the number of claims-related customer complaints by 90%. In 2015, Garanti Pension executed a total of 10,853 claims payments to policyholders.

Organization, Process and Project Management

ISO 9001 - 2008 Quality Management Certification audit

An internal audit was performed across all departments. The Company's quality management system certification was renewed following the periodic audit conducted by TÜV SÜD auditors on November 24, 2015. Garanti Pension remained the only private pension company in Turkey to hold ISO 9001 Quality Assurance Certification granted by TÜV SÜD.

Tracking original documents via tablet computers

The Company designed new tablet screens help field teams track whether or not the original copies of private pension proposal forms have been submitted to the Operations Unit, and create the required reports. As a result, form tracking became easier.

Adding technical personnel controls to insurance application transactions

Pursuant to the Regulation on Insurance Agents, which took effect on April 22, 2014, all bank personnel engaged in providing information about, marketing and selling life insurance products must be trained as technical personnel. To comply with this regulation, the Company added technical personnel criteria to insurance application transactions and initiated efforts to set up the system infrastructure needed to sell life insurance products in accordance with the Regulation on Distance Sales, at Garanti Bank branches that lack qualified technical personnel.

Revisions to the Regulation on Insurance Linked to Personal Loans

The Regulation on Insurance Linked to Personal Loans mandates that customers be notified in the event they change their loan repayment plan, their life insurance policies linked to the related bank loan will also be revised in accordance with the new repayment plan. Consequently, the Company informed bank loan customers via SMS and offered them the opportunity to revise their insurance policies in line with the new terms and conditions of their loans.



Aykut Tamer
Organization, Process and Project
Management

“In 2015, Garanti Pension remained the only private pension company in Turkey to hold ISO 9001 Quality Assurance Certification granted by TÜV SÜD.”

Organization, Process and Project Management

MERVAK (Central Bank Foundation) transfers

Garanti Pension completed the system infrastructure to transfer the savings of the employees and retirees of the Turkish Central Bank's Social Security and Retirement Trust Foundation to the private pension system.

Actual/Target sales screens

The Company designed new screens to enable the headquarters staff and field sales teams to monitor actual versus target sales of private pension and life insurance products on a daily basis.

Permission marketing

Under the new Consumer Protection Law, companies must obtain permission from customers before sharing any information for marketing purposes. As a result, the Company set up the system infrastructure to record customer permissions and began to carry out marketing efforts in line with the recorded information.

Processing payments without a CVV code

The Company set up the system infrastructure to process payments of private pension and life insurance policies of customers, who wish to pay with credit cards other than a Garanti Bank card, without asking for any sensitive authentication data (e.g. CVV, CVC, CSC). By not using and storing sensitive authentication data in the system, the Company enhanced information security and increased operational efficiency of transactions performed by the Sales, Operations, Collection, Central Sales, Customer Services and Call Center Units.

Garanti Pension and Life's Distribution Channels

The “Distance Sales” channel, which has recently emerged for private pension companies, is an increasingly important component in Garanti Pension and Life's business plan while the channel's scope continues to expand.

Since 2005, Garanti Pension has undertaken proactive customer communication efforts through outbound calls to welcome customers, provide information and encourage greater contribution. In 2015, the Company continued to use this approach in After Sales Services to improve productivity.

2015 was an important milestone for the Company in terms of using segmentation to boost productivity. Garanti Pension plans all new customer-centered initiatives in accordance with segmentation studies.

Retirement Process Project

Redefining the retirement experience, one of the most important moments on the journey to one's retired years, Garanti Pension formed a Retirement Services team. This dedicated team provides consultancy on the various options available to customers nearing retirement and delivers a unique customer service experience.

Great success in Distance Sales

The Distance Sales channel, which emerged for private pension companies after the legislative changes in 2013, is an increasingly important component in Garanti Pension and Life's business plan while the channel's scope continues to expand. The Company's Central Sales team responds to those customers who had to exit the PPS due to urgent cash needs or some other reason but who still believe in the benefits of the system, as well as applications received via the Internet or bank branches. Central Sales sells these customers plans over the phone. In 2015, the share of Distance Sales in the Company's total pension sales rose to 13%.



Engin Erker
Telemarketing

“Garanti Pension formed a “Retirement Services” team to provide consultancy on the various options available to customers nearing retirement and to support them through their retired years.”

Garanti Pension and Life's Distribution Channels



Mert Çabuker

Customer Services and Call Center

“The Garanti Pension Family is extremely pleased to have won the “Best Call Center” and “Customer Service Team of the Year” awards in 2015.”

Customer Services and Call Center

Garanti Pension Customer Services and Call Center Unit aims to meet all of the needs of customers from the moment they join the Garanti Pension family, add value to their lives, and make customers always feel supported.

Customers can access the Call Center every day of the week and speak with expert customer service representatives for any inquiries related to their private pension and/or life insurance plans. Additionally, the Customer Services unit meticulously handles all feedback, complaints, and information and transaction requests received through all channels, promptly returns calls and resolves all problems. A special Customer Services team responds to any feedback or information and transaction requests received via social media.

On the long journey to retirement, Garanti Pension strives to deliver customer-centric, superior service through its Call Center, the initial point of contact with the Company after customers purchase a product, and the Customer Services unit, which meets all the needs of customers. In 2015, Garanti Pension reviewed all Customer Service and Call Center processes in accordance with the Company's customer-centric strategies and developed specific scripts and problem-solving guides.

Thanks to its technology focused and customer-centric approach, Garanti Pension won the “Best Call Center” award at the prestigious Turkey Call Center Awards, the most renowned, national awards program for call centers.

Garanti Pension aims to deliver a unique customer experience and achieve exceptional customer satisfaction that exceeds expectations with its Customer Services team, positioned at the heart of the customer experience. The Company won the Gold Award in the category of “Customer Service Team of the Year” and the Silver Award in the category of “Customer Service Department of the Year” at the Stevie Awards, the world's premier business awards competition.

In 2015, Garanti Pension Call Center responded to about 1.4 million calls, achieving a response rate of 97% and a service rate of 81%, as a result of operational and technological efficiency efforts. The Customer Services unit responded to about 40,000 customer queries and resolved complaints within 1.5 business days, on average.

Communication Activities

CORPORATE COMMUNICATIONS ACTIVITIES

We are always by your side!

As a customer-oriented company, Garanti Pension and Life places customers at the heart of its communication activities, as in all its other operations. The Company communicated its umbrella concept of “Always by Your Side” via a range of media that included radio, newspapers, magazines, and out-of-home.

Hobby Clubs welcomed more than 30,000 participants.

Launched in 2008, Garanti Pension and Life Hobby Clubs celebrated its seventh anniversary in 2015.

The Company’s Hobby Clubs – numbering 18 – aim to introduce various hobbies to members and facilitate socializing among members. To date, more than 30,000 Garanti Pension customers have participated in a total of 2,500 activities.

Garanti Pension’s Internet Branch is always by your side with its new look and features!

Adopting a customer-centered approach in the digital world as well, Garanti Pension revamped the Internet Branch in line with the latest digital trends and customers’ needs. The new responsive design enables access from all desktop computers and mobile devices. As a result, Garanti Pension is now supporting its customers on desktops, mobile devices and tablet computers. With its unique features and rich content, Garanti Pension’s Internet Branch has introduced many firsts to the sector. Customers can now log on the website with either their Garanti Pension passwords or Garanti Bank customer information.

We are on Instagram, Twitter and Periscope!

Since 2011, Garanti Pension has maintained warm, sincere engagement with the Company’s followers through its Facebook page. In 2015, the Company began reaching out to potential customers by launching “Social PPS,” an advantageous private pension plan, which is offered only via Facebook.

In addition, Garanti Pension added Instagram to its social media portfolio. Instagram is mainly used for promoting Hobby Club activities with a friendly, effective tone that is suitable to the nature of this popular social media tool.

Achieving yet another first in the sector, Garanti Pension launched Twitter chats to respond to customers’ questions about private pension, life insurance and Hobby Clubs.

Garanti Pension closely monitors the latest trends in digital media and strives to reach different customer segments via channels that are suitable for them. Accordingly, Garanti Pension was the only company in the sector to broadcast on Periscope. In collaboration with its Hobby Club partners, the Company broadcast live various hobby activities – such as cooking, sailing, among others – and communicated the opinions of expert trainers on this platform. Garanti Pension continues to communicate via new media.



Deniz GÜNEY

Corporate Communications and Digital Marketing

“Garanti Pension signed the “United Nations Global Compact,” the world’s largest voluntary corporate responsibility initiative.”

Corporate Social Responsibility and Sustainability

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

In all its business activities, Garanti Pension acts in a socially responsible manner, a key component of the Company's management approach. In 2015, Garanti Pension carried out numerous efforts targeting the education and healthcare of children.

Back to School

The "Back to School" project celebrated its fifth anniversary in 2015.

Garanti Pension and Life carries out the "Back to School" initiative in collaboration with the Istanbul Provincial Directorate of National Education and Boğaziçi University. Having celebrated its fifth anniversary in 2015, the project seeks to lure elementary school-age children who are forced to work for a living outside school hours back to school on a full time basis. In 2015, Garanti Pension carried out the "Back to School" initiative at 14 schools in eight districts in Istanbul, reaching some 1,500 students and their parents. To date, the Company has reached out to a total of 5,500 children.

The Company provides children with academic support and social activities throughout the year in order to help them leave their jobs and return to school full time, strengthen their ties with the school and boost their academic success.

Garanti Pension knows from experience that families play a key role in preventing and ending child labor. Therefore, the Company continued to hold "Family and Children Communication Seminars" in 2015, as it has in previous years.

In 2015, 300 Garanti Pension volunteers actively participated in and provided support to the "Back to School" project.

700 working children have helped to return to school full time over the past five years.

Other Projects Supported by the Company

In collaboration with the Community Volunteers Foundation, we continue to support children's education and personal development.

Since 2006, Garanti Pension has provided support to the Community Volunteers Foundation for their projects directed at children's education and personal development. In 2015, the Company continued to support efforts that assist children who have been denied their right to education due to financial hardship.

Garanti Pension took its first step towards achieving sustainability by signing the “United Nations Global Compact,” the world’s largest voluntary corporate responsibility initiative.

“Mobile Healthcare Units” provide free healthcare services to children.

In 2015, Garanti Pension continued to support the Mobile Healthcare Units initiative spearheaded by Ayhan Şahenk Foundation. This social responsibility project is primarily focused on general medicine and pediatrics.

Sustainability Efforts

Since its founding, Garanti Pension has always acted in a socially responsible manner. To date, the Company has undertaken and supported many projects that have benefited society as a whole.

In this spirit, Garanti Pension adopts and implements the principles of sustainability, which is defined as: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

The Company signed the United Nations Global Compact.

Garanti Pension took its first step towards achieving sustainability by signing the “United Nations Global Compact,” the world’s largest voluntary corporate responsibility initiative. As a signatory, the Company demonstrated its commitment to implementing the internationally recognized principles related to human rights, labor standards, environmental protection and anti-corruption efforts, and immediately began working toward this goal.

Garanti Pension achieved another first in the sector by signing the United Nations Women’s Empowerment Principles.

Garanti Pension achieved yet another milestone in pursuit of sustainability in September 2015 when the Company signed the United Nations Women’s Empowerment Principles, which aim to advance gender equality and empower women in the workplace, marketplace and community. Subsequently, Garanti Pension began work to attain these objectives.

Awards

ARC (Annual Report Competition)

Garanti Pension's 2014 Annual Report won two Bronze awards in the "Insurance" category - "Non-Traditional Annual Report" and "Interior Design" - at ARC Awards, widely known as the "Oscars" of annual reports. ARC is organized by MerComm, an American awards organization dedicated to defining the standards of excellence in communication.

IMI Conferences

In 2015, Garanti Pension won the "Best Call Center" award at the 10th Turkey Call Centers Awards, held by IMI Conferences.

At the competition, which consists of 12 categories, Garanti Pension's Call Center was selected as the "Best Call Center in Turkey" in the category of "Call Centers with Less Than 250 Seats."

Investors in People

Garanti Pension received the "Gold" certificate from Investors in People (IiP), the only internationally recognized quality standards certification granted to companies that implement the best practices in human resource management and development.

In October 2013, Garanti Pension received the "Silver" award from Investors in People (IiP), a first in the sector. Subsequently, the Company went on to achieve greater success in November 2015 winning the "Gold" award. To date, some 1,101 companies worldwide have received Gold certification; in Turkey, only three companies hold this prestigious certification, one of them being Garanti Bank.

Garanti Pension received the "Gold" certificate from Investors in People (IiP), the only internationally recognized quality standard certification granted to companies that implement the best practices in human resource management and development.

LACP (League of American Communications Professionals)

Garanti Pension's 2014 Annual Report received the Silver Award in the "Insurance" category at the LACP Vision Awards, organized by the League of American Communications Professionals.

The Company's annual report also ranked among the 20 best annual reports from Turkey in all categories.

Stevie International Business Awards

Garanti Pension received one Gold and one Silver award in the "Customer Service" category at the Stevie Awards, the world's premier business competition that launched in 2002.

More than 200 professionals from around the world participated in the judging process in 2015. In the end, the jury granted Garanti Pension the Gold Award for the "Customer Service Team of the Year," and the Silver Award for the "Customer Service Department of the Year" in the "Banking, Financial Services and Insurance" category.

TKYD Corporate Governance Awards

With a Corporate Governance Principles Compliance Rating Score of 9.07, Garanti Pension was named the "Company with the Highest Corporate Governance Rating Score" among privately held companies at TKYD (Corporate Governance Association of Turkey)'s Corporate Governance Awards.

Turkey's Most Admired Companies

According to the results of the Most Admired Companies of Turkey Survey conducted by Capital magazine in 2015, Garanti Pension is the "Most Admired Private Pension Company" in the country.

Garanti Pension's Customer Service Team received one Gold and one Silver award in the Customer Service category at the Stevie Awards, the world's premier business competition.

Board of Directors

Ali Fuat Erbil

Chairman of the Board of Directors

Fuat Erbil graduated from Middle East Technical University, Department of Computer Engineering. He went on to obtain his MBA from Bilkent University and a doctorate degree in Banking and Finance from Istanbul Technical University. Mr. Erbil joined Garanti in 1997 as Distribution Channels Unit Manager. He has served as CEO of Garanti Bank since September 2, 2015. Mr. Erbil is also the Chairman of the Board of Directors of Garanti Pension and Life.

Onur Genç

Vice Chairman of the Board of Directors

Onur Genç graduated from Boğaziçi University, Department of Electrical and Electronics Engineering; subsequently, he received his MBA from Carnegie Mellon University. Having commenced his professional career in 1996, he most recently served as Senior Partner and Country Manager of a global management consulting firm. Mr. Genç joined Garanti Bank on March 20, 2012 as Executive Vice President of Retail and Private Banking. He also assumed the CEO role at Garanti Payment Systems in May 2012. Mr. Genç is currently a Board Member at Garanti Asset Management, Garanti Pension and Life, Garanti Technology, Garanti Bank S.A. (Romania), Garanti Payment Systems and the Chairman of Garanti Mortgage.

Didem Başer

Board Member

Didem Başer graduated from Boğaziçi University, Department of Civil Engineering. She went on to obtain her M. Eng. from the University of California Berkeley, College of Engineering. Starting her professional career in 1995, Ms. Başer worked at McKinsey & Company, a global management consulting firm, for seven years prior to joining Garanti Bank; her most recent position at McKinsey was Associate Partner. She joined Garanti Bank in 2005 and worked as Coordinator in Retail Banking for seven years. Ms. Başer was appointed to her current position in 2012. With 19 years of experience in banking and business administration, Ms. Başer is the Vice President of Digital Banking.

Javier Bernal Dionis

Board Member

Javier Bernal Dionis obtained his Law Degree from the University of Barcelona, received an MBA from IESE Business School, University of Navarra, and then completed the Accounting Program of EADA Business School. After working at Barna Consulting Group as Partner and at Promarsa (New York, USA) as General Manager, he joined BBVA in 1996. Until 1999, he served as Segment Manager of Retail Banking (Spain) at BBVA. Mr. Dionis founded an Internet portal outside of BBVA between 2000 and 2003. From 2004 to present, he has assumed various roles within BBVA, including Head of Innovation and Business Development reporting to the CEO (2004-2005); Head of Business Development for Spain & Portugal and Executive Committee Member (2006-2010); Head of Commercial & Retail Banking under Global Retail and Business Banking (2011-2014); and Business Alignment Director for BBVA and Garanti (2014-2015). Mr. Dionis has served as Board Member of Garanti Bank since July 27, 2015. He is also in charge of coordination between BBVA and Garanti.

Maria de la Paloma Piqueras Hernandez

Board Member

Maria de la Paloma Piqueras Hernandez studied law and economics at Pontificias de Comillas University from 1984 until 1990, and she became a Certified Financial Analyst after attending the EFFAS certification program between 1993 and 1994. In 1990, Ms. Hernandez joined BBVA Group, where she served in several roles within Portfolio Management. She served as Fund Manager in Investment Management for 10 years and was later appointed Head of the Innovation and Product Development Department. In September 2009, Ms. Hernandez was appointed CEO of SGIIC, an asset management company of BBVA Group, and was in charge of the management of Private Pension and Investment Funds for Spain and Portugal. Since January 2012, Ms. Hernandez has been heading BBVA Group's Global Portfolio Management.

F. Nafiz Karadere**Board Member**

F. Nafiz Karadere is a graduate of Ankara University, Faculty of Political Sciences, Department of International Relations. After working as a senior executive at various private banks, he was appointed Executive Vice President in charge of SME Banking/Corporate Brand Management and Marketing Communications at Garanti Bank in 1999. Mr. Karadere is also a Board Member at Garanti Pension and Life and the Teachers Academy Foundation.

Johannes Antonius Nijssen**Board Member**

Johannes Antonius Nijssen is a graduate of Erasmus University, Business Econometrics Department in Rotterdam. He began his professional career in 1978 at Nationale Nederlanden, where he held various roles. In 1992, he was appointed General Manager of NN Life Company. After the merger of NMB with Postbank, NN was renamed ING, and Mr. Nijssen was appointed Executive Board Member of ING Netherlands and ING Europe. He served as the Global President of Pension at ING Group and as CEO of Central Europe Insurance. Subsequently, Mr. Nijssen became a partner at Netspar (ThinkTank NETWORK Studies Pensions).

M. Cüneyt Sezgin**Board Member**

A graduate of Middle East Technical University, Department of Business Administration, M. Cüneyt Sezgin obtained an MBA from Western Michigan University and a PhD from Istanbul University Faculty of Economics. He has served in various executive positions at several private banks. Mr. Sezgin is the Country Director of Global Association of Risk Professionals, and he also serves as a Board Member at Garanti Bank SA, Garanti Pension and Life, Garanti Factoring, Garanti Leasing, Eureko Insurance and the Garanti Bank Pension Fund Foundation.

Cemal Onaran**Board Member and CEO**

(See page 38.)

Executive Management

Cemal Onaran (1)

Board Member and CEO

Cemal Onaran graduated from Middle East Technical University, Department of Public Administration in 1990, and began his professional career the same year as Assistant Auditor on the Audit Committee of Garanti Bank. After working as Regional Manager at various regional offices of Garanti Bank until 2007, he was appointed CEO of Garanti Mortgage, a subsidiary of Garanti Bank, in October 2007. Since August 1, 2012, Mr. Onaran has been the CEO of Garanti Pension and Life.

K. Çağlayan Bakaçhan (2)

Executive Vice President

K. Çağlayan Bakaçhan graduated from Middle East Technical University, Department of Guidance and Psychological Counseling. Between 1998 and 2006, he assumed various duties in the Human Resources Department at Garanti Bank. In 2006, Mr. Bakaçhan was appointed Human Resources Manager at Garanti Pension and Life. In October 1, 2012, he was promoted to his current position as Executive Vice President in charge of Human Resources, Procurement and Administrative Affairs, Organization, Process and Project Management, Customer Relations and Call Center.

Kaan Günay (3)

Executive Vice President

Kaan Günay is a graduate of Istanbul University, Department of Economics (English). He began his banking career in 1998 as a Direct Sales Specialist at Garanti Bank's Business Development Department for "Açık Card," and held various roles within the Bank until 2004. Mr. Günay joined Garanti Pension in 2004 as Regional Manager, and worked as Department Manager of Individual Sales from 2005 to 2014. Mr. Günay has been serving as Executive Vice President in charge of Individual and Corporate Sales since May 2014.

Ahmet Karaman (4)

Executive Vice President

Ahmet Karaman is a graduate of Middle East Technical University, Department of Economics. He began his professional career in the banking sector and assumed various positions at Garanti Bank headquarters, where he worked until 2005. He was then appointed to the position of Finance and Management Reporting Department Manager at Garanti Pension and Life. Since September 2009, Mr. Karaman has been Executive Vice President in charge of Fund Management, Budget and Reporting, Finance and Operations.



E. Yasemen Köne (5)

Executive Vice President

E. Yasemen Köne holds a BBA (English) from Marmara University. She started her professional career as Assistant Specialist in the Corporate and Commercial Loans Department at Garanti Bank in 1994, and later worked in the Corporate Banking Marketing Department. She was promoted to the position of Corporate Banking Portfolio Executive, and to Corporate Branch Marketing Executive, respectively. In November 2005, Ms. Köne left her Commercial Branch Manager position in Gebze to join Garanti Pension and Life as Executive Vice President in charge of Corporate Communications and Digital Marketing, Customer Relationship Management, Marketing and Strategic Planning and Central Sales Offices.

Cemşit Türker (6)

Executive Vice President

Cemşit Türker graduated from Istanbul Technical University with a BS degree in Industrial Engineering. He began his professional career at Garanti Bank as an Assistant Specialist in 1991 and was appointed Retail Banking Business Development Executive in 1996. Until 2004, Mr. Türker served as Branch Director, Small Enterprises Targeting and Overseeing Executive, Retail Regional Marketing Director, and Retail Regional Sales Director, respectively. He was appointed Director of the Corporate Business and Performance Development Department at Garanti Pension and Life in March 2004. He continues his position as Executive Vice President in charge of Product Development and Actuary, Operation Legislation and Legal Compliance and, Legal Affairs.

Committees and Meeting Attendance

A- Corporate Governance Committee

The Committee was established in 2011, pursuant to the Circular on Corporate Governance Principles of Insurance, Reassurance and Pension Companies published by the Undersecretariat of Treasury. The Corporate Governance Committee held two meetings in 2014 with all members present.

Committee Members

M. Cüneyt Sezgin

Committee Chairman - Board Member

Onur Genç

Committee Member - Vice President of the Board of Directors

Committee Activities

The Committee is responsible for: ensuring that the Company adheres to the Corporate Governance Principles, implementing necessary measures to create a general corporate governance culture, making suggestions to the Board of Directors in these matters, and monitoring the Company's compliance with the Corporate Governance Principles.

The duties and authorities of the Corporate Governance Committee include:

- Making sure that the Company's corporate governance principles comply with the principles of equality, transparency, accountability and responsibility;
- Creating the necessary environment for the Board of Directors and Company management to conduct their activities in a fair, transparent, accountable and responsible way;
- Ensuring that the Company carries out its business activities and processes in a transparent way;
- Protecting stakeholder rights independently from each other;
- Bearing in mind the Company's ethical values, strategic targets and financial situation while deciding on the remuneration policy;
- Taking necessary precautions to enable the exercise of rights resulting from laws, rules and regulations, the Company's Articles of Association and other internal bylaws for the exercise of shareholder rights by the Company;
- Preparing a Corporate Governance Principles Compliance Report(*) every March pursuant to the Circular on Corporate Governance Principles, presenting the report to the Board of Directors and disclosing it to the Undersecretariat of Treasury.

*The Corporate Governance Principles Compliance Report 2015 is accessible on www.garantiemeklilik.com.tr in the Corporate Governance section.

B- Remuneration Committee

Operating directly under the Board of Directors, the Remuneration Committee was formed in 2015. Gökhan Erün and Manuel Pedro Galatas Sanchez Harguindey were elected as members of the Committee. The Remuneration Committee held three meetings in 2015.

Committee Members

ONUR GENÇ

Committee Member - Vice Chairman of the Board of Directors

FUAT ERBİL

Committee Member - Board Member

Committee Activities

The Committee is responsible for:

- Conducting the oversight and supervision process required to ensure that the Company's remuneration policy and practices comply with applicable laws and regulations and risk management principles;
- Determining and approving salary packages for executive and nonexecutive members of the Board of Directors, the CEO and Executive Vice Presidents;
- Working in coordination with Human Resources or other necessary units to carry out tasks and responsibilities mentioned above if needed.

C- Audit Committee

The Committee is currently composed of two non-executive Board Members. The Audit Committee held four meetings in 2015 with all members present.

Committee Members

M. Cüneyt Sezgin

Committee Member - Board Member

Onur Genç

Committee Member - Vice Chairman of Board of Directors

Committee Activities

The Audit Committee was set up to assist the Board of Directors in the performance of its audit and oversight functions. The Committee is responsible for:

- Overseeing the functioning and effectiveness of the activities within the scope of internal systems, on behalf of the Board of Directors;
- Conducting necessary preliminary evaluations for the selection of independent audit firms by the Board of Directors and obtaining information about the activities carried out by these firms if necessary.

The duties and authorities of the Audit Committee include:

- Assisting the Board of Directors in carrying out its monitoring task regarding internal control, internal audit and risk management;
- Making sure that internal audit system operates within the scope and target designated in the Circular on Corporate Governance Principles of Insurance, Reassurance and Pension Companies;
- Evaluating the internal annual audit plan and Internal Audit Regulation prepared by the Internal Audit Committee and the Board of Directors;
- Assessing if Company management shares the importance of internal auditing with personnel as required, and determining if a sound internal audit culture has taken root at the Company;
- Obtaining information about the results of the internal audits, which are periodically carried out for the processes by the Internal Audit Committee, for the internal check system and for the application errors and deficiencies.

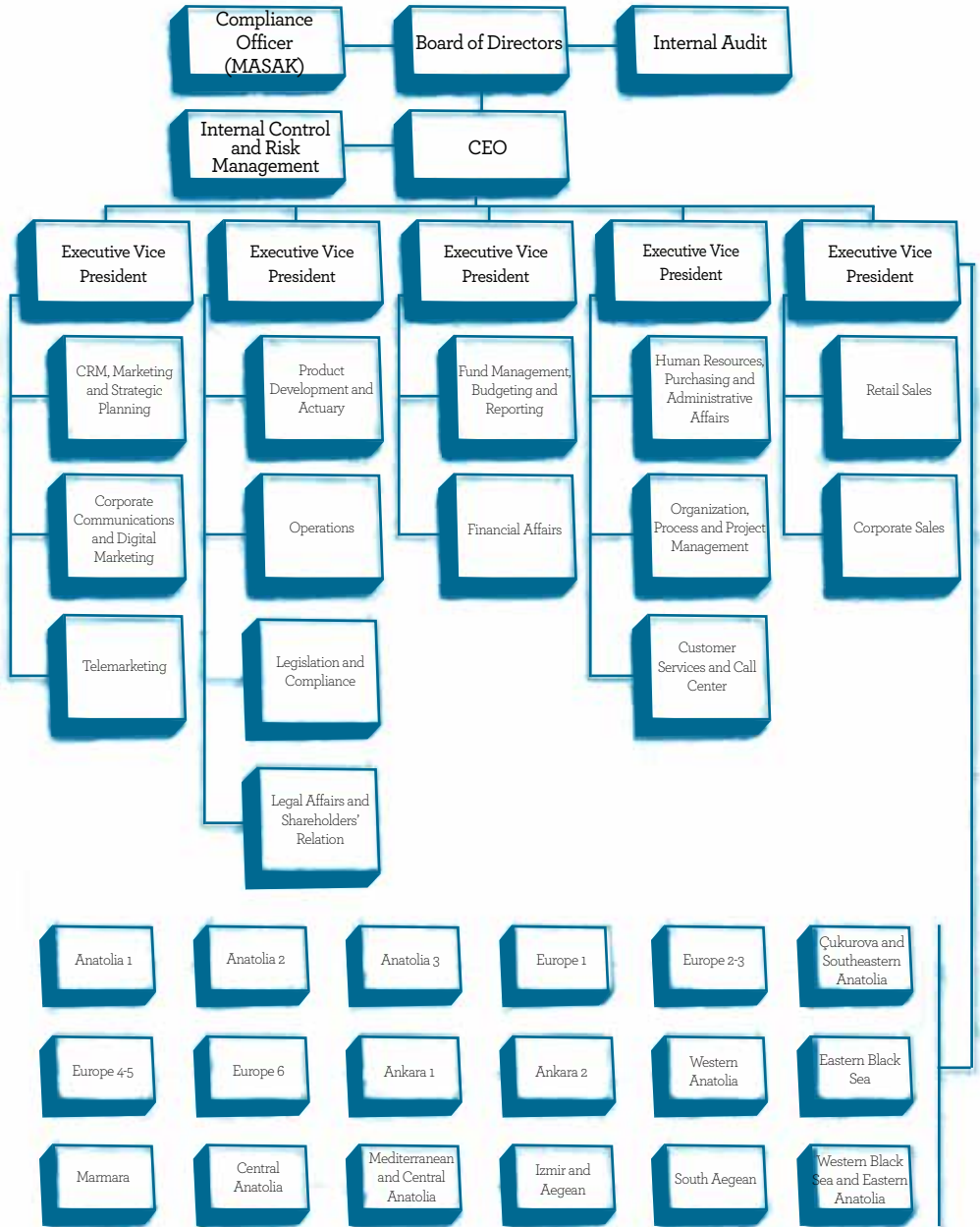
Board of Directors Meeting Attendance

In 2015, the Garanti Pension and Life A.Ş. Board of Directors held 31 meetings, 9 members attended 16 of these meetings, 8 attended 14 meeting, 6 attended 1 meetings.

Board of Directors

MEETING			
MEETING DATES	NO.	MEMBER NO.	NO. PRESENT
03.03.2015	393	11 MEMBERS	8 MEMBERS
03.03.2015	394	11 MEMBERS	8 MEMBERS
03.03.2015	395	11 MEMBERS	8 MEMBERS
31.03.2015	396	11 MEMBERS	8 MEMBERS
31.03.2015	397	11 MEMBERS	8 MEMBERS
31.03.2015	398	11 MEMBERS	8 MEMBERS
31.03.2015	399	11 MEMBERS	8 MEMBERS
31.03.2015	400	11 MEMBERS	8 MEMBERS
31.03.2015	401	11 MEMBERS	8 MEMBERS
31.03.2015	402	11 MEMBERS	8 MEMBERS
29.04.2015	403	11 MEMBERS	8 MEMBERS
08.06.2015	404	11 MEMBERS	9 MEMBERS
08.06.2015	405	11 MEMBERS	9 MEMBERS
08.06.2015	406	11 MEMBERS	9 MEMBERS
15.09.2015	407	11 MEMBERS	8 MEMBERS
15.09.2015	408	11 MEMBERS	8 MEMBERS
15.09.2015	409	11 MEMBERS	8 MEMBERS
16.09.2015	410	9 MEMBERS	6 MEMBERS
16.09.2015	411	9 MEMBERS	9 MEMBERS
16.09.2015	412	9 MEMBERS	9 MEMBERS
16.09.2015	413	9 MEMBERS	9 MEMBERS
16.09.2015	414	9 MEMBERS	9 MEMBERS
07.12.2015	415	9 MEMBERS	9 MEMBERS
07.12.2015	416	9 MEMBERS	9 MEMBERS
07.12.2015	417	9 MEMBERS	9 MEMBERS
07.12.2015	418	9 MEMBERS	9 MEMBERS
07.12.2015	419	9 MEMBERS	9 MEMBERS
07.12.2015	420	9 MEMBERS	9 MEMBERS
07.12.2015	421	9 MEMBERS	9 MEMBERS
07.12.2015	422	9 MEMBERS	9 MEMBERS
07.12.2015	423	9 MEMBERS	9 MEMBERS

Organizational Chart



Human Resources



Ayşegül Gürkale
Human Resources

“Garanti Pension and Life received the “Gold” certificate from Investors in People (IiP), which aims to recognize companies that implement the best practices in human resource management and development.”

GARANTİ PENSION AND LIFE HUMAN RESOURCES

Placing great importance on employee satisfaction, Garanti Pension and Life received the “Gold” certificate from Investors in People (IiP), which aims to recognize companies that implement the best practices in human resource management and development. Using effective human resources practices, the Company establishes one-to-one communication with its employees to understand their needs and problems, and makes improvements as necessary. Garanti Pension and Life aims to achieve its strategic goals with a dynamic workforce; as a result, the Company motivates employees to be innovative and creative. Accordingly, the Company always strives to provide the means for the professional and personal development of its employees as required by their respective duties and responsibilities. Orientation programs aim to help new personnel quickly adapt to the corporate culture, learn the Garanti Pension and Life way of doing business and to create a workforce dedicated to the Company’s values.

Number of Employees at Garanti Pension and Life

Garanti Pension and Life employed 864 personnel at year-end 2015.

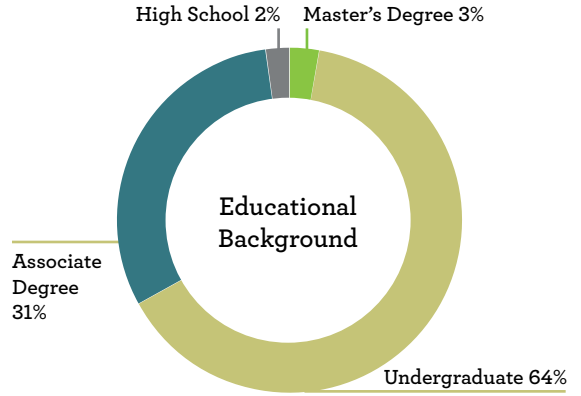
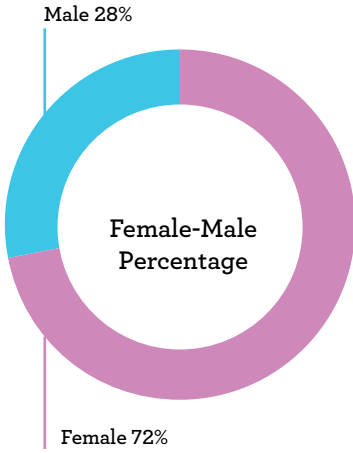
Head Office	200
Telemarketing	212
Sales	386
Customer Services and Call Center	66
Total	864

Garanti Pension and Life has 16 Regional Offices: seven in Istanbul, two in Ankara, and one regional office each in İzmir, Bursa, Balıkesir, Adana, Kayseri, Antalya, and Denizli.

Demographic Data for Garanti Pension and Life

Average Age

Female	28
Male	30
Company	29



Human Resources

RECRUITING PRACTICES

During the recruitment process, Garanti Pension and Life evaluates potential job candidates according to their competencies. In order to assess the competencies that are required for specified positions, the Human Resources Department conducts skills testing, profile analyses, personality surveys, group and skills-based interviews.

In an effort to increase efficiency, the Company cooperates with some recruitment consulting firms to fill certain positions.

Career Planning

Garanti Pension and Life strives to train candidates for managerial positions from among its existing employees, and encourages personnel to actively plan their careers.

In 2015, 27 Head Office employees and 146 employees from the sales team were promoted into higher-ranking positions; in addition, 14 employees transferred to Garanti Bank in line with the career opportunities provided by the Company.

TRAINING

Training Practices

Recognizing that life-long learning is one of the main principles underlying sustainable success, Garanti Pension and Life organizes training programs that enable employees to quickly adapt to changing market conditions with their knowledge base and skills. Training processes are carried out according to annual plans and in line with the Company's strategic objectives. In 2015, Garanti Pension employees received 6.1 days of training per person, on average.

In the scope of continuous development for sustainable success, the Human Resources Department organizes orientation, Management Trainee (MT) and other training programs customized for the needs of different business units. In addition, the Company administers Private Pension Intermediaries Licensing Training, Garanti Pension Product Training, Sales Compass Training, On-the-Job Training, and Catalogue Training. Furthermore, employees have the opportunity to attend conferences and seminars related to their job descriptions. Company personnel attended the training programs they selected from the training catalogue, which offers 56 different alternatives.

Supervisor Development Program

The Director Development Program, which is comprised of seven modules and takes 18 months to complete, concluded in June 2015 with presentations from 30 directors. Development programs geared toward directors will resume in 2016.

Garanti Pension strives to train candidates for managerial positions from among its current workforce, and encourages personnel to actively plan their careers.

“Development Starts with Me”

On July 25, 2015, Garanti Pension initiated the “Development Starts with Me” training program to ensure continuous improvement, further improve sales processes, and enhance knowledge within the organization. Some 350 employees participated in the program, which was held in 12 different locations.

Guaranteed Steps Internship Program

The Guaranteed Steps Internship Program, organized for the second time in August 2015, is intended to establish a pool of MTs for future positions. It also prepares interns for the professional world, based on the work experience gained during their internship, and contributes to the Garanti Pension corporate brand.

The Program consists of three parts:

1. I’m Learning

Interns undergo technical and personal development training during the first week. They are also given a project assignment, which they must complete by the end of the program.

2. I’m Observing

Interns observe operations at different business units and fulfill duties assigned to them. At this stage, experienced employees provide coaching to the interns.

3. I’m Experiencing

Interns present their project assignments on the program’s final day. Senior executives and department managers also attend these presentations. In 2015, 20 interns participated in the Guaranteed Steps Internship Program and received their graduation certificates.

Investors in People (IiP)

Having achieved a great success in October 2013, Garanti Pension received the “Silver” award from Investors in People (IiP), the only internationally recognized quality standard certification in human resources. In November 2015, the Company achieved yet another milestone, winning IiP’s “Gold” award as a result of its successful, employee- and customer-oriented management culture. To date, 1,101 companies worldwide have received the Gold certification; in Turkey, only three companies hold this prestigious certification, one of them being Garanti Bank.

The Guaranteed Steps Internship Program is designed to establish a pool of Management Trainees (MTs) for future positions. The Program also aims to prepare interns for the professional world, based on the work experience they gain during their internship, and to contribute to the Garanti Pension corporate brand.

Human Resources

E-Beas Licensing

Private Pension Intermediaries licensing courses continued in 2015. The success rate of the Company's internal trainers in face-to-face training programs, which cover the following topics, is 98%.

- Private Pension System
- Private Pension Funds
- Financial Mathematics
- General Economics and Financial Markets
- Insurance
- Social Security
- Tax Legislation

Garanti Bank, Türkiye Finans and other agents achieved an exam success rate of 74.35%, compared to the average sector-wide success rate of 61.76%.

Garanti Pension Intranet – IK.net

Job applications for career advancement, performance evaluation processes, and information provision on employee benefits are carried out on the Company's intranet – IK.net. Employees can update all personal information, follow up their travel expenses, and receive advance payments for their business travel on IK.net. Staff members can also access their past and present payroll data. Employees can plan and manage their travel, including accommodation and transportation, on the IK.net platform thanks to integration with the Company travel agency's system. System upgrades and improvements continued in 2015. As a result, employees are now able to access the training courses they had received in the past and view their total remuneration package, including fringe benefits, via IK.net.

Total Remuneration Package

Total Remuneration Package is a human resources application that allows employees to easily and clearly view their entire compensation package, including salary and all other fringe benefits.

In addition to base salaries, employees are now able to see other components of their compensation packages such as foreign language proficiency bonus, commuting allowance, bonus payments, health insurance, employer-sponsored pension plans, among others.

Employer-Sponsored Pension Plans

All employees became eligible to benefit from the ESPP. The Company provided flexibility with regard to contribution amount and eliminated distinctions due to job titles.

Bonus Payment for Foreign Languages

Garanti Pension and Life will start awarding a bonus of one month's salary to employees who take the foreign language exams accepted by the Company; or who demonstrate or improve their proficiency level. Employees who are documenting foreign language proficiency for the first time must have at least six months of employment at the Company.

Annual Leave Entitlement

During the year, Garanti Pension made changes to employees' annual leave privileges. The Company now retains seniority and annual leave privileges for male employees for the duration of their military service. Employees with children starting their first year of elementary school are entitled to a half-day's leave on the first day of that academic year. In addition, employees are now entitled to one day off on their birthdays, under the new "Birthday Leave" practice, which launched in 2015.

The Employee Relations team guides and supports personnel at every step along their career, helping to plan their career paths.

EMPLOYEE RELATIONS

The Employee Relations team was formed with the objective of keeping personnel happy. It supports and conducts interviews with staff members on important days and during key times – such as their first day, first week, or during their first 90 days of employment – to facilitate their adaptation to the Company. The purpose of these interviews is to identify employees' needs in a timely manner, and offer them prompt and appropriate solutions.

The Employee Relations team guides and supports personnel at every step of their career, helping to plan their career paths and achieve their goals.

The team strives to determine whether the feedback provided during performance assessments is accurate, objective and sufficient, and takes action as necessary.

As a result of efforts to bolster staff satisfaction and motivation levels, the Company's employee satisfaction rate rose to 71% in 2015.

To speed up and standardize the orientation process of newly recruited Sales Team employees, the Company commenced an ongoing development monitoring process. The Employee Relations team holds one-on-one meetings with new personnel and managers on areas of improvement during their first 90 days on the job. This way, they can identify needs in a timely manner, offer employees prompt and appropriate solutions, and guide them effectively on their career path.

Rewarding Employee Success

The Rewards Program serves to incentivize high employee performance, and is critical in setting a good example for the Company in general by showcasing the model actions and attitudes of dedicated personnel in various departments. Under the Rewards Program in 2015, some 75 Company employees received recognition and rewards for their exemplary job performance.

Employee Services

In 2015, the Company refurbished all office space and floors at the headquarters building. In addition, new services are offered to employees on a full-time basis, including hair styling, dietitian, laboratory, and dry cleaning.

Summary Report of the Board of Directors to the General Assembly

GARANTİ PENSION AND LIFE
ANNUAL REPORT 2015

Dear Shareholders,

We sincerely thank each and every one of you for your attendance at the General Assembly convened to review and vote on the accounts and operations results of the 24th Fiscal Year of Garanti Emeklilik ve Hayat Sigorta Anonim Şirketi.

Our Company's nominal paid-in capital in 2015 stood at TL 50,000,000 while shareholders' equity reached TL 1,067,885,087, corresponding to a 22% increase over the previous year.

Our Company's net life insurance premium production (gross premiums, minus any premiums ceded to reinsurers) increased 5% over the previous year and amounted to TL 284,342,268.

Our Company's Private Pension fund size grew 24%, from TL 6,092,808,313 at year-end 2014 to TL 7,580,284,950 at year-end 2015.

Achieving many accomplishments in 2015, our Company sustained its lasting growth and attained its objectives.

Dear Shareholders,

Our Company, whose operations are summarized above, generated pre-tax accounting profit of TL 240,582,747 in 2015, corresponding to net profit of TL 190,907,777 in our Company's financial statements after allowing for Corporate Tax.

We appreciate the interest you have shown in the General Assembly and wish the best for our country and our Company in 2016.

Respectfully yours,

Cemal Onaran
Member of the Board of Directors and CEO

Report on Compliance of the Annual Report

To the General Assembly of Garanti Emeklilik ve Hayat Anonim Şirketi;

Report of the Board of Directors Regarding with Annual Report Auditing within the Framework of Independent Audit Standards

We have audited the Annual Report of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") for the accounting period ending on December 31, 2015.

Management's Responsibility for the Annual Report

Pursuant to Article 514 of the Turkish Commercial Code ("TCC") No: 6102 and the provisions set forth in the "Regulation on Financial Structures of Insurance, Reassurance and Pension Companies" ("Regulation") published in the Official Gazette No: 26606 on August 7, 2007, the Management is responsible for the preparation of the annual report in a way to ensure consistent and accurate representation the Company's financial statements. This responsibility includes implementing and maintaining internal controls deemed necessary for the preparation of such an annual report.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on whether the financial information in the Company's annual report is a consistent and accurate representation of the financial statements, based on the independent audit we have conducted in accordance with TCC Article 397 and the Regulation.

We conducted our audit in accordance with the independent auditing principles set forth in insurance laws and regulations, and Independent Auditing Standards ("IAS") issued by the Public Oversight Accounting and Auditing Standards Authority. These standards require that we comply with ethical rules, and plan and perform the audit to obtain reasonable assurance whether the financial statements presented in the annual report are free from material misstatement.

An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's professional judgment.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information provided in the Board of Directors' annual report is an accurate and consistent representation of the audited financial statements.

Responsibilities arising from other regulatory requirements

In accordance with Paragraph 3, Article 402 of the Turkish Commercial Code, and within the framework of IAS 570 "Business Continuity," we have seen no evidence or cause that may jeopardize the existence and the continuity of the Company in the foreseeable future.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Information on Financial Structure



Salih İleri
Financial Affairs

“Thanks to its robust financial structure, the Company maintained its market leadership position in 2015.”

As in previous years, Garanti Emeklilik ve Hayat A.Ş. (Garanti Pension and Life) continued to achieve rapid growth both in total assets and profitability in 2015.

Pre-tax profit grew 12.4% over the prior year and amounted to TL 240,582,747. The Company paid TL 169,916,412 in taxes in 2015, resulting in profit after tax of TL 190,907,777.

During the same period, technical profit from life insurance and pension operations totaled TL 163,037,335. Shareholders' equity increased 22% to TL 1,067,885,087 in the reporting year. As of December 31, 2015, the Company's total assets grew 23% compared to a year ago and reached TL 9,075,123,463.

The increase in total assets is largely due to private pension activities as of December 31, 2015. The Company recorded a 24.4% increase in participants' funds compared to previous year. The Company's total pension fund size amounted to TL 7,580,284,950.

The share of cash assets in total assets stood at 14.4% as of December 31, 2015, while financial assets constituted 10.4% of total assets.

As of December 31, 2015, the share of the Company's insurance technical reserves in total liabilities stood at 2.9%. The Company's source of premium income is derived from the life insurance sector; total earned premium in the fiscal year ending on December 31, 2015 was TL 295,231,686.

Assessment of Financial Position, Profitability and Claims Servicing Capacity

In 2015, total life insurance claims decreased 20.07% from the previous year, dropping to TL 46,897,687. The Company's technical profit was up 9.91% to TL 163,037,335.

The Company's technical reserves consist of unearned premium reserve, reserves for outstanding claims, life insurance mathematical reserve, reserve for life insurance profit share, equalization reserve, and reserve for bonus payments and discounts. In financial statements, the unearned premium reserve is the outstanding part of the premiums which have accrued for the applicable insurance contracts for the next accounting period(s) on a daily basis, remaining after production commissions and after the share of expenses in life insurance as well as the portion allocated to savings, if any.

At the end of the each period and year, a reserve for outstanding claims is apportioned for all liabilities concerning unpaid claim files of which the Company has already been notified and are under review. The reserve for outstanding claims is set according to expert reports or policyholder and expert assessments.

Within this framework, as of December 31, 2015, the change in reserve for outstanding claims stood at TL 7,353,809.

The life insurance mathematical reserve comprises the actuarial mathematical reserves and reserve for life insurance profit share, and represents the Company's obligations to policyholders in the life insurance branch. For variable universal life insurance policies, a reserve for profit share is set aside for the income earned from investments made with premiums written on a collection basis.

Board of Directors' Annual Activity Report

Board of Directors' Annual Activity Report

January 1, 2015 - December 31, 2015

(Pursuant to the circular of the Ministry of Customs and Trade, dated August 28, 2012)

1. General Information

Reporting period : 2015
 Trade name : Garanti Emeklilik ve Hayat A.Ş.
 Registration number : 288647
 Central Registration System Number : 0008006750900016
 Head Office address: Mete Cad. No: 30 34437 Taksim Istanbul

Contact Information

Phone : + 90 212 334 70 00
 Fax : + 90 212 334 63 00
 E-mail : GEMusteriHizmetleri@garantiemeklilik.com.tr
 Website : www.garantiemeklilik.com.tr

A- THE COMPANY'S ORGANIZATIONAL, CAPITAL AND OWNERSHIP STRUCTURE

Capital Structure and Ownership Structure

In 2007, Achmea B.V. acquired 15% of the shares of Garanti Pension and Life for € 100 million. There were no changes in the Company's ownership structure in 2015.

The Company's ownership structure and capital distribution are as follows:

Shareholder's Name-Last Name-Title	Address	Number of Shares	Share (%)	Nominal (TL)
Türkiye Garanti Bankası A.Ş. (Garanti Bank)	Nispetiye Mah. Aytar Cd. No: 2 Levent/Istanbul	4,245,619,000	84.91	42,456,190
Achmea B.V. (Achmea)	Handelseug 2 3707 NH Zeist, the Netherlands	750,000,000	15	7,500,000
Other		4,381,000	0.09	43,810
Total		5,000,000,000	100	50,000,000

The Chairman and the Members of the Board of Directors, and the Company's CEO and Executive Vice Presidents do not hold any Company shares.

There have been no changes in the ownership structure and capital distribution during the accounting period.

B- INFORMATION ON PREFERRED SHARES

The Company does not currently issue preferred shares.

C- INFORMATION ON THE COMPANY'S MANAGEMENT BODY, EXECUTIVE MANAGERS AND SENIOR STAFF

a) The Company's Management Body: As per the resolution dated September 16, 2015, the Company's Board of Directors continued its duties with nine members.

The names and titles of the Board Members in office until September 16, 2015 are as follows:

Name-Last Name	Title
Sait Ergun Özen	Chairman
Gökhan Erün	Vice Chairman
Muammer Cüneyt Sezgin	Member
Faruk Nafiz Karadere	Member
Manuel Pedro Galatas Sanchez Harguindey	Member
Johannes Antonius Nijssen	Member
Hayrullah Murat Aka	Member
Maria de la Paloma Piqueras Hernandez	Member
Erhan Adalı	Member
Onur Genç	Member
Cemal Onaran	Member, CEO

Board Member as of September 16, 2015:

Name-Last Name	Title
Ali Fuat Erbil	Chairman
Onur Genç	Vice Chairman
Muammer Cüneyt Sezgin	Member
Faruk Nafiz Karadere	Member
Javier Bernal Dionis	Member
Johannes Antonius Nijssen	Member
Maria De La Paloma Piqueras Hernandez	Member
Didem Başer	Member
Cemal Onaran	Member, CEO

b) The Company's Executive Managers are as follows:

Name-Last Name	Title
Cemal Onaran	CEO
E. Yasemen Köne	Executive Vice President
Cemşit Türker	Executive Vice President
Ahmet Karaman	Executive Vice President
K. Çağlayan Bakaçhan	Executive Vice President
Kaan Günay	Executive Vice President

84.91%

Türkiye
Garanti
Bankası
A.Ş.

15%

Achmea B.V.

0.09%

Other

Board of Directors' Annual Activity Report

c) Number of Employees: 864.

d) Within the framework of the permission granted by the General Assembly, Board Members do not transact with the Company, either directly or on behalf of others.

2) Remuneration of Board Members and Executive Managers

Remuneration and other benefits paid by the Company to Board Members and executive managers totaled TL 6,069,694 in 2015.

3) The Company's Research and Development Activities

The Company did not carry out any research and development activities in 2015.

4) Company Operations and Related Important Developments

a) The Company did not make any investments or major asset purchases/sales during the reporting period.

b) Garanti Pension and Life holds a 0.0000003% stake worth 1 (one) Turkish lira in its direct subsidiary Garanti Leasing.

c) The Company has not acquired any of its own shares.

d) The Company has not been subject to private auditing during the activity period.

During 2015, the Company has been subject to ordinary audits carried out by the Insurance Auditing Board of the Undersecretariat of Treasury related to internal system practices.

e) No lawsuits, which might affect the financial position and the activities of the Company, have been filed against the Company during the activity period.

f) There have been no administrative or legal sanctions imposed on the Company or its board members due to illegal practices, during the activity period.

g) During the activity period, the Company has reached all of its targets and fulfilled the requirements of all General Assembly resolutions.

h) Information about donations and aid made by the Company throughout the year, as well as about expenditures related to social responsibility initiatives, is as follows:

Garanti Pension made a total expenditure of TL 50,022 in 2015.

i) Transactions carried out with the parent company and affiliated companies within the Group are ordinary commercial activities. There are neither any transactions made in the interest of the parent company or one of the affiliated companies, with or without the instruction of the parent company, nor any measures taken or refrained from, in this respect.

j) In cases where a legal transaction is made or required, measures are taken or refrained from, based on all facts and conditions known to the Company's Board of Directors at the time, neither due consideration nor taking necessary measures or refraining from taking such measures, that can harm the Company, were required as there have not been any legal transactions.

k) Any potential conflict of interest between the Company and consulting and/or audit firms that provide service to the Company are prevented through agreements.

5. Financial Position

a) The Board of Directors' analysis and assessment of the Company's financial position and activity results, the extent to which planned activities were realized, and the Company's performance against predetermined strategic goals are as follows:

In 2015, Garanti Pension achieved profit of TL 240,582,747. While the Company's total assets were TL 9,075,123,463, shareholders' equity amounted to TL 1,067,885,087. The Company's fixed assets totaled TL 116,721,617, of which TL 18,272,752 has been allocated for depreciation.

b) The Company's annual sales, productivity, income generating capacity, profitability and debt-to-equity ratio, in comparison with previous years, as well as information on other matters which might give an idea about the results of the Company's operations, and also expectations for the future, are presented below:

	2013 (TL)	2014 (TL)	2015 (TL)
Profit / (Loss) for the Period	174,315,613	214,571,789	240,582,747
Corporate Tax Liability Provision	36,334,916	44,655,377	49,674,970
Net Profit / (Loss) for the Period	137,980,697	169,916,412	190,907,777

c) The Board of Directors' assessment on whether the Company suffers from capital loss or insolvency:

The Company shareholders' equity totaled TL 1,067,885,087, and its capital is fully paid.

d) Measures required to improve the Company's financial structure, if any:

The Company has a robust financial structure, therefore there are no measures required to improve its financial structure.

e) Information on the profit distribution policy, the reason for not distributing profit, if that is the case, and the proposal about how to use the undistributed profit:

In regard to the profit distribution policy, the Board of Directors draws up the profit distribution proposal in accordance with the provisions of the Turkish Commercial Code, Tax Regulations, and the Company's Articles of Association, and then submits it for the approval of the General Assembly. The decisions regarding whether to distribute profit, or when and by which means it will be distributed, are made at the General Assembly, and all announcements are made in accordance with the regulations and within legally prescribed time limits. The Company did not distribute profit in 2015, transferring all profit to the reserves.

Board of Directors' Annual Activity Report



Mehmet Emin Alkan
Internal Audit

“Operating in accordance with the principles of integrity, independence and impartiality, the Board of Audit adds value to Garanti Pension’s activities.”

6. Internal Audit

Internal Audit activities are carried out by the Board of Audit, which reports directly to the Company’s Board of Directors, in accordance with the Regulation on Internal Systems of Insurance, Reassurance and Pension Companies.

The Board of Audit is responsible for providing objective and independent assurance to the Board of Directors that the Company’s activities are performed in compliance with applicable laws, rules and regulations, and in accordance with Company strategies and policies.

The Board of Audit conducts its activities within the framework of the Internal Audit Plan, which is prepared in accordance with applicable laws and risk assessments, and then approved by the Board of Directors. The Board of Audit then shares the results with the Board of Directors through the Audit Committee.

During the periodic and risk-based audits performed at the Company’s head office departments, regional offices and agencies, the factors detailed below are inspected and assessed:

- Compliance of operations with applicable laws and regulations as well as with the Company’s strategies, policies, procedures, and other bylaws;
- Effectiveness and adequacy of internal control and risk management practices;
- Accuracy and reliability of the accounting records and financial statements;
- Compliance of operational activities with the designated procedures, and the progress of related internal control practices;
- Reliability of the electronic data system;
- Accuracy and reliability of the reporting presented to the Board of Directors and disclosed to the public.

In 2015, 14 head office departments, 18 regional offices, and Garanti Service Management, Garanti Asset Management and Deniz Asset Management underwent audits; investigations were conducted in various areas, where necessary.

In addition, the Board of Audit aims to determine any insufficient and defective practices, and offer its opinions and recommendations to prevent the recurrence of such situations. It also provides consulting services in a number of areas to add value to the Company's operations and to increase efficiency and productivity.

Legal and Compliance

As part of its Legislative and Compliance efforts, the Company closely followed all changes and draft amendments to insurance law, the private pension system and other relevant regulations. The Department shared its opinions with public authorities for evaluation, while the Company ensured that all products and processes comply with applicable laws and regulations. The Department oversees that all operations are carried out in compliance with the rules and policies adopted by the Company as well as with the practices in the sector, undertaking the necessary system developments as required by law.

Pursuant to the Regulation on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism, the Company performed controls on PPS and Life Insurance transactions on a regular basis. In 2015, the Company aimed to inform employees on these issues and improve internal compliance.

Financial Crimes Investigation Board (MASAK) Compliance

Within the framework of MASAK (Financial Crimes Investigation Board) Compliance, the duties and the responsibilities of the Compliance Officer were amended and put in writing in accordance with the Regulation on Anti-Money Laundering Compliance Program. The Company closely follows all international and national laws on the prevention of laundering proceeds of crime and financing of terrorism; evaluates new and existing products and processes according to applicable laws; and performs routine controls on completed transactions.



Talat Soysal

Legislation and Legal Compliance

“Garanti Pension and Life carries out all its business activities in accordance with ethical principles and principle of accuracy.”

Board of Directors' Annual Activity Report



Defne ÜSTEM

Internal Control and Risk Management

“The Company performs internal controls to ensure that its operations are conducted in compliance with current laws, rules and regulations.”

Internal Control and Risk Management

The Internal Control and Risk Management function aims to monitor and manage risks that the Company is exposed to, and it is designed to adapt to the scope and structure of these activities as well as changing conditions. The Department presents periodic reports to the Company's senior management, Internal Control, the Risk and Compliance Committees and the Audit Committee, which includes two Board Members.

a) Internal Control

The Internal Control function makes sure that a healthy internal control environment and its coordination within the Company is formed, and that the Company's activities are conducted in accordance with current laws, rules and regulations. To that end, efforts are carried out for the functional differentiation of the tasks, sharing of authority and responsibilities, forming of a consensus infrastructure, placing necessary controls on the processes, and for updating processes as necessary. Error concentrations and defects in processes can be identified through periodic and preventive controls determined in proportion to the detected level of risk and departmental self-assessment, and necessary steps are taken accordingly. Internal and external audit reporting is also among the duties of the Department. All activities are carried out through central and on-the-spot control methods. The controls, their results, effects, the actions taken and planned activities are regularly reported to the senior management.

b) Risk Management

The Board of Directors is responsible for establishing and overseeing the risk management structure. The Board of Directors ensures the effectiveness of the Company's risk management system through the Risk Management Department. Risk management efforts are conducted in accordance with the Company's Risk Management Strategy, Policy and Procedures, which are approved by the Board of Directors.

The Company's risk management policies have been formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor the risks and compliance with set limits. These policies and systems are periodically reviewed in a way that reflects changes in market conditions as well as product and service offerings. The Company is developing a disciplined and constructive supervision framework with relevant training and management standards and procedures so that all employees understand their own duties and responsibilities.

The Risk Management Department identifies, measures, monitors, and reports operational and financial risks that the Company is exposed to. For the early detection of these risks, the Department participates in the meetings of related committees (Investment Committee, New Product/New Business Committee and Technical Risk Committee), where financial and actuarial activities are evaluated.

In 2015, the Company began collaborating with the Global Risk Management Department of BBVA, the major shareholder of Garanti Bank, in order to align its risk management efforts with BBVA Group standards and international practices.

Operational Risk Management

The Company's Board of Directors and the Audit Committee oversee efforts to identify, measure, monitor, and manage/reduce operational risks within the Company. Operational risks are defined as risks related to loss stemming from errors, breaches, defects or damages caused by internal processes, personnel or external incidents. The Company undertakes the following efforts to manage operational risks:

- 1) Operational Loss Data,
- 2) Key Risk Indicators, and
- 3) Risk Control Self-Assessment
- 4) Business Continuity Management

Operational loss data is collected from every department, grouped based on cause and effect and according to the risk categories defined in Basel II, and then analyzed. This way, the Company is able to create an internal risk database. This data is essential for measuring and scenario analyses modeling to calculate Risk Based Capital Adequacy which will be implemented in the future pursuant to the Solvency II Directive.

Periodic changes in critical operations and transactions as well as the underlying reasons are examined through monitoring and analysis of Key Risk Indicators, and these are reported to the senior management.

Risk Control Self-Assessment enables the monitoring of the operational risks around the risk matrix formed by grouping the processes and functions that are considered risky in accordance with risks, probabilities and effects.

The Company's risk management policies were formulated to identify and analyze risks encountered by the Company, to define risk limits and controls, and to monitor risks and compliance within set limits.

Board of Directors' Annual Activity Report

Business Continuity Management in the event of emergency also falls within the scope of the Risk Management Department. Apart from efforts to keep the current plan updated, periodic tests and drills are carried out to make sure those critical processes, back-up systems, alternative working areas are ready to be utilized when necessary. In addition, all scenarios, teams and trainings related to Business Continuity Management have already been established, transcribed and shared with Company employees.

Financial Risk Management

The Company is exposed to the following risks originating from the use of financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk,
- Currency risk,
- Interest rate risk.

Credit Risk

Credit risk is defined as the possibility that counterparties might not be able to fulfill their obligations in accordance with the terms of contract that have been mutually agreed upon. Major balance sheet items where the Company is exposed to credit risk include the following:

- Banks
- Other cash assets and cash equivalents (cash accounts excluded),
- Financial assets held for trading,
- Financial investments owned by risk-based life insurance policyholders,
- Premium receivables from the insured,
- Receivables from agencies,
- Pension mutual funds related to Private Pension operations, and receivables from participants,
- Receivables from reinsurers related to commissions and paid-up claims,
- Reinsurance shares from insurance liabilities,
- Receivables from the parties concerned,
- Other receivables, and
- Prepaid taxes and funds.

The most common method used in insurance risk management is to execute a reinsurance agreement. However, transferring insurance risk via a reinsurance agreement does not relieve the Company, as the first underwriter, of its obligations. If a reinsurer does not fulfill a claim, the Company's obligation to the policyholder continues. The Company considers the reinsurer's creditworthiness by examining the financial status of the company in question before entering into the annual agreement.

The Company cancels insurance premiums when they become overdue or are outstanding for a specified period of time. It then deducts the relevant amount from the written premiums and from premium receivables.

Liquidity Risk

Liquidity risk is the risk that the Company might have difficulty in fulfilling its liabilities resulting from its monetary obligations.

As a method of protection against liquidity risk, maturity match is maintained between assets and liabilities; liquid assets are kept ready for complete fulfillment of potential liquidity requirements if necessary.

Market Risk

Market risk is based on potential variations in market prices such as interest rates and foreign currency exchange rates that might affect the Company's income or the value of financial instruments it holds. Market risk management is intended to optimize risk profitability and control the market risk amount within acceptable parameters.

Currency Risk

The Company is exposed to currency risk due to the foreign currency-denominated insurance operations it conducts.

Foreign exchange gains and losses from foreign currency transactions were entered in the accounting records for the corresponding periods. At the end of each period, balances of foreign currency asset and liability accounts were translated and converted into Turkish lira at the exchange rates prevailing at that time. The resulting foreign exchange differences were reflected in the records as gains or losses from foreign exchange transactions.

Foreign currency-denominated transactions were recognized on the basis of exchange rates prevailing on the date of transaction. As of the balance sheet date, foreign currency-denominated asset and liability items were translated based on the foreign exchange buying rate of the Central Bank of Turkey (CBT), effective on December 31, 2015. Only life insurance mathematical reserves and loans were translated based on the effective selling rates of CBT as stated in the policy guidelines.

Interest Rate Risk Exposure

Risk exposure of the trading securities portfolio is based on fluctuations in market prices of relevant securities resulting from changes in interest rates. The major risk for the non-trading securities portfolio is the loss from fluctuations in future cash flows and the loss stemming from a drop in the fair market value of financial assets as a result of changes in market interest rates. Interest rate risk is managed through monitoring of the interest rate range and setting pre-approved limits for re-pricing ranges.

Interest Rate Sensitivity of Financial Instruments

Interest rate sensitivity on the income statement is the effect of the change in interest rates, under the criteria assumed below, on the fair market value of the financial assets. The difference in fair market value as of December 31, 2015 is reflected in the profit or loss, and the effect on net interest income from the non-trading financial assets and liabilities with a variable interest rate. Interest rate sensitivity on shareholders' equity is calculated on the basis of the variation in the market value of the financial assets which are available for sale in the portfolio as of December 31, 2015 as a result of the presumed variations in interest rates. During this analysis, other variables, particularly foreign exchange rates, are assumed to be fixed.

Fair Market Value Representation

The estimated market value of financial instruments is determined by using available market data and appropriate valuation methods, if applicable. The Company has classified its securities into trading financial assets or financial assets available for sale, and represented the related financial assets with their exchange prices prevailing at the end of the term. The Company's management estimates that the fair value of other financial assets and liabilities does not differ much from their quoted prices.

Capital Management

The principal capital management policies of the Company are as follows:

- Complying with the capital adequacy requirements as stipulated by the Undersecretariat of Treasury,
- Ensuring the Company's continuity and securing sustained gains for shareholders and stakeholders, and
- Securing a sufficient level of return for shareholders by setting insurance policy prices proportionate to the insurance risk assumed.

Board of Directors' Annual Activity Report

Assessment of Insurance Risk and Management Body

Insurance Pricing Policies

Garanti Pension and Life adopts the following pricing principles and policies:

When setting risk premiums, the expected claim amount is taken into consideration and premium limits are determined accordingly.

The relevant departments of the Company continuously monitor changing competitive conditions and customer needs. The Company uses the regular data flow from these departments and the interdepartmental collaboration in pricing, which is a part of the product development process.

The Company aims to establish pricing policies that ensure product profitability and service continuity.

The Company compares the prices it sets with those of its domestic competitors, as well as those of foreign counterparts. In collaboration with reinsurance companies, Garanti Pension and Life undertakes efforts to develop new products that include additional coverage that policyholders might need during their lifetime.

The breakdown of the Company's premium production by product category in 2014 reveals that the share of universal life insurance policies increased, compared to last year. This was mainly due to the alignment of insurance policies with the terms and periods of loans. Variable universal life insurance policies continue to decline due to the lack of new production. Taking high profitability into consideration in product pricing practices is important in terms of safeguarding the Company's future. Therefore, while developing new products, the Company aims to sign agreements that stipulate transferring risks to reinsurers to a large extent, but at the same time provide high profit sharing.

Risk Assessment Policies

The Company uses the same risk assessment tool that is used by the leading reinsurer. Under this effort, the Company realizes new gains from the risk-assessment framework of treaty reinsurers every year. These gains not only facilitate operational transactions but also positively contribute to the Company in terms of cost. Check-up limits are reviewed and revised each year based on prior experience statistics. In addition, there are three other assessments. A "Medical" risk assessment is carried out by the Company physician. A "Moral" assessment is made by risk-assessment personnel and sales teams. Finally, a "Financial" risk assessment is conducted for both the loan life insurance required by bank loans and individual applications, even though these applications are received in small numbers.

As the first step in risk assessment, the medical risk evaluation aims to collect information on customers' health status and requires that customers undergo check-ups under conditions defined based on the amount of life insurance coverage. The first assessment is made by the Company physician through a medical evaluation. Procedures are applied according to the results mutually agreed upon with the reinsurers and applications that present a medical risk are rejected.

Under the moral risk assessment, information is collected from the customers concerning gender, living conditions, place of residence, occupation, and the like. As part of this process, support from sales teams is requested on issues that appear to be suspicious and dubious cases are referred for further review.

Under the financial risk assessment, which constitutes the third step, a study is conducted to fulfill the requirement of compatibility between the amount of life insurance coverage requested by the customers and their annual income and/or loan amount. Majority amounts of coverage provided are matched to the Bank's risk because 90% of the Company's portfolio is made up of risk originating from the Bank's products. The fact that the initial financial analysis is performed by the Bank for loan insurance products and the Bank extends the loan in the first place facilitates the finalization of an analysis essential to the Company.

Reinsurance Policy

At Garanti Pension and Life, reinsurance processes are performed only on risk benefits (death and additional coverage) of life insurance policies. Due to the high underwriting profitability of risk-based life insurance plans, each year an amount equivalent to the maximum retention level, as set based upon actuarial estimations, is kept with the Company. The excess amount is transferred under surplus reinsurance treaties. Nevertheless, attention is paid to keep the retention level at more limited ratios and amounts over those risk benefits (for example, life-threatening illnesses coverage and the like) that pose greater uncertainty for the Company. For life-threatening illnesses and unemployment coverage, the Company operates under quota-share reinsurance treaties. Additionally, to conserve retention after extensive natural disasters such as earthquakes, floods, traffic accidents involving mass transportation vehicles or terrorist attacks, each year an excess of loss reinsurance agreements are signed to secure catastrophic claims in a way most suitable for the portfolio.

The major service providers in the Company's supply chain are the reinsurers who offer reinsurance for the Company in life insurance and additional risk coverage. The following factors are decisive in the Company's business relationships with reinsurers:

Performance concerning the procured service is evaluated on a yearly basis for treaties. The evaluation is performed by checking whether the share of the reinsurer in insurance claims and balances remaining after reinsurance transactions in the Company's favor have been paid promptly and in full. Additionally, the capacity extended to the Company in optional businesses, speed in operational reinsurance transactions, and the technical knowledge and market information conveyed to the Company are also taken into consideration as evaluation criteria. In cases of unsatisfactory performance, alternative reinsurers are considered.

As a result of the stable and consistent pricing and risk acceptance policies implemented, the risk assessment terms and procedures agreed upon with treaty reinsurance companies enable automatic insurance coverage of a much greater amount than market averages.

The leading reinsurer in reinsurance agreements is the Munich-based Münchener Rückversicherungs AG (Munich RE). In terms of share in reinsurance agreements, the second-ranking reinsurer is Milli Reasürans T.A.Ş. (Milli Re). Other reinsurers with the same share are Reinsurance Group of America (RGA) based in Milan and the French reinsurer Scor Global Life. For life insurance products with unemployment coverage, the Company is also engaged in the reinsurance business with Istanbul-based Cardif Hayat Sigorta A.Ş., a BNP Paribas subsidiary. Garanti Pension and Life works with Genworth Financial for hospitalization and critical illness insurance products. In addition to life reinsurers, the Company cooperates with Bermuda-based Arch Re Accident Death in reinsurance agreements to secure catastrophic claims concerning cumulative damage after natural disasters.

7. Subsequent Events

There have not been any material events, which might affect the rights of shareholders, recipients or other individuals and companies, after the reporting period.

This report was prepared in compliance with the provisions of the "Regulation on Determination of Minimum Content of Companies' Annual Activity Reports," issued by the Ministry of Customs and Trade and published in the Official Gazette Issue: 28395, dated August 28, 2012; the report is approved and signed by the Company's Board Members whose names appear below.

Ali Fuat Erbil
Chairman

Onur Genç
Vice Chairman of Board of Directors

Cemal Onaran
CEO
Member of the Board of Directors

**GARANTİ
EMEKLİLİK VE
HAYAT
ANONİM ŞİRKETİ**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

Deloitte.

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(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Garanti Emeklilik ve Hayat A.Ş.

Report on Financial Statements

We have audited the accompanying financial statements of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2015, and statement of income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Company's Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued based on insurance laws and regulations and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POAA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Garanti Emeklilik ve Haya Anonim Şirketi as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued (Note 2), based on insurance laws and regulations.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit. In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

Additional paragraph for the English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

Şule Firuzment SMMM
Partner

İstanbul, 29 January 2016

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ**THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

We assure you that our financial report and the related disclosures and notes prepared in accordance with the requirements set out by Republic of Turkey Prime Ministry Undersecretariat of the Treasury are in compliance with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

Istanbul, 29 January 2016

Didem SAYIM
Actuary

Salih İLERİ
Financial Affairs Unit Manager

Ahmet KARAMAN
Executive Vice President

Cemal ONARAN
Member of the Board of
Directors, General Manager

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

BALANCE SHEET AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

ASSETS			
I- Current Assets	Note	Audited Current Period 31 December 2015	Audited Current Period 31 December 2014
A- Cash and Cash Equivalents	14	1.304.306.348	1.010.804.992
1- Cash	14	-	-
2- Cheques Received		-	-
3- Banks	14	1.205.995.538	929.250.473
4- Cheques Given and Payment Orders ()		-	-
5- Bank Guaranteed Credit Card Receivables (Less than 3 months)	14, 45	97036.050	79.860.132
6- Other Cash and Cash Equivalents	14, 45	1.274.760	1.694.387
B- Financial Assets and Investments with Risks on Policy Holders	11	33.825.954	106.353.740
1- Financial Assets Available for Sale	11	14.536.075	59.338.704
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	-	27.671.218
4- Loans		-	-
5- Provision for Loans ()		-	-
6- Investments with Risks on Policy Holders	11	19.289.879	19.343.818
7- Equity Shares		-	-
8- Diminution in Value of Financial Assets ()		-	-
C- Receivables from Main Operations	12	7.659.466.225	6.172.161.959
1- Receivables from Insurance Operations	12	58.038.840	58.554.373
2- Provision for Receivables from Insurance Operations ()	12	(60.580)	(43.059)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations ()		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	2, 8, 12	100.343	72.358
7- Provision for Loans to Policyholders ()		-	-
8- Receivables from Private Pension Operations	12, 18	7.601.407.622	6.113.578.287
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations ()		-	-
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties ()		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties ()		-	-
E- Other Receivables	12	24.971	12.969
1- Lease Receivables		-	-
2- Unearned Lease Interest Income ()		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables	12	24.971	12.969
5- Discount on Other Receivables ()		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables ()		-	-
F- Prepaid Expenses and Income Accruals		36.423.647	40.173.724
1- Deferred Acquisition Costs	17	35.545.876	39.288.829
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	19	877.771	884.895
G- Other Current Assets		21.271	13.576
1- Inventories		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		4.250	4.250
5- Advances Given to Personnel		17.021	9.326
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets ()		-	-
I- Total Current Assets		9.034.068.416	7.329.520.960

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

BALANCE SHEET AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

	Note	Audited Current Period 31 December 2015	Audited Current Period 31 December 2014
II- Non Current Assets			
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 & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders ()		-	-
8- Receivables from Private Pension Operations		-	-
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 Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties		-	-
C- Other Receivables		4.169	4.169
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income		-	-
3- Guarantees Given	12	4.169	4.169
4- Other Receivables		-	-
5- Discount on Other Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables ()		-	-
D- Financial Assets		-	-
1- Investments In Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates ()		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries ()		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures ()		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets ()		-	-
E- Tangible Assets	6	6.197.122	5.561.628
1- Investment Properties		-	-
2- Diminution in Value for Investment Properties ()		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipment		-	-
5- Furnitures and Fixtures	6	13.898.302	12.713.746
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.388.270	2.136.319
8- Leased Tangible Assets	6	168.464	168.464
9- Accumulated Depreciation ()	6	(10.257.914)	(9.456.901)
10- Advances Paid for Tangible Assets (Including Construction In Progress)		-	-
F- Intangible Assets	8	28.538.306	24.558.126
1- Rights	8	334.371	334.371
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	99.932.210	79.892.602
6- Accumulated Amortization ()	8	(71.728.275)	(55.668.847)
7- Advances Regarding Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
H- Other Non-current Assets	21	6.315.450	4.877.547
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	6.315.450	4.877.547
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization		-	-
8- Provision for Other Non-current Assets		-	-
II- Total Non-current Assets		41.065.047	35.001.470
TOTAL ASSETS		9.075.123.483	7.364.522.430

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

BALANCE SHEET AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

LIABILITIES			
III-Short Term Liabilities	Note	Audited Current Period 31 December 2015	Audited Current Period 31 December 2014
A- Borrowings			
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Issued Financial Assets		-	-
7- Value Differences on Issued Financial Assets (ç)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations	19	7.703.557.491	6.199.159.980
1- Payables Due To Insurance Operations	19	24.722.715	25.756.348
2- Payables Due To Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due To Private Pension Operations	18, 19	7.678.834.776	6.173.403.632
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations, Notes Payable (ç)		-	-
C- Due to Related Parties		7.631.239	10.254.752
1- Due to Shareholders	45	263.269	115.370
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		16.918	42.814
6- Due to Other Related Parties	45	7.351.062	10.096.568
D- Other Payables	19, 47	2.522.785	2.303.936
1- Guarantees and Deposits Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Payables	19, 47	2.522.785	2.303.936
4- Discount on Other Payables (ç)		-	-
E- Insurance Technical Reserves	17	117.031.855	137.527.260
1- Unearned Premiums Reserve - Net	17	89.118.304	100.010.958
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	2.143.923	4.392.865
4- Outstanding Claims Reserve - Net	17	25.769.628	33.123.437
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions	19	11.614.646	10.158.134
1- Taxes and Dues Payable		5.260.002	3.708.135
2- Social Security Premiums Payable		1.067.969	987.489
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	49.674.370	44.776.645
6- Prepaid Taxes and Other Liabilities on Period Profit (ç)	19	(44.388.295)	(39.294.135)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks	23	1.307.478	1.112.741
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23	1.307.478	1.112.741
H- Deferred Income and Expense Accruals	19	11.105.692	10.172.963
1- Deferred Commission Income	10, 19	6.257.829	5.231.481
2- Expense Accruals	19	4.847.863	4.941.482
3- Other Deferred Income and Expense Accruals		-	-
I- Other Short Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Current Liabilities		7.854.771.186	6.370.689.766

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

BALANCE SHEET AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

IV- Long Term Liabilities	Note	Audited Current Period 31 December 2015	Audited Current Period 31 December 2014
A- Borrowings		-	-
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (ç)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations		-	-
1- Payables Due To Insurance Operations		-	-
2- Payables Due To Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due To Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Guarantees and Deposits Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Payables		-	-
4- Discount on Other Payables		-	-
E- Insurance Technical Reserves	17	145.991.402	111.090.852
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	134.301.338	101.665.227
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
7- Other Technical Reserves - Net	17	11.690.064	9.425.625
F- Other Liabilities and Provisions	23	1.718.810	1.694.740
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals	23	1.718.810	1.694.740
G- Provisions for Other Risks	23	4.756.978	4.468.626
1- Provision for Employment Termination Benefits	23	4.756.978	4.468.626
2- Provisions for Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Non Current Liabilities		152.467.190	117.254.218

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

BALANCE SHEET AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

SHAREHOLDERS' EQUITY

V- Shareholders' Equity	Note	Audited Current Period 31 December 2015	Audited Current Period 31 December 2014
A- Paid in Capital		53.084.445	53.084.445
1- (Nominal) Capital	2,13, 15	50.000.000	50.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		3.084.445	3.084.445
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Capital to Be Registered		-	-
B- Capital Reserves		-	-
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		823.892.865	653.577.589
1- Legal Reserves	15	10.000.000	10.000.000
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	813.506.749	643.590.337
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	11, 15	430.510	383.604
6- Other Profit Reserves		(44.394)	(396.352)
D- Previous Years' Profits		-	-
1- Previous Years' Profits		-	-
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		190.907.777	169.916.412
1- Net Profit of the Period		190.907.777	169.916.412
2- Net Loss of the Period		-	-
3- Nondistributed Net Profit of the Period		-	-
Total Shareholders' Equity		1.067.885.087	876.578.446
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9.075.123.463	7.364.522.430

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

I-TECHNICAL PART	Note	Audited Current Period (01/01/2015 - 31/12/2015)	Audited Prior Period (01/01/2014 - 31/12/2014)
A- Non-Life Technical Income		5.833	2.621
1- Earned Premiums (Net of Reinsurer Share)	17	5.833	2.621
1.1 - Premiums (Net of Reinsurer Share)	17	2.597	6.911
1.1.1 - Gross Premiums	17	2.597	6.979
1.1.2 - Ceded Premiums to Reinsurers		-	(68)
1.1.3- Premiums Transferred to SSI(-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward)	17	3.236	(4.290)
1.2.1 - Unearned Premiums Reserve	17	3.236	(4.290)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve	10, 17	-	-
1.2.3- SSI Share of Gross Unearned Premiums Reserve (Net of Reserves Carried Forward)(+/-)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)		-	-
1.3.1 - Unexpired Risks Reserve		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve		-	-
2- Investment Income Transferred from Non-Technical Part		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income		-	-
3.2 - Reinsurance Share of Other Technical Income		-	-
4- Accrued Subrogation and Sovtage Income (+)		-	-
B- Non-Life Technical Expense (-)		(8.408)	(15.067)
1- Total Claims (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1 - Gross Claims Paid		-	-
1.1.2 - Reinsurance Share of Claims Paid		-	-
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward)		-	-
1.2.1 - Outstanding Claims Reserve		-	-
1.2.2 - Reinsurance Share of Outstanding Claims Reserve		-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward)		-	-
2.1 - Bonus and Discount Reserve		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
4- Operating Expenses (-)	32	(8.408)	(15.067)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves		-	-
5.2- Reinsurance Share in Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses(-)		-	-
6.2- Reinsurance Share in Gross Other Technical Expenses (+)		-	-

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

		Audited Current Period	Audited Prior Period
	Note	(01/01/2015 - 31/12/2015)	(01/01/2014 - 31/12/2014)
I-TECHNICAL PART			
C- Non Life Technical Net Profit (A-B)		(2.575)	(12.446)
D- Life Technical Income		317.482.732	292.924.072
1- Earned Premiums (Net of Reinsurer Share)	17	295.231.686	278.954.537
1.1 - Premiums (Net of Reinsurer Share)	17	284.342.268	269.904.992
1.1.1 - Gross Premiums (+)	17	328.796.583	318.757.789
1.1.2 - Ceded Premiums to Reinsurers (-)	10, 17	(44.454.315)	(48.852.797)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17	10.889.418	9.049.545
1.2.1 - Unearned Premiums Reserve (-)	17	11.827.372	5.271.734
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10, 17	(937.954)	3.777.811
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		22.107.651	13.895.662
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		143.395	73.873
4.1- Gross Other Technical Income (+/-)		143.395	73.873
4.2- Reinsurance Share in Gross Other Technical Income (+)		-	-
5- Accrued Subrogation Income (-)		-	-
E- Life Technical Expense		(187.052.787)	(165.510.777)
1- Total Claims (Net of Reinsurer Share)	17	(46.897.687)	(39.055.558)
1.1- Claims Paid (Net of Reinsurer Share)	17	(54.251.496)	(52.835.451)
1.1.1- Gross Claims Paid (-)	17	(77.662.871)	(80.428.009)
1.1.2- Reinsurance Share of Claims Paid (+)	10, 17	23.411.375	27.592.558
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	7.353.809	13.779.893
1.2.1- Outstanding Claims Reserve (-)	17	9.334.407	16.083.760
1.2.2- Reinsurance Share of Outstanding Claims Reserve (-)	10, 17	(1.980.598)	(2.303.867)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Discount Reserve (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(30.727.329)	(21.292.054)
3.1- Life Mathematical Reserves		(30.727.329)	(21.292.054)
3.1.1- Actuarial Mathematical Reserve (+/-)		(30.727.329)	(21.292.054)
3.1.2- Profit share reserve (Technical Reserves for Investments with Risks on Policyholders)		-	-
3.2- Reinsurance Share of Life Mathematical Reserves		-	-
4- Changes in Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(2.264.439)	(2.077.123)
5- Operating Expenses	32	(100.598.473)	(100.125.333)
6- Investment Expenses		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non Technical Divisions (-)		(6.564.859)	(2.960.709)
F- Life Technical Profit/ (Loss) (D – E)		130.429.945	127.413.295
G- Private Retirement Technical Income	25	172.812.136	137.922.170
1- Fund Management Fee		108.323.237	82.826.415
2- Management Fee Deduction		19.865.917	16.839.533
3- Entrance Fee Income		36.683.515	31.725.193
4- Management Fee In Case of Temporary Suspension		7.929.273	6.521.513
5- Withholding Tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		10.194	9.516
H- Private Retirement Technical Expenses		(140.202.171)	(116.993.062)
1- Fund Management Expenses (-)		(19.725.020)	(18.999.471)
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)	32	(109.727.984)	(89.441.486)
4- Other Technical Expenses (-)		(10.749.187)	(8.552.105)
I- Private Retirement Technical Profit/(Loss) (G – H)		32.609.965	20.929.108

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

		Audited Current Period (01/01/2015 - 31/12/2015)	Audited Prior Period (01/01/2014 - 31/12/2014)
II-NON-TECHNICAL			
	Note		
C- Non Life Technical Net Profit (A-B)		(2.575)	(12.446)
F- Life Technical Profit/ (Loss) (D - E)		130.429.945	127.413.295
I- Private Pension Technical Profit/(Loss) (G - H)		32.609.965	20.929.108
J- General Technical Net Profit (C+F+I)		163.037.335	148.329.957
K- Investment Income		124.215.081	84.951.641
1- Income from Financial Investments		86.682.808	58.461.247
2- Income from Sale of Financial Investments		427.319	1.083.370
3- Valuation of Financial Investments		16.853.065	20.672.622
4- Foreign Exchange Gains		13.687.030	1.773.693
5- Dividend Income from Participations		-	-
6- Income from Affiliated Companies		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		6.564.859	2.960.709
L- Investment Expenses (-)		(41.637.448)	(18.699.647)
1- Investment Management Expenses (Including Interest)	32	(39.935)	(123.684)
2- Valuation Allowance of Investments		-	(125.787)
3- Losses On Sales of Investments		(4.665.669)	(2.600.235)
4- Investment Income Transferred to Life Technical Part		-	-
5- Losses from Derivatives		-	-
6- Foreign Exchange Losses		(12.681.411)	(1.580.141)
7- Depreciation and Amortization Expenses	6, 8	(18.272.752)	(14.236.192)
8- Other Investment Expenses	32	(5.977.681)	(33.628)
M- Other Income and Expenses (+/-)		(5.032.221)	(10.162)
1- Provisions Account	47	(3.383.100)	(2.222.572)
2- Discount Account		(2.242.682)	572.93
3- Specialty Insurances Account		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Tax Asset Accounts	21, 35	1.537.620	1.965.847
6- Deferred Tax Liability Accounts		-	-
7- Other Income and Revenues		523.121	657.102
8- Other Expense and Losses	47	(1.487.180)	(983.469)
9- Prior Period Income		-	-
10- Prior Period Losses		-	-
N- Net Profit / (Loss)		190.907.777	169.916.412
1- Profit / (Loss) Before Tax		240.582.747	214.571.789
2- Corporate Tax Charge (-)	35	(49.674.970)	(44.655.377)
3- Net Profit / (Loss) for the Period		190.907.777	169.916.412
4- Inflation Adjustment Account		-	-

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CHANGE IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ CHANGE IN SHAREHOLDERS' EQUITY TL												
Audited	Note	Capital	Treasury Shares	Valuation of Financial Assets	Inflation Adjustment on Shareholders' Equity	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
PRIOR PERIOD												
I - Closing Balance of Prior Period (01/01/2014)	15	50.000.000	-	213.975	3.084.445	-	10.000.000	-	5.055.609.840	137.980.897	-	7.065.888.757
A-Capital increase		-	-	-	-	-	-	-	-	-	-	-
B-Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C-Income / (expense) recognized directly in the equity		-	-	-	-	-	-	-	(386.352)	-	-	(386.352)
D-Value increase/(decrease) in financial assets		-	-	169.629	-	-	-	-	-	-	-	169.629
E-Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F-Other income / (expense)		-	-	-	-	-	-	-	-	-	-	-
G-Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H-Net profit for the period		-	-	-	-	-	-	-	-	169.916.412	-	169.916.412
I-Dividends distributed		-	-	-	-	-	-	-	-	-	-	-
J-Transfer		-	-	-	-	-	-	-	137.980.897	(137.980.897)	-	-
II - Closing Balance at 31/12/2014		50.000.000	-	383.604	3.084.445	-	10.000.000	-	643.193.585	169.916.412	-	876.578.446
CURRENT PERIOD												
I - Closing Balance of Prior Period (01/01/2015)	15	50.000.000	-	383.604	3.084.445	-	10.000.000	-	643.193.585	169.916.412	-	876.578.446
A-Capital increase		-	-	-	-	-	-	-	-	-	-	-
B-Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C-Income / (expense) recognized directly in the equity		-	-	-	-	-	-	-	351.958	-	-	351.958
D-Value increase/(decrease) in financial assets		-	-	46.906	-	-	-	-	-	-	-	46.906
E-Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F-Other income / (expense)		-	-	-	-	-	-	-	-	-	-	-
G-Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H-Net profit for the period		-	-	-	-	-	-	-	-	190.97777	-	190.97777
I-Dividends distributed		-	-	-	-	-	-	-	-	-	-	-
J-Transfer		-	-	-	-	-	-	-	169.916.412	(169.916.412)	-	-
II - Closing Balance at 31/12/2015 (1+ A+B+C+D+E+F+G+H+I+J)		50.000.000	-	430.510	3.084.445	-	10.000.000	-	813.462.555	190.97777	-	1.067.885.087

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

CASH FLOW STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

	Note	Audited Current Period (01/01/2015- 31/12/2015)	Audited Prior Period (01/01/2014- 31/12/2014)
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		320.253.040	359.141.256
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the private pension operations		484.802.249	455.439.196
4. Cash outflows due to the insurance operations (-)		(171.169.324)	(208.981.801)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the private pension operations (-)		(435.834.472)	(420.268.623)
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		198.051.493	185.330.028
8. Interest payments		-	-
9. Income tax payments		(49.870.805)	(44.432.019)
10. Other cash inflows		7.565.344	23.960.862
11. Other cash outflows		(14.476.999)	(16.449.851)
12. Net cash generated from the operating activities		141.269.033	148.409.020
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		-	1.283
2. Purchase of tangible assets	6	(2.853.426)	(2.891.910)
3. Acquisition of financial assets		(50.300.562)	(70.118.213)
4. Sale of financial assets		122.828.348	91.869.982
5. Interest received		105.028.599	62.745.274
6. Dividends received		-	37.436
7. Other cash inflows		15.570.887	19.140.223
8. Other cash outflows (-)		(42.060.590)	(38.586.767)
9. Net cash generated from the investing activities		148.213.256	62.197.308
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from borrowings		-	-
3. Payments of financial leases		-	-
4. Dividends paid		-	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Cash generated from the financing activities		-	-
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		5.084.474	765.137
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		294.566.763	211.371.465
F. Cash and cash equivalents at the beginning of the period	14	990.539.175	779.167.710
G. Cash and cash equivalents at the end of the period (E+F)	14	1.285.105.938	990.539.175

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

STATEMENT OF PROFIT DISTRIBUTION

FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

Note	AUDITED Current Period (31/12/2015) (°)	AUDITED Prior Period (31/12/2014) (°)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD (°)		
1.1. PROFIT FOR THE PERIOD	240,582,747	214,571,789
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	(49,674,970)	(44,655,377)
1.2.1. Corporate Tax (Income Tax)	(49,674,970)	(44,655,377)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes And Legal Liabilities	-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)	190,907,777	169,916,412
1.3. PREVIOUS YEARS LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVE	-	-
1.5. COMPULSORY LEGAL FUNDS TO BE RETAINED IN THE COMPANY (-)	-	-
B NET PROFIT FOR THE PERIOD AVAILABLE FOR DISTRIBUTION [(A - (1.3 + 1.4 + 1.5))]	190,907,777	169,916,412
1.6. FIRST DIVIDENDS TO SHAREHOLDERS (-)	-	-
1.6.1. To Holders of Ordinary Shares	-	-
1.6.2. To Holders of Preferred Shares	-	-
1.6.3. To Holders Of Participating Redeemed Shares	-	-
1.6.4. To Holders of Bonds Participating to Profit	-	-
1.6.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	-
1.8. DIVIDENDS TO FOUNDERS (-)	-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)	-	-
1.10.1. To Holders of Ordinary Shares	-	-
1.10.2. To Holders of Preferred Shares	-	-
1.10.3. To Holders Of Participating Redeemed Shares	-	-
1.10.4. To Holders of Bonds Participating to Profit	-	-
1.10.5. To Holders of Profit and Loss Sharing Certificates	-	-
1.11. SECOND LEGAL RESERVE (-)	-	-
1.12. STATUTORY RESERVES (-)	-	-
1.13. EXTRAORDINARY RESERVES	-	-
1.14. OTHER RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To Holders of Ordinary Shares	-	-
2.3.2. To Holders of Preferred Shares	-	-
2.3.3. To Holders Of Participating Redeemed Shares	-	-
2.3.4. To Holders of Bonds Participating to Profit	-	-
2.3.5. To Holders of Profit and Loss Sharing Certificates	-	-
2.4. DIVIDENDS TO EMPLOYEES (-)	-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. PROFIT PER SHARE	-	-
3.1. TO OWNERS OF ORDINARY SHARES	-	-
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3. TO OWNERS OF PREFERRED SHARES	-	-
3.4. TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDENDS PER SHARE	-	-
4.1. OWNERS OF ORDINARY SHARES	-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3. TO OWNERS OF PREFERRED SHARES	-	-
4.4. TO OWNERS OF PREFERRED SHARES (%)	-	-

(°) As the statement of profit distribution to be authorized by the General Assembly is not determined by the Board of Directors, only the net profit available for distribution is presented in the statement of profit distribution for the year 2015.

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1. General information

1.1 Parent Company and the Ultimate Owner of the Company

As at 31 December 2015, the shareholder having direct or indirect control over the shares of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") is Türkiye Garanti Bankası AŞ ("Garantibank") by 84,91% of the outstanding shares of the Company. Other shareholder having significant influence over the Company management is Achmea BV, Netherlands based Company, by 15,00% participation ratio.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company, an 'Incorporated Company' in accordance with the regulations of Turkish Commercial Code ("TTK"), was registered in Turkey in 1992. As at balance sheet date, the registered address of the Company is Mete Cad. No:30 Taksim/İstanbul.

1.3 Main Operations of the Company

The Company was established on 24 July 1992 with an initial share capital of TL 10.000. The initial name of the Company was "AGF Garanti Hayat Sigorta Anonim Şirketi", first changed on 18 May 1999 as "Garanti Hayat Sigorta Anonim Şirketi".

On 14 November 2002, the Company applied for conversion from life insurance company to private pension company in accordance with the 2nd clause of 1st Temporary Article of Law No.4632 on Private Pension Savings and Investment System issued in 7 April 2001 dated 4632 numbered Official Gazette. The conversion was approved by T.C. Başbakanlık Hazine Müsteşarlığı ("the Turkish Treasury") on 18 December 2002 and the title of the Company was first changed as "Garanti Emeklilik Anonim Şirketi" as published in 15 January 2003 dated Official Gazette then changed as "Garanti Emeklilik ve Hayat Anonim Şirketi" as published in 25 March 2003 dated Official Gazette.

The commercial operations of the Company were defined as issuing private pension contracts and life insurance policies. The Company has also started to issue policies under personal accident branch in accordance with its Articles of Association since 1 July 2006.

As of 31 December 2015, the Company has twenty one pension investment funds in total (As at 31 December 2014: Twenty one pension investment funds in total).

According to signed Funds Portfolio Management Service Agreement, 20 of pension investment funds are managed by Garanti Portföy Yönetimi A.Ş., 1 of the pension investment fund is managed by Deniz Portföy Yönetimi A.Ş.

1.4 Details of the Company's operations and nature of field activities

The Company maintains its business activities in accordance with accounting principles, statements and guidance as promulgated by the Turkish Treasury in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on 14 June 2007 in Official Gazette No.26552 and with the Law of Individual Pension Saving and Investment System No.4632 (the "Individual Pension Law") issued on 7 April 2001 in Official Gazette No.4386 and issues policies/contracts in life, personal accident, and pension branches.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1 General information (continued)

1.5 Average number of the Company's personnel based on their categories

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

	31 December 2015	31 December 2014
Key management personnel	7	7
Other personnel	857	900
Total	864	907

1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2015, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 6.069.694 (31 December 2014: TL 5.343.510).

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Known and exactly distinguishable operating expenses are directly recorded under life, non-life or private pension segments in accordance with the 4 January 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Chart of Account" issued by the Republic of Turkey Prime Ministry Undersecretariat of the Treasury. The allocation of non-distinguishable technical operating expenses are determined in accordance with the 9 August 2010 dated and 2010/9 numbered "Communiqué Related to Changes in the Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Chart of Account" valid since 1 January 2011 and issued by the Undersecretariat of the Treasury. Accordingly, other non-distinguishable expenses, which are not exactly distinguished, are distributed between insurance segments and private pension segment in accordance with the average number of pension contracts and policies issued within last 3 years. The portion of insurance segments is distributed between life and non-life branches in accordance with the average of 3 ratios calculated by dividing "number of the policies produced within the last three years", "gross premiums written within the last three years", and "number of the claims reported within the last three years" to the "total number of the policies", "total gross written premiums", and the "total number of the claims reported", respectively.

Income from the assets invested against non-life technical provisions is transferred to technical section from non-technical section.

Income from the assets invested against mathematical and profit sharing provisions is recorded under technical section, remaining income is transferred to the non-technical section.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise only the financial information of the Company. As further detailed in Note 2.2, the Company has not prepared consolidated financial statements as at and for the year ended 31 December 2015.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

Trade name of the Company	:	Garanti Emeklilik ve Hayat Anonim Şirketi
Registered address of the head office	:	Mete Cad. No:30 Taksim/İstanbul
The web page of the Company	:	www.garantiemeklilik.com.tr

There is no change in the aforementioned information subsequent to the balance sheet date.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

1 General Information (continued)

1.10 Subsequent events

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

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Private Pension Companies" as promulgated by the Turkish Treasury based on Article 18 of the Insurance Law and Article 11 of the Private Pension Law.

In Article 4 of the related communiqué; it is stated that procedures and principles related to accounting of insurance contracts, subsidiaries, associates and joint ventures and presentation of unconsolidated and consolidated financial statements together with their explanatory notes which will be announced to the public will be determined by the further communiqués of the Turkish Treasury.

Although the 4th standard of the Turkish Accounting Standards Board ("TASB") for the 'Insurance contracts' became effective on 25 March 2006 for the accounting periods that begin on or after 31 December 2005, it is stated that IFRS 4 will not be implemented at this stage since the second phase of the Turkish Accounting Standards Board project about the insurance contracts has not been completed yet. In this context, "Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" ("Communiqué on Technical Reserves") is published in the 7 August 2007 dated Official Gazette, numbered 26606 and became effective on 1 January 2008. Subsequent to the publication of the Communiqué on Technical Reserves, some other circulars and sector announcements which contain explanations and regulations related to application of the Communiqué on Technical Reserves are published. Accounting policies applied for the insurance contracts based on these communiqués, circulars and other sector announcements are summarized on its own caption in the following sections.

The accompanying financial statements are based on Turkish Accounting Standards / Turkish Financial Reporting Standards and the related statements and reviews of ("IAS / IFRS") which was imposed by Public Oversight, Auditing and Accounting Standards Authority.

"Circular Related to the Presentation of Financial Statements", issued by the Turkish Treasury in the 18 April 2008 dated and 26851 numbered Official Gazette, regulates the content of the financial statements to make them comparable with the financial statements of previous periods and the other companies.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

Preparation of Financial Statements in Hyperinflationary Periods

With respect to the 4 April 2005 dated and 19387 numbered declaration of the Turkish Treasury, the Company restated its financial statements as at 31 December 2004 and prepared opening balances of the financial statements of 2005 in accordance with the “Restatement of Financial Statements in Hyperinflationary Periods” of the Capital Markets Board (“CMB”) Communiqué No: 25 of Series XI, “Communiqué on Accounting Standards in Capital Market” published in the Official Gazette dated 15 January 2003 and numbered 25290. Inflation accounting is no longer applied starting from 1 January 2005, in accordance with the same declaration of the Turkish Treasury.

Other accounting policies

Information regarding to other accounting polices is explained above in the section of “Note 2.1.1 – Information about the principles and the special accounting policies used in the preparation of the financial statements” and each one has its own caption in following sections of this report.

2.1.3 Functional and presentation currency

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

2.1.4 Rounding level of the amounts presented in the financial statements

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

2.1.5 Valuation method(s) used in the presentation of financial statements

The accompanying financial statements are prepared on the historical cost basis, except for the financial assets at fair value through profit or loss, available-for-sale financial assets and financial investments with risks on saving life policyholders classified as available-for-sale financial assets which are measured at their fair values unless reliable measures are available.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors

(a) Amendments to TASs affecting amounts reported in the financial statements

None.

(b) New and revised TAS applied with no material effect on the financial statements, effective from 2015

Amendments to TAS 19 2010-2012 Cycle	Defined Benefit Plans: Employee Contributions ¹ Annual Improvements to TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39 ¹
Annual Improvements to 2011-2013 Cycle	TFRS 3, TFRS 13, TAS 40 ¹

¹ Effective for annual periods beginning on or after 30 June 2014.

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

TFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2010-2012 Cycle also led to amendments in related provisions of TFRS 9, TAS 27 and TAS 39, respectively.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors (continued)

(c) New and revised standards in issue but not yet effective

The Company has not applied the following new and revised TAS that have been issued but are not yet effective:

TFRS 9	Financial Instruments
Amendments to TFRS 9 and TFRS 7	Mandatory Effective Date of TFRS 9 and Transition Disclosures
Amendments to TAS 16 and TAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	Agriculture: Bearer Plants ¹
Amendments to TFRS 11 and TFRS 1	Accounting for Acquisition of Interests in Joint operations ¹
Annual Improvements to 2011-2013 Cycle	TFRS 1 ²
Amendments to TAS 1	Disclosure Initiative ²
Annual Improvements to 2012-2014 Cycle	TFRS 5, TFRS 7, TAS 34, TAS 19 ²
Amendments to TAS 27	Equity Method in Separate Financial Statements ²
Amendments to TFRS 10 and TAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to TFRS 10, TFRS 12 and TAS 28	Investment Entities: Applying the Consolidation Exception ²
TFRS 14	Regulatory Deferral Accounts ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors(continued)

(c) New and revised standards in issue but not yet effective (continued)

Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants

This amendment include 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors(continued)

(c) New and revised standards in issue but not yet effective (continued)

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

Amendments to TAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

2.1.6 Accounting policies, changes in accounting estimates and errors(continued)

(c) New and revised standards in issue but not yet effective (continued)

Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 *Regulatory Deferral Accounts*

TFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

2.2 Consolidation

The Company has no subsidiaries and affiliates as of balance sheet date.

2.3 Segment reporting

One section is a distinguishable part related to Company's main operations or an economic environment where the Company's risks and benefits arising from its main operations can be distinguished (geographical segment). Since Turkey is the main geographical area that Company operates, segment reporting presented in Note 5 is related to the operations of Company not to the geographical areas.

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2 Summary of Significant Accounting Policies (continued)

2.4 Reserves in Foreign Currencies

For the purpose of the financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company. In preparing the financial statements of the Company, transactions in foreign currencies are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date. Gains and losses arising from exchange rate transactions are recognized in the foreign exchange gain/loss accounts according to their positive or negative position.

2.5 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

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

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

There are no pledges, mortgages and other encumbrances on tangible fixed assets.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

Depreciation for the tangible assets purchased before 1 January 2004 is calculated in accordance with double declining depreciation method at their historical cost.

Depreciation for the tangible fixed assets purchased after 1 January 2004 is calculated in accordance with straight-line depreciation method at their historical costs.

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation
Furniture and fixture	3-10	10-33
Other tangible assets (including leasehold improvements)	5-20	5-20
Tangible assets acquired through finance leasing	4	25

2.6 Investment Properties

As at balance sheet date, the Company does not have any investment property.

2.7 Intangible assets

The Company's intangible assets consist of software. Intangible assets are recorded at cost in compliance with the TAS 38 - Intangible Assets.

The intangible assets are amortized at historical cost based on straight line amortization method by a range of 10% to 50%.

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2 Summary of Significant Accounting Policies (continued)

2.8 Financial assets

Classification and measurement

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; financial assets held for trading, available-for-sale financial assets, held to maturity investments, and loans and receivables.

Effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets held for trading purpose are measured at their fair values and gain/losses arising due to changes in the fair values of related financial assets are recorded in the statement of income. 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.

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

Held to maturity investments 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.

Held-to-maturity investments are measured at amortized cost using effective interest method less impairment losses, if any.

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

Some equity instruments quoted in active markets and some debt instruments held by the Company are classified as available-for-sale, and are measured at fair value. The Company has some available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Securities are recognized at the date of settlement.

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2 Summary of Significant Accounting Policies (continued)

2.8 Financial assets (continued)

Specific instruments

Loans to the policyholders are the securitized loans that are used by the policyholders with the security of their saving life insurance policies that have made premium payments throughout the period that is determined by the technical bases related to certified tariffs of saving life policies (this period is 3 years according to general conditions of life insurance). As at 31 December 2015, total amount of loans to the policyholders amounts to TL 100,343 (31 December 2014: TL 72,358).

Financial investments with risks on saving life policyholders are the financial assets invested against the savings of the life policyholders. Financial investments with risks on saving life policyholders could be classified as financial assets held for trading purpose, available for sale financial assets or held to maturity investments by considering the benefits of the policyholders and measured in accordance with the principles as explained above.

When such investments are classified as available-for-sale financial assets, 5% of the difference between the fair values and amortized costs, calculated by using effective interest method, of the financial assets is recorded under equity and the remaining 95% belonging to policyholders is recorded as 'insurance technical provisions - life mathematical provisions'. As at 31 December 2015, 95% of the difference between fair values and amortized costs of those assets backing liabilities amounted to TL 2,985,476 (31 December 2014: TL 3,325,635) is recorded in life mathematical provisions.

Receivables from private pension operations consist of 'capital advances given to pension investment funds', 'receivable from pension investment funds for fund management fees', 'entrance fee receivable from participants' and 'receivables from clearing house on behalf of the participants'. 'Receivable from pension investment funds for fund management fee' are the fees charged to the pension investment funds against for the administration of related pension investment funds which consist of fees which are not collected in the same day. Capital advances given to pension investments funds during their establishment are recorded under 'capital advances given to pension investment funds'. 'Receivables from the clearing house on behalf of the participants' is the receivable from clearing house on fund basis against the collections of the participants. Same amount is also recorded as payables to participants for the funds sold against their collections under the 'payables arising from private pension business'.

Derecognition

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

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2 Summary of Significant Accounting Policies (continued)

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.

Receivables from main operations 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.

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 IAS 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.

Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) in accordance with TAS 36 – Impairment of Assets.

2.10 Derivative financial instruments

As at balance sheet date, the Company does not hold any derivative financial instruments.

2.11 Offsetting of financial assets

Financial assets and liabilities are set off and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to set off 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.

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2 Summary of Significant Accounting Policies (continued)

2.12 Cash and cash equivalents

Cash and cash equivalent, which is a base 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 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 31 December 2015, the shareholder having direct or indirect control over the shares of Garanti Emeklilik ve Hayat Anonim Şirketi ("the Company") is Türkiye Garanti Bankası AŞ ("Garantibank") by 84,91% of the outstanding shares of the Company. Other shareholder having significant influence over the Company management is Achmea BV, Netherlands based company, by 15,00% participation ratio.

As at 31 December 2015 and 2014, the share capital and ownership structure of the Company are as follows:

	31 December 2015		31 December 2014	
	Nominal Value of the Shares (TL)	Percentage (%)	Nominal Value of the Shares (TL)	Percentage (%)
Türkiye Garanti Bankası A.Ş.	42.456.190	84,91	42.456.190	84,91
Achmea BV	7.500.000	15,00	7.500.000	15,00
Other	43.810	0,09	43.810	0,09
Paid-in Capital	50.000.000	100,00	50.000.000	100,00

Sources of the capital increases during the year: None.

Privileges on common shares representing share capital: None.

Registered capital system in the Company: None.

Repurchased own shares by the Company: None.

2.14 Insurance and investment contracts – classification

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

Investment contracts are those contracts which transfer financial risk without 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.

Saving life products and private pension contracts of the Company are classified as investments contracts in accordance with the above definition. In saving life products, all the premiums received from policyholders are recognized as revenue within the framework of current regulations, portion of the premiums that is transferred to savings on behalf of the policyholders are charged to the profit or loss by recognizing a liability under life mathematical provisions. In private pension contracts, collected contributions of participants are recognized as a liability under "payables to participants", the same amount is recorded as a receivable under "receivables from clearing house on behalf of the participants" account.

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2 Summary of Significant Accounting Policies (continued)

2.15 Insurance contracts and investment contracts with discretionary participation feature

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

- (i) that are likely to comprise a significant portion of the total contractual benefits,
 - (ii) whose amount or timing is contractually at the discretion of the Issuer; and
 - (iii) that are contractually based on:
 - (1) the performance of a specified pool of contracts or a specified type of contract;
 - (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
 - (3) the profit or loss of the Company, Fund or other entity that issues the contract.
- As at balance sheet date, the Company does not have any insurance or investment contracts with DPF.

2.16 Investment contracts without DPF

In the context of the saving life products, if the investment return, obtained from the savings of the policyholders which is invested by the Company, results a lower yield rate than the technical interest rate, the Company compensates the difference; if investment return results higher yield than the guaranteed technical interest rate, the difference is distributed to the policyholders as profit sharing bonus. Due to contractual and competitive constraints in practice, the Company has classified these contracts as investment contracts without DPF.

For such products, investment income obtained from assets backing liabilities is recorded within income statement or equity in accordance with the accounting policies mentioned above; and whole contract is presented as a liability under life mathematical provisions.

2.17 Liabilities

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

Payables from private pension business consist of payables to participants, participants' temporary accounts, and payables to private pension agencies. The payables to participants is the account in which the contribution of participants that transferred to investments on behalf of private pension contract owners and income from these investments are recorded. The temporary account of participants includes the contributions of participants that have not yet been transferred to the investment. This account also includes the entrance fee deducted portion of the participants' fund amounts, obtained from the fund share sales occur in the case of system leaves. This account consists of the amounts of participants that will be transferred to other private pension companies or participants' own accounts. This account means Company's liabilities to private pension agencies in return of their services.

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2 Summary of Significant Accounting Policies (continued)

2.18 Income taxes

Corporate tax

Statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As at of balance sheet date, the Company does not have any deductible tax losses.

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

Deferred taxes

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

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

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

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2 Summary of Significant Accounting Policies (continued)

2.18 Income taxes (continued)

Transfer pricing

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

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

2.19 Employee benefits

Employee termination benefits

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 31 December 2015 is TL 3,828,37 (31 December 2014: TL 3,438).

The Company reserved 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 at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Interest Rate	%7,10	%6,10
Expected Rate of Salary/Limit Increase	%7,10	%6,10
Discount Rate	%10,30	%8,60

Other benefits

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

2.20 Provision

A provision is made for an existing obligation resulted 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 balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as “contingent” and disclosed in the footnotes to the financial statements.

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2 Summary of Significant Accounting Policies (continued)

2.20 Provision (continued)

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

2.21 Revenue recognition

Written premiums

Written premiums represent premiums on policies written during the year net of taxes, premiums of the cancelled policies which were produced in prior years and premium ceded to reinsurance companies.

Commission income and expense

Commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferred commission income and deferred commission expense in the financial statements.

Commissions to intermediaries accrued during period for the production of private pension contracts are expensed in the related accounting period and are recognized under the pension business technical expense as operational expense.

Furthermore, in life and unemployment branches, income accrual for the profit commissions is calculated over the earnings of reinsurers. Profit commissions should be related to the rates determined by the existing contracts. Profit commissions depend on the Company's past performance and are not directly relevant to the production of the policies. Therefore, they are calculated as at period ends and recognized in the statement of income without subjecting to any deferral.

Interest income and expense

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

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

Trading income/expense

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

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2 Summary of Significant Accounting Policies (continued)

2.21 Revenue recognition (continued)

Dividends

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

Income from private pension operations

Fund management fee is recognized as income, charged to the pension investment funds against the hardware, software, personnel and accounting services provided, and fee is shared between the Company and the portfolio managers in accordance with the agreement signed between parties. Total of fund management fee charged to the pension investment funds is recognized as "Fund management income" under technical income and portion of the portfolio manager is recognized as "Fund management expense" under technical expenses.

Expense deductions charged on participants on condition that this would not exceed two percent, at a maximum, at contributions paid by them into their personal retirement accounts are booked under management expense deduction account.

Those amounts which are accrued when participants are firstly admitted into personal retirement system on condition that this would not exceed certain percentages of gross minimum wage in effect at date on which the retirement proposal form has been signed or approved are booked in admission dues account.

That portion of the admission dues which is collected upfront may not exceed ten percent of monthly gross minimum wage in effect at date on which the proposal form has been signed or approved. Total amount of the admission dues collected upfront and on deferred payment scheme may not exceed the following percentages of monthly gross minimum wage in effect at date on which the proposal form has been signed or approved;

- a) for those participants who left the company within three years as from effectiveness date of the agreement, seventy five percent,
- b) in the event of agreements which completed the three-year time as from effectiveness date of the agreement, for those participants who left the company before six-year time is completed, fifty percent,
- c) in the event of agreements which completed the six-year time as from effectiveness date of the agreement, for those participants who left the company before ten-year time is completed, twenty five percent.

For Pratik and ESNAP retirement plans, a certain portion of the admission dues is collected upfront, or is made payable in up to 9 installments, at a maximum, while another portion of it being deferred to the plan-leaving date, albeit no longer than 10 years. In Prestige, Select and Doğu Group Retirement plans, no admission dues are charged at the time of admission and that portion of the admission dues which has been deferred up to the plan-leaving date is collected only if participants opt for leaving their personal retirement system within 10 years. In both cases, no revenue accrual is made for those admission dues which have been deferred up to the plan-leaving date.

No admission dues payable under deferred payment scheme are collected from those participants who completed their tenth year as from the effective date of their retirement agreements and from those participants who left their plan owing to death or disability, for merely by exercising their right to be pensioned off.

Portfolio value changes which come to pass between the date on which fund portfolio is created for retirement investment funds and the date on which fund units are sold are entered in income statement and are shown under retirement branch technical revenues as capital advance allocation interest revenues.

Under the Regulation on Governmental Contributions which entered into force after having promulgated on 29 December 2012, with effect from 1 January 2013, all participants of Turkish nationality, and being holder of a blue card, paying contributions for a personal or group-based personal retirement agreement (excluding participants whose contributions are paid by their employers), are entitled to governmental contributions within the specified limit. 25% of the contribution paid in the participant's name is calculated as governmental contribution, provided that this would be limited to the total amount of gross minimum wages pertaining to the relevant year.

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2 Summary of Significant Accounting Policies (continued)

2.22 Leasing transactions

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of finance leasing are recognized 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.

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease.

As at balance sheet date, the Company does not have any leasing transaction.

2.23 Dividend distribution

In the Ordinary General Meeting held on 17 April 2015, it has been resolved to transfer the net profit for the year 2014 to reserves instead of distributing as dividend.

2.24 Technical Reserves

Reserve for unearned premiums

According to the Communiqué on Technical Reserves the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the balance sheet date for all short- term insurance policies.

In the case of personal accident insurance, annual life insurance and life insurance which of the renewal date exceeds one year, reserve for unearned premiums is calculated for the portion of the remaining part which is left after deducting savings from gross premium written for the period.

Unearned premium reserves; The commencement date and expiry date of insurance is considered as a half day in the calculation of unearned Premium reserves under the Undersecretariat of Treasury's Communiqué No: 28356 "Adaptation of Technical Reserves Requirements" issued on 17 July 2012.

Reserve for unexpired risks

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

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2 Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Reserve for unexpired risks (continued)

If the estimated claim premium ratio exceeds 95% in future periods for the estimated claim premium ratio of insurance branches, the amount calculated multiplying ratio exceeding 95% by net unearned premiums reserve is called net provision for unexpired risk reserve, and the amount calculated multiplying ratio exceeding 95% by gross unearned premiums reserve is called gross provision for unexpired risk reserve. As at 31 December 2015 and 31 December 2014, related test have not resulted any deficiency in the premiums of the Company.

Outstanding claims reserve

Outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported.

All expenses associated with the completion of claim files, including expertise, advisory, litigation and communication expenses, are considered in the calculation of provision for accrued outstanding claims.

The nature and requirements of incurred but not reported claims are calculated by using the actuarial chain ladder method or any other method prescribed by the Undersecretariat.

The Undersecretariat may determine the method (actuarial chain ladder method) to be used in the calculation of incurred but not reported claims for each insurance branches and companies. Method used in the calculation of incurred but not reported claims for each branch is disclosed in the notes to the financial statements.

Weighted average amount of which is calculated by dividing incurred but not reported life claims related to prior periods into annual average coverage related to prior period is taken into account in the calculation of incurred but not reported life claims for life branch and incurred but not reported claims for the current period is calculated by multiplying the weighted average by annual average coverage related to the current period.

Circular No: 16 for the Outstanding Claims Reserve ("Circular") dated 5 December 2014 permits actuarial intervention for selection of the data, transaction corrections, the development factors with the selection of the most appropriate methods and development factors. Under this Circular, the claims that present outliers for the portfolio are excluded from the calculation in order to ensure the calculation of claims incurred but not reported based on relatively homogeneous data.

The calculation should be based on gross amounts. Existing or related reinsurance agreements reflect net amounts.

Accordingly, as of 31 December 2015, the Company has provided TL 5,865,808 of net outstanding claims provision in relation to incurred but not reported claims in its financial statements (31 December 2014: TL 8,987,708).

Under Technical Reserves regulations, difference of outstanding claims provision adequacy is calculated for newly established branches for five years from the beginning of branch operations.

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2 Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Outstanding claims reserve (continued)

Also, the Company's actuary can eliminate significant claims for branches having a total number of insurance files related to the main branch, excluding life branch, not exceeding 1/1000 or below, as well as for branches having less than 300 claims files under the Circular No: 2010-12. Therefore, companies are required to prepare their gross outstanding claims adequacy tables in terms of branches at each period-end based on the format determined by the Undersecretariat. For these branches, outstanding claims adequacy table is prepared for the following period. As of 31 December 2015, the Company is not required to provide any additional provisions in relation to outstanding adequacy testing performed at each period-end (31 December 2014: None).

Mathematical provisions

In accordance with the Communiqué on Technical Reserves, companies performing in life and non-life insurance branches are obliged to allocate adequate mathematical reserves based on actuarial basis to meet liabilities against policyholders and beneficiaries for long-term life, health and personal accident insurance contracts. Mathematical provisions are composed of actuarial mathematical provisions and profit sharing provisions.

Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one year-length life insurance, are calculated by determining the difference between present value of liabilities that the Company meets in future and current value of premiums paid by policyholder in future (prospective method). In life insurance where saving plan premiums are also generated, actuarial mathematical provisions consist of total saving plan portions of premiums.

Provision for profit sharing consist of profit sharing calculated in previous years and a certain percentage of current period's income, determined in the approved profit sharing tariffs, obtained from the financial assets backing liabilities of the Company against the policyholders and other beneficiaries for the contracts which the Company is liable to give profit sharing.

The valuation method used in calculation of the profit to be shared for saving life contracts is the same with the valuation basis of portfolio on which assets on which the Company invests the provisions allocated due to liabilities against the beneficiaries are included in the framework of basis defined in the Note 2.8 above.

Equalization reserves

In accordance with the 9th article of the "Communiqué Related to Changes in the Communiqué on Technical Reserves for Insurance, Reinsurance and Private Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves" issued in 28 July 2010 dated 27655 numbered Official Gazette, the companies have to reserve equalization provision for loans and earthquake guarantees provided in all branches to equalize the possible fluctuations and to cover catastrophic risks including additional guarantees.

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2 Summary of Significant Accounting Policies (continued)

2.24 Technical Reserves (continued)

Equalization reserves (continued)

Also, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and loan net premiums of each year. Amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium. In the non-proportional reinsurance agreements including more than one branch, the amount of premium carried forward per each credit and earthquake branches is calculated with respect to its portion in the total premium amount unless another calculation method is determined by the Company. Allocation of provisions should be continued until it is reached the 150% of the highest amount of net premium written in the last five years. If reserve amount is less than the reserve amount reflected in the prior year's balance as a result of the premium production following the related 5 year-period, the difference is recognized under the other reserve account in equity. The amount transferred to the equity can be taken as reserve, used for capital increase or payment of indemnities. In life insurance providing death benefit, the Company will be using its own statistical data in the calculation of balancing provision. The Companies which do not have data to make the necessary calculations will take the 11% of the death net premium as the earthquake premium and reserve the 12% of this amount. In the case of an earthquake or a loss in the loan branch and related financial year, provisions reserved for loan or earthquake guarantees can be used in the payment of indemnities. If claim is incurred, reinsurers share and the amount(s) less than the exemption limit set out in the agreement will not be deducted against equalization reserves.

According to Circular No:2010/1, "The Circular on the Use of Equalization Reserve and Additional Information about some other Circulars", it is possible to use the equalization reserve provided for catastrophic claims on the reimbursement of catastrophic claims. Additionally, it is possible to net off the outstanding claims provided, based on expertise report or the documents provided from legal authorities in case of catastrophe, from the equalization reserve. However, the related net off should not be done from current year equalization reserve. Besides, incurred catastrophic claims should be recorded to related technical accounts that incurred catastrophic claims covered from the equalization reserve should be debited from balance sheet account of equalization reserve and credited to the changes in other technical reserves account. On the other hand, it is possible to not to include paid catastrophic claims provided from the equalization reserve to the calculation of IBNR.

Equalization provisions are presented under "other technical reserves" within long-term liabilities in the accompanying financial statements.

2.25 Related parties

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

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2 Summary of Significant Accounting Policies (continued)

2.26 Earnings per share

In respect of IAS 33, "Earnings Per Share" standard, companies whose stocks are not traded in the stock market, do not have to disclose earnings per share. Since the Company's shares are not traded in the stock market, earnings per share are not disclosed in the accompanying financial statements.

2.27 Subsequent events

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

2.28 Comparative Information and Restatement of Prior Period Financial Statements

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

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 6 - Tangible assets
- Note 8 - Intangible assets
- Note 10 - Reinsurance assets/liabilities
- Note 11 - Financial assets
- Note 12 - Loans and receivables
- Note 14 - Cash and cash equivalents
- Note 17 - Insurance liabilities and reinsurance assets
- Note 17 - Deferred acquisition costs
- Note 18 - Investment contract liabilities
- Note 18- Receivables from private pension operations
- Note 21 - Deferred income taxes
- Note 23 - Provisions for other liabilities and charges

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4 Management of insurance and financial risk

4.1 Management of insurance risk

Pricing policies

The pricing policies and principles of the Company are as follows:

- i) While determining risk premiums, the amount of expected losses are considered and premium limits are determined accordingly.
- ii) During the study of pricing activities as a part of developing a new product, working of relevant units together within the Company is maintained by considering the needs of the customers and competition in the market.
- iii) It is aimed to achieve profitability in product basis and providing continuity.
- iv) Results of the pricing studies are compared with the prices of the competitors and international pricing cases.

When the distribution of the products in accordance with the premiums written for each product within last one year is analysed it is observed that premiums written for long term life and saving products have decreased, on the other hand, premiums written for one year term life products have increased. The Company management is in the opinion that this development in the production structure of the Company results positive effect on the profitability ratios. Pricing of the products by considering high profitability has protective effect on the future performance of the Company.

CSO-58, SM-53, CSO-80 and CSO-2001 mortality tables are used in the determination of the prices of life insurance products.

Insurance risk accepted by the Company in accordance with their total amounts and the quantity of the policies are presented in the below table. The Company management believes that the distribution of the insurance risk in terms of their total amounts and quantities are satisfactory.

	31 December 2015		31 December 2014	
	Insurance risk (TL)	Unit	Insurance risk (TL)	Unit
Death	34.607.131.963	2.331.848	32.773.991.348	2.431.699
Disability due to accident	22.858.301.499	2.067.510	22.694.714.950	2.178.414
Disability due to illness	6.222.668.124	781.656	4.429.584.247	592.593
Critical illness	1.317.885.113	52.177	1.468.290.460	61.350
Treatment costs due to accident	452.950.152	272.965	1.052.641.827	597.554
Involuntary unemployment	199.795.642	122.676	237.841.138	161.962
Death due to accident	311.414.165	5.607	434.865.087	8.943
Unemployment/Daily hospital benefit	83.719.445	279.254	102.533.457	431.501
Permanent disability benefit	141.500	562	214.000	837
Unemployment/ Temporary disability benefit	11.247.515	490	12.337.996	619

The Company gives importance to the diversification of the insurance risk.

Risk evaluation policies

The Company uses leader reinsurer's medical risk evaluation tools in its risk assessment processes. Each year check-up limits are reviewed and revised in accordance with the historical statistics. Besides, the Company also performs 'Medical' risk evaluation through the Company's medical doctor, 'Moral' risk evaluation through its risk evaluation and selling staff, and 'Financial' risk assessment for private applications and the credit life insurances developed against bank loans.

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4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Risk evaluation policies (continued)

Medical risk assessment

Medical risk assessment is the first step of risk assessment process. In order to learn and evaluate the health positions of the customers, they are requested to do check-up test in accordance with the conditions determined based on the amount of insured risk. Within this context, first evaluation is performed by the Company's medical doctor through medical assessment. Applicants carrying medical risk factors are rejected in accordance with the terms of agreement with reinsurers.

Moral risk assessment

In the second step of the risk assessment process, information about the customers' gender, living conditions, residence and the occupational information is obtained. During this process, sales force of the Company is expected to support related units of the Company for suspicious circumstances of the customers which are re-assessed.

Financial risk assessment

In the third step of the risk assessment process, requirement for customers' request for the amount of life insurance limits and their annual income or the amount of the loans requested from the banks being equal to each other is analysed. A big amount of the Company's portfolio consists of bank products, total amount of insured risk is expected to match with the total amount of banks' credit risks. Evaluation of the credit risks of the customers by the banks as a part of their credit facilities is an important step for the Company's financial risk assessment process.

Operational risk management

The network between the Company's information system and T. Garanti Bankası A.Ş.'s information system, main distribution channel of the Company, has been established which provides all applications and all policy processes to be followed by the Company through its system. Within the claim payment process of the Company, all documents are followed by the electronic archiving system by keeping the original ones.

Reinsurance policies

The Company cedes risk based life insurance policies (death and other additional insured risks) through the reinsurance of the risks. Since technical profitability of risk based life insurance policies is high, maximum retention amount determined based on actuarial calculations is held by the Company in its conservation and the amount exceeding maximum retention amount is ceded to reinsurance companies through surplus treaties. On the other hand, the Company keeps less risk in its conservation for uncertain risks (such as critical illness).

In the case of life loss, disability resulted by accident, for employees to remain unemployed in private sector, hospitalization of self employed; quota share reinsurance treaty with reinsurance share ratio of 100% is contracted for the unemployment insurance which provides income guarantee in each insurance year.

Moreover, each year the Company signs excess of loss reinsurance contracts to protect its conservation for catastrophic damages such as earthquake, flood, major public transportation accidents, major natural disasters or terrorist attacks.

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4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Reinsurance companies

The Company works with reinsurance companies in order to afford reinsurance assurance related to other collateral guarantee given under the life insurance and non life insurance branches for preservation of financial structure and allocation of professional risk considering the existing and varying product structure. In this context, Company's job acceptance capacity and elasticity are increased with the reinsurance agreements and it is provided that the risk is spreaded to different reinsurers by working with different reinsurance companies. Serving to customers with different product structures is intended by working with varying reinsurers.

The decisive criteria for the relationship with reinsurers are as follows:

- i) Financial strength,
- ii) Long-term business relationship approach,
- iii) Competitive prices
- iv) Capacity provided for facultative and un-proportional (catastrophic) reinsurance contracts.
- v) Opportunities and information provided in risk assessment process, product development, trainings, information about new developments in the sector and etc.

Performance of the reinsurance companies in treaty agreements is evaluated for each year by considering the payment performance of the reinsurers for the claims paid and other due payables to the Company. Performance of the reinsurance companies in facultative agreements is evaluated by considering capacity provided to the Company, speed in operational reinsurance transactions, and technical and market information provided to the Company. In case where the performance of the reinsurer is not assessed as adequate, the Company decides on to engage with alternative reinsurance companies.

As a result of stable and consistent pricing and risk acceptance policies, risk assessment policies and conditions agreed with the treaty reinsurers enable the Company to insure the risk in higher amounts than the market averages.

Münchener Rückversicherungs AG ("Munich Re"), located in Munich, is the leader reinsurance firm of the Company for life insurance policies. Milli Reasürans TAŞ ("Milli Re") is the second reinsurance firm in terms of its reinsurance share. The third big reinsurance firm is Scor Global Company. Fourth reinsurance firm is RGA and fifth reinsurance firm is Genworth.

In unemployment insurance, the Company has engaged quota share reinsurance treaties with 100% reinsurance share ratio with BNP Paribas Cardif Hayat Sigorta AŞ ("Cardif") starting from 2015. Recent ratings of these companies given by international institutions are as follows:

Reinsurer	Standard & Poors			AM Best		
	Rating	Outlook	Date	Rating	Outlook	Date
Munich-Re	AA-	Stable	22.12.2006	A+	Positive	07.09.2007
Scor Global Life	AA-	Stable	07.09.2015	A	Positive	11.09.2015
RGA	AA-	Positive	29.07.2014	A+	Positive	27.02.2014
Milli-Re	trAA+	-	22.07.2014	B+	Stable	13.06.2014
Bnp Paribas Cardif	A+	Negative	06.07.2015	A+	Stable	22.03.2011
Genworth	A-	Positive	19.02.2015	A-	Positive	19.02.2015
Arch Re	A+	Stable	2014	A+	Stable	2014

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4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Reinsurance companies (continued)

The Company's ratings, provide information about the tracking the financial structure of companies, allow monitoring the sustainability of long term business relationship, and the minimum capital determination is done related to the communiques on financial structure and capital adequacy of insurance, reinsurance and pension fund companies.

4.2 Financial risk management

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

Credit risk

Credit risk is basically defined as the possibility that a counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The main financial statement balances that the Company has credit risk exposure is as follows:

- cash at banks
- other cash and cash equivalents
- available for sale financial assets
- financial assets held for trading
- investments with risks on policyholders
- premium receivables from policyholders
- receivables from intermediaries (agencies)
- receivables from private pension operations; receivables from pension investment funds and participants
- receivables from reinsurance companies related to claims paid and commissions accrued
- reinsurance shares of insurance liabilities
- due from related parties
- other receivables

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

Financial assets subject to credit risk of the company mainly consist of Eurobonds issued by the Republic of Turkey Government and private sector bills; time and demand deposits held in banks and financial institutions of Turkey. These receivables are not to be considered as having high credit risk.

Reinsurance contracts are the most common method to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholders. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of the reinsurance contract.

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

	31 December 2015	31 December 2014
Receivables from main operations (Note 12)	7.659.466.225	6.172.161.959
Cash and cash equivalents (Note 14)	1.304.306.348	1.010.804.992
Financial assets and financial investments with risks on policyholders (Note 11)	33.825.954	106.353.740
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	9.257.459	11.238.057
Other receivables (Note 12)	29.140	17.138
Total	9.006.885.126	7.300.575.886

As at 31 December 2015 and 31 December 2014, the aging of the receivables from main operations is as follows:

	31 December 2015		31 December 2014	
	Gross amount	Provision (*)	Gross amount	Provision (*)
Not past due	7.639.110.743	-	6.150.070.140	-
Past due 0-30 days	9.419.352	-	11.032.473	-
Past due 31-60 days	781.974	-	1.860.912	-
Past due 61-180 days (*)	1.266.568	-	1.312.978	-
Past due 181-365 days	1.380.473	-	1.453.440	-
More than one year	12.650.400	-	10.293.784	-
Total	7.664.609.510	(5.143.285)	6.176.023.727	(3.861.768)

(*) Provision for the impairment of entrance fees which could not be collected yet and other receivables related to the pension operations amounted to TL 5,062,705 (31 December 2014: TL 3,818,708), presented as netted off from receivables from private pension operations in the accompanying financial statements

The Company books provision for the portion of entry fee receivables which is accrued during the entry and will be collected in maximum 12 installments.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

The movement of the provision for receivables from private pension operations and insurance operations are is as follows:

	1 January – 31 December 2015	1 January – 31 December 2014
Provision for receivables from insurance and private pension operations		
at the beginning of the year	(3.861.768)	(3.401.706)
Provision (provided) / released during the year	(1.281.518)	(460.062)
Provision for receivables from insurance and private pension operations		
at the end of the year	(5.143.285)	(3.861.768)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

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.

The following table provides an analysis of assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayments:

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management(continued)

Liquidity risk (continued)

31 December 2015	Carrying value	Unallocated	No Maturity	Up to 1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	1,304,306,348	-	6,567,214	191,194,224	229,935,550	38,678,598	87,929,752	-
Financial assets and financial investments with risks on policyholders	33,825,954	263,223	-	-	1,115,410	10,108,027	3,051,414	19,289,880
Receivables from main operations	765,946,225	7,584,242,053	-	36,267,835	21,986,513	13,613,589	3,356,235	-
Due from related parties	-	-	-	-	-	-	-	-
Other receivables	24,971	-	-	24,971	-	-	-	-
Prepaid expenses and income accruals	36,423,647	-	-	5,710,137	9,738,171	11,126,455	9,548,884	-
Other current assets	21,271	-	-	-	21,271	-	-	-
Deposits and guarantees given	4,169	-	-	-	-	-	-	4,169
Tangible assets	6,197,122	6,197,122	-	-	-	-	-	-
Intangible assets	28,538,306	28,538,306	-	-	-	-	-	-
Deferred tax asset	6,315,450	6,315,450	-	-	-	-	-	-
Total assets	9,075,123,463	7,625,556,154	6,567,214	233,197,167	262,795,925	73,526,669	85,418,625	19,294,049
Payables arising from main operations	7703,557,491	7,582,143,950	-	10,657,830	7,226,403	5,835,821	1,772,987	-
Due to related parties	7,631,239	-	-	7,631,239	-	-	-	-
Other liabilities	2,522,785	-	-	2,522,785	-	-	-	-
Insurance technical provisions (*)	237,140,931	14,802,627	-	14,501,097	24,828,598	27,840,784	22,147,835	-
Investment contract liabilities (*)	25,882,326	-	-	-	-	-	-	25,882,326
Provisions for taxes and other similar obligations	11,614,646	-	-	11,614,646	-	-	-	-
Provisions for other risks	7783,266	-	-	-	-	-	3,026,288	4,756,978
Other Deferred Income and Expense	-	-	-	-	-	-	-	-
Accruals	11,105,692	-	-	5,783,731	1,634,447	1,955,666	1,731,878	-
Equity	1,067,985,087	1,067,985,087	-	-	-	-	-	-
Total liabilities	9,075,123,463	8,798,051,664	-	148,631,828	33,489,408	35,632,271	28,678,988	30,639,304

(*) Outstanding claims reserve, short term and long term, life mathematical reserve and equalization reserve are presented within unallocated column in the table above.

(*) Investment contracts including savings and profit sharing provisions for saving life products are presented in more than 1 year column in the table above.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Liquidity risk (continued)

31 December 2014	Carrying Value	Unallocated	No Maturity	Up to 1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	1.010.804.992	-	7.285.917	225.375.625	117.914.146	289.562.936	370.666.368	-
Financial assets and financial investments with risks on policyholders	106.353.740	283.223	-	16.423.174	41.198.024	5.488.457	1.362.947	41.637.915
Receivables from main operations	6.172.161.959	6.096.293.046	-	39.976.339	20.066.367	12.695.852	31.300.322	33
Due from related parties	-	-	-	-	-	-	-	-
Other receivables	12.969	-	-	12.969	-	-	-	-
Prepaid expenses and income accruals	40.173.724	-	-	6.162.506	10.520.796	12.431.578	11.058.844	-
Other current assets	13.576	-	-	-	13.576	-	-	-
Deposits and guarantees given	4.169	-	-	-	-	-	-	4.169
Tangible assets	5.561.628	5.561.628	-	-	-	-	-	-
Intangible assets	24.558.126	24.558.126	-	-	-	-	-	-
Deferred tax asset	4.877.547	4.877.547	-	-	-	-	-	-
Total assets	7.364.522.430	6.131.553.570	7.285.917	287.950.613	189.712.909	350.158.823	386.218.481	41.642.117
Payables arising from main operations	6.199.159.980	6.093.307.525	-	89.877.478	8.036.918	5.691.454	2.246.605	-
Due to related parties	10.254.752	-	-	10.254.752	-	-	-	-
Other liabilities	2.303.936	-	-	2.303.936	-	-	-	-
Insurance technical provisions (*)	222.861.506	122.860.548	-	15.591.536	26.769.131	31.726.217	25.924.074	-
Investment contract liabilities (**)	25.756.606	-	-	-	-	-	-	25.756.606
Provisions for taxes and other similar obligations	10.158.134	-	-	10.158.134	-	-	-	-
Provisions for other risks	7.276.107	-	-	-	-	-	-	-
Other Deferred Income and Expense	10.172.963	-	-	5.796.166	1.413.555	1.628.325	1.334.917	-
Accruals	876.578.446	876.578.446	-	-	-	-	-	-
Equity	876.578.446	876.578.446	-	-	-	-	-	-
Total liabilities	7.364.522.430	7.092.736.519	-	133.982.002	36.219.604	39.045.996	32.313.077	30.225.232

(*) Outstanding claims reserve, short term and long term life mathematical reserve and equalization reserve are presented within unallocated column in the table above.

(**) Investment contracts including savings and profit sharing provisions for saving life products are presented in more than 1 year column in the table above.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (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.

Currency risk

The Company is exposed to currency risk through its transactions denominated in foreign currencies.

Foreign exchange gains and losses due to foreign currency denominated transactions are recognized in the period of the transaction. Monetary assets and liabilities denominated in foreign currencies are measured at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the statement of income as foreign exchange gains or losses.

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

31 December 2015	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	38.489.855	207.503	21.504	38.718.862
Financial assets and financial investments with risks on policyholders	16.543.391	2.746.488	-	19.289.879
Receivables from main operations	6.950.171	96.191	-	7.046.363
Total foreign currency denominated assets	61.983.417	3.050.183	21.504	65.055.103
Payables arising from main operations	(652.803)	(29.488)	(95)	(682.386)
Insurance technical provisions	(6.044.620)	(839.600)	(1.276)	(6.885.496)
Investment contract liabilities	(23.508.316)	(2.374.011)	-	(25.882.326)
Total foreign currency denominated liabilities	(30.205.739)	(3.243.099)	(1.371)	(33.450.209)
Balance sheet position	31.777.678	(192.918)	20.133	31.604.893
31 December 2014	US Dollar	Euro	Other Currencies	Total
Cash and cash equivalents	9.358.834	907	486.571	9.846.312
Financial assets and financial investments with risks on policyholders	16.833.252	2.510.566	-	19.343.818
Receivables from main operations	4.456.702	145.500	-	4.602.202
Total foreign currency denominated assets	30.648.788	2.656.973	486.571	33.792.332
Payables arising from main operations	(372.283)	(15.578)	(82)	(387.943)
Insurance technical provisions	(3.101.760)	(759.664)	(2.249)	(3.863.673)
Investment contract liabilities	(23.339.151)	(2.417.456)	-	(25.756.606)
Total foreign currency denominated liabilities	(26.813.194)	(3.192.698)	(2.331)	(30.008.222)
Balance sheet position	3.835.594	(535.725)	484.240	3.784.110

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

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Market risk (continued)

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured as TL at the purchasing exchange rates announced by the Central Bank of Turkey ruling at 31 December 2015. Only life mathematical provisions and loans to the policyholders are measured at effective selling rates announced by the Central Bank of Turkey as disclosed on the face of policies.

Foreign exchange rates used for the translation of foreign currency denominated monetary assets and liabilities as at balance sheet date are as follows:

31 December 2015	US Dollar	Euro
Foreign currency rate used in translation of balance sheet items	2,9076	3,1776
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	2,9172	3,1881
31 December 2014	USD Dollar	Euro
Foreign currency rate used in translation of balance sheet items	2,3189	2,8207
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	2,3265	2,8300

Exposure to currency risk

A 10 percent devaluation of the TL against the following currencies as at 31 December 2015 and 31 December 2014 would have increased or decreased 12 month period of equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent revaluation of the TL against the following currencies, the effect will be in opposite direction.

	31 December 2015		31 December 2014	
	Profit or loss	Equity^(*)	Profit or loss	Equity^(*)
US Dollar	3.128.406	3.177.768	342.488	383.559
Euro	(24.339)	(19.292)	(55.712)	(53.572)
Others	2.013	2.013	48.424	48.424
Total, net	3.106.080	3.160.489	335.200	378.411

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

Exposure to interest rate risk

The principle risk to trading portfolios are exposed is the risk of fluctuations in the fair values of financial instruments because of a change in market interest rate. 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 reprising bands.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Market risk (continued)

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

	31 December 2015	31 December 2014
Fixed income financial assets		
Financial assets with fixed interest rates:		
Banks (time deposit) (Not 14)	1.200.703.085	923.658.945
Financial investments with risks on policyholders - Available for sale financial assets - Eurobonds (Note 11)	19.289.879	19.343.818
Available for sale financial assets - private sector bills (Note 11)	14.272.852	56.015.171
Financial assets held for trading purpose - private sector bills (Note 11)	-	3.798.473
Financial assets held for trading purpose - government bonds (Note 11)	-	564.607
Loans to the policyholders (Note 12)	100.343	72.358
Non-fixed income financial assets		
Financial assets held for trading purpose - private sector bills (Note 11)	-	3.060.310
Financial assets held for trading purpose - investment funds (Note 11)	-	23.308.138
Financial liabilities:	None	None

Interest rate sensitivity of financial instruments

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income as at and for the year ended 31 December 2015 and 31 December 2014 of the floating rate non-trading financial assets and financial liabilities held at 31 December 2015 and 31 December 2014. Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at 31 December 2015 and 31 December 2014 for the effects of the assumed changes in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The table below demonstrating the effect of changes in interest rates on statement of income and equity excludes tax effects on related loss or income.

	Statement of income		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Financial assets held for trading purpose	-	-	-	-
Available for sale financial assets	-	-	(58.719)	59.541
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(49.555)	54.667
Total, net	-	-	(108.274)	114.208

	Statement of income		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2014				
Financial assets held for trading purpose	(278.437)	285.611	(278.437)	285.611
Available for sale financial assets	-	-	(142.618)	145.15
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(47.985)	53.198
Total, net	(278.437)	285.611	(469.040)	338.809

(*) Equity effect also includes 100 base point (bp) effect of increase and decrease in interest rates on profit or loss.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (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 whether held for trading purpose or available for sale and measured its financial assets at their fair values at the end of the year.

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

Classification relevant to fair value information

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

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

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

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

Classification requires using observable market data if possible. Fair value of financial assets and liabilities shown in the financial statements at fair value are presented below:

	31 December 2015			Total
	Level 1	Level 2	Level 3	
Financial assets				
Available for sale financial assets (Note 11) [©]	14.272.852	-	-	14.272.852
Financial assets held for trading (Note 11)	-	-	-	-
Financial investments with risks on policyholders classified as available for sale (Note 11)	19.289.879	-	-	19.289.879
Total financial assets	33.562.731	-	-	33.562.731

[©] The Company's equity instruments belong to Emeklilik Gözetim Merkezi A.Ş. are classified as available-for-sale investments amounting to TL 263,223, that do not have quoted prices in an active market and whose fair values cannot be reliably measured are stated at cost.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Market risk (continued)

	31 December 2014			Total
	Level 1	Level 2	Level 3	
Financial assets				
Available for sale financial assets (Note 11) [©]	59.075.481	-	-	59.075.481
Financial assets held for trading (Note 11)	27.671.218	-	-	27.671.218
Financial investments with risks on policyholders classified as available for sale (Note 11)	19.343.818	-	-	19.343.818
Total financial assets	106.090.517	-	-	106.090.517

[©] The Company's equity instruments belong to Emeklilik Gözetim Merkezi A.Ş. are classified as available-for-sale investments amounting to TL 263,223, that do not have quoted prices in an active market and whose fair values cannot be reliably measured are stated at cost.

Capital management

The Company's capital management policies include the following:

- To comply with the insurance capital requirements required by the Undersecretariat of Treasury;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk assumed.

In accordance with the "Circular Regarding the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Private Pension Companies" issued by the Undersecretariat of Treasury on 19 January 2008 dated and 26761 numbered Official Gazette, the Company measured its minimum capital requirement as at 30 June 2015 as TL 85,565,801. As at 30 June 2015, the Company's total equity in its statutory financial statements amounted to TL 981,415,982 which is above the minimum capital requirement amount.

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4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Gains and losses from financial instruments

Financial gains and losses recognized in the statement of income	1 January – 31 December 2015	1 January – 31 December 2014
Interest income from bank deposits	110.909.757	77.787.468
Income accrual and valuation differences of financial assets	8.600.279	12.366.267
Gains from trading of debt securities	702.801	1.379.625
Income from Turkish Derivatives Exchange transactions	168.536	640.874
Foreign exchange gains (**)	44.330.948	24.366.082
Dividend Income	-	37.436
Financial gains (*)	164.712.321	116.577.752
Foreign exchange losses (***)	(37.635.857)	(22.397.064)
Losses from trading of debt securities	(4.596.519)	(2.016.314)
Losses from Turkish Derivatives Exchange transactions	(71.796)	(592.245)
Others	(6.014.970)	(148.990)
Financial losses (**)	(48.319.142)	(25.154.613)
Financial gains and losses recognized in the statement of income. net	116.393.179	91.423.139

(*) Total financial gains also include life investment income.

(**) Total financial losses do not include depreciation and amortisation expenses.

(***) Includes the foreign exchange income and losses shown under life branch investment income.

Financial gains and losses recognized in equity	31 December 2015	31 December 2014
Valuation difference from financial assets	538.138	479.505
Deferred tax effect	(107.628)	(95.901)
Interest income end of the period	430.510	383.604

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5 Segment reporting

Segment reporting is presented based on the Company's operations and geographical segments. The Company's main segment reporting is based on the Company's operations.

The related assets and liabilities by branches and operation results are prepared according to the accounting interpretations explained under "Summary of Significant Accounting Policies".

Geographical segment reporting

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

Operating segments

1 January - 31 December 2015	Life	Non-Life	Private Pension	Other/ Unallocated	Total
Continuing operations					
Technical income	317,482,732	5,833	172,812,136	-	490,300,701
Technical expense	(187,052,787)	(8,408)	(140,202,171)	-	(327,263,366)
Other gains and losses, total	-	-	-	77,545,412	77,545,412
Technical net profit from ongoing operations	130,429,945	(2,575)	32,609,965	77,545,412	240,582,747
Profit before taxes	130,429,945	(2,575)	32,609,965	77,545,412	240,582,747
Income tax expense	-	-	-	(49,674,970)	(49,674,970)
Profit for the period (loss)	130,429,945	(2,575)	32,609,965	27,870,442	190,907,777

Other segment information

Depreciation expense (Note 6)	-	-	-	-	2,213,324
Amortisation expense (Note 8)	-	-	-	-	16,059,428

31 December 2015	Life	Non-Life	Private Pension	Other/ Unallocated	Total
Associates	-	-	263,223	-	263,223
Receivables from main operations	58,058,603	-	7,601,407,622	-	7,659,466,225
Tangible and intangible assets	-	-	-	34,735,428	34,735,428
Deferred acquisition costs	35,545,876	-	-	-	35,545,876
Other assets	19,289,879	-	-	1,325,822,832	1,345,112,711
Total assets	112,894,358	-	7,601,670,845	1,360,558,260	9,075,123,463

Insurance contract technical provisions	263,024,711	(1,454)	-	-	263,023,257
Other liabilities	30,980,544	-	7,678,834,776	34,399,799	7,744,215,119
Shareholders equity	-	-	-	1,067,885,087	1,067,885,087
Total liabilities	294,005,255	(1,454)	7,678,834,776	1,102,284,886	9,075,123,463

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5 Segment reporting (continued)

Operating segments (continued)

1 January - 31 December 2014	Life	Non-Life	Private Pension	Other/ Unallocated	Total
Continuing operations					
Technical income	292.924.072	2.621	137.922.170	-	430.848.863
Technical expense	(165.510.777)	(15.067)	(116.993.062)	-	(282.518.906)
Other gains and losses, total	-	-	-	66.241.832	66.241.832
Technical net profit from ongoing operations	127.413.295	(12.446)	20.929.108	66.241.832	214.571.789
Profit before taxes	127.413.295	(12.446)	20.929.108	66.241.832	214.571.789
Income tax expense	-	-	-	(44.655.377)	(44.655.377)
Profit for the period (loss)	127.413.295	(12.446)	20.929.108	21.586.455	169.916.412
Other segment information					
Depreciation expense (Note 6)	-	-	-	-	1.823.646
Amortisation expense (Note 8)	-	-	-	-	12.412.546
31 December 2014					
	Hayat	Hayat-dışı	Emeklilik	Dağıtılamayan	Toplam
Shareholders	-	-	263.223	-	263.223
Receivables from main operations	58.583.672	-	6.113.578.287	-	6.172.161.959
Tangible and intangible assets	-	-	-	30.119.754	30.119.754
Deferred acquisition costs	39.288.829	-	-	-	39.288.829
Other assets	19.343.818	-	-	1.103.344.847	1.122.688.665
Total assets	117.216.319	-	6.113.841.510	1.133.464.601	7.364.522.430
Insurance contract technical provisions	248.622.802	(4.690)	-	-	248.618.112
Other liabilities	30.987.829	-	6.173.403.632	34.934.411	6.239.325.872
Shareholders equity	-	-	-	876.578.446	876.578.446
Total liabilities	279.610.631	(4.690)	6.173.403.632	911.512.857	7.364.522.430

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6 Tangible assets

Movement in tangible assets in the period from 1 January to 31 December 2015 is presented below:

	1 January 2015	Additions	Disposals	31 December 2015
Cost:				
Furniture and fixtures	12.713.746	2.497.857	(1.313.301)	13.898.302
Other tangible assets (including leasehold improvements)	2.136.319	355.569	(103.618)	2.388.270
Tangible assets acquired through finance leasing	168.464	-	-	168.464
	15.018.529	2.853.426	(1.416.919)	16.455.036
Accumulated depreciation:				
Furniture and fixtures	(7.446.096)	(2.074.388)	1.308.693	(8.211.791)
Other tangible assets (including leasehold improvements)	(1.842.341)	(138.936)	103.618	(1.877.659)
Tangible assets acquired through finance leasing	(168.464)	-	-	(168.464)
	(9.456.901)	(2.213.324)	1.412.311	(10.257.914)
Net book value	5.561.628			6.197.122

Movement in tangible assets in the period from 1 January to 31 December 2014 is presented below:

	1 January 2014	Additions	Disposals	31 December 2014
Cost:				
Furniture and fixtures	10.120.022	2.596.784	(3.060)	12.713.746
Other tangible assets (including leasehold improvements)	1.841.193	295.126	-	2.136.319
Tangible assets acquired through finance leasing	168.464	-	-	168.464
	12.129.679	2.891.910	(3.060)	15.018.529
Accumulated depreciation:				
Furniture and fixtures	(5.678.747)	(1.767.539)	190	(7.446.096)
Other tangible assets (including leasehold improvements)	(1.786.234)	(56.107)	-	(1.842.341)
Tangible assets acquired through finance leasing	(168.464)	-	-	(168.464)
	(7.633.445)	(1.823.646)	190	(9.456.901)
Net book value	4.496.234			5.561.628

There is no change in depreciation method in the current period.

There are no finance lease re-payments during the current and the prior year.

7 Investment properties

None.

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8 Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2015 is presented below:

	1 January 2015	Additions	Disposals	31 December 2015
Cost:				
Rights	334.371	-	-	334.371
Other intangible assets [○]	79.892.602	20.039.608	-	99.932.210
	80.226.973	20.039.608	-	100.266.581
Accumulated amortisation:				
Rights	(334.371)	-	-	(334.371)
Other intangible assets [○]	(55.334.476)	(16.059.428)	-	(71.393.904)
	(55.668.847)	(16.059.428)	-	(71.728.275)
Net book value	24.558.126			28.538.306

Movement in intangible assets in the period from 1 January to 31 December 2014 is presented below:

	1 January 2014	Additions	Disposals	31 December 2014
Cost:				
Rights	334.371	-	-	334.371
Other intangible assets [○]	60.874.049	19.018.553	-	79.892.602
	61.208.420	19.018.553	-	80.226.973
Accumulated amortisation:				
Rights	(334.371)	-	-	(334.371)
Other intangible assets [○]	(42.921.930)	(12.412.546)	-	(55.334.476)
	(43.256.301)	(12.412.546)	-	(55.668.847)
Net book value	17.952.119			24.558.126

[○] Other intangible assets consist of computer softwares.

9 Investments in associates

None.

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10 Reinsurance assets/(liabilities)

Outstanding reinsurance assets and liabilities of the Company, as a ceding company in accordance with the existing reinsurance contracts are as follows:

Reinsurance assets	31 December 2015	31 December 2014
Reinsurance share of unearned premiums reserve (Note 17)	23.429.514	24.367.468
Reinsurance share of outstanding claims reserve (Note 17)	9.257.459	11.238.057
Receivables from reinsurers (Note 12)	6.453.362	5.513.784
Total	39.140.335	41.119.309

There is not any impairment losses recognized for reinsurance assets.

Reinsurance liabilities	31 December 2015	31 December 2014
Deferred commission income (Deferred income) (Note 19)	6.257.829	5.231.481
Payables to the reinsurers related to premiums ceded (Note 19)	9.851.616	11.026.835
Total	16.109.445	16.258.316

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

	1 January – 31 December 2015	1 January – 31 December 2014
Ceded premiums to reinsurers during the period (Note 17)	(44.454.315)	(48.852.797)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(24.367.468)	(20.589.658)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	23.429.514	24.367.468
Ceded premiums to reinsurers (Note 17)	(45.392.269)	(45.074.987)
Reinsurance share of claims paid, during the period (Note 17)	23.411.375	27.592.558
Reinsurance share of outstanding claims reserve, at the beginning of the period (Note 17)	(11.238.057)	(13.541.924)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	9.257.459	11.238.057
Reinsurance share of claims incurred (Note 17)	21.430.777	25.288.691
Commission income accrued from reinsurers during period	16.720.061	15.050.013
Deferred commission income, at the beginning of the period (Note 19)	5.231.481	4.123.272
Deferred commission income, at the end of the period (Note 19)	(6.257.829)	(5.231.481)
Commission income earned from reinsurers	15.693.713	13.941.804
Total	(8.267.779)	(5.844.492)

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11 Financial assets

As at 31 December 2015 and 2014, the Company's financial asset portfolio are detailed as follows:

Financial assets and financial investments with risk on policyholders	31 December 2015	31 December 2014
Available for sale financial assets	14.536.075	59.338.704
Financial assets held for trading	-	27.671.218
Financial investments with risks on saving life policyholders classified as available for sale	19.289.879	19.343.818
Total	33.825.954	106.353.740

As at 31 December 2015 and 31 December 2014, the Company's available for sale financial assets in its own portfolio are detailed as follows:

	31 December 2015		
	Cost	Fair value	Carrying value
Debt instruments:			
Private sector bills ^(*)	14.100.000	14.272.852	14.272.852
Equity shares and other non-fixed income financial assets:			
Equity shares ^(*)	263.223	263.223	263.223
Total financial assets available for sale	14.363.223	14.536.075	14.536.075

^(*) Private sector bills is composed of Türkiye Finans Varlık Kiralama A.Ş. and Global Yatırım A.Ş. private sector bills amounts to TL 14.272.852.

^(*) The financial assets available for sale whose fair values could not be reliably measured are presented at their cost value.

	31 December 2014		
	Cost	Fair value	Carrying value
Debt instruments:			
Private sector bills ^(*)	55.320.109	59.075.481	59.075.481
Equity shares and other non-fixed income financial assets:			
Equity shares ^(*)	263.223	263.223	263.223
Total financial assets available for sale	55.583.332	59.338.704	59.338.704

^(*) Private sector bills is composed of T.Garanti Bankası A.Ş., Global Yatırım Holding A.Ş., Garanti Faktoring A.Ş., Bank Pozitif A.Ş. and Türkiye Finans Varlık Kiralama A.Ş. private sector bills amounts to TL 59.075.481.

^(*) The financial assets available for sale whose fair values could not be reliably measured are presented at their cost value.

As at 31 December 2015 and 31 December 2014, the Company's financial assets held for trading are detailed as follows:

	31 December 2014		
	Cost	Fair value	Carrying value
Debt instruments:			
Government bonds - TL	554.297	564.607	564.607
Private sector bills	26.755.687	27.106.611	27.106.611
Total financial assets held for trading purpose	27.309.984	27.671.218	27.671.218

^(*) Total financial assets held for trading purpose consist of government bonds and private sector bills amounting to TL 27.671.218. Private sector bills is composed of Aktif Yatırım Bankası A.Ş., Akfen Holding A.Ş., Global Yatırım A.Ş., Kapital Faktoring A.Ş., DD Konut Finansman A.Ş., Bank Pozitif A.Ş., Çelik Motor A.Ş., Limak Yatırım A.Ş., Deva Holding A.Ş., Rönesans Holding, Türkasset Varlık Yönetimi A.Ş., Arzum Ev Aletleri A.Ş., Sarten Ambalaj A.Ş., Gözde Yatırım Sermayesi, Alternatif Finansal Kiralama A.Ş. private sector bills.

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11 Financial assets (continued)

As at 31 December 2015 and 31 December 2014, the Company's financial investments with risks on saving life policyholders ("FIRSLP") are detailed as follows:

	31 December 2015		
	Cost	Fair value	Carrying value
Debt instruments:			
Eurobonds issued by The Republic of Turkey			
Government	15,726,560	19,289,879	19,289,879
Total available for sale financial assets	15,726,560	19,289,879	19,289,879

	31 December 2014		
	Cost	Fair value	Carrying value
Debt instruments:			
Eurobonds issued by The Republic of Turkey			
Government	15,506,919	19,343,818	19,343,818
Total available for sale financial assets	15,506,919	19,343,818	19,343,818

All debt instruments presented above are traded in active markets.

There is no debt security issued during the period or issued before and paid during the period by the Company. Value increases in financial assets for the last 3 years:

Year	Change in value increase/(decrease)	Total increase/(decrease) in value
2015	46,906	430,510
2014	169,629	383,604
2013	(197,408)	213,975

Value increases represent the differences between the financial assets' carrying value and the cost value at the end of the period.

Financial assets issued by related parties of the Company:

As at 31 December 2015, the Company has no investment funds, classified as private sector bills (31 December 2014: TL 59,075,483 of private sector bills)

Financial assets blocked in favor of the Undersecretariat of Treasury as a guarantee for the insurance activities are as follows:

	31 December 2015		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders - Eurobonds	15,726,560	19,289,879	19,289,879
Total	15,726,560	19,289,879	19,289,879

	31 December 2014		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders - Eurobonds	15,506,919	19,343,818	19,343,818
Total	15,506,919	19,343,818	19,943,818

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12 Loan and receivables

	31 December 2015	31 December 2014
Receivables from main operations (Note 4.2)	7.659.466.225	6.172.161.959
Other receivables (Note 4.2)	24.971	12.969
Non-current receivables	4.169	4.169
Total	7.659.495.365	6.172.179.097
Short-term receivables	7.659.491.196	6.172.174.928
Mid-term and long-term receivables	4.169	4.169
Total	7.659.495.365	6.172.179.097

As at 31 December 2015 and 31 December 2014, receivables from main operations are detailed as follows:

	31 December 2015	31 December 2014
Receivables from policyholders	51.585.478	53.040.589
Receivables from reinsurance companies (Note 10)	6.453.362	5.513.784
Provisions for doubtful receivables from policyholders (Note 4.2)	(80.580)	(43.059)
Total receivables from insurance operations, net	57.958.260	58.511.314
Loans to the policyholders (Note 4.2)	100.343	72.358
Receivables from private pension operations (Note 18)	7.606.470.327	6.117.396.995
Provision for receivables from private pension operations (Note 4.2), (Note 18)	(5.062.705)	(3.818.708)
Receivables from main operations	7.659.466.225	6.172.161.959

Provision for both overdue receivables and receivables not due yet

- a) Receivables under legal or administrative follow up (due): None (31 December 2014: None).
- b) Provision for premium receivables (due): TL 80,580 (31 December 2014: TL 43,059).
- c) Provision for impairment of receivables from entrance fees: TL 5,062,705 (31 December 2014: TL 3,818,708)

The related party transactions of the Company are presented in Note 45 in detail.

The receivables and payables denominated in foreign currencies and detailed analyses of foreign currency balances are presented in Note 4.2.

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13 Derivative financial instruments

The Company does not have any derivative financial instruments as of 31 December 2015 and 31 December 2014.

14 Cash and cash equivalents

As at 31 December 2015 and 31 December 2014, cash and cash equivalents are as follows:

	31 December 2015		31 December 2014	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash on hand	-	-	-	48
Bank deposits	1.205.995.538	929.250.473	929.250.473	718.310.731
Receivables from credit card collections (less than 3 months)	97.036.050	79.860.132	79.860.132	66.948.255
Other cash and cash equivalents [○]	1.274.760	1.694.387	1.694.387	1.576.622
Cash and cash equivalents in the balance sheet	1.304.306.348	1.010.804.992	1.010.804.992	786.835.656
Interest accruals on bank deposits	(19.200.410)	(20.265.817)	(20.265.817)	(7.667.946)
Total	1.285.105.938	990.539.175	990.539.175	779.167.710
Blocked amount	(153.035.064)	(123.681.234)	(123.681.234)	(91.739.720)

[○] Other cash and cash equivalents consist of derivative exchange collaterals.

As at 31 December 2015 and 31 December 2014, the details of bank deposits are as follows:

	31 December 2015	31 December 2014
Foreign currency denominated bank deposits		
- time deposits	38.697.358	9.748.862
- demand deposits	21.504	97.450
Bank deposits in Turkish Lira		
- time deposits	1.162.005.727	913.910.082
- demand deposits	5.270.950	5.494.079
Cash at banks	1.205.995.539	929.250.473

As at 31 December 2015, cash collateral kept at banks in favour of the Undersecretariat of Treasury against insurance operations amounted to TL 153.035.064 (31 December 2014: TL 123.681.234).

Company's time deposits in T. Garanti Bankası A.Ş. is stated in note 45.

As at 31 December 2015 and 2014, the interest rate interval as follows:

	31 December 2015	31 December 2014
	Interest rate(%)	Interest rate(%)
TL	9,00%-13,95%	9,26%-12,40%
Foreign Currency	0,25%-2,75%	0,15%-2,25%

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15 Equity

Paid in capital

As at 31 December 2015 and 2014, the authorized nominal share capital of the Company is TL 50.000.000 and the share capital of the Company consists of 5,000.000.000 issued shares with TL 0.01 nominal value each.

There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any equity shares issued which will be subject to sale in accordance with forward transactions and contracts.

The shareholder having direct or indirect control over the shares of the Company is Garanti Bankası Group, having 84,91% of the outstanding shares. Another party which have significant influence over the operations of the Company is Netherland based company Achmea BV having 15,00% of outstanding shares.

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

	1 January - 31 December 2015	1 January - 31 December 2014
Legal reserves at the beginning of the period	10.000.000	10.000.000
Distribution of profit for the year	-	-
Legal reserves at the end of the period	10.000.000	10.000.000

Extraordinary Reserves

	1 January - 31 December 2015	1 January - 31 December 2014
Extraordinary reserves at the beginning of the period	643.590.337	505.609.640
Distribution of profit for the year	169.916.412	137.980.697
Extraordinary reserves at the end of the period	813.506.749	643.590.337

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15 Equity (continued)

Revaluation of financial assets

The period income and expenses accrued directly under equity as of balance sheet date is presented below:

	31 December 2015	31 December 2014
Valuation differences from financial assets	538.138	479.505
Deferred tax effect	(107.628)	(95.901)
Fair value reserves at the end of the period	430.510	383.604

16 Other reserves and equity component of DPF

As at 31 December 2015, there is not any other reserves presented under equity except for the fair value reserves of available-for-sale financial assets which is presented as "revaluation of financial assets" in the accompanying financial statements. Movement of fair value reserves of available-for-sale financial assets and their related tax effects are presented in Note 15.

The Company recognizes its liability to the policyholders due to the saving life products, classified as investment contracts, under life mathematical provisions. The Company recognizes its own portion for the unrealized gains and losses, recognized due to change in the fair values of available for sale financial assets backing long term investment contracts under equity within 'revaluation of financial assets'.

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17 Insurance contract liabilities and reinsurance assets

As at 31 December 2015 and 31 December 2014, provisions for technical reserves of the Company are disclosed as follows:

	31 December 2015	31 December 2014
Unearned premiums reserve, gross	112.547.818	124.378.426
Unearned premiums reserve, ceded (Note 10)	(23.429.514)	(24.367.468)
Unearned premiums reserve, net	89.118.304	100.010.958
Outstanding claims reserve, gross	35.027.087	44.361.494
Outstanding claims reserve, ceded (Note 10)	(9.257.459)	(11.238.057)
Outstanding claims reserve, net	25.769.628	33.123.437
Life mathematical reserve (short term and long term)	136.445.261	106.058.092
Equalization reserve, net	11.690.064	9.425.625
Total insurance technical reserves, net	263.023.257	248.618.112
Short-term	117.031.855	137.527.260
Medium and long-term	145.991.402	111.090.852
Total insurance technical provisions, net	263.023.257	248.618.112

As at 31 December 2014 and 2013, movements of the insurance liabilities and related reinsurance assets are presented below:

1 January – 31 December 2015			
Unearned premiums reserve	Gross	Reinsurer share	Net
Unearned premiums reserve at the beginning of the period	124.378.426	(24.367.468)	100.010.958
Premiums written during the period	328.799.180	(44.454.315)	284.344.865
Premiums earned during the period	(340.629.788)	45.392.269	(295.237.519)
Unearned premiums reserve at the end of the period	112.547.818	(23.429.514)	89.118.304

1 January – 31 December 2014			
Unearned premiums reserve	Gross	Reinsurer share	Net
Unearned premiums reserve at the beginning of the period	129.645.872	(20.589.658)	109.056.214
Premiums written during the period	318.764.768	(48.852.865)	269.911.903
Premiums earned during the period	(324.032.214)	45.075.055	(278.957.159)
Unearned premiums reserve at the end of the period	124.378.426	(24.367.468)	100.010.958

	1 January - 31 December 2015	1 January - 31 December 2014
Equalization reserve at the beginning of the period	9.425.625	7.348.502
Increases during the period	2.264.439	2.077.123
Equalization reserve at the end of the period	11.690.064	9.425.625

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17 Insurance contract liabilities and reinsurance assets (continued)

1 January – 31 December 2015			
Outstanding claims reserve	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	44,361,494	(11,238,057)	33,123,437
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	68,328,464	(21,430,777)	46,897,687
Claims paid during the period	(77,662,871)	23,411,375	(54,251,496)
Outstanding claims reserve at the end of the period	35,027,087	(9,257,459)	25,769,628
1 January – 31 December 2014			
Outstanding claims reserve	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	60,445,255	(13,541,924)	46,903,331
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	64,344,248	(25,288,691)	39,055,557
Claims paid during the period	(80,428,009)	27,592,558	(52,835,451)
Outstanding claims reserve at the end of the period	44,361,494	(11,238,057)	33,123,437

Claim development tables

The basic assumption used in the estimation of provisions for outstanding claims is the Company's past experience on claim developments. The Company's management uses the judgment to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims reserve is not known with certainty at the balance sheet date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent period financial statements.

Development of insurance liabilities enables to measure the performance of the Company in estimation of its ultimate claim losses. The numbers presented on the top of the below tables show the changes in estimations of the Company for the claims in subsequent years after accident years. The numbers presented on the below of the below tables give the reconciliation of total liabilities with outstanding claims reserve presented in the accompanying financial statements.

31 December 2015

Accident year	2010	2011	2012	2013	2014	2015	Total
Accident year	33,985,735	44,370,132	88,457,043	98,752,008	86,156,919	81,677,793	433,399,630
1 year later	33,288,475	41,964,897	64,914,834	88,880,162	78,253,153	-	307,301,521
2 years later	35,559,821	40,461,421	60,957,165	84,421,714	-	-	221,400,121
3 years later	40,284,581	38,514,161	60,382,047	-	-	-	139,180,789
4 years later	38,232,491	37,811,376	-	-	-	-	76,043,867
5 years later	39,738,403	-	-	-	-	-	39,738,403
Current estimate of cumulative claims	39,738,403	37,811,376	60,382,047	84,421,714	78,253,153	81,677,793	382,284,486
Cumulative payments up to date	(37,937,016)	(37,346,474)	(59,419,142)	(81,155,009)	(70,732,261)	(60,667,497)	(347,257,399)
Liability recognized in balance sheet	1,801,387	464,902	962,905	3,266,705	7,520,892	21,010,296	35,027,087
Total outstanding claims reserve, gross in the financial statements							35,027,087

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17 Insurance liabilities and reinsurance assets (continued)

31 December 2015

Accident year	2010	2011	2012	2013	2014	2015	Total
Accident year	17.205.786	32.899.049	43.365.883	60.859.042	59.352.208	58.640.250	272.322.218
1 year later	19.543.791	35.850.760	34.700.322	51.629.197	52.232.031	-	193.956.101
2 years later	21.943.357	34.658.339	31.103.144	47.988.522	-	-	135.693.362
3 years later	21.923.279	32.972.944	30.498.756	-	-	-	85.394.979
4 years later	20.118.465	32.584.433	-	-	-	-	52.702.898
5 years later	21.242.999	-	-	-	-	-	21.242.999
Current estimate of cumulative claims	21.242.999	32.584.433	30.498.756	47.988.522	52.232.031	58.640.250	243.186.991
Cumulative payments up to date	(19.574.497)	(32.175.037)	(29.714.867)	(45.116.221)	(46.678.697)	(44.158.044)	(217.417.363)
Liability recognized in balance sheet	1.668.502	409.396	783.889	2.872.301	5.553.334	14.482.206	25.769.628
Total outstanding claims reserve, net in the financial statements							25.769.628

31 December 2014

Accident year	2009	2010	2011	2012	2013	2014	Total
Accident year	29.867.197	33.985.735	44.370.132	88.457.043	98.752.008	86.156.919	381.589.034
1 year later	31.642.019	33.288.475	41.964.897	64.914.834	88.880.162	-	260.690.387
2 years later	31.022.327	35.559.821	40.461.421	60.957.165	-	-	168.000.734
3 years later	33.493.254	40.284.581	38.514.161	-	-	-	112.291.996
4 years later	33.208.350	38.232.491	-	-	-	-	71.440.841
5 years later	32.861.087	-	-	-	-	-	32.861.087
Current estimate of cumulative claims	32.861.087	38.232.491	38.514.161	60.957.165	88.880.162	86.156.919	345.601.985
Cumulative payments up to date	(31.136.870)	(37.164.412)	(36.888.016)	(58.427.220)	(79.803.049)	(57.820.924)	(301.240.491)
Liability recognized in balance sheet	1.724.217	1.068.079	1.626.145	2.529.945	9.077.113	28.335.995	44.361.494
Total outstanding claims reserve, gross in the financial statements							44.361.494

31 December 2014

Accident year	2009	2010	2011	2012	2013	2014	Total
Accident year	19.750.410	17.205.786	32.899.049	43.365.883	60.859.042	59.352.208	233.432.378
1 year later	17.137.663	19.543.791	35.850.760	34.700.322	51.629.197	-	158.861.733
2 years later	16.387.884	21.943.357	34.658.339	31.103.144	-	-	104.092.724
3 years later	19.319.250	21.923.279	32.972.944	-	-	-	74.215.473
4 years later	19.240.306	20.118.465	-	-	-	-	39.358.771
5 years later	18.753.032	-	-	-	-	-	18.753.032
Current estimate of cumulative claims	18.753.032	20.118.465	32.972.944	31.103.144	51.629.197	59.352.208	213.928.990
Cumulative payments up to date	(17.151.109)	(19.149.202)	(31.775.196)	(28.897.859)	(44.146.226)	(39.685.961)	(180.805.553)
Liability recognized in balance sheet	1.601.923	969.263	1.197.748	2.205.285	7.482.971	19.666.247	33.123.437
Total outstanding claims reserve, net in the financial statements							33.123.437

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17 Insurance liabilities and reinsurance assets (continued)

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

	31 December 2015		31 December 2014	
	Should be placed (**)	Placed (*)	Should be placed (**)	Placed (*)
Life:				
Bank deposits		152.644.464		123.325.673
Financial assets (*)		19.285.348		19.248.546
Total	162.527.970	171.929.812	132.539.634	142.574.219
Non-life:				
Bank deposits	166.680	390.600	166.703	355.561
Total	162.694.650	172.320.412	132.706.337	142.929.780

(*) As at 31 December 2015 and 31 December 2014, government bonds and treasury bills are measured at daily official prices announced by the Central Bank of Turkey; if these prices are not available, they are measured with stock exchange values; investment fund participation certificates are measured using the daily prices in accordance with the 6th Article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies".

(**) According to 7th article of "Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies" which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to "Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies", companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months.

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

	1 January - 31 December 2015		1 January - 31 December 2014	
	Number of policyholders	Life mathematical reserve	Number of policyholders	Life mathematical reserve
Beginning of the year	2.431.699	106.058.091	2.655.382	83.467.498
Additions during the year	2.726.058	65.430.245	3.451.254	43.334.593
Disposals during the year	(2.825.909)	(20.014.157)	(3.674.937)	(13.932.114)
Movements during the year(*)	-	(15.028.918)	-	(6.811.885)
Current	2.331.848	136.445.261	2.431.699	106.058.092

(*) Increase/Decrease of the reserves are related with currency rates during the year.

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

	31 December 2015			31 December 2014		
	Number of contracts	Gross premium	Net premium	Number of contracts	Gross premium	Net premium
Individual	1.405	6.410.624	6.410.624	1.811	1.887.113	1.887.113
Group	2.724.653	415.478.429	415.478.429	3.449.443	316.870.676	316.870.676
Total	2.726.058	421.889.053	421.889.053	3.451.254	318.757.789	318.757.789

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17 Insurance liabilities and reinsurance assets (continued)

Distribution of number of contracts, gross and net premiums and mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

	31 December 2015				31 December 2014			
	Number of contracts	Gross premium	Net premium	Mathematical reserve	Number of contracts	Gross premium	Net premium	Mathematical reserve
Individual	1.977	2.384.145	2.384.145	(4.865.960)	2.242	867.184	867.184	(6.971.457)
Group	2.823.932	90.708.325	90.708.325	(15.148.197)	3.672.695	112.818.863	112.818.863	(6.960.657)
Total	2.825.909	93.092.470	93.092.470	(20.014.157)	3.674.937	113.686.047	113.686.047	(13.932.114)
Total								

Deferred commission expenses

The Company defers commissions paid to the intermediaries for the production of the policies and other expenses for the one year term life products and for annually renewed long term life products under prepaid expenses. As at 31 December 2015, deferred commission and other expenses amount to TL 22,555,794 and TL 12,990,082 (31 December 2014: TL 25,156,306 and TL 14,132,523).

The movement of deferred commission expenses as of 31 December 2015 and 31 December 2014 is as follows.

	1 January - 31 December 2015	1 January - 31 December 2014
Deferred commission expenses at the beginning of the period	25.156.306	23.469.387
Commissions accrued during the period	65.021.648	62.630.777
Paid commissions during the period	(67.622.160)	(60.943.858)
Deferred commission expenses at the end of the period	22.555.794	25.156.306

18 Investment contract liabilities

The movements of life mathematical reserve for saving life policies as at 31 December 2015 and 31 December 2014 are as follows:

Life mathematical provision for saving life policies	1 January - 31 December 2015	1 January - 31 December 2014
Investment contract liabilities at the beginning of the period		
(Life-mathematical reserve)	25.756.607	28.834.448
Effect of foreign exchange differences	5.151.771	1.460.167
Written premiums during the period (saving life policies)	443.332	624.002
Disposals during the period (leaving policyholders)	(6.542.311)	(7.961.091)
Profit shares	1.413.088	1.500.541
Policyholders' portion of unrealized gains and losses due to changes in the fair values of investments with risks on policy holders, classified as available for sale financial assets (%95) (Note 30)	(340.159)	1.298.539
Investment contract liabilities at the end of the period	25.882.328	25.756.606

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18 Investment contract liabilities (continued)

Profit share distribution rates to life policyholders during the period 31 December 2015 and 31 December 2014:

	31 December 2015	31 December 2014
USD:	5,12%	5,43%
EURO:	5,82%	10,38%

Pension operations

The details of receivables and liabilities from pension operations as at 31 December 2015 and 31 December 2014 are presented below:

	31 December 2015	31 December 2014
Receivables from clearing house on behalf of the participants	7.589.304.758	6.100.111.755
Receivables from participants (entrance fee)	17.165.569	17.285.240
Receivables from pension operations (Note 12)	7.606.470.327	6.117.396.995
Provision for the impairment of receivables from participants (Note 4.2), (Note 12)	(5.062.705)	(3.818.708)
Receivables from pension operations.(Note 12)	7.601.407.622	6.113.578.287
	31 December 2015	31 December 2014
Payables to participants	7.581.869.417	6.093.947.698
Participants temporary account	95.328.835	75.238.965
Payables to clearing house	66.029	3.289.496
Payables to Emeklilik Gözetim Merkezi	74.317	47.000
Other liabilities	1.496.178	927.473
Payables due to pension operations (Note 19)	7.678.834.776	6.173.403.632

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18 Investment contract liabilities (continued)

Pension operations (continued)

As at 31 December 2015 and 31 December 2014 pension investment funds founded by the Company and their unit prices are as follows:

	31 December 2015 Unit prices	31 December 2014 Unit prices
Alternatif Katkı EYF	0,011746	0,010915
Alternatif Standart EYF	0,011725	0,010993
Altın EYF	0,012083	0,011050
Büyüme Amaçlı Hisse Senedi EYF	0,063135	0,070617
Esnek (TL) EYF	0,012723	0,012964
Esnek Alternatif EYF	0,015477	0,015190
Esnek EYF	0,044296	0,044500
Gelir Amaçlı Esnek EYF	0,023511	0,021551
Gelir Amaçlı Kamu Borçlanma Araçları EYF	0,048442	0,047818
Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	0,046876	0,038873
Güplara Yönelik Esnek EYF	0,033959	0,033659
Güplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları EYF	0,029977	0,029204
Güplara Yönelik Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	0,031765	0,026239
Güplara Yönelik Hisse Senedi EYF	0,013910	0,015261
Hisse Senedi EYF	0,012399	0,013732
İkinci Gelir Amaçlı Esnek EYF	0,030065	0,024214
Kamu Borçlanma Araçları EYF	0,025097	0,024748
Özel Sektör Borçlanma Araçları EYF	0,011210	0,011185
Katkı EYF	0,039264	0,035818
Likit-Esnek EYF	0,013183	0,012060
Standart EYF	0,012757	0,012871

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18 Investment contract liabilities (continued)

Pension operations (continued)

Number and amount of participation certificate in the portfolio and in circulation is such as follows as of 31 December 2015 and 31 December 2014:

	31 December 2015			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Alternatif Katkı EYF	3.129.511.849	36.758.803	1.496.870.488.151	17.582.240.754
Alternatif Standart EYF	1.043.551.369	12.235.963	498.956.448.631	5.850.264.360
Altın EYF	5.010.422.106	60.541.183	494.989.577.894	5.980.959.070
Büyüme Amaçlı Hisse Senedi EYF	2.981.284.147	188.223.954	7.018.715.853	443.126.625
Esnek (TL) EYF	52.400.731.831	666.683.733	1.447.599.268.169	18.417.805.489
Esnek Alternatif EYF	10.748.596.673	166.352.258	1.489.251.403.327	23.049.143.969
Esnek EYF	13.556.041.787	600.472.535	1.486.443.958.213	65.843.521.573
Gelir Amaçlı Esnek EYF	10.753.263.826	252.815.180	-753.263.826	-17.709.986
Gelir Amaçlı Kamu Borçlanma Araçları EYF	38.610.444.993	1.870.354.687	161.389.555.007	7.818.032.824
Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	4.295.465.708	201.354.986	5.704.534.292	267.405.749
Gruplara Yönelik Esnek EYF	5.151.431.804	174.937.228	1.494.848.568.196	50.763.562.527
Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları EYF	12.477.018.438	374.018.868	875.222.981.562	2.623.676.418
Gruplara Yönelik Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	1.802.841.045	57.267.817	1.498.197.158.955	47.590.232.754
Gruplara Yönelik Hisse Senedi EYF	4.626.775.800	64.359.016	1.495.373.224.200	20.800.641.549
Hisse Senedi EYF	8.728.473.475	108.220.248	1.491.271.526.525	18.490.275.657
İkinci Gelir Amaçlı Esnek EYF	6.625.369.221	199.194.709	3.374.630.779	101.458.274
Kamu Borçlanma Araçları EYF	1.115.453.804	27.994.362	8.884.546.196	222.975.456
Katkı EYF	67.413.356.927	755.682.590	1.432.586.643.073	16.059.296.269
Likit Esnek EYF	21.572.492.388	847.030.279	1.478.427.507.612	58.048.977.659
Özel Sektör Borçlanma Araçları EYF	5.974.617.989	78.765.133	4.025.382.011	53.066.611
Standart EYF	65.614.114.605	837.021.417	1.434.385.885.395	18.298.460.740
Total	343.631.259.786	7.580.284.950	17.516.368.740.214	378.287.414.342

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18 Investment contract liabilities (continued)

Pension operations (continued)

	31 December 2014			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Alternatif Katkı EYF	1.811.159.203	19.768.802	1.498.188.840.796	16.352.731.197
Alternatif Standart EYF	407.020.227	4.474.373	499.592.979.772	5.492.025.626,00
Altın EYF	3.586.750.273	39.633.590	496.413.249.726	5.485.366.409
Büyüme Amaçlı Hisse Senedi EYF	2.507.797.707	177.093.150	7.492.202.292	529.076.849
Esnek (TL) EYF	35.444.244.273	459.499.182	1.464.555.755.726	18.986.500.817
Esnek Alternatif EYF	7.856.253.399	119.336.489	1.492.143.746.600	22.665.663.510
Esnek EYF	13.351.540.586	594.143.556	1.486.648.459.413	66.155.856.443
Gelir Amaçlı Esnek EYF	2.100.231.304	45.262.084	7.899.768.695	170.247.915
Gelir Amaçlı Kamu Borçlanma Araçları EYF	39.650.917.832	1.896.027.588	160.349.082.167	7.667.572.411
Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	2.732.182.072	106.208.113	7.267.817.927	282.521.886
Gruplara Yönelik Esnek EYF	5.131.226.363	172.711.948	1.494.868.773.636	50.315.788.051
Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları EYF	14.320.485.150	418.215.448	85.679.514.849	2.502.184.551
Gruplara Yönelik Gelir Amaçlı Kamu Dış Borçlanma Araçları EYF	1.109.475.412	29.111.525	1.498.890.524.587	39.329.388.474
Gruplara Yönelik Hisse Senedi EYF	3.018.174.341	46.060.358	1.496.981.825.658	22.845.439.641
Hisse Senedi EYF	6.113.158.982	83.945.899	1.493.886.841.017	20.514.054.100
İkinci Gelir Amaçlı Esnek EYF	2.924.875.828	70.822.943	7.075.124.171	171.317.056
Kamu Borçlanma Araçları EYF	1.138.399.925	28.173.121	8.861.600.074	219.306.878
Özel Sektör Borçlanma Araçları EYF	4.669.208.988	56.310.660	5.330.791.011	64.289.339
Katkı EYF	42.792.853.132	478.638.062	1.457.207.146.867	16.298.861.937
Likit-Esnek EYF	19.102.017.296	684.196.055	1.480.897.982.703	53.042.803.944
Standart EYF	43.754.835.760	563.168.491	1.456.245.164.239	18.743.331.508
Total	253.522.808.062	6.092.801.446	17.606.477.191.938	367.834.328.554

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18 Investment contract liabilities (continued)

Pension operations (continued)

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

1 January – 25 December 2015				
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	186.068	71.979	837.363	4.340.405.189
Group	51.337	31.431	231.791	1.343.596.126
Total	237.405	103.410	1.069.154	5.684.001.315

1 January – 26 December 2014				
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	173.778	65.088	722.236	3.433.758.373
Group	34.376	26.349	211.49	1.078.517.003
Total	208.154	91.437	722.236	4.512.275.376

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

	31 December 2015			31 December 2014		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	186.068	365.035.995	362.251.440	173.778	330.842.119	328.346.716
Group	51.337	479.396.206	479.284.612	34.376	168.294.971	168.211.629
Total	237.405	844.432.201	841.536.052	208.154	499.137.090	496.558.345

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18 Investment contract liabilities (continued)

Pension operations (continued)

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 period

	31 December 2015			31 December 2014		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	2.101	59.050.129	59.021.579	1.653	47.971.478	47.952.333
Group	651	13.196.032	13.194.854	637	16.914.634	16.914.048
Total	2.752	72.246.161	72.216.433	2.290	64.886.112	64.866.381

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio during the period

None.

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

	31 December 2015			31 December 2014		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	71.979	539.858.364	538.972.166	65.088	421.620.044	420.836.875
Group	31.431	497.071.696	496.913.678	26.349	237.680.678	237.494.886
Total	103.410	1.036.930.060	1.035.885.844	91.437	659.300.722	658.331.761

19 Trade and other payables and deferred income

	31 December 2015	31 December 2014
Payables due to main operations	7.703.557.491	6.199.159.980
Taxes and other liabilities and provisions	11.614.646	10.158.134
Due to related parties	7.631.239	10.254.752
Deferred commission income	6.257.829	5.231.481
Expense accruals	4.847.863	4.941.482
Other various payables (Note 47) ⁽¹⁾	2.522.785	2.303.936
Total	7.736.431.853	6.232.049.765
Short term liabilities	7.736.431.853	6.232.049.765
Total	7.736.431.853	6.232.049.765

⁽¹⁾ Other payables are comprised of payables to third party service providers as at 31 December 2015.

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19 Trade and other payables and deferred income (continued)

Payables from main operations of the Company as at 31 December 2015 and 31 December 2014 are detailed below:

	31 December 2015	31 December 2014
Payables to reinsurers (Note 10)	9.851.616	11.026.835
Payables to agencies	14.844.712	14.641.119
Payables to policyholders	26.387	88.394
Total payables due to insurance operations	24.722.715	25.756.348
Payables due to pension operations (Note 18)	7.678.834.776	6.173.403.632
Payables from main operations	7.703.557.491	6.199.159.980

Corporate tax provision and prepaid taxes are disclosed below:

	31 December 2015	31 December 2014
Corporate tax provision	49.674.970	44.776.645
Prepaid taxes during the period	(44.388.295)	(39.294.135)
Corporate tax payable, net	5.286.675	5.482.510

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

None.

20 Financial liabilities

None.

21 Deferred taxes

As at 31 December 2015 and 31 December 2014, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 December 2015	31 December 2014
	Deferred Tax Assets / (Liabilities)	Deferred Tax Assets / (Liabilities)
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(2.008.705)	(1.697.931)
Equalization provision	2.338.013	1.885.125
Provision for employment termination benefits and unused vacation pay liability	1.453.776	1.396.261
Provision for personnel bonus	594.415	534.615
Discount on receivables and payables	395.901	(18.438)
Provisions for lawsuits	102.878	58.960
Provision for impairment in receivables from insurance operations	16.116	8.612
Provision for impairment in receivables from participants	1.329.434	991.618
Other expense accruals	388.614	405.817
Other insurance technical provisions	1.705.009	1.312.818
Deferred tax asset/(liability), net	6.315.451	4.877.547

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21 Deferred taxes (continued)

Movement of the deferred tax assets / (liabilities) during the periods ending 31 December 2015 and 31 December 2014 is presented below:

	1 January - 31 December 2015	1 January - 31 December 2014
Beginning balance, January 1	4.877.547	2.855.019
Recognized in the income statement	1.537.620	1.965.847
Recognized in the equity	(99.716)	56.681
Closing balance as of end of the period	6.315.451	4.877.547

22 Retirement benefit obligations

None.

23 Provisions for other liabilities and charges

As at 31 December 2015 and 2014; the details of the provisions for other risks are as follows:

	31 December 2015	31 December 2014
Provision for unused vacation pay liability (long term)	1.718.810	1.694.740
Provision for unused vacation pay liability (short term)	793.090	817.941
Provisions for lawsuits	514.388	294.800
Provisions for costs	3.026.288	2.807.481
Provision for employment termination benefits	4.756.978	4.468.626
Total provisions for other risks	7.783.266	7.276.107

Movement of provision for employment termination benefits during the period is presented below:

	1 January - 31 December 2015	1 January - 31 December 2014
Provision for employment termination benefits at the beginning of the period	4.468.626	3.591.774
Interest cost	387.535	294.606
Service cost	993.725	1.048.813
Payments during the period	(1.148.401)	(962.007)
Actuarial loss	55.493	495.440
Provision for employment termination benefits at the end of the period	4.756.978	4.468.626

Net insurance premium revenue

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

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24 Fee revenues

Fee revenues consist of fees received from pension investment funds, pension participants and expenses charged to the life policyholders.

	1 January - 31 December 2015	1 January - 31 December 2014
Fund management fee	108,323,237	82,826,415
Management fee deduction	19,865,917	16,839,533
Entrance fee	36,683,515	31,725,193
Management fee deduction in case of interruption	7,929,273	6,521,513
Other technical income	10,194	9,516
Total pension technical income	172,812,136	137,922,170

The details of fees from pension investment funds and pension participants are presented in the accompanying statement of income. As at and for the year ended 31 December 2015, fees charged to saving life policyholders amounts to TL 26,965 (31 December 2014: TL 37,044)

25 Investment income

Presented in Note 4.2 - Financial risk management.

26 Net realized gains on financial assets

Presented in Note 4.2 - Financial risk management.

27 Net fair value gains on assets at fair value through profit or loss

Presented in Note 4.2 - Financial risk management.

28 Insurance rights and claims

The Company has no branch based subrogation income or expense for the period between 1 January - 31 December 2015 (1 January - 31 December 2014: None).

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29 Investment contract benefits

As at and for the year ended 31 December 2015 and 31 December 2014, the details of changes in life mathematical provisions recognized in the statement of income and equity from investment contracts are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Change in life mathematical provisions for investment contracts recognized in the statement of income	465.879	(4.376.380)
Changes in shares of policy holders in unrealized gain or loss from available for sale financial asset in which the liabilities arising from investment contract benefits are invested (Note 18)	(340.159)	1.298.539
Change in life mathematical provisions for investment contracts	125.720	(3.077.841)

30 Other mandatory expenses

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

31 Expenses by nature

For the year ended 31 December 2015 and 31 December 2014, the details of operating expenses are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Commission expenses	(119.936.549)	(102.099.839)
Commissions to intermediaries accrued during period	(116.193.595)	(100.465.635)
Change in deferred commission expenses	(2.581.364)	1.686.919
Deferred commission expenses	(1.161.590)	(3.321.123)
Employee benefit expenses (Note 33)	(67.987.570)	(60.526.562)
Commission income from reinsurers	15.693.713	13.941.845
Commission income from reinsurers accrued during period	16.720.061	15.050.013
Change in deferred commission income	(1.026.348)	(1.108.167)
Advertisement and public related expenses	(12.204.971)	(11.646.828)
Office expenses	(11.072.671)	(12.363.545)
Information technology expenses	(9.317.511)	(6.859.076)
Taxes and duties expenses [○]	-	(4.287.580)
Other expenses	(5.509.306)	(5.740.301)
Total	(210.334.865)	(189.581.886)

[○] As of 31 December 2015 taxes and duties expenses amounting to TL 5,977,681 are presented under investment expenses on the income statement.

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33 Employee benefit expenses

For the year ended 31 December 2015 and 31 December 2014, the details of employee benefit expense are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Wages and salaries	(36.373.714)	(32.728.149)
Employer's share in social security premiums	(7.221.169)	(6.204.673)
Employment termination benefits and unused vacation expenses	(473.943)	(324.905)
Bonus, premium and commissions	(13.315.047)	(11.245.712)
Other benefits	(10.603.697)	(10.023.123)
Total (Note 32)	(67.987.570)	(60.526.562)

34 Financial costs

There are not any finance costs classified either on production costs or tangible assets.

35 Income tax expense

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

	1 January- 31 December 2015	1 January- 31 December 2014
Provision for corporate tax expense:		
Provision for corporate tax expense:	(49.674.970)	(44.655.377)
Deferred taxes:	1.537.620	1.965.847
Total income tax expense presented in the statement of income	(48.137.350)	(42.689.530)

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 31 December 2015 and 31 December 2014 is as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Profit before taxes	239.045.127	212.605.942
Taxes on income per statutory tax rate: 20%	(47.809.025)	(42.521.188)
Non-deductible expenses	(348.343)	(196.694)
Other	20.018	28.352
Total income tax expense presented in the statement of income	(48.137.350)	(42.689.530)

36 Net foreign exchange gains / losses

Net foreign exchange gains/losses are presented in Note 4.2 - Financial Risk Management.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

37 Earnings per share

According to IAS 33 "Earnings per Share", earnings per share of unquoted Companies do not disclose earnings per share. As for the Company is not listed, earnings per share is not calculated in the accompanying financial statements.

38 Dividends per share

The Company is not a listed entity, hence dividend per share is not presented in the accompanying financial statements.

39 Cash generated from operations

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

40 Convertible bond

None.

41 Redeemable preference shares

None.

42 Contingencies

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Company are provided either under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As at 31 December 2015, the probable liability amount that will arise in the situation that all the cases that Company is defendant results against the Company is TL 6,482,713 (31 December 2014: TL 5,447,620) in gross. The Company has recorded provision of TL 9,700,433 (31 December 2014: TL 8,370,448) for such lawsuits including interests and other expenses in the outstanding claims reserve in the accompanying financial statements.

43 Commitments

The details of the guarantees that are given by the Company for the operations in life and non-life branches are presented in Note 17. The future aggregate minimum lease payments under operating leases for properties rented for use of head office and regional offices and motor vehicles rented are as follows:

	31 December 2015	31 December 2014
Less than 1 year	4,301,176	2,521,753
More than 1 year less than 5 years	1,155,827	2,759,888
Total of minimum rent payments	5,457,003	5,281,641
Total of minimum rent payments		

44 Business mergers

None.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

45 Related party transactions

T. Garanti Bankası A.Ş. and Achmea which have 99,91% in total of outstanding shares of the Company and the groups having direct control over those companies and the affiliates and associates of those groups are defined as related party to the Company.

The related party balances as of 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
T.Garanti Bankası A.Ş. - credit card collections	98.310.810	80.773.832
Collateral from Turkish Derivatives Exchange	-	780.687
Other cash and cash equivalents (Not 14)	98.310.810	81.554.519
T.Garanti Bankası A.Ş.- cash at banks	602.756.408	597.284.926
Banks	602.756.408	597.284.926
Garanti Bankası T.A.Ş.- demand deposits	5.149.941	1.750.966
Garanti Bankası T.A.Ş.- investment fund	-	32.575.811
Assets held for trading (Not 11)	5.149.941	34.326.777
T.Garanti Bankası A.Ş.	19.718	3.016
Garanti Faktoring Hizmetleri A.Ş.	19.950	16.720
Eureko Sigorta A.Ş.	1.138	1.695
Doğuş Holding A.Ş.	298	-
Garanti Gayrimenkul Yatır. Ortak A.Ş.	92	-
Doğuş Planet Elektronik Tic ve Bilişim hizmetleri A.Ş.	7	94
Garanti Finansal Kiralama A.Ş.	(2)	-
Doğuş Otomotiv Servis A.Ş.	-	638
Doğuş Oto Pazarlama Ve Tic A.Ş.	-	374
Yön Doğuş Otomotiv Servis A.Ş.	-	270
Garanti Filo Yönetim Hizmetleri A.Ş.	-	180
Others	378	866
Receivables from main operations	41.579	23.853
Garanti Hizmet Yönetimi A.Ş. - fund management	8.981.686	7.261.077
Other receivables from related parties	8.981.686	7.261.077
T. Garanti Bankası A.Ş. - commissions payable(net)	14.959.088	14.806.290
Due from main operations	14.959.088	14.806.290
T. Garanti Bankası A.Ş.- shared expenses	144.418	14.458
Eureko Sigorta A.Ş. - shared expenses and premiums written	473.16	1.373
Garanti Hizmet Yönetimi A.Ş. - portfolio management	71.525	99.539
Due from shareholders	263.259	115.370
T. Garanti Bankası A.Ş. - outstanding claims provision	192.976	290.813
Doğuş Holding A.Ş.	-	19.386
Outstanding claims reserve	192.976	310.199
Garanti Portföy Yönetimi A.Ş. - pension funds	7.241.851	10.053.952
Garanti Filo Yönetim Hizmetleri A.Ş. - car leases	102.796	-
Doğuş Yayın Grubu A.Ş.	-	373.63
Antur Turizm A.Ş. - transportation expenses	5.037	3.630
Others	1.378	1.623
Payables to other related parties	7.351.062	10.096.568

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

45 Related party transactions (continued)

No guarantees have been taken for the receivables from related parties.

There are no doubtful receivables and payables from shareholders, subsidiaries and joint ventures. There are no liabilities like guarantee, commitment and loan on behalf of shareholders, subsidiaries and associates.

The transactions with related parties during the year ended 31 December 2015 and 31 December 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
T. Garanti Bankası A.Ş.	4.235.793	3.473.531
Garanti Portföy Yönetimi A.Ş.	101.332	59.547
Garanti Ödeme Sistemleri A.Ş.	126.443	109.010
Doğuş Holding A.Ş.	258.345	200.372
Doğuş Oto Pazarlama ve Tic. A.Ş.	(9.815)	132.469
Doğuş Otomotiv Servis A.Ş.	(6.022)	117.876
Eureko Sigorta A.Ş.	69.073	51.590
Garanti Yatırım Menkul Kıymetler A.Ş.	116.413	77.966
Garanti Finansal Kiralama A.Ş.	68.868	54.342
Others	292.183	232.901
Written premium	5.252.613	4.509.604
T. Garanti Bankası A.Ş.	833.146	506.932
Doğuş Holding A.Ş.	22.674	53.248
Doğuş Otomotiv Servisi A.Ş.	-	337.013
Garanti Yatırım Menkul Kıymetler A.Ş.	-	54.130
Claim paid	855.820	951.323
T. Garanti Bankası A.Ş.- interest income on bank deposits	59.326.936	59.351.265
Investment income	59.326.936	59.351.265
T. Garanti Bankası A.Ş.	32.738	24.364
Garanti Portföy Yönetim A.Ş.	16.178	127.058
Investment expense	48.916	151.422
T. Garanti Bankası A.Ş.- paid commissions ^(*)	112.118.249	96.769.215
T. Garanti Bankası A.Ş.- rents, taxes and other expenses	11.294.955	9.384.630
Garanti Portföy Yönetimi A.Ş.	15.054.091	5.712.079
Garanti Bilişim Tekn. ve Tic. A.Ş. - information technology expenses ^(**)	14.696.572	11.351.292
Antur Turizm A.Ş. - tourism expenses	2.530.088	2.941.303
Garanti Filo Yönetim Hizmetleri A.Ş.- car rents	1.586.090	1.414.474
Eureko Sigorta A.Ş. - health and motor insurance premiums	1.934.359	1.696.775
Garanti Hizmet Yönetimi A.Ş. - fund management expenses	1.280.101	1.177.910
Doğuş Enerji Üretim ve Tic. A.Ş. - electricity expenses	238.543	-
Doğuş Yayın Grubu A.Ş. - advertising expenses	100.426	54.764
Doğuş-GE Gayrimenkul Yatırım Ortaklığı A.Ş. - rent expenses	39.948	37.415
Ayhan Şahenk Vakfı - bağış, sponsorluk giderleri	30.045	24.800
Yön İnsan Kay. Des. Hiz. Tic. Ltd. Şti. - office support services expenses	15.510	14.194
Doğuş Holding A.Ş. - other expenses	-	45.438
Operating expenses	160.918.977	130.624.289

^(*) Amounts are demonstrated as gross amounts without deferred commission expenses.

^(**) As of 31 December 2015 information technology expenses consist of software costs are presented with amortization amounting to TL 5,379,061 (31 December 2014: TL 4,492,216).

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

46 Subsequent events

None.

47 Others

Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements

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

	31 December 2015	31 December 2014
Telecommunication services received	165.314	447.370
Tax office payables	217.841	279.167
Advertising expenses	280.941	267.835
Takasbank -customer care commission payables	286.122	244.451
Policy and contract consignment payables	123.910	166.908
Searching for markets company payables	66.679	-
Consultancy services received	-	41.266
Personnel life insurance payables	2.684	2.459
Personnel service and food payables	3.257	212
Other payables	1.376.026	854.268
Total payables	2.522.774	2.303.936

Subrogation recorded in the off-balance sheet accounts

None.

Real rights on immovable and their values

None.

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

None.

As at and for the year ended 31 December 2015 and 2014, details of discount and provision expenses are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Provision for unused vacation pay liability (Note 23)	781	(415.687)
Provision (expense) / release for receivables from main operations (Note 4.2)	(37.521)	99.998
Provision for lawsuits (Note 23)	(219.588)	145.900
Provision for employment termination benefits (Note 23)	(1.882.775)	(1.492.723)
Provision for entrance fee receivables (Note 4.2)	(1.243.997)	(560.060)
Total provision expenses	(3.383.100)	(2.222.572)

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated).

47 Others (continued)

Other expenses are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
	(220.451)	(289.369)
Non deductible expenses related to life insurance policy holders		
Non deductible expenses related to pension fund receivable early severance	(1.137.273)	(319.611)
Special communication taxes	(82.846)	(89.179)
Donations and grants	(1.553)	(15.982)
Other	(25.057)	(269.328)
Total other expenses	(1.467.180)	(983.469)

Summary of Five-Year Financial Information

Financial Information

(TL Thousand)	2011		2012		2013		2014		2015	
	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)
Individual Pension System										
Fund Size	2,345,410	1,241,680	3,324,797	1,865,139	4,249,324	1,990,968	6,092,808	2,627,456	7,580,285	2,607,059
Technical Reserves	159,487	84,434	226,326	126,964	246,776	115,624	248,618	107,214	263,023	90,461
Paid-in Capital	53,084	28,103	53,084	29,779	53,084	24,872	53,084	22,892	53,084	18,257
Shareholders' Equity	442,130	234,067	571,313	320,494	706,889	331,204	876,578	378,015	1,067,885	367,274
Total Assets	3,023,728	1,600,788	4,223,858	2,369,493	5,318,601	2,491,965	7,364,522	3,175,869	9,075,123	3,121,173
Life Insurance Premium Production (net)	152,628	80,803	233,056	130,739	257,075	120,449	269,905	116,394	284,342	97,793
Technical Income and Expense Balance	109,467	57,953	120,049	67,345	136,937	64,160	148,330	63,966	163,037	56,073
Non-operating Income and Expense Balance	32,278	17,088	42,489	23,835	37,379	17,513	66,242	28,566	77,545	26,670
Profit/Loss Before Tax	141,744	75,040	162,539	91,181	174,316	81,674	214,572	92,532	240,583	82,743
Net Profit	112,606	59,615	129,046	72,392	137,981	64,649	169,916	73,274	190,908	65,658
Return on Assets	4.69%	4.69%	3.85%	3.85%	3.28%	3.28%	2.91%	2.91%	2.65%	2.65%
Return on Equity	32%	32%	28%	28%	25%	25%	24%	24%	23%	23%

Foreign Exchange Rates

(MBDA)

31.12.2011	USD 1	TL 1.8889
31.12.2012	USD 1	TL 1.7826
31.12.2013	USD 1	TL 2.1343
31.12.2014	USD 1	TL 2.3189
31.12.2015	USD 1	TL 2.9076

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