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Garanti BBVA Emeklilik
2021 Annual Report

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Main Financial Indicators

As of year-end 2021, Garanti BBVA Pension recorded approximately 2.2 million* private pension customers, and a fund size of TL 33 billion*.

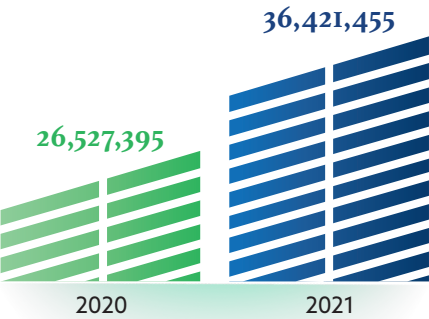
Garanti BBVA Pension maintains steady and rapid growth in the private pension and life insurance sectors. The most preferred company among private companies in terms of the number of participants in total PPS, Garanti BBVA Pension serves as a model for the industry while further bolstering its financial strength.

Total Number of Private Pension Customers**

2,2 Million

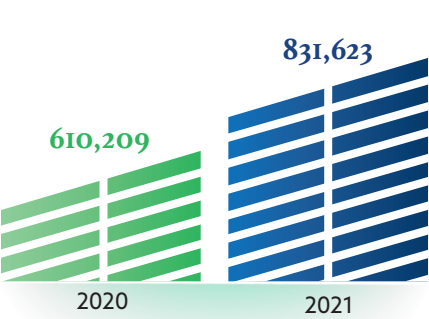
Total Assets (TL THOUSAND)

In 2021, Garanti BBVA Pension reported total assets of TL 36.4 billion.



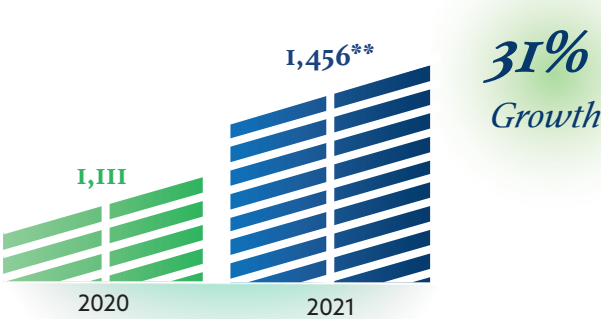
Profitloss Before Tax (TL THOUSAND)

Garanti BBVA Pension posted profit before tax of TL 832 million in 2021.



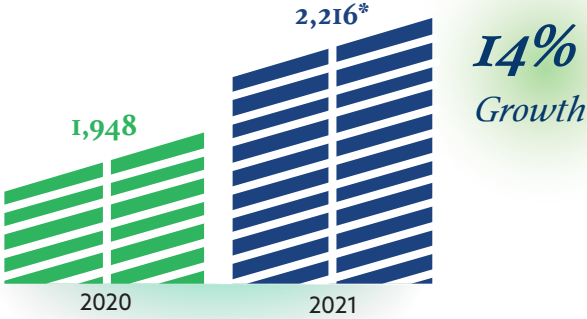
Life Insurance Premium (TL MILLION))

Garanti BBVA Pension's total life insurance premium production reached TL 1,5 billion as of year-end 2021.



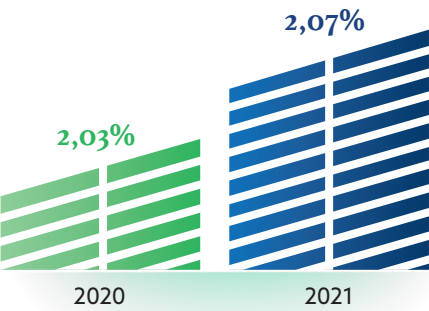
Total Number Of PPS Participants (THOUSAND)

Garanti BBVA Pension recorded approximately 2.2 million private pension customers as of year-end 2021.



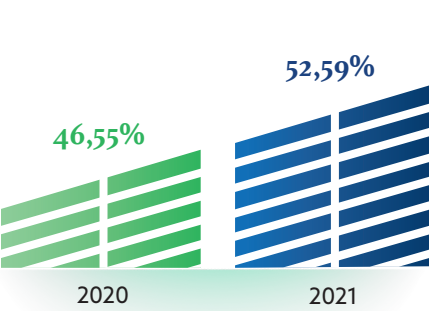
Average Return on Assets (%)

In 2021, Garanti BBVA Pension's average return on assets was 2.07%



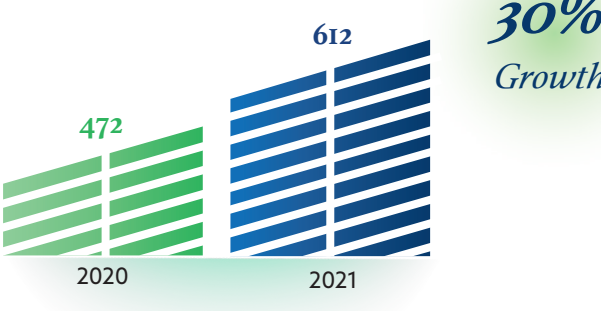
Average Return on Equity (%)

In 2021, Garanti BBVA Pension's average return on equity was 52.59%



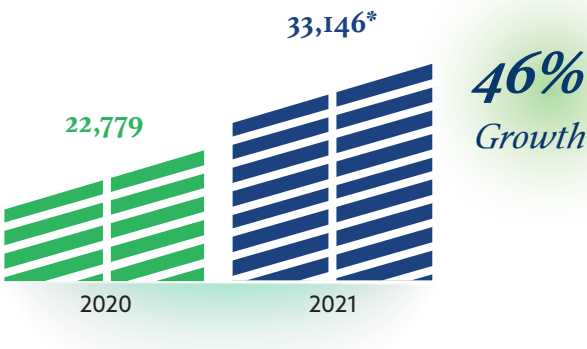
Net Profit (TL MILLION)

Garanti BBVA Pension reported net profit of TL 612 million in 2021.



Total Value of Private Pension Funds (TL MILLION)

Garanti BBVA Pension's private pension funds totaled TL 33,146 million in 2021.



*Pension Monitoring Center dated December 31, 2021.
**Insurance Association of Turkey (TSB), December 31, 2021

About Garanti BBVA Pension and Life

As the most preferred company in the Private Pension System, Garanti BBVA Pension continues its steady and rapid growth.

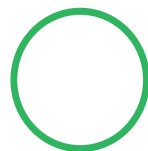
The most preferred company in voluntary and Auto Enrollment System (AES), Garanti BBVA Pension continues its steady and rapid growth.

Garanti Emeklilik ve Hayat Anonim Şirketi (Garanti Pension and Life) started providing life insurance under the name “AGF Garanti Hayat Sigorta Anonim Şirketi” on July 24, 1992. The Company’s trade name was changed to “Garanti Hayat Sigorta Anonim Şirketi” on May 18, 1999.

Following the decision to include private pension plans in its field of business activities, the Company converted from a life insurance company to a pension company on November 14, 2002. The Company’s name was initially changed to “Garanti Emeklilik Anonim Şirketi” and later 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, obtaining authorization from the Capital Markets Board on June 28, 2003. On June 21, 2007, 15% of the Company’s issued capital was sold to Achmea B.V. for EUR 100 million.

Working towards a future with lots of “We’re glad”s, and embracing a customer satisfying, employee-oriented and profitable business model, Garanti BBVA Pension and Life has always aimed for sustainable success and has consistently led the industry since its founding. The Company adds value to Turkey’s private pension and life insurance sectors with a focus on customer satisfaction in its product and service offerings and dynamism that keeps pace with evolving needs.



Competitive Advantages

Garanti BBVA Pension and Life’s competitive advantages stem from the fact that it effectively utilizes the bancassurance channel and formulates the right strategies for ever changing market conditions. Focusing on operational efficiency as it benefits from economies of scale, Garanti BBVA Pension’s technical profit is on the rise. The market strength, trust and synergy created with Garanti BBVA, the main distribution channel, provides leadership in the industry. The know-how and deep-rooted experience that comes from international collaborations – such as with BBVA and Achmea – take the Company to a higher level in the industry.



From Past to Present: Garanti BBVA Pension and Life

*Garanti BBVA Pension and Life has led the industry
with innovations every year since 2013.*

2003

INTRODUCING PENSION PRODUCTS TO CUSTOMERS

Garanti BBVA Pension and Life entered the sector by offering pension products.

The Company launched the "Guaranteed Tomorrows" insurance product which provides life and critical illness coverage.

The Company rolled out three different life insurance products with additional unemployment coverage.

2004

INNOVATIVE APPROACHES FOR CHANGING MARKET CONDITIONS

Marketing activities to promote corporate pension plans commenced.

Due to evolving customer needs, the Company updated its credit life products and added "Guarantor Life Insurance" to the product lineup.

2005

DIFFERENT SOLUTIONS FOR DIFFERENT NEEDS

Garanti BBVA Pension and Life developed group funds to meet the needs of corporate clients.

2006

MARKET LEADER IN GROUP PENSION PLANS IN ITS THIRD YEAR

Garanti BBVA Pension and Life became the market leader in group pension plans in its third year after entering the market.

2007

STRONG INTERNATIONAL PARTNERSHIPS

Fifteen percent of the Company's issued capital was sold to Achmea B.V. for EUR 100 million.

2008

THOUGHT LEADER OF THE SECTOR

The "Garanti Pension Hobby Clubs" project, which aims to add value to the social lives of customers, was launched.

2009

PIONEER IN INNOVATION

Garanti BBVA Pension and Life achieved another first in the sector by launching the "Flexible Alternative Fund" which invests exclusively in income-indexed securities.

The Company became the first to launch Pension Income Plans and to make salary payments to retired customers under an income drawdown plan.

Garanti BBVA Pension and Life launched its mobile website – a first-of-its-kind in the sector – thus allowing customers to monitor their accounts via mobile devices 24/7.

The Company again served as a model for the sector by offering private pension contracts over the Internet.

2010

GARANTI BBVA PENSION GROWS STRONGER WITH INNOVATIONS

The Company launched the "Online Pension Advisor" service – a first in the sector.

Private pension plans were developed especially for participation banking customers.

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

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

2011

CUSTOMER-FOCUSED INVESTMENTS AND PRACTICES

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

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

2012

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

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

2013

SECTOR LEADER IN NUMBER OF PARTICIPANTS

Garanti BBVA Pension and Life became the sector leader in terms of the number of private pension participants.

The Company revamped garantibbvaemeklilik.com.tr with an appealing visual quality, userfriendliness and advanced functionality to further improve customer accessibility and boost user satisfaction.

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

2014

"ALWAYS BY YOUR SIDE"

Garanti BBVA Pension and Life maintained its market leadership in the number of participants throughout 2013 and 2014. Garanti BBVA Pension's new communication

concept is "Always by your side".

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

Garanti BBVA Pension and Life won the "Highest Corporate Governance Rating Score" award in the "Private Companies" category at the Eighth International Corporate Governance Summit.

2015

"WE ACHIEVE CUSTOMER SATISFACTION WITH HAPPY EMPLOYEES!"

Garanti BBVA 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 BBVA 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. The Company also signed the "United Nations Women's Empowerment Principles".

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

As a pioneer in the digital world, Garanti BBVA Pension and Life launched an Instagram account, adding a new social media tool to its digital media portfolio. It also became the first company in the sector to use Periscope, Twitter's video streaming app.

From Past to Present: Garanti BBVA Pension and Life

2016

FIRST COMPANY TO RECEIVE ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION

Garanti BBVA Pension and Life became the first private pension and life insurance company in Turkey to obtain ISO 14001 Environmental Management System certification after being certified by TÜVSÜD in March.

In light of the "Women's Empowerment Principles" issued by the United Nations, Garanti BBVA Pension and Life developed a life insurance product called "Healthy Women" for types of cancer afflicting women (e.g. thyroid cancer). The new product launched on March 8, International Women's Day. The Company provided support to the "HeForShe" solidarity campaign initiated by the United Nations Women in 2015 to emphasize men's support for women's rights and gender equality.

Garanti BBVA Pension and Life became the first private pension and life insurance company in Turkey to obtain OHSAS 18001 Occupational Health and Safety Management System certification after being certified by the German institution TÜVSÜD in July.

Garanti BBVA Pension and Life issued a Declaration of Human Rights.

Garanti BBVA Pension and Life joined the WWF Green Office Program.

Garanti BBVA Pension Mobile Branch application was launched.

2017

FIRST COMPANY TO PROVIDE ROBOTIC CONSULTING SERVICES IN THE SECTOR

The new era of the Auto Enrolment System commenced on January 1, 2017.

Garanti BBVA Pension and Life won the "Highest Corporate Governance Rating Score" award in the "Private Companies" category at the Corporate Governance Summit, which is organized by the Corporate Governance Association of Turkey.

Garanti BBVA Pension and Life began supporting the "Blue Cap" project of the Spinal Cord Paralytics Association of Turkey (TOFD).

Garanti BBVA Pension began supporting the efforts undertaken by the Turkish National Committee for UNICEF to ensure that all children in Turkey and around the world can access development, health and education services, and have equal rights. As a result, the Company was awarded the "UNICEF Silver Wing".

The Company launched "Sustainability Equity Pension Fund" in another first-of-its kind effort in the industry.

Garanti BBVA Pension successfully completed WWF Turkey's Green Office

Program at its Head Office buildings and received the Green Office Diploma.

In October 2017, Garanti BBVA Pension introduced 11 another pioneering initiative, "Fund Coach", to provide robotic fund consulting services to its customers.

The Corporate Website, which was revamped with a new design to serve both existing and new customers, was relaunched in December 2017.

2018

LAUNCH OF FUTURE COACHES

Garanti BBVA Pension and Life won the "Highest Corporate Governance Rating Score" award in the "Private Companies" category at the Corporate Governance Summit, organized by the Corporate Governance Association of Turkey.

The Company developed the "Premium-Return Life Insurance" product.

Fund Coach, a fund consulting service, started serving customers also on the Mobile Branch.

The name of Hobby Clubs was changed to "Garanti BBVA Emeklilik Yaşa (Live with Garanti BBVA Pension)".

Garanti BBVA Pension and Life concluded all quarters of 2018 as number one in the sector on the

şikayetvar.com platform, crowning this achievement with First Prize, which the company has received for four years.

Turkey Call Center Awards, organized by Call Center Life Magazine, named Garanti BBVA Pension's Call Center as the "Inhouse Call Center with the Greatest Contribution to Female Employment".

Garanti BBVA Pension and Life launched a new, smart audio response system in July 2018 for the Auto Enrolment Line, which serves company representatives. The system helps develop and respond to customers' requests 24/7 easily and rapidly.

2019

LAUNCHED THE COMMUNICATION PROJECT KNOWN AS "PARAYI TUTAMAYAN ADAM (THE MAN WHO CANNOT SAVE MONEY)."

Also in that year, Garanti BBVA Pension changed its tag line from "Garanti Emeklilik Yaşa (Live with Garanti Pension)" to "Garanti BBVA Emeklilik Hayatı Yaşa" (Live Your Retirement with Garanti BBVA Pension).

Garanti BBVA Pension and Life concluded all 2019 quarters in first place for its sector on the şikayetvar.com platform and crowned this achievement with First Prize which the company has been receiving for five consecutive years.

The "Smart Fund" was launched as the first absolute return fund in the industry.

The conversion of the Third Variable Fund, which enables investment in foreign shares, has been completed.

The integration of the new Campaign Management System, which focuses on personalized communication, has been completed.

The Interactive Voice Notification (IVN) System was introduced in customer communication.

In the last quarter of 2019, the Robotic Process Automation Project, which first began by automating the compensation unit, began providing more speed efficiency to the procedures required for creating death compensation notices.

2020

WE ADOPTED A FLEXIBLE COMMUNICATION MODEL.

Since September, we have been implementing a "Flexible Communication Model" to make our communication more efficient, which is the key to understanding customers and providing them with proper services.

As part of our digitalization vision, we have started to apply PPS Digital Approval in our sales processes.

Our Fund Coaching Service has reached a total of 112,870 customers in its 3 years.

Thanks to innovations we introduced in the sector, customers entitled to pensions through our Vision Pension Project were offered an easier, faster, and more informative customer experience at every stage.

In 2020, we sent video notifications to our customers via mobile phones for the first time.

2021

CHILDREN CAN NOW GET PRIVATE PENSION INSURANCE

The amendment to the Individual Pension Savings and Investment System Law allows children under the age of 18 to participate in the Private Pension System (PPS).

Customers can get PPS for their children faster and more easily now that sales can be approved digitally.

The amendment to the legislation means all pension investment funds are now available to PPS participants through the Private Pension Fund Trading Platform (PPFTP).

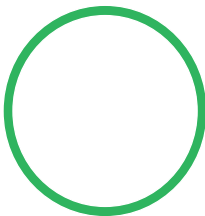
We have diversified our customer-oriented Premium Refund product, updated our deposit increases and deduction rates, and added them to our product range as Standard and Premium packages.

We have applied for a medical license to sell health insurance.

For interest-sensitive customers, we have created participation pension plans consisting of interest-free funds thanks to the change in the legislation.

In order for our payment security system to conform with international standards, we have developed processes that use PCI DSS (Payment Card Industry Data Security Standard) principles. Our system has been tested and we have obtained a certificate of compliance with PCI DSS.

Our Outmaneuvering Advantages



Our Objective and Core Values

Maintaining robust growth, Garanti BBVA Pension is aware of its expanding responsibilities and inspired by its core values to meet society's expectations.

OUR OBJECTIVE

We work towards
a future with lots of
"We're glad"s.

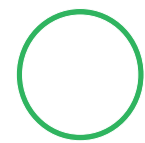
OUR VALUES

1 Our Priority is our Customers
We understand customers
We act with integrity
and responsibility

2 We Think Big
We inspire
We are innovative
We exceed expectations

3 We are One Team
We are bonded wit
our job at heart
We work hand in hand

Garanti BBVA in Brief



Garanti BBVA addresses all financial needs of more than 20 million people, with 18,354 employees along the wide distribution network.

Established in **1946**, Garanti BBVA is Türkiye's most valuable and second largest private bank with consolidated assets close to **TL 849 billion** (USD **64.9 billion**) as of December **31, 2021**.

Garanti BBVA is an integrated financial services group operating in every segment of the banking sector including corporate, commercial, SME, payment systems, retail, private and investment banking together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, besides international subsidiaries in the Netherlands and Romania.

Garanti BBVA'nın müşterilerine sunduğu Its custom-tailored solutions and wide product variety play a key role in reaching **TL 610 billion** performing cash loans and non-cash loans. Garanti's capital generative, disciplined and sustainable growth strategy that strictly adheres to solid asset quality enables the Bank to move forward strongly. The Bank has a leading position in key banking service areas:

- Second largest private bank in TL lending with **19.2%** market share among peers.
- Highest TL customer deposit base among private peers with **19.7%** market share

- Leadership in consumer loans with close to **20 million** retail customers
- **17.5%** market share in TL business banking and ranks **#2**
- Ranks **#1** in Brand Power amongst private peers and **#1** in SME NPS
- Unrivalled leadership in all financial indicators including Net
- Interest Margin, Net Income**, Fees & Commission Income and Return on Equity**.

Garanti BBVA's purpose is to bring the age of opportunity to everyone, and with this purpose the Bank works to create value for all of its stakeholders. In the light of strategic priorities; the Bank focuses on improving the customers' financial health by providing advice and actionable insights to them. The Bank puts emphasis on influencing decision-makers and other players in the sector regarding sustainability and making sustainability as mainstream. Garanti BBVA creates shared value and drives positive change through lending based on impact investment, as well as strategic partnerships and community programs focusing on material issues for both Garanti and its stakeholders.

Garanti BBVA constantly improves its business model and processes with operational excellence priority and

keeps a close eye on financial and non-financial risks. In order to accelerate and drive its value creation; bank continues to focus on reaching more customers by being wherever customers are. As of December **31, 2021**, Garanti BBVA provides a wide range of financial services to its more than **20 million** customers with **18.354** employees through an extensive distribution network of 863 domestic branches, **7** foreign branches in Cyprus and one in Malta, and 1 international representative office. Garanti BBVA offers an omni-channel convenience with seamless experience across all channels with **5.401** ATMs, an award winning Call Center, internet, mobile and social banking platforms, all built on cutting-edge technological infrastructure.

Data, technology and "best and engaged team" are the key accelerators of strategy. Since **2019**, Garanti BBVA has acquired more than **2.5 million** new customers and exceeded **11 million** digital and **10.6 million** mobile customers and the share of digital sales in total sales has surpassed **80%**. The Bank is continuously investing in robust and reliable technology, leveraging advanced.

Note: Market shares and rankings based on bank-only BRSA Weekly Data, among private banks
Note: Branch, ATM and Customer data do not include companies subject to consolidation.

Achmea B.V. in Brief

Achmea is a leading international insurance group with over 200 years of experience.

Achmea is a leading international insurance group with over **200** years of experience. Based in the Netherlands, Achmea is one of the world's largest cooperative insurance organizations, operating with **16,327 employees in 6 countries**.

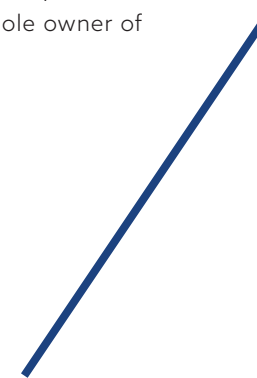
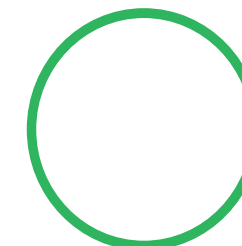
Achmea provides customers with products and services that are transparent, financially affordable and easily understandable. Achmea considers its customers as the actual owners of the Group and ranks them first among stakeholders. Believing that solidarity forms the basis of cooperative insurance, Achmea 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 the 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.

Achmea holds a strong market presence in its home market, the Netherlands and also in Greece, Turkey, Slovakia, Canada and Australia. Achmea's **gross premium production** under contract totals **EUR 20 billion**.

Operating in the non-life insurance market, Eureko Sigorta is a member of Achmea in Turkey. It is the country's leader in bancassurance, thanks to its powerful partnership with Garanti BBVA. **In March 2007**, Achmea

entered into a partnership agreement with Garanti BBVA in Turkey under the name Eureko B.V. to acquire an **80%** stake in Garanti BBVA Insurance's non-life insurance operations and **15%** stake in Garanti BBVA Pension's life insurance and pension operations. In May **2011**, Achmea completed the share transfer process, which had started with the initial agreement in **2007**. Pursuant to the initial agreement, Garanti BBVA Pension and Life acquired the remaining **20%** stake in Eureko Insurance held by Garanti BBVA to become the sole owner of Eureko Insurance.



Chairman's Message

Garanti BBVA Pension will provide strong portfolio services in the sector to help customers plan for their financial health and enable them to have safe, free, and happy lives in the future.



Dear Stakeholders,

2021 was a difficult year for the world and the Turkish economy. We witnessed significant developments as economic conditions and politics changed rapidly, climate change effects grew more severe, and health issues in particular came to the fore. Despite these developments, Garanti BBVA and Garanti BBVA Pension successfully met their financial and strategic goals for the year.

The pandemic continued to impact the world this year. Economic activities in countries with widespread access to vaccines normalized, but Covid case numbers increased and economic recovery slowed in other countries with limited access to vaccines. Global recovery was hindered by important factors, such as the Delta variant and its resulting lock-downs, imbalances in supply-demand, changing consumption and living habits, the chip crisis,

vast increases in transportation costs, and divergence in countries' financial support policies. The market in Turkey followed a volatile course due to the effects of the current economic climate.

Changes in many sectors affected the private pension sector, with priority issues that included rapidly developing business models, new ways of working and human resource models, financial sustainability, and efforts to adapt to climate change. In parallel with the impact of digitalization, we introduced new innovative products by focusing our investments on technological applications in new digital channels and robotic consultants.

We can say that **2021** was a productive year for the private pension sector. Private pension systems give people the opportunity to save money for a comfortable retirement and provide additional income complementary to the Social Security System. Throughout the year, the public became more aware of private pension systems and better understood their importance. Moreover, following the introduction of the concept of "Voluntary PPS" to our lives **18** years ago, another important step was taken in **2021**: "PPS for Children", which allows children and young people under the age of **18** to take advantage of the system. I consider this regulation to be a milestone in the sector, making it

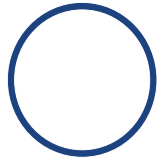
a system that encourages families to participate and save up for the future of their children.

Garanti BBVA Pension and Life gets its power from the Garanti BBVA brand, which helps us draw closer to achieving our target of "becoming the leading company in the private pension and life insurance sectors". Thanks to our customer satisfaction-oriented approach, technological infrastructure, reinsurance capacity, strong capital, financial structure, efficient use of bank insurances, superiority in alternative distribution channels, and creative and competent human resources, we improve every day. The biggest indication of this is that Garanti BBVA Pension and Life had the highest number of participants from the private sector in all PPS, making it the most-preferred company in **2021**. Almost **2.2 million** PPS participants trusted us to manage their **33.1 billion TL** savings. This is a huge responsibility. Our products meet diverse needs and make both the present and the future easier, and all of our activities are centered on customer satisfaction. We have always supported our customers, and will continue to do so. Today and tomorrow. In my opinion, the biggest responsibility in insurance is that people entrust their future to you...

As you know, despite intense financial fluctuations in **2021**, the Private

Pension System still earned better than inflation, once again proving its strength and robustness to all investors. The PPS became the most reliable saving and future-planning tool for all participants. The latest regulations implemented by the SEDDK (Insurance and Private Pension Regulatory and Supervisory Agency) provide many important advantages to the private pension system, including increasing the state subsidy from **25%** to **30%**, the opportunity to benefit from the following year's state subsidies if savings exceed annual state subsidy limits, the ability to withdraw part of PPS deposits in case of special needs, using PPS savings as collateral to obtain bank loans, and enabling public and private sector employees over the age of **45** to participate in the Automatic PPS sector. With these advantages, the concepts of Voluntary PPS, Automatic PPS, and Life Insurance will be understood better, and the sector will gain depth. Our main goal is to ensure that our participants live a comfortable retirement at their current standard of living, with no economic concerns for themselves and their children. In **2022**, we will continue to offer solutions that will make a difference for our customers who are investing in their future.

I firmly believe that our team will gain momentum in the production of premiums in life insurance, increase



its market share to maintain our position as the company serving the largest number of participants in the Automatic PPS in the private sector, and consolidate this position by increasing the number of participants in the Automatic PPS for Children.

With our expert sales staff, strong infrastructure, process innovation, operational efficiency, and smart business projects, Garanti BBVA Pension and Life will continue to grow along new business lines, work to hear a lot of people say "We're glad" and make all our stakeholders feel like they are part of this growth.

I would like to express my gratitude to all my colleagues who contributed to the success of Garanti BBVA Pension in **2021**, and all the participants and stakeholders who trusted us.

Kindest regards,

RECEP BAŞTUĞ

Chairman of the Board of Directors

* Pension Monitoring Center, December 31, 2021
** Insurance Association of Turkey (TSB), December 31, 2021
*** Insurance Association of Turkey (TSB), September 31, 2021

CEO's Message

As Garanti BBVA Pension, we became the most preferred private company with the highest number of participants in the Voluntary PPS in 2021 and managed to significantly increase the size of the fund.



Dear Stakeholders,

At Garanti BBVA Pension, **2021** was a successful year for us despite health issues and economic challenges, thanks to the measures we took and efficiency improvements. Once the vaccination process started in the first quarter of **2021** and accelerated in the second quarter, the authorities decided to abolish the lock-downs, paving the way for economic recovery. Increased demand meant developed countries started to normalize their economic activities. In Turkey, on the other hand, leading indicators for the last quarter of **2021** point out that while economic activity remains strong, it has lost some momentum due to fluctuations in financial markets.

The "Private Pension System" was launched in **2003** to increase savings in Turkey. The aim was to make sure individuals have access to additional revenue during their retirement and maintain their current living standards. This Voluntary Individual Pension system has just completed

its 18th year, reaching a fund size of **227.9 billion TL**, with **7.1 million*** participants and **22.3 billion TL*** in state subsidies. The high fund returns of **2021** made it a year that delighted the participants of the Private Pension System.

The introduction of "Automatic PPS" in **2017** was an important development in our country that supported individual savings and increased retirement pensions. By the end of **2021**, **7.5 million*** participants had saved **16.5 billion TL***, of which **735.5 million TL*** were state subsidies. These participants continue to save. The fact that **82%** of these participants had no individual pension contracts before, but started saving thanks to the Automatic PPS for the first time shows how valuable automatic participation is for increasing our country's saving rate.

2021 was the golden year for the Private Pension System. The state subsidy increased from **25** to **30%**, and another significant step was taken towards raising awareness of the importance of starting to save from an early age. In July, "PPS for Children" was introduced, making it possible for children and young people under the age of **18** to benefit through the Voluntary PPS system. Our existing participants had been requesting PPS for Children for some time. Its launch proved that families were quite willing to participate in the system and save for their children starting from an early age. Of the **171,200*** participants who started saving with "PPS for Children" in the short time of six months, they saved

336.7 million TL* funds, of which **23.4 million TL*** were state subsidies.

We evaluate the growth of the Private Pension System by looking at "Total PPS", covering Voluntary and Automatic PPS, and PPS for Children because the majority of Voluntary PPS participants join the system by first participating in the Automatic PPS, and this continues at full speed. Looking at total PPS in **2021**, we had a large pool of savings in the system with more than **14.2 million** participants and a fund size of more than **244.3 billion**.

Another important change in the sector was the introduction of the "Integrated PPS Package". Thanks to this development, life insurance, PPS, and health insurance products can be sold together with a price advantage. Garanti BBVA Pension has obtained a health insurance license, and in **2022**, we will further expand our portfolio by offering "Complementary Health Insurance" and "Private Health Insurance" products.

In **2021**, we became the most preferred private company with the highest number of participants in the Voluntary PPS and managed to significantly increase the size of our fund. With "PPS for Children" launched this year, we took a significant share from the sector with more than **36,000** participants, reaching a fund size of **54.8 million TL***. Of more than **836,000** new participants in the Automatic PPS, about **30%** of them chose to save with Garanti BBVA Pension. This performance in the number of participants also reflected positively on our fund size, and we

managed to get a market share of 109 PPS in **2021**. We were pleased to be the company with the highest increase in the number of participants in the Automatic PPS, fund size, and the number of employers. Garanti BBVA Pension strengthened its position in the sector with a **16%*** market share in the Voluntary PPS and a **15%*** market share in the Automatic PPS. In the "Total PPS" savings pool consisting of the Voluntary and Automatic PPS, we were the most preferred private company with the highest number of participants and we continue to manage the **33.1* billion TL** of savings of almost **2.2* million** participants for their retirement period.

In our other field of activity, life insurance, our life premium production in **2021** grew **23%** compared to the previous year. The main sources of this growth in the sector were premium refunds and cumulative life insurance. The dominance of cumulative products in the sector contributed significantly to the market, with cumulative products growing **55%** compared to **2020**. In particular, factors such as regulations on standby loans and higher interest rates on other loans led the sector to lean heavily on these products, so we focused on the premium refundable life product and differentiated it to take customer satisfaction into account. We prepared the product with the best purchase rate in the sector. Compared to last year, we increased our production of premium refundable products **154%**. Garanti BBVA Pension grew **31%**, achieving significant success by increasing its

total premium production to **TL 1.5 billion**** by the end of the year.

With 2021 behind us, we have positive expectations for the sector in **2022** because many things that have been planned should come to fruition, creating important developments in the sector. A new and advantageous period has begun in the Private Pension System with the number of participants continuing to grow, funds are increasing, and the sector is gaining significant momentum. The state subsidy has increased from **25%** to **30%**, customers can now benefit from the following year's state subsidies if their savings exceed the annual state subsidy limits, they can withdraw part of their deposits in the PPS for special needs and use their PPS savings as collateral to obtain bank loans. New regulations also enable public and private sector employees above the age of 45 to participate in the Automatic PPS. In addition to these developments, fund consulting in the sector is becoming more important every day, and Garanti BBVA Pension will continue to focus on this area in the coming period. Furthermore, by providing health insurance in addition to the PPS and life insurance, we will be able to meet all the assurance needs of our customers. We will continue to help our customers plan for their financial health by providing strong portfolio services in the sector.

We Focus on "Customer Satisfaction"!
At Garanti BBVA Pension, we put customer satisfaction at the center of every product and service we develop, so we quickly adapted to

changing customer expectations after the pandemic broke out. Our future coaches in the Customer Contact Center responded to over **2 million** calls and answered incoming calls in about a minute, providing our customers with the best, fastest solutions. To provide our customers with the best services to meet their needs and expectations based on our proactive service approach, we consulted with customers on approximately **811,000** external calls.

We developed a digital fund consulting service for our customers, called "Fund Coach". Celebrating its **4th** year, we offered **7** fund distribution change proposals to fund coach customers in **2021**, ensuring that their gains averaged **36%**. Also, by adding more than **43,000** new fund coach customers, we achieved a significant success, reaching a total of more than **85,000** active fund coach customers to date.

We also adopted a new service model to support our customers in every aspect and make them feel that we are always there for them. This service model and our future coaches understand our customers' expectations, offer customized services, and support them on their journey to secure their future.

We are happy to be able to make our customers say "We're glad" at every touch point, in line with our Garanti BBVA values: "We Think Big", "Our Customers are our Priority", and "We are One United Team".

Digitalization is our Forte!

As customer expectations and needs changed with the pandemic, Garanti BBVA Pension continued to improve by prioritizing digitalization to respond to customer needs as quickly as possible. In **2021**, we achieved a significant improvement in our digital channel usage, increasing our number of active digital customers to about **545,000**.

Garanti BBVA Pension launched the digital future coach application in March. Accessible on our website, our digital future coach application answers all our customers' questions before they initiate a PPS contract. Many users liked this application, and it reached more than **20,000** users.

In the last quarter of **2021**, we launched our end-to-end digital product DigiPPS, which lets our customers benefit from small savings or bigger advantageous PPS packages. We introduced our customers to the fastest and easiest way to save with the DigiPPS product, where they can complete all transactions digitally.

We continue to add to our financial power!

At Garanti BBVA Pension, we continued to increase our financial power in **2021**, achieving strong growth and a record of **471 million TL** in profit in life insurance and **167 million TL** in technical profit in pension activities, making us the second most profitable*** private pension company in the sector in terms of pension technical profit.

Taking advantage of cutting-edge technology, we offer products and

services that best meet the needs of our customers and employees. Also, we act with a high-quality and cost-effective strategy, which strengthens our profitability. Our strong growth in the sector continues, as indicated by our net profit increase to **612 million TL** in **2021**, our strong financial structure, accurate balance sheet management, and the use of the most advanced technology.

I would like to congratulate all my colleagues on their performance in this successful year of **2021**, and wish them health, success, and happiness, together with our participants and stakeholders. I sincerely believe that we will achieve much more together and create added value in the coming period thanks to our high synergy.

Kindest regards,

BURAK ALİ GÖÇER
Board Member and CEO

* Pension Monitoring Center, December 31, 2021
** Insurance Association of Turkey (TSB), December 31, 2021
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Developments in the Sector and Garanti BBVA Pension in 2021

Garanti BBVA Pension continued to increase the savings of its participants by performing well above the average return on deposit funds.

Funds maintained their returns despite the pandemic's effect on the market dynamics. Garanti BBVA Pension continued to increase the savings of its participants, with returns on deposit funds well above average.

Funds performed in line with their targets, meeting expectations in **2021**, and fund size increased **46%** from **22.7 billion TL** to **33.1 billion TL**.

During this process, financial investment instruments were affected by fluctuations, but we worked to ensure that participants used market opportunities and risks in the best way possible. For this purpose, we informed participants about market developments and supported their own close following of market dynamics. We were sensitive to funds and market dynamics, and helped customers strategically manage the assets in their portfolios.

In **2021**, the dollar exchange rate increased **79.65%**, which meant the Foreign Indebtment Fund consisting

of those heavily invested in foreign currency in their portfolio, provided a return of **65.89%**, and the Variable Fund provided a return of **64.68%**.

The Gold Participation fund became the most preferred fund by Garanti BBVA Pension participants as well as by the whole sector with participants showing great interest in taking advantage of rising gold prices in **2021**. **41,596** new participants entered the Gold Participation Fund portfolio.

The Smart Fund had the highest number of participants, reaching **518,710** participants by the end of **2021**. Garanti BBVA Pension will continue its activities in the next period with the aim of providing positive returns to its participants.

The third variable fund mainly invested in foreign shares, providing a **79.47%** return in **2021**.

Among Variable Funds with flexible portfolio structures, the return on the Cautious Variable Fund was **19.06%** in

2021, and the return on the Dynamic Variable Fund was **30.22%**.

The upward momentum of the BIST **100** in the last months of the year boosted the Equity Fund, founded by Garanti BBVA Pension, achieving a return of **40.19%** in the relevant period, outperforming the BIST **100**'s return rate of **25.80%** and providing its participant with a profit.

Private Sector Leader
Garanti BBVA Pension

The number of participants in the sector increased by **191,456** compared to the previous year, and

Garanti BBVA Pension continued to maintain its leadership amongst private sector firms. The total number of participants in the sector amounted to **7.092 million** at the

end of **2021**, with the number of Voluntary PPS participants in Garanti BBVA Pension amounting to **1.135 million**, with a market share of **16%**.

GARANTI BBVA PENSION FIVE-YEAR STATEMENT
IN VOLUNTARY PRIVATE PENSIONS*

* Source: Pension Monitoring Center, 31.12.2021

	2017	2018	2019	2020	2021*
Pension Fund Size (TL Million)	10,248	11,130	14,538	18,499	28,134
Pension Fund Size Market Share (%)	15	15	14	13	14
Number of Pension Participants	1,196,397	1,150,560	1,105,191	1,112,594	1,134,664
Pension Participant Number Market Share (%)	17	17	16	16	16
Total Pension Contributions (TL million)	7,907	8,459	9,664	11,494	13,392
Pension Contributions Total Market Share (%)	15	15	14	14	14

*The Amount of Participants' Funds is calculated by multiplying the number of participants' shares in the fund by the value of the unit share on the relevant day. This differs from the total net asset value of the funds of the relevant company. The fund amount of contracts and certificates in the liquid fund at the tender stage and the fund amount of contracts and certificates in the pension income plans are included in the sum.

AUTOMATIC PPS

According to a Pension Monitoring Center (EGM) report dated December **31, 2021, 21.9 million** individual participants enrolled in the Automatic PPS system that entered into force in **2017**. The total number of certificates entered into the system for reasons such as job changes or working at more than one job is **30.3 million**.

Garanti BBVA Pension led the private sector with a **15.0%** market share with **1.1 million** participants.

The total fund size of the APS (Automatic Participation system) in the sector reached **15.7 billion TL** as of December **31, 2021**. The participants valued **6.0 billion TL** in interest funds and **9.7 billion TL** in interest-free funds.

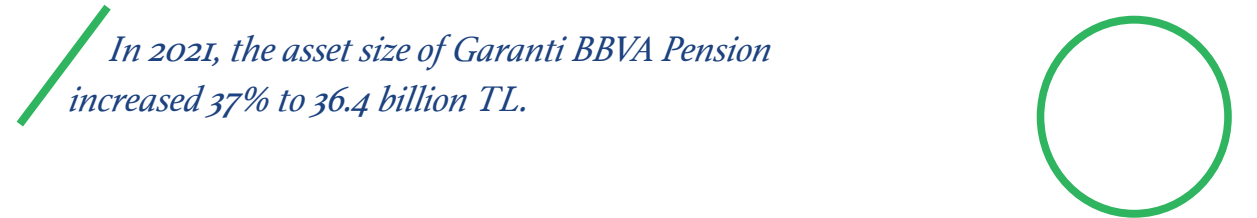
Garanti BBVA Pension enjoyed the success of becoming the company with the highest market share increase in **2021** in all categories including the number of employers, number of participants, and fund size. Considering the total number of participating companies in the Voluntary PPS and Automatic Participation System, Garanti BBVA Pension is the private sector company with the highest number of participants.

AUTO ENROLLMENT SYSTEM*

Pension Fund Size	1.556 million TL
Pension Fund Size Market Share (%)	9.89 %
Number of Pension Participants	1.120.287
Pension Participant Number Market Share (%)	14.99 %
Total Pension Contributions	1.143 million TL
Pension Contributions Total Market Share (%)	10.29 %
Number of Employer Participants	37.261 %
Employer Participant Number Market Share (%)	15.42 %

* Source: Pension Monitoring Center, 31.12.2021

The Financial Strength of
Garanti BBVA Pension



With the power of the Garanti BBVA brand, a robust financial structure, and the increased efficiency of accurate balance sheet management, Garanti BBVA Pension had a very successful year. The growth imposed various requirements, so we invested in technology, human resources, and infrastructure.

Acting on its motto, "To hear lots of people say 'We're glad' in the future" and keeping its values in the forefront, Garanti BBVA Pension set out a business model and created a strategy focused on satisfied customers, happy employees, and efficiency. In addition to effectively managing its operational efficiency through its technological investments, Garanti BBVA Pension continues to scrutinize expense areas and focus on process innovation and smart business tools. The company took its growth to the next level, with sales and profitability figures exceeding targeted expectations in **2021**.

Garanti BBVA Pension increased its assets **37%**, reaching **36.4 billion**

TL in **2021**. In addition, the company distributed **310 million TL** in dividends to its shareholders whose equity amounted to **1.4 billion TL**. Having further strengthened its solid financial structure with these figures, the Company's net profit after tax increased **30%** to **612 million TL** in **2021**. Its financial power made it the leading company in the sector and the second most profitable private pension company in the field of technical profits.

A significant portion of Garanti BBVA Pension's profit consists of technical profits from life insurance and private pensions. In **2021**, the company's gross technical profit was **638 million TL**. **77%** of the pre-tax profit of **832 million TL** achieved in **2021** resulted from technical profit.

Garanti BBVA Pension's goals for **2022** are to maximize customer satisfaction with its cutting-edge services in technology, strengthen employee loyalty, and develop new business models that improve

company efficiency. In the coming period, the company will continue to make participants' lives easier by developing products and services to meet their needs and expectations, and it will continue to maintain its financial power by maximizing its business productivity. Moreover, the state subsidy increasing to **30%** and the introduction of our "Complementary Health Insurance" will only add momentum to the system. By focusing on participants in everything it does, the company will adapt to the new system quickly and add value for the sector with a solution-oriented approach and technological investments along with the "Complementary Health Insurance".



START SAVING FOR

YOUR **CHILD'S**
DREAM **TODAY.**



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2021 Activities

The private sector achieved 18% growth as far as contribution margins compared to the previous year, and Garanti BBVA Pension grew 17% in parallel with the private sector.

PPS

According to 2021* end-of-year data, the private pension sector showed a 3% increase in the number of third-tier participants compared to the previous year, with contributions and fund size improving 18% and 43%, respectively.

In 2021, both the sales of PPS and the number of participants slightly increased the growth momentum compared to the previous year. Although the pandemic's reduced impact played a role, the system also gained significant momentum following the entry of participants under the age of 18 into the system in July. According to the December 2021 data, there was a 25% growth in the sector from public sources when compared to last year in terms of PPS sales. Garanti BBVA Pension completed the same period with a growth of 14% and continued to maintain its leadership in the private sector.

One of the main factors ensuring this success was our technological

infrastructure that allowed us to complete sales transactions with customers remotely.

Contribution was another area of development. By the end of the year, the private sector had grown 17% in this area compared to last year, with Garanti BBVA Pension matching that figure. One of the most important reasons for the growth in contributions collected over the years was the high volume of production made by retention contribution/individual contributions,

resulting in contributions paid by the end of the year reach 95 billion TL.

Fund size depends on many variables in the sector, and its importance to the company's revenues continues to increase. The fund size of the private sector increased by 42% when compared to the same period of 2021, and Garanti BBVA Pension has achieved 40% growth in the comparison of these two independent periods. The cumulative fund size reached 31.6 billion TL.

The Smart Fund became the Company's most prominent product in terms of fund size. The variable structure of the fund aims to ensure that customers can adapt to market conditions using the Garanti BBVA Portfolio orientation and receive maximum returns during their retirement. Customers who receive good returns on funds are more inclined to pay additional contributions to the system. This, in turn, contributes to the growth of the fund size.

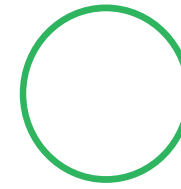
(*31 December 2021)

THE NUMBER OF PRIVATE PENSION PARTICIPANTS IS

2.2 MILLION

PRIVATE PENSION FUND SIZE

31.6 BILLION



The number of customers who completed the Fund Coach Risk Profile Questionnaire in 2021 increased 20% compared to last year. However, the number of customers who made changes in the distribution of funds increased 32%.

Details of the projects planned for 2021 and beyond are as follows:

Financial Health Sale of Digital PPS with Suggestions

We are planning to include private pensions in the multi-channel Financial Health project by Garanti BBVA, as we do with life insurance. Our goal is to create a rich, functional channel for customers to use over Garanti BBVA mobile to provide notifications considering customers' income, way of working, and recent expenses. Our aim is to use the sales potential of this channel by offering products to customers evaluated to have limited or acceptable risk.

Life Insurance Premium Products

loan-life production that dominates the sector, but the premium refunds and cumulative life insurance. Loan life grew 11%, but cumulative products grew 55%. The reasons for limited growth in loan life insurance included the fact that loan maturities were reduced from 60

TOTAL LIFE INSURANCE PREMIUM PRODUCTION

TL 1.5 BILLION

GROWTH IN PREMIUM PRODUCTION

months to 36 months in September 2020, interest rates increased, and again in 2021, the maturity of loans over 50,000 TL decreased from 36 months to 24 months. Despite all these changes, the sector grew 23%, with Garanti BBVA Pension growing 31% compared to December of the previous year, bringing its total production to 1.5 billion TL.

We also made a good start to 2021 in mortgage lending volumes, achieving 27% growth in loan lending compared to 2020, which increased housing life insurance premium production by 29%.

While loan life products lead the sector, ROP and cumulative life insurance products follow them. Compared to the same period last year, loan life premium production grew 11%, while cumulative products grew 55%. The share of cumulative life insurance last year was 18%, but it was 23% in 2021. Garanti BBVA Pension doubled its total life insurance production share compared

to the previous year and increased its premium production by 154%. In 2022, it will further increase its production by focusing on premium refundable life insurance again.

Digital Approval

We plan to apply the digital approval mechanism currently used in all life insurance products, particularly in guarantor life insurance, in cases where the insured is different from the payer. We will build a structure where life insurance can be provided using digital approval regardless of whether the payer is a legal or real person. The power of the digital infrastructure will prevent the risk of interruption in production in the face of unexpected situations such as the pandemic.

Integrated Package

On September 28, 2021, we started to offer an integrated package of Health-Life and PPS products together. We can sell products such as private health insurance, complementary health insurance, and education insurance together with the PPS product, and also offer check-ups, eye examinations, etc. with additional discounts. Our goal is to include more customers in the private pension system using this structure. Our "Integrated Assurance Package" will be the start of sales of Complementary Health Insurance together with PPS.

Automatic Participation System

In January **2019**, Automatic participation in PPS ceased, following the inclusion of companies with **5-9** employees in the system. Garanti BBVA Pension added **3,945** new companies in **2021**, ranking it first among private companies in the sector with a **15.0%*** market share and the highest number of participants according to the Pension Monitoring Center's report on December **31, 2021**. Again, according to EGM data on **31.12.2021**, **30%** of the new **836,000** participants in the Automatic

Participation System in **2021** chose Garanti BBVA Pension, increasing its market share **187** base points as far as the number of participants, **119** base points in volume of funds, and **86** base points in the number of employers included in the system. With these **3** titles, Garanti BBVA Pension became the company that most increased its market share in the sector in **2021**.

As of December **31, 2021**, Garanti BBVA Pension manages a fund of **TL 1.6 billion** for **1,120,287** employees working at **37,261** companies.

The Agency Process

Aiming to diversify its distribution channels, Garanti BBVA Pension has increased the number of its agencies to **65**.

AUTOMATIC ENROLLMENT SYSTEM (AES) TABLE 2021*

* Source: Pension Monitoring Center, 31.12.2021

	SECTOR TOTAL	GARANTI BBVA PENSION	MARKET SHARE
Fund Size	15,740 million TL	1,556 million TL	9.9%
Number of Participants	7,471,557	1,120,287	15.0%
Contributions	11,112 million	1,143 million	10.3%
Number of Employer Participants	241,612 TL	37,261 TL	15.4%

Customer-Centered Strategies

One of the main objectives of Garanti BBVA Pension is to ensure customer engagement and satisfaction.

Garanti BBVA Pension takes a holistic approach to the entire customer experience journey and provides solutions that meet their needs whenever they arise.

Garanti BBVA Pension and Life aims to produce the best solutions for customers according to our core value "Customers are our Priority", designing the customer experience with outside-in flow and improving our systems and processes by regularly adapting them to customer needs and opinions. We prioritized our projects and defined customer experience processes in 2021 based on this vision. Customers want short, hassle-free interactions that save them time, smart solutions that improve their lives, and fun, personal touches. This understanding is at the heart of Garanti BBVA Pension and Life's customer experience studies. The Company considers constantly improving customer experience as one of the most important components of its sustainable economic performance

and its comprehensive customer-based business solutions lead the sector.

Customer-Centered Communication Projects

Our projects and communication activities to improve products and services so that customers have better experiences continue, as do our efforts to continuously develop and improve customer experiences based on their needs and feedback we learn at touch points. We revised our communication processes in the first half of **2021**, identifying critical points and redesigning the experience process.

In June **2021**, we launched the Monthly Funding Proposal project after evaluating our customers' needs. As part of the project, Fund Coaches inform customers every month, and present them with investment proposals so they can evaluate their savings in funds that match their investment strategies. Fund Coaches

provide digital fund consulting services. Their proposals for fund distribution change are delivered to customers through SMS, e-mail, IVN, and notification channels. Since the Fund Coach was launched, the number of customers who made changes to the distribution of their funds almost doubled by the end of the first year and it increased about **3.5** fold by the end of the fourth year.

In July **2021**, we started to design an interface of the PPS product for children, and our efforts to provide a special experience to customers who have PPS for Children, and to diversify communication activities with them continue.

Garanti BBVA Pension continues to study and improve the critical interaction of its customers in order to make their experiences flawless in all areas from the moment they decide to benefit from pension and insurance to their actual retirement period.

Customer-Oriented Projects and Communication

One of Garanti BBVA Pension's main objectives is to ensure customer engagement and satisfaction, so it expanded the scope of its existing Special Services in October and adopted a new Service Model, which is split into **2** services: Diamond and Sapphire, for all customers. New customers are covered by a special service under the Sapphire segment. This innovation doubled the number of customers receiving special services, yet covered **75%** of the total fund size.

While designing the new service model, the company built a structure that allowed employees to manage customer communication and touch points more optimally. By evaluating a set of financial data and behavior customers consider important, it became possible to identify customers who were sensitive to touch calls and rarely responded, making it easier to manage customer-specific calls. This helps us manage service resources **10%** more efficiently and easily meet the needs of customers who want more contact.

On June 1st, Garanti BBVA Pension and PPS sales offers were included in the NBA (Next Best Action) system actively used by the Bank. The NBA is a smart system that presents the most profitable offer to the right customer at the right time. For now, this system allows communication with customers only through digital channels, though it offers many bank products, including Garanti BBVA Pension PPS sales offers. Garanti BBVA presents offers according to customers' product

**715,000
CONTACTED**

CUSTOMERS USING

10 MILLION

**MOBILE NOTIFICATIONS,
E-MAIL, SMS AND IVN
CHANNELS.**

trends via notifications on the menus of the mobile application. It also aims to use bank channels more actively to reach more consumers. If customers are interested in an offer, they can purchase the product end-to-end over the digital channel. Work is underway to provide more offers to customers through this channel in **2022**.

Garanti BBVA Pension continued its data analytics activities at full speed this year, updating the existing Additional Contribution model using customers' financial and behavioral data. We can now offer tailor-made, suitable options for customers who are interested in making additional contributions. Looking at the initial outputs of the current model, we achieved a **44%** higher success rate in the upper segment and an **82%** higher success rate in the mass segment compared to our additional contribution payment estimates. We also achieved almost the same average as our estimated amount of additional contributions that customers can pay.

While all these developments were

taking place, we also maintained and intensified our communication with existing PPS customers. We have contacted **72%** of our customers regarding over thirty different topics in the last **12** months, with an increase in customers contacted by **23%** compared to the previous year and doubling the frequency of communication. These contacts presented customers with different offers, and at the same time, shared important information related to products, especially on the subject of funds and investments.

In **2021**, we sent more than **35 million** e-mails and more than **4.5 million** SMS messages to customers through our campaign tool on customer interactions based on different products and services. In addition, in **2021**, our mobile branch made about **4 million** mobile notifications; in particular, reaching about **177,000** customers through the Interactive Voice Notification (IVN) System, providing them with Fund Coach suggestions, and conducting Customer Satisfaction surveys.

When fund distribution changes became possible **12** times a year, the Fund Coach service became more active, offering suggestions more often. We regularly contacted customers on a monthly basis about maintaining their strategies or making new suggestions. In addition, we continued to inform customers about last-minute Fund Coach suggestions based on sudden developments in the markets. In total, we contacted

715,000 customers using **10 million** mobile notifications, e-mail, SMS, and IVN channels in **2021**. Together with these communications, the number of customers included in the Fund Coach service reached a total of **85,600, 27,000** of whom were included in the service in **2021**.

Another important **2021** development was to lay the groundwork for the implementation of Automatic Fund Coach recommendations, which will be launched in **2022** and enable customers with a defined risk return profile to automatically apply Fund Coach proposals to their savings, transferring the right to change their contracted fund distribution to portfolio companies. Customers will then need to track only their returns and savings. All investments in the background will progress automatically. By implementing this system, we aim to increase both the returns of customers and make their PPS savings grow faster for their future.

One important study started in **2021** was on customers who had discontinued their payments for a long time or who made irregular payments. Our aim is to underline the importance of regular payments for increased savings and re-interest these customers in the PPS. We will continue to support these customers who quit their saving habits in hopes that they start saving again and achieve their targeted saving amounts in **2022**.

In **2021**, we prepared and launched the new CRM infrastructure, which allows

Garanti BBVA Pension to achieve high data quality by using data to model customer needs and behaviors. We will continue to improve the CRM in **2022**, and create new models to provide customer-specific services and offers.

Measurement of Experience

points, understanding customers and producing the right solution, and making the best experiences sustainable. In addition to tracking general recommendation scores, we have been measuring recommendation scores at critical touch points since **2017**. We regularly analyze these results, and take any actions necessary for a better experience.

A Product Range for Everyone

results that increase customer satisfaction. Using Garanti BBVA's powerful distribution network in the most efficient way, the Company offers its customers a wide range of products under one roof.

With the transition to the State-Subsidized Private Pension Plans, the private pension sector gained significant momentum, and it continued to grow in **2021**. The Company considered it important to offer a variety of products that meet customers' needs in different segments, so it offers **6** different pension product alternatives, meaning Garanti BBVA Pension customers who want to save for their future can safely choose the pension plan that will lead them to a happy retirement:

1. PRACTICAL PENSION PLAN

Aimed at participants who want to make advantageous investments with small savings. Customers can quickly and easily apply over the Internet and benefit from special benefits given in this plan.

2. PRESTIGE PENSION PLAN

Aimed at participants who want an exclusive pension plan offering various benefits by paying a high contribution.

3. SELECT PENSION PLAN

Offering special advantages, this plan targets participants who want to increase their savings quickly.

4. DIJIBES PLAN

Exclusive only to our digital channels, for those who want to make small savings or more save up and choose the advantageous package for the retirement plan.

5. SELECT ABU PLAN

Offering special benefits to those who want to take advantage of the maximum limit of the state subsidy; this plan is aimed at participants who want to quickly increase their savings to have a comfortable retirement period.

6. PPS TO CHILDREN PLAN

Aimed at Parents/Guardians who want to invest advantageously with small savings on behalf of individuals under the age of 18.

Group pension plans are an important part of Garanti BBVA Pension's product range, providing company employees with the opportunity to pay pension contributions or form a participants' group with other employees to earn special benefits from the pension system.

Life Insurance Products

Using bank insurance effectively, the Company takes current conditions and customer needs into account to enrich its insurance product range.

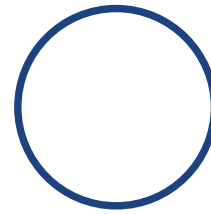
Life Insurance

- Life insurance for loans
- Risk life insurance
- Critical illness insurance offering financial security in case of a dangerous disease
- Education insurance for customers who want to secure the education expenses of their children or loved ones
- Both TL and foreign currency indexed Long-Term Life Insurance for customers who want to reassure their loved ones with long-term risk insurance
- Treatment support insurance that covers the costs of hospital treatments required by an accident or illness with guarantees specified in the policy
- Healthy women's insurance providing coverage against dangerous diseases for women
- For long-term foreign currency indexed risk insurance, Premium refundable life insurance that secures loved ones if death occurs

during the insurance period, in addition to providing continuing life insurance if death does not occur at the end of the term

Payment Assurance

- Loan payment assurance securing loan installment payments in case of unemployment
- Garanti BBVA credit card payment assurance securing credit card expenses in case of unemployment
- Revenue insurance to provide monthly income to insured persons in case of unemployment



Fund Developments

Garanti BBVA Pension had an active year as a result of its customer-centered activities, meeting customers' requests and needs related to individual pension funds and providing a stable return in the medium-long term.

The Performance of our Funds

By the end of **2021**, Garanti BBVA Pension funds reached **31,529 million TL** in the third tier, and **1,626 million TL** in the Automatic Participation System (OKS), amounting to a total fund size of **33,146 million TL**. The total fund size grew by **46%** compared to **2020**. Third-tier funds showed an outstanding performance with an average return of **40.5%** in **2021**, and OKS funds provided a return of **21.6%**.

In **2021**, the total number of participants increased **14%** compared to the previous year, reaching **2,215.58**. In the same year, the Third Variable PMF (Pension Mutual Fund) was our best performing fund with **77.68%** growth. The Sustainability Stock PMF ranked second with a return rate of **74.70%**. The Golden Participation PMF, which is the largest fund at **7,523 million TL**, ranked third with a **73.69%** return rate.

Participation Regulation

Operations within the Framework of Participation Principles" (the Regulation) published in Official Gazette no. **31339** on **19.12.2020**, companies providing interest-

free funds are now required to comply with participation principles. As part of this compliance, the title of Garanti BBVA's Pension Gold fund (currently managed interest-free) was changed to Golden Participation on **07.06.2021**.

To develop products and services that comply with the principles of participation, and to contribute to policies and procedures, an Advisory Committee consisting of three members was established with the approval of the SEDDK (Insurance and Private Pension Regulation and Supervision Agency). We prepared a ratification document for both the fund and the plan. After the Advisory Committee approved and signed the ratification document, it was published on the Garanti BBVA Pension website. We provided the necessary information to the participants who declared interest sensitivity, and adhered to the legal process.

Funds to be Launched in 2022

We will be increasing the diversity of our fund portfolio in **2022** by launching three new funds.

The Garanti Pension Mixed Pension Fund will take advantage of the Euro Eurobond and exchange rate returns by including mainly Euro-denominated capital markets in its portfolio. Participants who want to invest in European stock exchanges will be interested in this fund.

The Garanti Pension Technology Sector Equity Pension Investment Fund will take advantage of the potential for returns in the technology sector. At least 80% of domestic and foreign technology indices will be included in this portfolio geared towards participants who want to invest in technology.

Finally, the Garanti Pension First Fund Basket Pension Investment Fund will aim to achieve high returns in TL, with this portfolio made up of **80%** domestic/foreign investment funds and domestic/foreign stock exchange investment funds.

Change of Fund Title

The Garanti Pension and Life Inc. Public Debt Instruments Pension Investment Fund will change its name

to the Garanti Pension and Life Inc. Second Debt Instruments Pension Investment Fund on **05/04/2022**.

Fund Coach Service

Garanti BBVA Pension broke a new ground in the sector by introducing a robo-consulting service in October **2017**. The Fund Coach helps investors achieve their goals by moving investments to the right points at the right time, adjusting to changes in financial markets. In this regard, we offered **7** proposals for fund distribution changes in **2021**, and **32,102** participants completed the Risk Return Profile survey.

The Fund Coach's average return in the interest-bearing risk group was **36.33%** in **2021**. The net deposit return was **16.88%**. The Fund Coach achieved a better return on deposits than it had expected in **2021**.

The number of annual Fund Distribution Changes was increased from **6** to **12** in **2021**.

The Success System

Return Performance of Pension Mutual Funds, and the Incentive and Precautionary Measures for Portfolio Managers item of the relevant Capital Markets Board's resolution. With this application, we started to closely monitor the return on funds, and therefore the performance of portfolio management companies.

Our Annual Tracking System has completed its second year, and according to its **2021** results, **5** of our funds are categorized as relatively

successful, and **1** fund is relatively inadequate.

Private Pension Fund Trading Platform (PPFTP)

The PPFTP is an electronic system that allows pension companies that are members to sell and repurchase pension investment fund participation documents from each other and present them to customers, and to settle and have custody of these documents through Takasbank (Settlement and Custody Bank).

On July **1, 2021**, all fund types in the Voluntary PPS were opened to the PPFTP except for money market funds, group funds, standard funds, and state subsidy funds.

With the exception of participation plans, PPFTP funds (excluding money markets, group funds, seeding funds and state subsidy funds) will become available to all Automatic Participation System (APS) and voluntary PPS plans on **05.01.2022**.

PPFTP Participation Funds will become available for the voluntary PPS and APS participation plans on **01/04/2022**. Only PPFTP Participation Funds that are be deemed appropriate by the Advisory Board will be included in these plans.

Improved Compensation Processes

In total, 203,115,745.88 TL in compensation payments were made for 12,037 files by the end of 2021. In addition, there was a 64% increase in life insurance payments in 2021 compared to the previous year.

Garanti BBVA Pension launched the Compensation Project, which is extremely important for customer satisfaction, in **2014**, and revised the project dynamics in **2021** in order to benefit from timely developments to better ensure customer satisfaction and increase productivity. At the end of **2021**, we paid **203,115,745.88 TL** in compensation for **12,037** files. In addition, there was a **64%** increase in life insurance payments in **2021**

compared to the previous year. We made improvements in complaints about compensation, and in addition, **28** customers sent their thanks regarding compensation in **2021**.

Part of the support service provided by the Pension Help Desk Team at Garanti BBVA branches is the Operations Unit, which achieved a service level of **94.54%** and a call answering service of **98.25%** in

2021. Garanti BBVA aims to increase both external and internal customer satisfaction by improving the quality of support services provided to employees.

Projects

Garanti BBVA Pension implemented more than 200 projects, accelerating digitalization by increasing its mobile investments in 2021.

Digital Transformation

In **2021**, Garanti BBVA Pension aimed to ease its operational burden and accelerate digitalization by increasing its number of mobile investments, so customers could easily complete their transactions using the Garanti BBVA Pension Mobile application. In **2021**, customers completed an average of **75%** of their transactions related to the distribution of funds through digital channels.

In order to support its mobile-oriented approach, Garanti BBVA Pension continued to refer more customers to the mobile application in **2021** by promoting the advantages of using its online branches through desktop and mobile phones. With all these add-ons and the momentum, the pandemic gave to digitalization, the number of active digital customers increased compared to the previous year.

To understand the rising digital world trends and changing customer needs, Garanti BBVA Pension continues to track customer complaints and suggestions from Mobile/Internet to make service improvements to our digital channels. The score of Garanti BBVA Pension Mobile application remained at **4.7**.

The Garanti BBVA digital channels

CUSTOMERS COMPLETED

75%

OF THEIR TRANSACTIONS
RELATED TO THE
DISTRIBUTION OF FUNDS
THROUGH DIGITAL
CHANNELS.

replaced our end-to-end sales product as a more advantageous product in **2021**, renewing the screen flow in the mobile application. Customers can choose between Small Saving PPS and the Advantageous PPS packages via Garanti BBVA Mobile and be included in the PPS with a package of special offers for users of the digital channel called DigiPPS. These improvements ensure that customers access the best plan for them through the self-service channel, taking into account their expectations and solvency. In **2021**, we reached **30,706** sales units, a number we aim to increase in **2022** with a renewed experience and product.

Garanti BBVA Pension is now included in the financial health suggestions offered to customers on Garanti BBVA's mobile application with its new DigiPPS plan and Fund Coach service. Customers who do not have a PPS are

advised to start accumulating with DigiPPS so that they can improve their financial health. We refer people who are already enrolled in the PPS to the Fund Coach service so they can better manage their savings.

Garanti BBVA Pension implemented improvements in the UI (user interface) of pension digital channels following joint efforts with the Bank. Since there is a two-sided transaction between the Bank and pension digital channels, we aimed to provide customers using both channels with a unique experience by creating the feeling that they are on the same channel.

In **2022**, we will continue the digital channels renovation project by updating major headings. Our aim is to provide customers with a more modern and convenient channel experience.

We added the Chat-bot feature to our website in March **2021** to answer visitors' questions about Garanti BBVA Pension products swiftly and accurately. Over **20,000** customers used the Chat-bot service throughout the year. Although the Chat-bot mostly responds to questions about the PPS and PPS for Children on application pages, our goal is to improve it so it will respond to

all questions about Garanti BBVA Pension, as well as developing it to respond on different channels such as WhatsApp and Garanti BBVA Pension Internet/Mobile applications in the coming years.

Project Management

In **2021**, we implemented more than 200 projects aimed at facilitating the lives of our customers and employees. Following our adoption of a remote working model in **2019** with the outbreak of the COVID-19 pandemic, many technological gains followed, allowing us to adopt a hybrid-working model in **2021**, aimed at increasing productivity. We worked on projects that provide both internal and external customers easy, accessible solutions with technological support. By developing new working and workforce models, we continue to build systems to provide services and sell without interruption and without the need for physical negotiations with customers across all channels.

As part of our end-to-end digital strategy, we implemented a digital approval process so customers can complete additional contribution transactions as well as perform regular private pension contract sales without the need to access alternate channels. At the same time, we made digital approval possible for sales of Credit Card Unemployment Insurance.

In **2021**, individuals under the age of **18** were granted the opportunity to participate in the Private Pension System and start to save at an early

age. Prior to this, we had already started to design and prepare the technical infrastructure. In parallel to its enactment, we used the audio and digital approval infrastructure and made it ready for both Garanti BBVA branches, bank personnel and Garanti BBVA Pension personnel so that they could start to sell.

The infrastructure necessary for the sale of elemental insurance will also be ready in **2022**. By adding a Complementary Health Insurance to our product range through strategic partnerships with elemental companies, we will increase the diversity we offer to customers, and is an example of how we continue to work on products, services, and sales activities. In light of the digitalization and innovation in the field of health care, we will seek to implement more projects to improve customer experience.

With the 'Next Best Action' project initiated to offer custom products and services to customers, we integrated data mining and CRM with different products and channels. Using tendency analysis models and models scoring studies, we can forecast the products that customers will need and establish communication methods to inform customers about these products on the right channel at the right time. In **2022**, we aim to spread the use of our models across our entire product range.

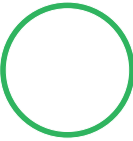
In June **2021**, we launched digital selectivity on the Private Pension Fund Trading Platform (PPFTP). This project

allows us to sustain our uninterrupted customer experience approach by providing a single platform for all pension fund transactions in the sector for both Garanti BBVA Pension customers and customers of other pension companies.

In parallel with the global BBVA service structure, we made infrastructure improvements more controllable and measurable. We also replaced items requiring a license fee in the system with open source applications that do require license fees. This together with installing CPU and timesaving systems as well as a technology-friendly structure, created savings in terms of core system and software costs. In the long term, the transformation will continue in parallel with the Global BBVA structure and in a much more integrated way.

After Sales Services and Customer Contact Center

With its core motto, "Customers are our Priority" Garanti BBVA Pension provides the best service by focusing on customers.



The Customer Contact Center Answered over 2 Million Calls

Garanti BBVA Pension Customer Contact Center serves to make customers feel that Garanti is always there for them, to make their dreams come true, and to support them at difficult times.

The Customer Contact Center, consisting of expert, satisfaction-oriented customer representatives, answered more than **2 million** calls in **2021**. About half of these calls were completed by the voice response system and self-service application, with no need for referral to a customer representative. Technological improvements and proper human resource management made our call answering rate and quality service level highly efficient in **2021**.

To ensure that upper segment customers received services faster and more easily, the Upper Segment Service Line answered a total of **88,000** calls in **2021**, providing maximum efficiency in call answer rate and service level. The Customer Services Unit responded to almost **72,000** customers in **2021**.

We took suggestions from both customers and employees into consideration regarding the improvement of processes and implemented **39%** of these suggestions, demonstrating our customer satisfaction-oriented approach throughout the year.

Our Automatic PPS line also serves companies registered in the Automatic PPS, with its self-service application

answering almost **306,000** calls in **2021**, completing **94%** of customers' transactions **24/7** without connecting to a customer representative. Our Corporate Customer Service Unit responded to approximately **19,000** customer requests in **2021**.

In **2021**, we changed the screens we used to provide employees with both a more efficient working environment and the infrastructure necessary to serve customers faster and more efficiently.

An Expert PPS Sales Team with a Customer-Oriented Approach

Garanti BBVA Pension's Remote PPS Sales Team consists of expert representatives who are customer-

oriented. This team responds to requests from branches, the Customer Contact Center, and digital channels, prioritizing advantages for customers in all sales transactions, and making sales calls to offer the best option. This team also performs potential customer data searches and incoming transfer confirmation searches. Throughout the year, the team worked to satisfy customers, meet their expectations, and made suggestions to contribute to the Company's improvement and goals.

The Private Customer Relations Unit

With its core motto "Customers are our Priority", Garanti BBVA Pension provides the best service by focusing on its customers.

In October **2021**, the company gathered all services provided to customers by different departments from different segments under the umbrella of the private customer relations unit to make sure that customers receive services through a single channel. The goal of this optimization project was to increase customer satisfaction and loyalty, and meet their expectations, resulting in Garanti BBVA Pension doubling the number of customers receiving upper segment services.

The private customer relations unit consists of expert representatives with a customer-centric approach who make their customers, who have a certain fund size, feel like they are always there for them by regularly sending them information, offering

CUSTOMER CONTACT CENTER ANSWERED

OVER
2 MILLION
CALLS

customized products according to their needs, and serving as their future coaches. The unit calls upper segment customers for varying purposes throughout the year, such as to inform, provide fund-coaching services, remind them of due payments, present products, and celebrate birthdays. In addition, this unit manages a large fund portfolio that prioritizes advantages for customers and contributes to the company's production.

Quality Assessment

We revise our business processes and make the system improvements necessary to provide clear and correct information to customers in every contact by the Customer Contact Center, Private Customer Relations Management Unit, and the Sales Units, as well as to meet the customer requests quickly and properly. We also seek to share the most accurate and up-to-date information with customers using speech texts prepared based on experience and need. As part of our quality assessment process, we listen to customer opinions and evaluate them in terms of customer centricity and information accuracy.

We use the feedback obtained from quality assessment results to make future customer experiences better. Increasing production without making compromises about quality and customer satisfaction and maintaining a customer-oriented approach is one of the core values of the Company.



Communication Activities

Garanti BBVA Pension's campaign for PPS for Children attracted great interest in 2021, and became a pioneer in the sector.

Garanti BBVA Pension, as it does in any field, takes a customer-centered approach to its communication activities. Our goal is to establish close contact with customers and always be there for them according to our “customer focus” communication strategy throughout the year.

Our digital communication channels also adopt a friendly and sincere tone of voice, and we are open to innovations. The Company moved forward throughout the year with a consistent digital communication strategy, primarily advertising "PPS for Children" in 2021 following its introduction, with a plan to increase awareness of it through digital media. Advertisements were made on digital

media to introduce PPS to children and attract potential participants, giving an impetus to the sale of PPS for children, which became very successful.

We also posted videos about digital transactions, explaining how fast and easy it is to complete transactions over Garanti BBVA Pension Mobile and Internet services. By the end of 2021, we had gained significant momentum, reaching almost 545,000 active digital customers. Following referrals by the fund coach application, 81% of customers made fund distribution changes through digital channels in 2021. Digital advertisements aimed at encouraging customers to use the mobile application continued

throughout the year. All these campaigns were announced on social media platforms, especially Facebook and Instagram, with additional, intensive campaigns on Google and YouTube. Garanti BBVA Pension also communicated to target audience throughout the year by segmenting according to fields of interest via its access-oriented digital ads.



START SAVING FOR

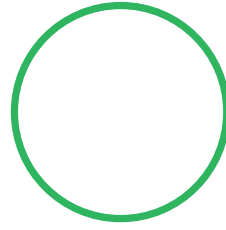
YOUR **CHILD'S**
FUTURE **TODAY.**



2

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Board of Directors



RECEP BAŞTUĞ

CHAIRMAN

Recep Baştuğ graduated from Çukurova University Faculty of Economics. He started his career in Garanti BBVA Internal Audit Department in 1989. Mr. Baştuğ worked as Corporate Branch Manager during 1995-1999, Commercial Regional Manager during 1999-2004, Commercial Banking Coordinator during 2004-2012, and served as an EVP of Commercial Banking and Consumer Finance during 2013-2018. After serving in various capacities on a number of Board of Directors at one of Turkey's largest industrial groups, on September 6, 2019, he was appointed as the Board Member, President & CEO at Garanti BBVA. He is also the Chairman of the Board of Directors at Garanti BBVA International N.V., Garanti BBVA S.A. (Romania), Garanti BBVA Securities, Garanti BBVA Pension and Life, Garanti BBVA Factoring, Garanti BBVA Leasing, Garanti Payment Systems and Garanti BBVA Technology. In addition to his responsibilities, he also serves as the Board Member in the Banks Association of Turkey and the İstanbul Foundation for Culture and Arts (İKSV) and as the Board of Trustees Member of Teachers Academy Foundation. Mr. Baştuğ has 30 years of experience in banking and business administration.

IŞIL AKDEMİR EVLİOĞLU

VICE PRESIDENT OF THE BOARD OF DIRECTORS

With a Bachelor's Degree from Bilkent University, Department of Economics and a Master's Degree from Kellogg School of Management, Department of Business Administration, Işıl Akdemir Evlioğlu started her professional career as a consultant at a global consulting firm in Istanbul in 2003, advancing to the position of Associate Partner by 2012. Between 2012 and 2017, she served as Vice General Manager for marketing in the Payment Systems department of Garanti BBVA. Ms. Akdemir Evlioğlu was appointed General Manager of Garanti BBVA Payment Systems in January 2017, and continued in this position until February 2020 when she was appointed Vice General Manager of Customer Solutions and Digital Banking. Ms. Akdemir Evlioğlu is also the Deputy Chairman of the Board of Directors of Garanti BBVA Payment Systems. With 16 years of experience in business administration and banking, Ms. Akdemir Evlioğlu is responsible for Digital Banking, Digital Solutions for Legal Entities, Corporate Brand Management and Marketing Communications, Customer Experience and Satisfaction, Insurance and Pension Coordination, the Customer Communication Center, Customer Analytics, Innovation, and Product Development.

AYDIN GÜLER

BOARD MEMBER

Aydın Güler graduated from Istanbul Technical University Department of Mechanical Engineering and joined Garanti BBVA Fund Management Department in 1990. After working at different Head Office departments for 10 years, in 2000 he was appointed Senior Vice President responsible for Risk Management and Management Reporting. Between the years 2001-2013, Mr. Güler served as the Senior Vice President responsible for Financial Planning & Analysis and was appointed as Coordinator in 2013. On December 21, 2015, Mr. Güler was appointed as the Executive Vice President in charge of Finance and Treasury and he is furthermore the Vice Chairman of Garanti BBVA Fleet, Board Member of Garanti BBVA Securities, Garanti BBVA Leasing, Garanti BBVA Mortgage, Garanti BBVA Factoring, Garanti BBVA Pension and Provident Fund Foundation, Garanti BBVA Pension and Board of Trustees Member of Teachers Academy Foundation. With 30 years of experience in banking and business administration, Mr. Güler's areas of responsibility are Investor Relations, Financial Management Business Execution, Cost Management and Efficiency Discipline, Financial Data, Performance Management and Budget Planning Discipline, Financial Reporting and Accounting Discipline, Tax Management Discipline, Assets & Liabilities Management, Finance Projects, Finance RCS, Purchasing, and Credit Cards and Member Merchant Coordination.

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. She went on to become a Certified Financial Analyst after attending the EFFAS certification program between 1993 and 1994. In 1990, Ms. Hernandez joined BBVA Group, where she filled several positions in the field of Portfolio Management. She was a 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, a portfolio management company of BBVA Group, in charge of the management of Private Pension and Investment Funds for Spain and Portugal. Since January 2012, Ms. Hernandez has headed BBVA Group's Global Portfolio Management.



Board of Directors

MAHMUT AKTEN

BOARD MEMBER

Mahmut Akten received his BSc degree in Electrical and Electronics Engineering at Boğaziçi University, and his MBA from Carnegie Mellon University. In 1999, he started his professional career in the United States. Mr. Akten served in various positions in the finance and treasury departments of a global construction company before joining a management consulting firm in 2006. Between 2006 and 2012, he worked at the Boston and Istanbul offices, and as Associate Partner at this consultancy. Mr. Akten joined Garanti BBVA on July 1, 2012 as Manager of the Mass Retail Banking Marketing. As of January 1, 2017, he was appointed Executive Vice President of Retail Banking and is the Chairman of Garanti BBVA Mortgage. In addition, Mr. Akten serves as Board Member of Garanti BBVA S.A. (Romania), Garanti BBVA Securities, Garanti BBVA Payment Systems, Garanti BBVA Technology. He is also a Board of Trustees Member of Teachers Academy Foundation. Mr. Akten has 21 years of experience in banking and business administration.

BIANCA ELISABETH MARIA TETTEROO

BOARD MEMBER

Vice President of the Board of Directors of Achmea Holding N.V., based in the Netherlands, Bianca Tetteroo became a board member of Achmea in 2015. She became a certified financial advisor in 1997. After starting her professional career at Mazars financial consulting company, Ms. Tetteroo also worked in different units at Fortis. In 2009, she joined Syntrus Achmea Asset Management Company as Finance Director, and in 2012, she became Chairman of the Board of the Achmea Pension and Life Division. Since January 2020, she has been serving as Vice Chairman of the Board of Directors at Achmea. She is currently responsible for Private Pensions, Asset Management, Real Estate, Information Technologies, and Achmea Health. She is also a member of the Kunsthal Supervisory Board.

DR. M. CÜNEYT SEZGİN

BOARD MEMBER

Cüneyt Sezgin received his undergraduate degree from Middle East Technical University Department of Business Administration, his MBA from Western Michigan University and his Ph.D. from Istanbul University Faculty of Economics. Having served in executive positions at several banks, Mr. Sezgin joined Garanti BBVA in 2001. In addition to serving as a Board Member on the Board of Directors of Garanti BBVA, Dr. Sezgin serves as the Board Member and Chairman of the Audit Committee at Garanti BBVA S.A. (Romania) and Garanti BBVA Securities and as Board Member of Türk Telekomünikasyon A.Ş. and its several subsidiaries. Dr. Sezgin is a Board of Trustees Member at Teachers Academy Foundation and World Wildlife Foundation Turkey, Kabataş Education Foundation and Board Member of Finance Executives Foundation of Turkey and Corporate Governance Association of Turkey. Dr. Sezgin has been serving as a Board Member of Garanti BBVA since June 30, 2004 and has 32 years of experience in banking and business administration.

SİBEL KAYA

BOARD MEMBER

Sibel Kaya has a bachelor's degree from Middle East Technical University, Faculty of Architecture, department of City and Regional Planning. She started her career in Garanti BBVA, as a Management Trainee, in 1997. She held various positions in Commercial Banking Department between 1998-2005, served as Branch Manager and Commercial Branch Manager in various branches between 2005-2016, worked as the Regional Manager in Aegean Region between 2016-2018. After having served as the Human Resources Director between 2018-2021, as of February 2021, she was appointed as Executive Vice President of Garanti BBVA in charge of SME Banking. With 23 years of experience in banking and business administration, Mrs. Kaya's areas of responsibility are SME Medium & Large Enterprise Banking and SME Small Enterprise Banking Marketing.

BURAK ALİ GÖÇER

BOARD MEMBER/GENERAL MANAGER

See page 55 for resume.

Senior Management



① Burak Ali Göçer BOARD MEMBER/GENERAL MANAGER

Burak Ali Göçer received his BSc in Civil Engineering from Middle East Technical University and his MSc in Finance from University of San Diego. He began his professional career at Interbank in 1995 and later worked at Bayındırbank. In 1999, Mr. Göçer started working as Director of the Digital Banking Department at Garanti BBVA. He was promoted to Online Banking Unit Manager in 2002. Between 2004 and 2007, Mr. Göçer took a break to his professional career and established several online service providers. After the founding of Garanti BBVA Mortgage, the mortgage lending subsidiary of Garanti BBVA, he became Vice General Manager for Sales and Marketing in October 2007. Promoted to Director for Private Banking at Garanti BBVA in 2010, Mr. Göçer has worked as General Manager for Garanti BBVA Pension and Life since January 1, 2017.

② Aylin Eşkinat EXECUTIVE VICE PRESIDENT

Graduated from Marmara University Department of Economics; Aylin Eşkinat completed the master degree and doctorate programs in the fields of Production Management and Marketing at Marmara University. She started her business career as Management Trainee at Garanti BBVA in 2002. After serving as director at SME Marketing, Ms. Eşkinat was appointed as the Manager of Customer Relations Management and Marketing Department at Garanti BBVA Pension in 2009. She continued to work as the Manager of Corporate Communication, Customer Experience and Digital Marketing Department between 2017 and 2020. As of 2021, she is currently serving as Executive Vice President in charge of Digital Channel Management and Customer Experience, Business Analytics and Customer Solutions, Digital Transformation and Project Management and Organization and Process Management Departments.

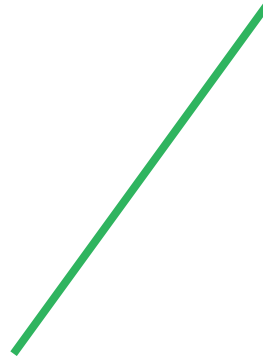
③ K. Çağlayan Bakaçhan EXECUTIVE VICE PRESIDENT

K. Çağlayan Bakaçhan graduated from Middle East Technical University, Department of Guidance and Psychological Counseling. He began his professional career as a Management Trainee in Garanti BBVA in 1998. Between 1998 and 2006, he assumed various roles in the Human Resources Department at Garanti BBVA. In 2006, Mr. Bakaçhan was appointed Human Resources, Purchasing and Administrative Manager at Garanti BBVA Pension and Life. Mr. Bakaçhan has served as Executive Vice President since 2012 in charge of Human Resources, Purchasing and Administrative Affairs, Customer Services and Call Center, Operations, Product Development, Legislation & Compliance.

④ Ahmet Karaman 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 filled various positions at Garanti BBVA headquarters, where he worked until 2005. He was then appointed to the position of Finance and Management Reporting Department Manager at Garanti BBVA Pension and Life. Mr. Karaman is currently Executive Vice President in charge of Fund Management and Collections, Budget and Management Reporting, and Financial Affairs.

Committees and Attendance at Committee Meetings



A – Corporate Governance Committee

The Corporate Governance Committee was established in **2011**, pursuant to the Circular on the Corporate Governance Principles for Insurance, Reassurance and Pension Companies published by the Undersecretariat of the Treasury. The Committee is tasked with ensuring compliance with the Corporate Governance Principles, submitting proposals to the Board, and monitoring the Company's compliance with these principles. The Corporate Governance Committee convened once in **2021** with all members present.

COMMITTEE MEMBERS

Dr. M. Cüneyt Sezgin

*Committee Chairman -
Board Member
(Non-executive)*

Işıl Akdemir Evlioğlu

*Committee Member- Vice President
of the Board of Directors
(Non-executive)*

COMMITTEE ACTIVITIES

The main duty of the Committee is to ensure compliance with the Corporate Governance Principles, to make compliance with these principles a part of corporate culture, to provide the Board of Directors with recommendations for this purpose, and to monitor the company's compliance with these principles.

The duties and authorities of the Corporate Governance Committee include:

- Ensuring 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 internal balances when deciding on the remuneration policy
- Taking the precautions necessary that enable shareholders to exercise their rights resulting from laws, rules and regulations, the Company's Articles of Association and other internal bylaws
- 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 submitting it to the Undersecretariat of the Treasury.

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

B – Remuneration Committee

Operating directly under the Board of Directors, the Remuneration Committee was established in 2013. The Remuneration Committee convened five times in 2021 with all members present.

COMMITTEE MEMBERS

Recep Baştuğ

*Committee Chair -
Board Member
(Non-executive)*

Işıl Akdemir Evlioğlu

*Committee Member -
Vice President of the Board
of Directors
(Non-executive)*

COMMITTEE ACTIVITIES

- Conducting the oversight and supervision processes 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 non-executive members of the Board of Directors, CEO, and Executive Vice Presidents
- Working in coordination with Human Resources or other necessary units to carry out the tasks and responsibilities mentioned above if needed.

C – Audit Committee

The Audit Committee consists of two members of the Board of

Directors who currently do not have any executive or operational duties. The Audit Committee convened four times in 2021 with all members present.

COMMITTEE MEMBERS

Dr. M. Cüneyt Sezgin

*Committee Chair -
Board Member
(Non-executive)*

Işıl Akdemir Evlioğlu

*Committee Member- Vice President
of the Board of Directors
(Non-executive)*

COMMITTEE ACTIVITIES

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

- Overseeing the functioning and effectiveness of internal systems activities on behalf of the Board of Directors and fulfilling the Company's obligations with regard to preventing the laundering of criminal proceeds and the financing of terrorism
- Conducting the necessary preliminary evaluations for the selection of independent auditing 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 tasks related to internal control, internal auditing, and risk management
- Ensuring that the internal auditing system operates within the scope and targets designated in the Circular on the Corporate Governance Principles for Insurance, Reassurance, and Pension Companies,
- Evaluating the annual internal auditing plan and Inspection Board Regulations prepared by the Inspection Board and approved by the Board of Directors
- Assessing whether Company management shares the importance of internal auditing with personnel as required, and determining whether a sound internal auditing culture has taken root at the Company
- Obtaining information about the results of regular internal audits conducted by the Inspection Board to see application errors and deficiencies, if any, in the internal control system
- Evaluating the results of risk management, monitoring and control activities, and internal audits, which are performed under the compliance program; implementing the measures necessary for eliminating errors and deficiencies in a timely manner; ensuring that all activities related to the compliance program are conducted in a coordinated and effective manner.

D – Early Detection of Risk Committee

The Committee consists of two Board of Directors members who currently do not have any executive or operational duties. The Early Detection of Risk Committee convened twice in 2021 with all members present.

COMMITTEE MEMBERS

Dr. M. Cüneyt Sezgin
Committee Chair -
Board Member
(Non-executive)

Işıl Akdemir Evlioğlu
Committee Member- Vice President
of the Board of Directors
(Non-executive)

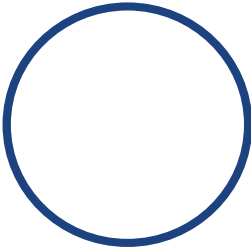
COMMITTEE ACTIVITIES

The Early Detection of Risk Committee was established under the Board of Directors for the early identification of risks that may jeopardize the existence, development, and continuation of the Company. The Committee is responsible for:

- The early detection of risks that may jeopardize the existence, development, and continuation of the Company
- Taking the measures necessary for identified risks - their implementation and reporting
- Developing policies for executing risk management processes.

The duties and authorities of the Early Detection of Risk Committee include:

- Working toward the early detection of risks that may jeopardize the existence, development, and continuation of the Company, taking the measures necessary for identified risks, and conducting risk management activities
- Submitting its recommendations and opinions concerning the formation and development of the Company's risk management system, which aims to reduce the effects of risks that may affect shareholders and all stakeholders, to the Board of Directors in writing.

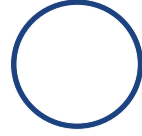


Board of Directors Meeting Attendance

In 2021, Garanti Emeklilik ve Hayat A.Ş. held 12 Board meetings and 36 decisions were taken. Five of these meetings were held with the participation of 7 members, 3 meetings were held with 6 members, 4 meetings were held with 5 members.

MEETING DATE	MEETING NO	NO NUMBER OF BOARD MEMBERS	PARTICIPATION
04.01.2021	580	9	7
25.01.2021	581	9	7
09.02.2021	582	9	7
09.02.2021	583	9	7
09.02.2021	584	9	7
26.02.2021	585	9	7
26.03.2021	586	9	6
26.03.2021	587	9	6
26.03.2021	588	9	6
26.03.2021	589	9	6
26.03.2021	590	9	6
26.03.2021	591	9	6
26.03.2021	592	9	6
26.03.2021	593	9	6
09.04.2021	594	9	7
27.04.2021	595	9	5
27.04.2021	596	9	5
20.05.2021	597	9	5
20.05.2021	598	9	5
25.06.2021	599	9	6
25.06.2021	600	9	6
25.06.2021	601	9	6
25.06.2021	602	9	6
31.08.2021	603	9	5
24.09.2021	604	9	5
24.09.2021	605	9	5
24.09.2021	606	9	5
24.09.2021	607	9	5
24.09.2021	608	9	5
17.12.2021	609	9	6
17.12.2021	610	9	6
17.12.2021	611	9	6
17.12.2021	612	9	6
17.12.2021	613	9	6
17.12.2021	614	9	6
17.12.2021	615	9	6

Organizational Chart



Human Resources

Garanti BBVA Pension's human resource policy is based on the principle of investing in people, which it does by prioritizing employee experience, providing a work environment where they can demonstrate their abilities, offering development opportunities, and rewarding achievements.

As in many areas, the pandemic led to fundamental changes in the way employees work, their habits, needs, and expectations. Quickly adapting to this transformation of human resources, Garanti BBVA Pension achieved sustainable success and consolidated its sectoral leadership with qualified human resources.

Garanti BBVA Pension designed its human resources strategy by focusing on its employees' happiness, providing its employees with an equal, fair, and transparent working environment that contributes to their personal and professional development. Thanks to career and training opportunities based on employee needs and expectations, the Company has created a culture of fairness and happiness supported by BBVA's values.

Garanti BBVA Pension cares about the thoughts and feedback of employees and works to ensure that they take active roles in decision-making mechanisms and produce innovative

ideas. In addition to regular online and face-to-face employee interviews, the Company increases satisfaction and loyalty by constantly taking the pulse of employees through surveys covering various content in different periods. Independent international research companies also conduct surveys and the Human Resources department evaluates the resultant feedback to plan improvement and development actions throughout the Company.

WORK-LIFE BALANCE

Garanti BBVA Pension launched a Leave where employees can take days off and combine these days on semester breaks, first days of school, birthdays, and public holidays to ensure that they have a good work-private life balance.

To ensure that employees can focus on their work more comfortably and plan their days more efficiently, we launched "Meeting-Free Hours".

Our new practices reduce our employees' workload and stress level, and ensure a better work-private life balance by decreasing overtime hours by **18%** compared to last year.

Garanti BBVA Pension Number of Employees

Total: 694

Number of Employees

REGION

297

HEAD OFFICE

172

OPERATION

39

PRIVATE CUSTOMER RELATIONS

57

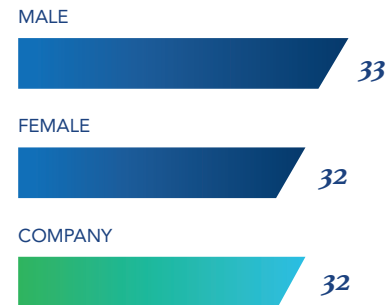
CUSTOMER SERVICES AND CONTACT CENTER

129

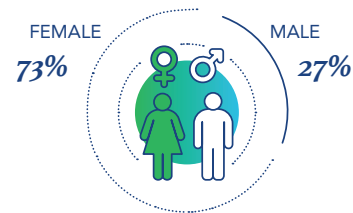
Garanti BBVA Pension has **13** Regional Offices, including **6** in Istanbul, and **1** in Adana, Ankara, Antalya, Bursa, Izmir, Kayseri and Muğla.

Garanti BBVA Pension Demographics

Average Age



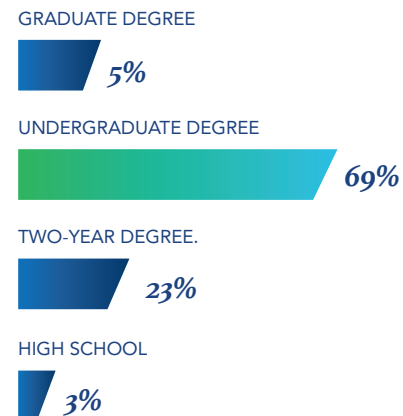
Female-Male Percentage



Female Manager Percentage (Manager and Above)



Educational Background



BUSINESS PARTNER

Employee Interviews

In line with its changing human resources strategy and the needs of business partner and regional teams, Garanti BBVA Pension aims to be in constant communication with employees to encourage them to share their views in an open and transparent manner.

To improve employee communication and communication quality in general, regular meetings were held with employees of all units and regions throughout 2021. Online meetings with employees allowed us to both evaluate their general satisfaction levels and to solve problems resulting from physical constraints caused by the pandemic, as well as problems adapting to remote working conditions.

Recruitment

In order for recruitment to place the right person in the right position, we use different objective measurements and evaluation methods that are based on competence and are tailored to the position. We benefit from various selection and evaluation tools such as aptitude tests, profile analyses, personality inventories, group interviews, and competency-based interviews.

We have regular meetings with newly recruited employees to receive their feedback, support them during the adaptation process, solve their issues, and measure their satisfaction levels.

Career Planning

The career journeys of all employees at Garanti BBVA Pension are clearly and transparently determined using employee-centered Career Maps. We measure the rates that employees realize their goals, their competencies, and performance. Evaluation center applications, fair performance systems, seniority, and the Company's needs in related positions are determining factors in this measurement. A total of 80 employees were promoted to senior positions based on their Career Maps in 2021.

BBVA Group's Performance Evaluation and 360° Feedback system measures the objectives, values, and competencies of employees designing an employee-centered model where controls in performance evaluations are based entirely on the employee. This evaluation model offers employees the opportunity to evaluate and be evaluated 360° by their superiors, subordinates, and colleagues, in short, everyone they work with.

INTERNAL COMMUNICATION

Success Reward Program

The Success Reward Program evaluates and rewards the devoted work and high performance of employees with different job descriptions. The Success Reward Committee evaluates employees nominated for the reward program at monthly meetings. The participants of the committee, consisting of employees, change every year.

I am the Leader

Garanti BBVA Pension's executive staff participates in the 'I am the Leader' organization, which was held on the web platform in 2021 due to the pandemic.

This event brings the Company's executive staff together with experts in their field and inspiring names, to help participants gain different perspectives, be inspired and have a good time.

Employer Brand Efforts

offer a richer work experience, such as celebrating special days, motivation activities, promotions, transfers, employee support programs, and online services such as nutrition counseling.

Garanti BBVA Pension offers its employees free support 24/7 by phone as part of its Employee Support Program to make employees' lives easier by solving challenges in their work and private life, and by quickly providing correct, useful information. The Employee Support Program also provides services such as Psychological Counseling, Medical Counseling, Financial and Regulatory Counseling, and Legal Counseling.

EMPLOYEE EXPERIENCE

Loyalty and Satisfaction Surveys

Garanti BBVA Pension conducts Employee Experience Surveys and Employee Engagement Surveys (simultaneously applied across all BBVA group companies) to obtain employees' opinions about work-life balance, development, recognition, cooperation and improvement opportunities in order

to create a better and more efficient work environment.

We also conducted Internal Customer Satisfaction Surveys where employees shared their opinions about the organization to reveal the strengths and improvement areas of serving units and to take action for areas that need to be improved.

Individual Executive Coaching

Garanti BBVA Pension continues its "Individual Executive Coaching" initiative to enhance leadership-based development practices and increase executives' awareness while also supporting their behavioral development.

Coffee Chats

It was a challenge to meet face to face in 2021 due to the pandemic. However, we held coffee chats that brought employees together with General Managers and Vice General Managers to give them the opportunity to talk about issues outside work.

TRAINING

Garanti BBVA Pension considers training to be an investment tool, and organizes all development and learning activities according to its vision of making development continuous and the awareness that lifelong learning is one of the basic principles of sustainable success.

Starting in March, 2020 due to the pandemic, we provided online trainings throughout 2021.

With our vision of sustainable success, we designed the orientation training program, online trainings, Quiz Game contests, Individual Coaching program, and other training classes to meet the specific needs of units and regional directorates.

Besides these, we provided Private Pension Intermediaries License Training, Garanti BBVA Pension Products Training, Basic Sales Skills Training, On-the-Job Training, and Catalog Training.

Compulsory Training Program on Participation-Based Insurance

In 2021, employees participated in the regular compulsory training program offered by TSEV (Turkish Insurance Institute) as part of our Participation-Based Insurance and Private Pension Activities.

Leadership Development Program

Leadership Development Program We designed and applied the Garanti BBVA Leadership Development Program both to increase leadership power and to make employees stronger. In 2021, leaders participated in training classes of their choice from the Leadership Development Catalog, which offers different training content.

We launched experience-based graded leadership programs, and at the same time, we implemented the "Leaders Know No Distance" digital training program for all leaders in a hybrid management environment.

Foreign Language Training

In 2021, we completed our integration

with the GETLingo portal, making it available to all employees and giving them equal opportunity to develop their English & Spanish language skills.

Let's Talk and Ask an Expert

We held Let's Talk live broadcasts bringing experts together to discuss different topics. We also launched the event, "Let's Ask an Expert!" to help employees get information from each other and exchange opinions.

Mobile Contest Application

In **2021**, Garanti BBVA Pension continued to use its "Quiz Game" platform, a pioneer in the sector, after launching it in **2016**.

Employees can download the application on their phones and tablets, and measure their knowledge on different topics. The application also helps disseminate learning and extends the recall time of the learned information.

Online Training

Garanti BBVA promotes a culture of continuous learning, allowing employees to improve the competencies necessary for both today and in the future. At the beginning of **2021**, we positioned Garanti BBVA Pension's training activities under the Garanti BBVA Campus.

Also in **2021**, we redesigned our digital learning platform.

The Garanti BBVA Training platform has hundreds of training classes consisting of videos and learning materials, as well as an e-library with books on various topics, and is available to all employees.

E-BEAS (Individual Pension Intermediaries Exam) Licensing

Undergraduate education in private pension intermediaries continued in **2021**. Garanti BBVA Pension provided licensing training to its agents and bank personnel to help Garanti BBVA employees obtain Individual Pension Licenses by passing the Individual Pension Intermediaries Exam.

Employees prepared for the licensing exam using training videos created by our training team. We monitored our employees' exam preparation progress through the Quiz Game application.

On-the-Job Training Coaches

Our on-the-job training coaches continued to support newly recruited saving and assurance experts, helping them learn their jobs and easing their orientation process. Experienced employees from each region contributed to the work adaptation process, transferring their knowledge and experience to newly recruits in specific coaching trainings.

SYSTEM DEVELOPMENT, REMUNERATION AND ADMINISTRATIVE AFFAIRS

Garanti BBVA Pension implements a remuneration policy based on the job description and the employee's performance. In addition to monthly salaries, employees are provided with vested benefits such as health insurance, meal cards, private pension agreements with corporate contribution, financial aid for foreign language skills, and transportation compensation.

Garanti BBVA Pension's performance evaluation system monitors employees' contributions to the success of the organization and encourages open communication throughout the company. The system aims at transparent, simple, and fair measurement with the support of concrete and measurable criteria. The performance evaluation system also provides input for remuneration, rewards, career, and training incentives. We use internal communication platforms to transparently announce all job descriptions and performance criteria in the company.

Private Pension with Corporate Contribution

At Garanti BBVA Pension, all employees are provided with an individual pension contract with a corporate contribution when they start working. According

to this contract, the corporate contribution matches the amount that employees pay.

Foreign Language Incentive Payment

Employees who certify their foreign language proficiency with internationally valid exams can benefit from this payment. Payments vary depending on the proficiency level. We also pay extra language compensation as a reward to those who receive their certificate for the first time, after they have worked for **6** months, or employees who improve their current level.

Leaves

As part of the Special Occasion leave program, Garanti BBVA Pension allows employees whose children are starting primary school take a half-day's leave on the first day of the academic year as well as on the last days.

In addition, employees can use "Birthday Leave" on their birthdays.

Internet Support Package

We have an Internet Support Package and we continued to provide additional payments to employees for internet in **2021**.

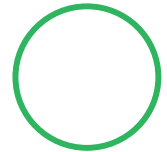
Private Health Insurance

In **2021**, our Private Health Insurance started to cover employees' spouses

who do not have any social security or income, and their children under the age of **18**. We also added language therapy and eye examination assurance for our employees and their dependents.

Career Break

With our Career Break practice, employees who have a certain amount of seniority can go on long-term, unpaid leave to devote time to themselves and their personal development. This practice continued in **2021**.



Sustainability

Global climate change is the top priority issue on Garanti BBVA's sustainability agenda.

Climate change is one today's fundamental issues on the global agenda, and it's the top priority in Garanti BBVA Pension's sustainability approach. In **2021**, we have worked to address issues resulting from climate change by saving energy throughout the company, reducing our carbon emissions and ecological footprint, and supporting responsible, sustainable development.

Fully aware of its responsibility to society and the environment, we took initiatives to reduce our use of energy, water, paper, and plastic at all Company locations, and worked to help our employees make environmentally friendly choices.

WWF World Time

Garanti BBVA Pension is part of the WWF Green Offices Network, which works to reduce carbon emissions, save energy, raise awareness about renewable resources and the conscious use of natural resources, and promote environmentally friendly practices.

Garanti BBVA Pension headquarters have been certified as a "WWF Green Office" since 2017. The company continued to raise its employees' awareness of recycling, saving energy, and reducing their ecological footprint in 2021.

Summary Report of the Board of Directors to the General Assembly Report on Compliance of the Annual Report

GARANTİ EMEKLİLİK VE HAYAT SİGORTA A.Ş. 2021 ANNUAL REPORT

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 **30th** Fiscal Year of Garanti Emeklilik ve Hayat Sigorta Anonim Şirketi.

Our Company's nominal paid-in capital in **2021** stood at **TL 500,000,000** while the shareholders' equity figure was **TL 1,407,781,742**.

The Company generated a net premium production (being the recorded premium minus the reinsurer share) for **TL 1,330,040,961** in the life branch.

Our Company's Private Pension fund size grew **40%**, from **TL 23,493,641,278** at year-end **2020** to **TL 33,146,106,355** at year-end **2021**.

Achieving many accomplishments in **2021**, our Company sustained its lasting growth and attained its objectives.

Our Company, whose operations are summarized above, generated pre-tax accounting profit of **TL 831,623,470** in **2021**, corresponding to net profit of **TL 611,554,927** 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 **2022**.

Sincerely,

Burak Ali GÖÇER
Member of the Board of Directors and
General Manager



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

To the Shareholders of Garanti Emeklilik ve Hayat Anonim Şirketi

OPINION

We have audited the annual report of Garanti Emeklilik ve Hayat Anonim Şirketi (the “Company”) for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing which is a component of the Turkish Auditing Standards (“TAS”) issued by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”) and the insurance legislation. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA’s Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR'S OPINION ON COMPLETE SET OF FINANCIAL STATEMENTS

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2021 and 31 December 2021 on 27 January 2022

BOARD OF DIRECTORS’ RESPONSIBILITY FOR THE ANNUAL REPORT

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 (“TCC”) and Regulation On the Company’s management is responsible for the following regarding the annual report:

a) The Company’s management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company’s financial statements. The annual report shall also clearly indicates the



details about the Company’s development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Company's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

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

AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE ANNUAL REPORT

Our objective is to express an opinion on whether the financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA and the insurance legislation. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Ali Tuğrul Uzun, SMMM

Auditor

3 March 2022

İstanbul, Turkey



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TODAY.



3

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Information in Financial Structure

As in previous years, Garanti BBVA Pension and Life continued its rapid growth in both assets and profitability in fiscal year 2021. Profit before tax reached TL 831,623,470 in 2021. Net profit after tax was TL 611,554,927. During the same period, technical profit derived from life and pension activities reached TL 638,019,400. Shareholders' equity in 2021 was TL 1,407,781,742. As of December 31, 2021, the Company's total assets grew 37% year-on-year and reached TL 36,421,454,634. The increase in total assets is largely due to private pension activities. The Company recorded a 46% increase in participants' funds year-on-year. The Company's total pension fund size amounted to TL

33,146,106,355. As of December 31, 2021, the share of cash assets among total assets was 6%. As for the share of financial assets, it is 2%. As of December 31, 2021, the share of the Company's insurance technical reserves in total liabilities stood at 4%. The Company's source of premium income is derived from the life insurance sector; the total earned premium in the fiscal year ending on December 31, 2021 was TL 1,251,331,030.

Assessment of Financial Position, Profitability and Claims Service Capacity

In 2021, the amount of life claims amounting to TL 384,185,903 increased by 29% year-on-year. The Company's technical profit was up 29% to TL 638,019,400. 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 that 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, 2021, the change in reserve for outstanding claims stood at TL -50,165,132.

The life insurance mathematical reserve comprises the actuarial mathematical reserves and reserves for life insurance profit share, and represents the Company's obligations towards 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 Report

Board of Directors' Summarized Annual Report
01.01.20121 - 31.12.2021
(Pursuant to the circular of the Ministry of Customs and Trade, dated August 28, 2012)

1. GENERAL INFORMATION

Reporting Period: 2021
Trade Name: Garanti Emeklilik ve Hayat A.Ş.
Trade Registry Number: 288647
Central Registration System Number: 0008006750900027
Head Office Address: Mete Cad. No: 30 34437 Taksim/İstanbul

Contact Information
Telephone: 0212 334 70 00
Fax: 0212 334 63 00
E-mail: MusteriHizmetleri@garantibbvaemeklilik.com.tr

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

Capital and Shareholding Structure

In 2007, Achmea B.V. acquired 15% of the shares of Garanti BBVA Pension and Life for EUR 100 million. There has not been any changes to the shareholding structure of the Company in 2021.

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

NAME, SURNAME AND TITLE OF THE SHAREHOLDER	SHARE RATE	NEW SHARE AMOUNT/TL	NEW SHARE QUANTITY
TGB	84.91%	424,566,290	42,456,629,000
Achmea	15%	75,000,000	7,500,000,000
Eureko	0.09%	433,710	43,371,000
Total		500,000,000	50,000,000,000

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: The Board of Directors is comprised of 9 Directors, as follow

Recep Baştuğ *Chairman*
İşıl Akdemir Evlioğlu *Vice Chairma*
Muammer Cüneyt Sezgin *Member*
Mahmut Akten *Member*
Aydın Güler *Member*
Bianca Elisabeth Maria Tetteroo *Member*
Maria De La Paloma Piqueras Hernandez *Member*
Sibel Kaya *Member*
Burak Ali Göçer *Member - General Manager*

b. The Company's Executive Managers:

Burak Ali Göçer *General Manager*
Ahmet Karaman *Executive Vice President*
K. Çağlayan Bakaçhan *Executive Vice President*
Aylin Eşkinat *Executive Vice President*

c. Headcount: 694

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 8,747,916 in 2021.

3. THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not carry out any research and development activities in 2021.

4. COMPANY OPERATIONS AND RELATED IMPORTANT DEVELOPMENTS

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

a. Garanti BBVA Pension and Life holds a 0.00003% stake worth 1 (one) Turkish lira in its direct subsidiary Garanti BBVA Leasing.

b. The Company has not acquired any of its own shares.

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

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

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

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

g. Information about donations and aids made by the Company throughout the year, as well as about expenditures related to social responsibility initiatives, is as follows:

h. Garanti BBVA Pension made a total expenditure of TL 201,100 in 2021 for donations and aids.

i. Transactions carried out with the parent company and affiliated companies within the Group are ordinary commercial activities. There were 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 being taken, in this respect.

j. In cases where a legal transaction is made or required, measures are taken or refrained from being taken, 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 2021, Garanti BBVA Pension achieved a profit of TL 831,623,470. While the Company’s total assets were TL 36,421,454,634, shareholders’ equity amounted to TL 1,407,781,742. The Company’s fixed assets totaled TL 284,162,956, of which TL 31,654,608 has been allocated for depreciation in 2020.

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:

	2017 (TL)	2018 (TL)	2019 (TL)	2020 (TL)	2021 (TL)
Period Profit/(Loss)	407,128,461	586,155,729	587,845,164	610,209,057	831,623,470
Taxes and Legal Obligations for the Period's Profit	86,473,459	132,598,937	133,291,729	138,699,376	220,068,543

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

The Company shareholders’ equity totaled TL 1,407,781,742 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, or 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 2020 and transferred the entire profit to the reserves.

f. With the Resolution of the Board of Directors dated 09.02.2021 and the Resolution of the General Assembly dated 31.03.2021, the 2020 profit has been negotiated.

6. INTERNAL AUDIT

g. The function of internal audit is carried out by the Inspection Board, with the purposes of adding value to the Company and of improving its activities. Within this framework, the function of internal audit is designed so as to provide an independent and objective assurance and advisory service. Furthermore, the current design also considers the Regulation on the Internal Systems of Insurance, Reinsurance and Private Pension Companies, regulations of the Insurance Department of the Undersecretariat of Treasury, and the guidelines of the Basel Committee on Banking Supervision and the Institute of Internal Auditing. When pursuing its objectives, the Inspection Board evaluates the effectiveness of risk management, control and management processes, and contributes to the Company by approaching these in a systematic and structured way. The scope of the internal audit function is universal; therefore all of the Company’s activities and assets are under this scope, regardless of the geography or the function. The Company’s outsourced activities and services are also in this scope. The Inspection Board has an unlimited right of access to

employees, business units, systems, computers, physical records, files, and all other information that may be required to perform the functions stated in this Regulation. The Board takes the necessary precautions to protect the confidentiality of this information, and to adhere to the applicable data protection and backup rules. The Company sets its internal control structure according to the “Three Lines of Defense Model.” In this model, Internal Audit acts as the third line of defense, and audits the activities of the first and second lines of defense as the final authority. Test and confirmation operations carried out by the Inspection Board shall not stand for the necessary checks defined within the responsibilities of the other two defense lines.

The functions of Internal Audit are as follows:

- a.** To evaluate the effectiveness and efficiency of the systems created by the Company for internal control, risk management and management processes and policies;
- b.** To evaluate the security and integrity of the processes applied to prepare the financial and managerial information presented to legal authorities, senior management and auditing bodies (supervising institution);
- c.** To evaluate the processes applied to measure capital and liquidity;
- d.** To evaluate the effectiveness of processes created to comply with internal regulations, insurance and private pension regulations in particular and other related regulations;
- e.** To evaluate the effectiveness of processes created to comply with internal regulations, insurance and private pension regulations in particular and other related regulations;
- f.** To investigate behaviors that are inappropriate, or that are not in line with the Company’s applicable policies, and the Principles of Ethics and Integrity. Investigations can be initiated directly by the Board upon the results of auditing activities, or upon the requests by other Departments such as Compliance, Legal, Risk, etc.

For the Inspection Board to perform the audit function effectively, access is provided to the related information. This way, the Board is advised about the significant changes to the Company’s strategy, decisions taken in the course of business, features of the new products launched, developments in technology, changes in the organization of the Company and internal policies.

The Inspection Board 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 Inspection Board then shares the results with the Board of Directors through the Audit Committee.

In 2021, 12 head office departments and 12 regional offices, MASAK compliance activities and audits about Technological Risks and inspections and investigations were conducted in various areas.

COMPLIANCE

The Company closely followed the regulations concerning products and services offered to customers and exchanged views on draft legislation changes as an industry representative. The Company also contributed to the legal framework improvement activities carried out at the industry level to increase the efficiency of the system.

Compliance efforts have become more focused on topics such as including individuals under the age of 18 in the private pension system, Private Pension Fund Trading Platform (BEFAS) pension investment fund operations, participation pension operations, and digitalization. Contributions were also made to better inform customers, perform services, and develop systems.

As part of these studies, due to comments shared by our employees about the legislation, policies/ procedures and practices and for customer requests forwarded by relevant units were reviewed and answered in less than two days on average.

In 2021, to ensure that all employees adopt and implement the policies related to the Principles of Ethics and Accuracy as part of corporate compliance, we continued our training and information activities that included sector-specific examples. For this purpose, we prepared two events related to the Principles of Ethics and Accuracy using the Quiz- Game app. We prepared a policy to enhance compliance with the Law on the Protection of Competition and related regulations, and made sure the relevant employees participated in the web training on Basic Competition Law. This year, we also published our Conflicts of Interest Policy to define, prevent and manage conflicts of interest, in support of the Principles of Ethics and Accuracy, which contain professional and personal behavior standards. Ethics Reporting Line, which is an important component of the Garanti BBVA Pension compliance system and aims to resolve any doubt that may arise while implementing policies and procedures, was kept in operation the whole year.

This year, we continued our efforts to properly process, protect, and store personal data in accordance with Law No. 6698 on Personal Data Protection and the relevant sub-regulations. We regularly publish the Bulletin for Personal Data Protection discussing important topics related to the subject. Also, we participated in several projects on personal data protection to develop administrative and technical measures ensuring personal data security and increasing awareness on the issue.

As part of our compliance with investment transactions, we prepared a sub-procedure, which identified the principles of conduct in capital market transactions and the minimum standards for personal investment transactions. We regularly shared the results of our activities, compliance risk assessments and recommendations for improvement with senior management members of the Board of Directors at Auditing Committee, Ethics and Accuracy Committee, and Internal Control, Risk Management and Compliance Committee meetings.

Representatives from our company participated in the Financial Crimes Investigation Board (MASAK) Review and Research Board meetings, operating under the Insurance, Reinsurance and Pension Companies Association of Turkey (TSB). We also participated in the sub-group created to determine the main risks the sector faces in terms of criminal money laundering and financing terrorism, where we shared our Company’s preventive, declaratory and risk minimizing measures against these risks.

Concerning the mandatory training activities required by MASAK regulations; these were updated where necessary, and the employees' participation was closely monitored. In addition to our employees, training was also provided for our agencies and the personnel of companies that provide us with services. The aim of risk management policies is to identify and analyze the Company's risks, define risk limits and controls and track the measures taken regarding these risks and their identified limits.

The Company's activities to comply with the obligations related to the prevention of laundering proceeds of crime and the prevention of the financing of terrorism are stated in the Compliance Program. The Program's requirements including compliance with regulations, monitoring probable risk exposures, detecting and preventing risks were fulfilled in utmost care also in 2021.

As part of corporate and MASAK compliance efforts, the Compliance Bulletin was periodically continued to published in 2021 to keep the Company employees updated and increase their awareness.

LEGAL AFFAIRS AND SHAREHOLDER RELATIONS

Legal Affairs and Shareholder Relations Unit ensures that the Company's operations and products are structured in compliance with regulations, and follows the changes in regulations and court practices. Additionally, the Unit continues its activities related to: following the judicial and arbitration proceedings where the Company is a party; ensuring compliance with the Law on Protection of Personal Data and the related regulations and the implementation of the systems required by this law; managing relations with official authorities, professional organizations and the Company's shareholders; monitoring the procedures related to the Board of Directors and the General Assembly of Shareholders, and carrying out follow-up work for Ministry approvals and permits for changes in top management and the articles of association.

The fields we majorly focus on are Insurance, Private Pensions, Consumers, Competition, Trade, Labor, and compliance with the Personal Data Protection Law and judicial procedures.

The Unit represents Garanti BBVA Pension in the Law Review and Research Committee within the Turkish Companies' Association of Insurance, Reinsurance, and Pensions.

PARTICIPATION COMPLIANCE

In accordance with the Regulation on Insurance and Private Pension Operations within the Framework of Participation Principles enforced by the Insurance and Private Pension Regulation and Supervision Agency in June 2021 and the associated circular, Garanti Pension and Life Inc. is categorized as "an organization with participation-based products" due to its private pension investment funds investing in interest-free assets, which it is the founder of. To comply with this framework, we conducted a comprehensive study of the regulation.

We appointed an Advisory Committee and a Participation and Compliance Officer for more effective management of Participation and Compliance operations. In addition, we added the phrase "participation" to the titles of private pension funds invested in interest-free assets, creating new private pension plans that allow investments in these funds only, and completing the plan changes stipulated by the regulations. Besides, the Company continues to improve the processes and systems necessary to comply with regulations.

INTERNAL CONTROL

The internal systems family ensures that the company's activities are carried out in accordance with current regulations and management strategies and policies. The Internal Control department is responsible for establishing an orderly, effective and efficient control environment within the company and coordinating that environment. Within this framework, all activities carried out in 2021 were carried out by central or on-site control method, and internal and external audit reports and actions taken were monitored regularly.

As part of Garanti BBVA Group internal control structuring compliance activities, a new model was created in 2018 according to the three lines of defense principles to strengthen and improve current processes. This new model was successfully continued to implemented in 2021.

The Corporate Assurance Committee managed by the Internal Control department convened 4 times in 2021. Projects and studies carried out on five issues, which will significantly affect the company's processes and in which we have a compliance obligation, have been regularly monitored under the supervision of the senior management. Related Board Members and Senior Managers were periodically informed on the results of internal control studies, improvement suggestions and planned actions at the Audit Committee and the Internal Control, Risk Management and Compliance Committee meetings.

RISK MANAGEMENT

The Board of Directors is responsible for establishing and overseeing the Risk Management structure. The Board also ensures the effectiveness of the Company's risk management system through the Risk Management function. Risk management activities are directed and managed by the Company's General Manager in accordance with legal regulations. Risk management efforts are conducted in accordance with the Company's Corporate Risk Management Policy, which are approved by the Board of Directors. In addition to this policy, policies and procedures that are complementary to the risk management framework have been created. The Company's risk management strategy, policies and practices are reviewed considering the changes in regulations and the Company's operations.

The aim of risk management policies is to identify and analyze the Company's risks, define risk limits and controls and track the measures taken regarding these risks and their identified 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 all risks that the Company is exposed to. Measurement and monitoring activities are carried out according to international standards, while at the same time complying with legal regulations. Thus, we structured the company's risk management model to have three lines of defense. The first line of defense consists of managing risks in the products, activities, processes and systems of business and support units. The second line of defense comprises internal control, risk management and compliance functions, and the third line of defense consists of the Inspection Board, which provides an independent assessment of the risk management framework and activities. The Insurance and Pension Risk Acceptance Committee manages risks that may arise from new jobs, products and services. The Board of Directors is the final authority that ensures the effective execution of risk management activities, and the creation and implementation of risk management policies. All risk management activities are periodically submitted to the Audit Committee and the Early Detection of Risk Committee, whose members are also Board of Directors members,

as well as to the Internal Control, Risk Management and Compliance Committee, whose members are responsible for senior management and internal systems. In addition, we disseminated our risk management approach throughout the company to identify and make everyone aware of the risks that might arise in advance. As part of this risk management approach, the relevant company committees (Investment Committee, Insurance and Pension Risk Acceptance Committee, Technical Risk Committee) that assess financial and actuarial activities also actively participated.

The Company collaborates with Garanti BBVA Risk Management in order to align its Risk Management efforts with the Group standards and international practices.

Reputation Risk Management

The Company sees reputation as a high value asset, and manages it accordingly. In this framework, the Company refrains from all kinds of operations and businesses that may cause a reputation risk from the perspective of the customers, governmental authorities, regulators and stakeholders. The rules for managing reputation risk are documented in the Reputation Risk Policy, which is approved by the Board of Directors. Reputation risk is managed according to a set of principles, and the policy document includes the duties and responsibilities of all parties involved in reputation risk management. Major components of reputation risk management are; training employees, increasing awareness of employees, approaching issues in a customer centric and solution oriented way, monitoring social media platforms and media closely, and compliance with the laws, organizational standards and principles of ethics and integrity.

Operational Risk Management

Operational risk of the Company is managed under the supervision of the Board of Directors and the Audit Committee, in a framework comprised of definition, assessment, monitoring, controlling and mitigating risk. Operational risk is defined as the risk of loss as the result of a failure, violation or disruption caused by internal processes, employees, systems or external events.

Within the scope of the second line of defense, Risk Management carries out the following operational risk activities:

1. Operational Risk Loss Data

Events that cause operational risk loss are collected from every department, grouped based on Basel II categories of the cause and effect types of the risks, and then analyzed by creating an internal loss database.

2. Key Risk Indicators

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.

3. Business Continuity Management

The Company's emergency and business continuity management is also carried out by the Risk Management Department. The "Business Continuity Management (BCM)" plan has been approved by the Board of Directors. Apart from efforts to keep the current plan updated, periodic tests and drills are carried out with the relevant teams to make sure those critical processes, back-up systems, and alternative working areas are ready to be utilized when necessary. All scenarios, teams and training programs related to Business Continuity Management have been completed, documented and shared with employees.

Financial Risk Management

The Company is exposed to the following risks as a result of the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
 - Exchange rate risk
 - Interest rate risk
 - Spread risk

Credit Risk

Credit risk is defined as the risk that arises from 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 and cash equivalent assets (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
- Prepaid taxes and funds

There are certain limits in place to reduce risk for Credit Risk management, some of them being imposed by regulations, and some of them being imposed by the Company's asset investment policy, with respect to the bank or the issuer.

Derivative transactions involve counterparty credit risk, because of the probability of the counterparty not being able to settle the transaction. Limits are in place to manage such risks. 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

This is the risk of the Company having difficulty in fulfilling its monetary obligations and/or delaying such obligations, because of insufficient cash or insufficient cash inflow to meet cash outflows fully and timely, as the result of the fluctuations in cash flow. Liquidity risk also exists in the case of having difficulties in liquidating assets at any time. This risk creates a negative impact on the sale price of assets.

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. Liquidity management aims to prevent the irregularities in cash inflows/outflows, and maturity mismatches. Based on crisis scenarios, liquidity risk stress analyses are run regularly.

Market Risk

This is the risk of the probable loss in the value of investments, due to the fluctuations in market risk factors such as interest rate, exchange rates and spread. Market risk can affect the Company's income, or the value of the financial instruments in the Company's portfolio. Market risk management is intended to optimize risk profitability and control the market risk amount within acceptable parameters.

Considering the Company's activities, market risk emerges mainly as the structural interest rate risk. To manage this risk, economic capital is calculated regularly, to keep it within the limits. Considering the asset structure of the Company, the risk is limited.

Exchange Rate 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 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 converted based on the foreign exchange buying rate of the Central Bank of Turkey (CBT), effective on December 31, 2021. 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

The securities trading portfolio may be subject to risk, because of the fluctuations in market prices of the relevant securities caused by interest rate changes. 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 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, 2020, 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, 2020, 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.

Underwriting Risk

This is the risk of loss that may be incurred because of a deviation of the actual insurance claims from the estimated values with respect to quantity, amount and time. Therefore, premiums should be specified adequately, so as to cover unexpected claims. Underwriting risk is measured regularly, by calculating the economic capital. Another indicator used by the Company to monitor the ability of generated premiums to cover the claims is the risk deducted technical margin. When calculating this indicator, claims paid and the cost of carrying economic capital are deducted from earned premiums. The risk deducted technical margin value is checked against predefined alert levels.

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.

ASSESSMENT OF INSURANCE RISK AND MANAGEMENT BODY

Insurance Pricing Policies

Garanti BBVA 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 BBVA Pension and Life undertakes efforts to develop new products that include additional coverage that policyholders might need during their lifetime.
- 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

In order to determine the scope and extent of the risks secured, we do risk assessments in medical, financial and moral terms. The aim of medical risk assessments are to obtain information about the health status of insured persons. As performed under the leadership of the company doctor, it is the first step of the risk assessment process. For medical risk assessments, check-ups are requested from insured persons at certain ages or at certain risk terms. The company’s experience and needs determine the terms for Check-up evaluations.

As part of the financial risk assessment, we evaluate the alignment between the annual income of the insured and the amount of insurance coverage. The first financial analysis in credit-related life insurance is completed during the Bank’s lending stage. The Company then checks credit and insurance compliance with the legislation.

The moral risk assessment uses different social life information about the insured person, including gender, living conditions.

Reinsurance Policy

In order to fulfill its obligations to insured persons against losses that may occur in insurance contracts, the Company shares risks with reinsurance companies. For insurance against death and invalidity offered by the life insurance branch, the Company holds as much risk as the maximum amount of conservation, and transfers any risks over this amount in accordance with the reinsurance excess treaty. For more dynamic risks, such as dangerous disease and unemployment insurance, the Company limits its conservation and transfers shares through quota-share reinsurance treaties. In addition to these agreements, the Company signs a reinsurance excess agreement for catastrophic damage every year to secure the risks held in conservation against catastrophic events.

7. SUBSEQUENT EVENTS

There have not been any material events, which might affect the rights of shareholders, creditors 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 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.

Recep Baştuğ
*Chairman of the Board of
Directors*

Işıl Akdemir Evlioğlu
Board Member

Burak Ali Göçer
Board Member

Garanti Pension and Life Inc.

01.01.2021 - 31.12.2021

Belongs to the Period Board of Directors Commitment Report

Report Date: 01.02.2022

It is the report issued by the Garanti Pension and Life Inc. Board of Directors in accordance with the first paragraph of Article 199 of the Turkish Commercial Code No. 6102 regarding the relations with the dominant and affiliated companies:

a. The Legal Transactions of the Garanti Pension and Life Inc. with Dominant Company, the Company Affiliated with the Dominant Company, with the Direction of the Dominant Company, and All Other Measures Taken or Avoided for the Benefit of the Dominant Company or a Subordinate Company in the Past Activity Year:

Transactions carried out with the dominant and affiliated companies within the group of companies are ordinary commercial activities, and there is no transaction made or avoided for the benefit of the dominant company or one of its affiliates or in that framework there are no measure taken or avoided within direction of the dominant company.

b. Garanti Pension and Life Inc. when the Legal Action is Taken or the Precaution Taken or Avoided According to the Situations and Conditions Known to Them, Whether An Appropriate Action Is Provided In Each Legal Transaction and Whether the Measure Taken or Avoided Will Cause Company Loss, If the Company Has Been Damaged, Whether This Is Equalized or Not:

Within this framework, commercial relations were made with the Dominant Company and the Affiliated Companies within the scope of Private Pension and Life Insurance. Apart from this, Garanti Pension and Life Inc. obtained some of the necessary goods and services (for leasing, local expense sharing and similar expenditure items) from the Dominant Company and the Affiliated Companies in order to continue its commercial activities. As a result of these transactions, there was no negative legal process and no action was taken. As a result; Due to these transactions, an appropriate acquisition has been achieved. No loss occurred due to reasons such as taking or avoiding measure.

Recep Baştuğ
*Chairman of the Board
of Directors*

Işıl Akdemir Evlioğlu
Board Member

Burak Ali Göçer
Board Member

The Study of Corporate Governance Compliance Principles

Corporate Governance Compliance Rating studies have been conducted by our Company along with Kobirate International Credit Rating and Corporate Governance Services Inc. The corporate governance compliance rating of our company is concluded with an examination of 350 criteria defined in the rating methodology prepared for Non-BIST companies.

	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Shareholders	93.26	94.10	97.20	97.20	97.20	97.20
Public Disclosure and Transparency	96.01	97.34	97.34	97.34	97.34	97.34
Stakeholders	94.95	94.95	94.95	95.45	95.95	97.98
Board of Directors	94.06	94.06	95.13	95.89	96.20	96.96
Corporate Governance Compliance Rating	9.45	9.50	9.62	9.65	9.67	9.73

The rating study has been carried out under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors, and the Corporate Governance Compliance Rating of Garanti Emeklilik ve Hayat A.Ş. has been set at 9,73 which is valid between the dates of 24.12.2021 and 24.12.2022.

This result implies that Garanti BBVA Pension and Life Inc. has achieved considerable harmonization with the Corporate Governance Principles published by the Capital Markets Board and the circular of corporate governance principles in insurance companies of the Undersecretariat of Treasury. Our company's internal control systems are established and working, all risks that may arise for our company are determined and actively controlled, shareholders' rights are fairly observed, public disclosure and transparency activities are of the highest order. The rights of stakeholders are fairly observed, and the structure and working conditions of the board are found to be in full compliance with corporate governance principles.

In 2017, 2018, 2019, 2020 our company received first prize in the non-public companies category. Results for 2021 have not yet been announced as of the report date. The leading financial and industrial organizations of our country participate in the award organization where corporate governance rating scores of companies, which are included or not included in the Borsa Istanbul Corporate Governance Index, and the score of non-governmental organizations are evaluated.

THE SHAREHOLDING STRUCTURE OF THE MAIN PARTNER GARANTİ BANK A.Ş.

SHAREHOLDER	SHARE AMOUNT	SHARE (%)
BBVA (Banco Bilbao Vizcaya Argentaria, S.A.)	2,093,700,000,00	49.85
Other Shareholders	2,106,300,000,00	50.15
Grand Total	4,200,000,000,00	100

Information regarding the Board of Directors and the committees established within the Board is as follows.

COMPANY BOARD OF DIRECTORS

NAME/ SURNAME	TITLE	EXECUTIVE / NON-EXECUTIVE
Recep BAŞTUĞ	Chairman of the Board of Directors	Non-Executive
Işıl Akdemir EVLİOĞLU	Vice Chairperson of the Board of Directors	Non-Executive
Maria de la Paloma Piqueras HERNANDEZ	Board Member	Non-Executive
Aydın GÜREL	Board Member	Non-Executive
Bianca Elisabeth Maria TETTEROO	Board Member	Non-Executive
Dr. M. Cüneyt SEZGİN	Board Member	Non-Executive
Sibel KAYA	Board Member	Non-Executive
Mahmut AKTEN	Board Member	Non-Executive
Burak Ali GÖÇER	Board Member and General Manager	Executive

BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE

NAME / SURNAME	TITLE	EXECUTIVE / NON-EXECUTIVE
Dr. M. Cüneyt SEZGİN	Member	Non-Executive
Işıl Akdemir EVLİOĞLU	Member	Non-Executive

AUDIT COMMITTEE

NAME / SURNAME	TITLE	EXECUTIVE / NON-EXECUTIVE
Dr. M. Cüneyt SEZGİN	Member	Non-Executive
Işıl Akdemir EVLİOĞLU	Member	Non-Executive

REMUNERATION COMMITTEE

NAME / SURNAME	TITLE	EXECUTIVE / NON-EXECUTIVE
Recep BAŞTUĞ	Member	Non-Executive
Işıl Akdemir EVLİOĞLU	Member	Non-Executive

EARLY DETECTION OF RISK COMMITTEE

NAME / SURNAME	TITLE	EXECUTIVE / NON-EXECUTIVE
Dr. M. Cüneyt SEZGİN	Member	Non-Executive
Işıl Akdemir EVLİOĞLU	Member	Non-Executive

Summary of Five-Year Financial Information

FINANCIAL INDICATORS	2017		2018		2019		2020		2021	
	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)	(TL Thousand)	(USD Thousand)
PPS Fund Size	11,950,399	3,168,270	13,309,050	2,529,805	17,793,619	2,995,458	23,494,931	3,200,726	33,089,670	2,549,772
Technical Provisions	409,379	108,534	467,622	88,886	668,605	112,556	864,552	117,778	1,405,366	108,293
Paid-in Capital	53,084	14,074	53,084	10,090	53,084	8,936	553,084	75,347	553,084	42,619
Shareholders' Equity	1,633,866	433,168	886,905	168,584	1,344,834	226,395	1,110,383	151,268	1,407,782	108,479
Total Assets	14,255,341	3,779,353	14,912,288	2,834,551	20,099,594	3,383,656	26,527,395	3,613,840	36,421,455	2,806,508
Generated Premium in Life Branch (net)	449,763	119,240	444,878	84,563	774,296	130,348	1,025,326	139,681	1,330,041	102,488
Technical Revenue Expense Balance	278,542	73,847	337,218	64,099	418,686	70,483	494,771	67,403	638,019	49,163
Non-technical Revenue	128,586	34,091	248,938	47,319	169,159	28,477	115,438	15,726	193,604	14,918
Pre-tax Profit/Loss	407,128	107,937	586,156	111,417	587,845	98,960	610,209	83,129	831,623	64,082
Net Profit	320,655	85,012	453,557	86,213	454,553	76,521	471,510	64,234	611,555	47,124
Average Return on Assets	2.50%	2.50%	3.04%	3.04%	2.65%	2.65%	2.03%	2.03%	2.07%	2.07%
Average Return on Equity	21.80%	21.80%	40.13%	40.13%	40.83%	40.83%	46.55%	46.55%	52.59%	52.59%

EXCHANGE RATES	(MBDA)	
31.12.2017	USD 1	TL 3,7719
31.12.2018	USD 1	TL 5,2609
31.12.2019	USD 1	TL 5,9402
31.12.2020	USD 1	TL 7,3405
31.12.2021	USD 1	TL 12,9775



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CONTACT INFORMATION OF 185 REGIONAL OFFICES

CONTACT 187



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Garanti Emeklilik Anonim Şirketi

A) AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying balance sheet of Garanti Emeklilik Anonim Şirketi (“the Company”) as at 31 December 2021 and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year ended in accordance with the accounting principles and standards in force as per the insurance legislation and that are not regulated by them for “Insurance Accounting and Financial Reporting Legislation” including Turkish Financial Reporting Standards (“TFRS”).

BASIS FOR OPINION

We conducted our audit in accordance with the accounting principles and standards in force as per the insurance legislation and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants “IESBA Code” together with the ethical requirements that are relevant to our audit of the financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

ESTIMATIONS AND ASSUMPTIONS USED IN CALCULATION OF INSURANCE TECHNICAL RESERVES

Refer to Note 2.26, 2.27 and 17 to the financial statements for details of accounting policies and significant accounting estimates and assumptions used in calculation of insurance technical reserve.

KEY AUDIT MATTER

As of 31 December 2021, the Company’s total technical reserves amounting to TL 1.405.365.731 and constitute 46 percent of total liabilities without pension funds. The company provides provisions for outstanding claims amounting to TL, net 125.593.729 and life mathematical reserves amounting to TL, net 1.038.568.604 TL. There are also incurred but not reported provisions (“IBNR”) amounting to TL, net 25.396.357 in the provision for outstanding claims for possible future claims. The Management used actuarial assumptions and estimations for calculating the outstanding claims reserve with the involvement of registered actuary of Company. Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matter.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our auditing procedures for the matter are given –as below: We evaluated the assumptions and estimations of the company’s outstanding claims provision calculations with the involvement of actuarial specialists.

In this context, we evaluated the actual outstanding claims internal controls and effectiveness of the process with the involvement of our IT specialists. We chose samples and tested by obtaining supporting documents of the actual outstanding claims. We controlled the lawsuit files of the outstanding claims by obtaining letter of confirmation from company lawyer.

We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by company actuarial specialists. We evaluated the mathematical accuracy of technical reserves for each product.

We recalculated the technical reserves and controlled the analyzes accuracy of the past experience of the company and legislation.

Additionally, we evaluated the adequacy of financial statement disclosures relating to the technical reserves.



RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles and standards, in force as per the insurance legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the accounting principles and standards, in force as per the insurance legislation and standards on auditing issued by the CMB and Standards on Auditing issued by POA. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the accounting principles and standards, in force as per the insurance legislation and the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

B) OTHER LEGAL AND REGULATORY REQUIREMENTS

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2021, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative

Ali Tuğrul Uzun
Partner
1 February 2022
Istanbul, Turkey

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

THE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

İstanbul, 1 February 2022

Burak Ali GÖÇER

General Manager

Ahmet KARAMAN

Executive Vice President

Kıvanç ATSÜREN

Financial Affairs Unit Manager

Korhan ÖZGAN

Actuary Registry No: 145

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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

ASSETS			
		AUDITED CURRENT PERIOD	
		31 DECEMBER 2021	31 DECEMBER 2020
I- CURRENT ASSETS	NOTE		
A- Cash and Cash Equivalents	14	2,076,537,242	1,876,030,488
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1,847,186,543	1,690.784.856
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables (Less than 3 months)	14,45	228,630,699	185.245.632
6- Other Cash and Cash Equivalents		720,000	-
B- Financial Assets and Investments with Risks on Policy Holders	11	894,438,532	964.782.844
1- Financial Assets Available for Sale	11	370,163,982	850.176.794
2- Financial Assets Held to Maturity	11	115,490,200	-
3- Financial Assets Held for Trading	11	350,470,773	76.050.908
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11	58,313,577	38.555.142
7- Equity Shares		-	-
8- Diminution in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations	12	33,181,724,821	23.560.034.827
1- Receivables from Insurance Operations	12	102,947,159	76.146.983
2- Provision for Receivables from Insurance Operations (-)	12	(15,982)	(27.655)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	2,8,4,2,12	692,520	375.266
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Private Pension Operations	12,18	33,078,101,124	23.483.540.233
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations (-)		-	-
D- Due from Related Parties	12	15,785	531
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel	12	15,785	531
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	427,873	179.658
1- Lease Receivables		-	-
2- Unearned Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	12	154,660	129.340
4- Other Receivables	12	273,213	50.318
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		186,543,649	60.874.599
1- Deferred Acquisition Costs	17	185,559,336	59.619.838
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	12	984,313	1.254.761
G- Other Current Assets		4,818	4.262
1- Inventories		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		4,818	1.500
5- Advances Given to Personnel		-	2.762
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		36,339,692,720	26.461.907.209

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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

		AUDITED PRIOR PERIOD	
		31 DECEMBER 2021	31 DECEMBER 2020
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	12	3,476	13,776
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income		-	-
3- Guarantees Given	12	3,476	13,776
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	5,436,110	3,180,883
1- Investment Properties		-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipment		-	-
5- Furnitures and Fixtures	6	14,583,987	15,236,177
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)		4,384,609	4,352,435
8- Leased Tangible Assets		8,402,106	8,035,110
9- Accumulated Depreciation (-)		(21,934,592)	(24,442,839)
10- Advances Paid for Tangible Assets (Including Construction In Progress)		-	-
F- Intangible Assets	8	37,455,512	39,443,387
1- Rights		334,371	334,371
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	256,457,883	231,002,223
6- Accumulated Amortization (-)		(219,336,742)	(191,893,207)
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	38,866,816	22,850,163
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	38,866,816	22,850,163
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization		-	-
8- Provision for Other Non-current Assets		-	-
II- Total Non-current Assets		81,761,914	65,488,209
Total Assets		36,421,454,634	26,527,395,418

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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

LIABILITIES		AUDITED PRIOR PERIOD	
		31 DECEMBER 2021	31 DECEMBER 2020
III-SHORT TERM LIABILITIES	NOTE		
A- Borrowings	20	3,752,243	921,031
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	4,177,269	972,193
3- Deferred Finance Lease Borrowing Costs	20	(425,026)	(51,162)
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 (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations	19	33,398,635,690	23,738,614,923
1- Payables Due To Insurance Operations	19	41,586,845	32,390,952
2- Payables Due To Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due To Private Pension Operations	18,19	33,357,048,845	23,706,223,971
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-	-
C- Due to Related Parties		6,441,989	695,353,506
1- Due to Shareholders	45	904,848	684,678,884
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		84,302	46,508
6- Due to Other Related Parties	45	5,452,839	10,628,114
D- Other Payables	19	3,162,873	3,362,426
1- Guarantees and Deposits Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Payables	19	3,162,873	3,362,426
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves	17	354,386,990	219,761,097
1- Unearned Premiums Reserve - Net	17	200,699,773	121,989,597
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	28,093,488	22,337,903
4- Outstanding Claims Reserve - Net	17	125,593,729	75,433,597
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Provisions	19	95,757,863	48,483,009
1- Taxes and Dues Payable		27,989,093	10,544,858
2- Social Security Premiums Payable		1,954,943	1,673,497
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	220,068,543	138,699,376
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(154,254,716)	(102,434,722)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks	23	6,151,634	4,902,363
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23	6,151,634	4,902,363
H- Deferred Income and Expense Accruals	19	76,236,713	46,245,435
1- Deferred Commission Income	10,19	13,278,054	11,041,936
2- Expense Accruals	19	62,958,659	35,203,499
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		33,944,525,995	24,757,643,790

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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

	NOTE	AUDITED PRIOR PERIOD	
		31 DECEMBER 2021	31 DECEMBER 2020
IV- LONG TERM LIABILITIES			
A- Borrowings	20	781,611	425,230
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	793,913	436,340
3- Deferred Finance Lease Borrowing Costs	20	(12,302)	(11,110)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
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	1,050,978,741	644,791,255
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	1,010,475,116	612,022,100
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
7- Other Technical Reserves - Net	17	40,503,625	32,769,155
F- Other Liabilities and Provisions	23	2,246,108	1,757,243
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals	23	2,246,108	1,757,243
G- Provisions for Other Risks	23	15,140,437	12,394,681
1- Provision for Employment Termination Benefits	23	15,140,437	12,394,681
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		1,069,146,897	659,368,409

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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

	NOTE	SHAREHOLDERS' EQUITY	
		AUDITED PRIOR PERIOD	
		31 DECEMBER 2021	31 DECEMBER 2020
V- SHAREHOLDERS' EQUITY			
A- Paid in Capital		503,084,445	53,084,445
1- (Nominal) Capital	2,13,15	500,000,000	500,000,000
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		293,142,370	135,789,093
1- Legal Reserves	15	77,075,484	25,000,000
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	223,386,817	113,952,620
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	11,15	(4,170,043)	(974,805)
6- Other Profit Reserves		(3,149,888)	(2,188,722)
D- Previous Years' Profits		-	-
1- Previous Years' Profits		-	-
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		611,554,927	471,509,681
1- Net Profit of the Period		611,554,927	471,509,681
2- Net Loss of the Period		-	-
3- Nondistributed Net Profit of the Period		-	-
Total Shareholders' Equity		1,407,781,742	1,110,383,219
Total Liabilities and Shareholders' Equity		36,421,454,634	26,527,395,418

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Income Statement For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

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

I-TECHNICAL PART	NOTE	AUDITED PRIOR PERIOD	
		1 JANUARY- 31 DECEMBER 2021	1 JANUARY- 31 DECEMBER 2020
A- Non-Life Technical Income	5	455	1.588
1- Earned Premiums (Net of Reinsurer Share)	17	455	1.588
1.1 - Premiums (Net of Reinsurer Share)	17	700	385
1.1.1 - Gross Premiums	17	700	385
1.1.2 - Ceded Premiums to Reinsurers		-	-
1.1.3- Premiums Transferred to SSI(-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward)	17	(245)	1.203
1.2.1 - Unearned Premiums Reserve	17	(245)	1.203
1.2.2 - Reinsurance Share of Unearned Premiums Reserve		-	-
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 (-)	5	(5,021)	(14.109)
1- Total Claims (Net of Reinsurer Share)		5,000	(5.000)
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)		5,000	(5.000)
1.2.1 - Outstanding Claims Reserve		5,000	(5.000)
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	(10,021)	(9.109)
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 (+)		-	-

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Income Statement For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

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

I-TECHNICAL PART	NOTE	AUDITED PRIOR PERIOD	
		1 JANUARY- 31 DECEMBER 2021	1 JANUARY- 31 DECEMBER 2020
C- Non Life Technical Net Profit (A-B)	5	(4,566)	(12,521)
D- Life Technical Income	5	1,533,297,863	1,090,241,263
1- Earned Premiums (Net of Reinsurer Share)	17	1,251,331,030	999,769,553
1,1 - Premiums (Net of Reinsurer Share)	17	1,330,040,961	1,025,326,161
1,1,1 - Gross Premiums (+)	17	1,456,674,053	1,111,760,213
1,1,2 - Ceded Premiums to Reinsurers (-)	10, 17	(126,633,092)	(86,434,052)
1,2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17	(78,709,931)	(25,556,608)
1,2,1 - Unearned Premiums Reserve (-)	17	(100,525,577)	(34,014,673)
1,2,2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	21,815,646	8,458,065
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		281,941,261	90,452,067
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		25,572	19,643
4,1- Gross Other Technical Income (+/-)		25,572	19,643
4,2- Reinsurance Share in Gross Other Technical Income (+)		-	-
5- Accrued Subrogation Income (+)		-	-
E- Life Technical Expense	5	(1,062,693,325)	(736,408,801)
1- Total Claims (Net of Reinsurer Share)	17	(384,185,903)	(298,498,706)
1,1- Claims Paid (Net of Reinsurer Share)	17	(334,020,771)	(282,162,324)
1,1,1- Gross Claims Paid (-)	17	(361,572,039)	(303,637,479)
1,1,2- Reinsurance Share of Claims Paid (+)	10, 17	27,551,268	21,475,155
1,2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	(50,165,132)	(16,336,382)
1,2,1- Outstanding Claims Reserve (-)	17	(61,273,148)	(20,565,762)
1,2,2- Reinsurance Share of Outstanding Claims Reserve (+)	10, 17	11,108,016	4,229,380
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) (+/-)		(405,823,021)	(146,842,303)
3,1- Life Mathematical Reserves		(405,823,021)	(146,842,303)
3,1,1- Actuarial Mathematical Reserve (+/-)		(405,823,021)	(146,842,303)
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) (+/-)	17	(7,734,470)	(6,150,349)
5- Operating Expenses	32	(264,949,931)	(284,917,443)
6- Investment Expenses		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non Technical Divisions (-)		-	-
F- Life Technical Profit/ (Loss) (D - E)	5	470,604,538	353,832,462
G- Private Retirement Technical Income	5,25	492,242,843	401,908,583
1- Fund Management Fee		371,342,051	294,355,805
2- Management Fee Deduction		92,872,907	80,105,472
3- Entrance Fee Income		27,965,586	26,817,148
4- Management Fee In Case of Temporary Suspension		62,299	630,158
5- Witholding Tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
H- Private Retirement Technical Expenses	5	(324,823,415)	(260,957,859)
1- Fund Management Expenses (-)		(58,491,979)	(45,030,137)
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)	32	(239,807,851)	(194,168,738)
4- Other Technical Expenses (-)		(26,523,585)	(21,758,984)
I- Private Retirement Technical Profit/(Loss) (G - H)	5	167,419,428	140,950,724

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Income Statement For the Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

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

	NOTE	AUDITED PRIOR PERIOD	
		1 JANUARY- 31 DECEMBER 2021	1 JANUARY- 31 DECEMBER 2020
II-NON-TECHNICAL			
C- Non Life Technical Net Profit (A-B)	5	(4,566)	(12,521)
F- Life Technical Profit/ (Loss) (D - E)		470,604,538	353,832,462
I- Private Pension Technical Profit/(Loss) (G - H)		167,419,428	140,950,724
J- General Technical Net Profit (C+F+I)		638,019,400	494,770,665
K- Investment Income	5	256,339,312	160,991,176
1- Income from Financial Investments		173,244,609	104,222,473
2- Income from Sale of Financial Investments		2,430,159	-
3- Valuation of Financial Investments		63,436,778	49,596,116
4- Foreign Exchange Gains		5,483,144	7,172,587
5- Dividend Income from Participations		-	-
6- Income from Affiliated Companies		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	2,10,	11,744,622	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(71,247,121)	(44,336,311)
1- Investment Management Expenses (Including Interest)	4,2,	(822,807)	(670,277)
2- Valuation Allowance of Investments		(7,490,720)	-
3- Losses On Sales of Investments	4,2,	(8,105,934)	-
4- Investment Income Transferred to Life Technical Part		-	-
5- Losses from Derivatives	2,10,	(6,532,224)	(362,038)
6- Foreign Exchange Losses		-	-
7- Depreciation and Amortization Expenses	6, 8	(31,654,608)	(32,562,085)
8- Other Investment Expenses	4,2	(16,640,828)	(10,741,911)
M- Other Income and Expenses (+/-)		8,511,879	(1,216,473)
1- Provisions Account	47	(5,716,812)	(3,151,198)
2- Discount Account		(744,266)	(372,380)
3- Specialty Insurances Account		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Tax Asset Accounts	21, 35	14,977,553	2,484,899
6- Deferred Tax Liability Accounts		-	-
7- Other Income and Revenues		581,266	709,367
8- Other Expense and Losses		(585,862)	(887,161)
9- Prior Period Income		-	-
10- Prior Period Losses		-	-
N- Net Profit / (Loss)		611,554,927	471,509,681
1- Profit /(Loss) Before Tax		831,623,470	610,209,057
2- Corporate Tax Charge (-)	35	(220,068,543)	(138,699,376)
3- Net Profit /(Loss) for the Period		611,554,927	471,509,681
4- Inflation Adjustment Account		-	-

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Change in Shareholders' Equity for The Year Ended 31 December 2021

(Currency: Turkish Lira (TL))

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

AUDITED STATEMENT OF CHANGES IN EQUITY - 31 DECEMBER 2020												
	NOTE	CAPITAL	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT (LOSS) FOR THE PERIOD	PREVIOUS YEARS' PROFITS / LOSSES	TOTAL
I - Opening Balance of Prior Period (1 January 2020)	15	50.000.000	-	2.731.075	3.084.445	-	25.000.000	-	809.465.400	454.553.435	-	1.344.834.355
A- Capital increase		450.000.000						(450.000.000)			-	-
B- Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity		-	-	-	-	-	-	(2.254.937)		-	-	(2.254.937)
D- Value increase/(decrease) in financial assets		-	-	(3.705.880)	-	-	-	-	-	-	-	(3.705.880)
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	471.509.681	-	471.509.681
I- Dividends distributed		-	-	-	-	-	-	(245.446.565)	(454.553.435)	-	-	(700.000.000)
J- Transfer		-	-	-	-	-	-	-	-	-	-	-
II - Closing Balance at (31 December 2020)(I+ A+B+C+D+E+F+G+H+I+J)		500.000.000	-	(974.805)	3.084.445	-	25.000.000	-	111.763.898	471.509.681	-	1.110.383.219

AUDITED STATEMENT OF CHANGES IN EQUITY - 31 DECEMBER 2021												
	NOTE	CAPITAL	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	TREASURY SHARES	VALUATION OF FINANCIAL ASSETS	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT (LOSS) FOR THE PERIOD	PREVIOUS YEARS' PROFITS / LOSSES	TOTAL
I - Opening Balance of prior Period (1 January 2021)	15	500,000,000	-	(974,805)	3,084,445	-	25,000,000	-	111,763,898	471,509,681	-	1,110,383,219
A- Capital increase												
B- Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity		-	-	-	-	-	-	-	(961,166)	-	-	(961,166)
D- Value increase/(decrease) in financial assets		-	-	(3,195,238)	-	-	-	-	-	-	-	(3,195,238)
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	611,554,927	-	611,554,927
I- Dividends distributed		-	-	-	-	-	-	-	-	(310,000,000)	-	(310,000,000)
J- Transfer		-	-	-	-	-	52,075,484	-	109,434,197	(161,509,681)	-	-
II - Closing Balance at (31 December 2021)(I+A+B+C+D+E+F+G+H+I+J)		500,000,000	-	(4,170,043)	3,084,445	-	77,075,484	-	220,236,929	611,554,927	-	1,407,781,742

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Cash Flow Statemen tFor the Year Ended 31 December 2021
(Currency: Turkish Lira (TL))

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

NOTE	AUDITED PRIOR PERIOD	
	1 JANUARY- 31 DECEMBER 2021	1 JANUARY- 31 DECEMBER 2020
A. Cash Flows From The Operating Activities		
1. Cash inflows from the insurance operations	2,127,347,671	1,295,553,562
2. Cash inflows from the reinsurance operations	-	-
3. Cash inflows from the private pension operations	548,213,471	458,070,623
4. Cash outflows due to the insurance operations (-)	(1,257,241,983)	(762,805,190)
5. Cash outflows due to the reinsurance operations (-)	-	-
6. Cash outflows due to the private pension operations (-)	(324,530,060)	(261,416,140)
"7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)"	1,093,789,099	729,402,855
8. Interest payments	-	-
9. Income tax payments 19	(190,519,370)	(121,004,402)
10. Other cash inflows	105,482,292	512,097,438
11. Other cash outflows	(1,598,803,006)	(3,442,995)
12. Net cash generated from the operating activities	(590,050,985)	1,117,052,896
B. Cash Flows From The Investing Activities		
1. Sale of tangible assets	663,500	-
2. Purchase of tangible assets 6,8	(25,499,144)	(21,710,467)
3. Acquisition of financial assets 11	(1,218,374,519)	(1,623,126,209)
4. Sale of financial assets 11	1,310,299,093	835,033,041
5. Interest received	239,111,545	153,818,588
6. Dividends received	-	-
7. Other cash inflows	38,708,783	33,425,013
8. Other cash outflows (-)	(95,721,573)	(61,310,180)
9. Net cash generated from the investing activities	249,187,685	(683,870,214)
C. Cash Flows From The Financing Activities		
1. Issue of equity shares	-	-
2. Cash inflows from borrowings	-	-
3. Payments of financial leases	(7,736,485)	(5,103,855)
4. Dividends paid 15	(310,000,000)	(700,000,000)
5. Other cash inflows	-	-
6. Other cash outflows	-	-
7. Cash generated from the financing activities	(317,736,485)	(705,103,855)
D. Effects of Exchange Rate Differences on Cash and Cash Equivalents	18,812,977	10,937,927
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)	(639,786,808)	(260,983,246)
F. Cash and cash equivalents at the beginning of the period 14	1,204,698,046	1,465,681,292
G. Cash and cash equivalents at the end of the period (E+F) 14	564,911,238	1,204,698,046

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Statement of Profit Distributio nFor the Year Ended 31 December 2021
(Currency: Turkish Lira (TL))

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

NOTE	AUDITED PRIOR PERIOD	
	1 JANUARY- 31 DECEMBER 2021	1 JANUARY- 31 DECEMBER 2020
I.DISTRIBUTION OF PROFIT FOR THE PERIOD (*)		
1.1. PROFIT FOR THE PERIOD	831,623,470	610,209,057
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	(220,068,543)	(138,699,376)
1.2.1. Corporate Tax (Income Tax)	(220,068,543)	(138,699,376)
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes And Legal Liabilities	-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)	611,554,927	471,509,681
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)]	611,554,927	471,509,681
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 yet, only the net profit available for distribution is presented in the statement of profit distribution for the year 2020.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

1 GENERAL INFORMATION

1.1 PARENT COMPANY AND THE ULTIMATE OWNER OF THE COMPANY

As at 31 December 2021, 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. Hazine ve Maliye Bakanlığı (“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.

The Company has thirty-three pension mutual funds as of 31 December 2021 (31 December 2020: thirty-three pension mutual funds).

Within the framework of the Fund Portfolio Management Service Agreement signed between the parties, 32 pension mutual funds are managed by Garanti Portföy Yönetimi A.Ş., 2 pension investment fund is managed by HSBC Portföy Yönetimi A.Ş., 1 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 Private Pension Saving and Investment System No.4632 (the “Private Pension Law”) issued on 7 April 2001 in Official Gazette No.4366 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 2021
(Currency: Turkish Lira (TL))

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 2020	31 DECEMBER 2021
Key management personnel	4	5
Other personnel	705	684
Total	709	689

1.6 REMUNERATION AND FRINGE BENEFITS PROVIDED TO TOP MANAGEMENT

As at and for the year ended 31 December 2021, 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 8,747,916 (31 December 2020: TL 6,682,153).

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.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

1 GENERAL INFORMATION (CONTINUED)

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 did not prepare consolidated financial statements as at and for the year ended 31 December 2021.

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 : garantibbvaemeklilik.com.tr

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

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.

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.

Additional paragraph for convenience translation to English

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

**2.1.2 Other accounting policies appropriate for the understanding of the financial statements
Preparation of Financial Statements in Hyperinflationary Periods**

According to the Ministry of Treasury and Finance’s letter dated 4 April 2005 and numbered 19387, the practice of adjusting the financial statements according to inflation ended in 2005 and accordingly, the Company has not adjusted its financial statements according to inflation since the beginning of 2005. Therefore, non-monetary assets and liabilities and equity items including capital in the balance sheet on 31 December 2013 should be indexed until 31 December 2004 within the scope of standard No. 29 “Financial Reporting in Hyperinflationary Economies” published by the TASB. It is calculated by moving the inputs formed later from the nominal values.

Law No. 7352, dated January 20, 2022, on the Tax Procedure Law and the Corporate Tax Law amendment, was enacted with the Official Gazette No. 31734 on January 29, 2022, it has been decided that the financial statements will not be subject to an inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the interim tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. POA made a statement on the Application of Financial Reporting in Hyperinflationary Economies within the scope of TFRS on January 20, 2022, and it was stated that there is no need to make any adjustments in

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 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.6 Changes in accounting policies, estimates and errors

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods, if they are related to future periods. The accounting estimates have not been changed in the current period.

Significant changes in accounting policies and significant accounting errors identified are applied retrospectively and the prior period financial statements are restated. In the current period there is no accounting policy change and no significant accounting mistake.

The clarification of accounting policies has been given in 3 - *Significant accounting estimates and decisions note*.

The Covid-19 pandemic that enounced by the World Health Organization at 11 March 2020 and preventive actions that have been taken into place to respond the pandemic, causes disruptions to business activities in all countries and affect the economic conditions adversely both locally and globally. However, any negative significant effect identified of this pandemic for the Company as of the reporting date,0 based on the evaluation made by the Company's management.

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.

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 PROPERT, 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.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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%.

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. In case of sale or impairment of the investment, the cumulative gain or loss accumulated in the valuation fund of financial assets is classified in the income statement.

Purchase and sale transactions of marketable securities are accounted on settlement date.

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 2021, total amount of loans to the policyholders amounts to TL 692.520 (31 December 2020: TL 375.266).

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 2021, 95% of the difference between fair values and amortized costs of those assets backing liabilities amounted to TL 2.551.883 (31 December 2020: TL 4.166.302) 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.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 IMPAIRMENT ON ASSETS

Impairment on financial assets

evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired 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 be incurred due to future events are not recognized even if the probability of loss is high.

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

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

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

Impairment of Assets

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

2.10 DERIVATIVE FINANCIAL INSTRUMENTS

As of reporting date, Company has Eurobond transaction guarantee which classified under Financial assets held for trading purpose amounting to TL 350.470.773. As of December 31, 2021, the Company’s income from derivative products due to forward foreign exchange contracts made includes a net value increase of TL 5.212.398 (31 December 2020: losses incurred as a result of derivative products (362,038) TL). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at “Revenue Accruals” or “Other financial liabilities” whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 SHARE CAPITAL

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

	31 DECEMBER 2020		31 DECEMBER 2021	
	NOMINAL VALUE OF THE SHARES (TL)	PERCENTAGE (%)	NOMINAL VALUE OF THE SHARES (TL)	PERCENTAGE (%)
Türkiye Garanti Bankası A.Ş,	424,566,290	84,91	424,566,290	84,91
Achmea BV	75,000,000	15,00	75,000,000	15,00
Eureko Sigorta AŞ,	433,710	0,09	433,710	0,09
Paid-in Capital	500,000,000	100,00	500,000,000	100,00

Privileges on common shares representing share capital: None.

Registered capital system in the Company: None.

Repurchased own shares by the Company: None.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 INSURANCE AND INVESTMENT CONTRACTS - CLASSIFICATION

An insurance contract is a contract under which the Company accepts significant insurance risk from another party (the policyholder) by accepting 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 of 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liabilities; refers to liabilities resulting from transactions that require the issuance of cash or another financial asset to another entity. Financial liabilities are presented with their discounted values in the Company’s financial statements. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 TAXES

Corporate tax

The company is subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after 1 January 2021. However, with the Provisional Article 13 added to the Corporate Tax Law no. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. Since the tax rate change came into effect as of 22 April 2021, the tax rate was used as 25% in the calculations of the period tax in the financial statements dated 31 December 2021.

Within the scope of the said amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated at the rates of 23% and 20%, respectively, for the portions of temporary differences that will have tax effects in 2022 and the following periods.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founder's shares, the usufruct shares and the pre-emptive rights of the real estates (immovables) owned for the same period of time, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 TAXES (CONTINUED)

Income Withholding Tax

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for nonresident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the provisions regarding the dividend distribution of the Income Tax Law No. has been downloaded.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not counted as dividend distribution, so it is not subject to withholding tax.

Deferred tax

Deferred tax assets and liabilities are recognized according to TAS 12 – Income Taxes standard, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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

If transactions and events are recorded in the statement of operations, then the related tax effects are also recognized in the statement of operations. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

Transfer pricing

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 EMPLOYEE TERMINATION BENEFITS

Provision for 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 December 31, 2021 is TL 8.285 (December 31, 2020: TL 7.117).

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 December 31, 2021 and 2020 are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Interest Rate	15,10%	9,70%
Expected Rate of Salary/Limit Increase	15,10%	9,70%
Discount Rate	19,10%	13,00%

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 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

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

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Received and paid commissions

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 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.

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.

According to the “Regulation on the Amendment of the Regulation on the Private Pension System” which entered into force on 1 January 2016, amendments were made in the deduction amounts and collection processes. For contracts entered into force prior to 1 January 2016,

- No deductions will be made even if it is defined in contracts that have completed 5 years from the effective date.
- For contracts that have not completed 5 years from the effective date, no further deductions shall be made until the end of the year if there is a deduction on the annual upper limit, and no further deductions shall be made if there is a deduction over the 5-years period upper limit.

For contracts entered into force after 1 January 2016, there is no deduction available under the name of entrance fee from the participants’ contributions or savings of their private pension accounts.

Participants’ contributions or savings of their private pension accounts are subject to fund management expense fee. Management expense fee deduction is only made beginning from the effective date of related contract through 5 years and not exceed the eight and a half percent of the monthly minimum gross wage which is valid for the first six month of each year. The Company books deductions under the fund management expense fee account. If the contract is released from the system or transferred to another company before completed 5 years, the amount of uncollected management fees corresponding to the period until the end of the 5th year is deducted once from the accumulated contribution of the participant.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 LEASING TRANSACTIONS

The maximum period of the financial lease contracts is 5 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.

Lease liability is measured at fair value of rent payments that have not beed paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing rate.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

The Company has elected not to recognise right-of-use assets and lease liabilities for some leases of assets which are vehicles, equipment leasings, IT equipment and other leasings due amount of these leases is lower than materiality. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 DIVIDEND DISTRIBUTION

Profit distribution will be made in line with the decision taken at the Company’s Ordinary General Assembly Meeting held on March 31, 2021. According to Company’s General Assembly meeting on 31 March 2020, The Company increased share capital amount to TL 500.000.000 from TL 50.000.000 by using extraordinary reserves. The decision issued at official gazette dated 17 April 2020.

The Law No. 7244 on the Reduction of the Effects of the Coronavirus (COVID-19) Epidemic on Economic and Social Life and the Law Amending Certain Laws (“Law”) was published in the Official Gazette dated April 17, 2020. In accordance with the aforementioned Law, the Turkish Commercial Code numbered 6102 was amended and restrictions and restrictions regarding the distribution of profits were foreseen. The mentioned regulation has been implemented as of the publication date of the Law. Within the scope of this regulation, capital companies will be able to decide to distribute only 25% of the 2019 net profit for the general assemblies they will hold until September 30, 2020, and prior-years’ profits and free reserves will not be subject to profit distribution. In addition, the board of directors cannot be authorized by the general assembly to distribute advance dividends. The duration of such restrictions and restrictions may be extended or shortened by a decision of the President for three months.

The dividend payments of TL 700.000.000 and TL 310.000.000, which were decided to be distributed to the shareholders with the General Assembly resolutions dated March 31, 2020 and March 31, 2021, were made on April 19, 2021.

2.24 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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.

If the estimated claim premium ratio for each branch is above 95%, the amount exceeding 95% is multiplied by the net unearned premium reserve, the excess over 95% is offset against gross unearned premium reserve is included in the financial statements as gross ongoing risk provision. As a result of the related test, the Company does not have any continuing risks to be set aside as of December 31, 2021 and December 31, 2020.

For the purpose of eliminating the misleading effect of the modified outstanding claims provision calculation on the ongoing risks calculated according to the sectoral announcement numbered 2016/1 and the circular numbered 2015/30, the amount of the opening provision for outstanding claims which is determined unexpired risk reserve redefined in a manner consistent with the current period and it has been stated that the rates determined by the company within the scope of the circular no 2014/16 should be used in the calculation of outstanding claims in the previous period.

Besides, according to the circular on discounting net cash flows arising from outstanding claims provision, which was published by the Under secretariat of Treasury on 10 June 2016 and whose effective date was 30 June 2016, insurance companies will be able to discount the net cash flows that will stem from the outstanding claims provision that they have calculated and set aside in accordance with insurance legislation in line with the terms and conditions set out in the circular.

The Company does not apply the gradual transition and discount on the incurred but not reported claim provision (IBNR) account and therefore does not make any further adjustments in the provision for unexpired risks reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 PROVISION FOR OUTSTANDING CLAIMS

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.

As of the balance sheet date, the Company is required to make additional provision for IBNR and outstanding claims determined in the framework of implementation principles of life branch which is based on the “Circular for Provision for Outstanding Claims” (“Circular”) 5 December 2014 dated and 2014/16 numbered and effective from 1 January 2015 and related regulations. With the new circular, the “Circular on the Calculation Basis for the Realized but Unreported Outstanding Claims Related to the Life Branch” numbered 2010/14 has been abolished.

In the circular, on every branch, selection of the data to be used, corrective actions, selection of the most appropriate method and development factors, and intervention in developmental factors will be carried out by the company actuary on the basis of each branch using actuarial methods and information regarding the calculation details should be included in the actuarial report.

The circular numbered 2016/22 issued at 10 June 2016 and effective at 30 June 2016 is related to discounting of net cash flows arise from provisions from outstanding claims. The Company has not been involved in the application of discounts for outstanding claims reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 PROVISION FOR OUTSTANDING CLAIMS (CONTINUED)

In non-life branches, the IBNR account will be made using one of the six separate actuarial chain ladder methods (“ACLM”) provided for in the Circular. The calculation is based on actual damage and calculation can also be based on the claims paid. The IBNR account may also be calculated by other methods determined by the corporation, provided that it is more than the amount calculated by using the above actuarial chain ladder methods. In the case of an excess provision, the disclosures related to the provision should be included in the footnotes of the financial statements and the actuarial report. ACLM calculations are made on a gross basis and net amounts are determined depending on the Company's current or related reinsurance agreements. In addition, in case of the amount calculated by the “Circular on Amending the Circular relating to Provision for Outstanding Claims (2014/16)” which entered in force on July 27, 2015 in the account of the realized but unreported claim (IBNR) account defined by 2015/28 “(a) is more than the previous three months amount(b) the amount of difference (a-b) in the third quarter of the year 2017 is calculated as quarterly; (IBNR) account can be made by adding 75% to (b) for the third quarter of the year 2017”. The Company does not apply a gradual transition to the IBNR account.

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.

In the life branch, the amount of incurred but not reported compensation for the current year is taken into consideration in the calculation of the amount of incurred but not reported compensation for the related year, considering the weighted average ratio of the amount of the incurred but not reported compensation for the previous year, calculated by multiplying the annual average guarantee amount by the current year with the weighted average rate calculated.

Accordingly, as of December, 31 2021, the Company has provided TL 25.396.357 of net outstanding claims provision in relation to incurred but not reported claims in its financial statements (December, 31 2020: TL 7.480.810).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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 yearlength 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 "Financial Assets".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 EQUALIZATION RESERVE

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 RELATED PARTIES

For the purpose of the financial statements, the party is deemed to be related to the Company in the presence of one of the following criteria:

- (a) The party in question, either directly or indirectly through one or more intermediaries:
 - controlling the entity, controlling it by the entity or being under common control with the entity (including parent companies, subsidiaries and affiliates in the same business);
 - the proportion of the company that has significant impact on the company or
 - Have joint control over the company;
- (b) the party is a subsidiary of the Company;
- (c) the party has a business partnership in which the Company is a joint venture;
- (d) the party is a member of the key management personnel of the Company or its parent company;
- (e) the party is a close family member of any individual referred to in (a) or (d);
- (f) the Party; controlled, jointly controlled or under significant influence, or an entity in which any individual referred to in (d) or (e) has significant voting rights, directly or indirectly;
- (g) The entity has a benefit plan that is provided to an employee of an entity or an entity that is a related party of the entity after the employee has left the company.

Transactions with related parties are transfers between related parties regardless of whether the resources, services or obligations are a consideration.

Due to ordinary activities, some business relations can be entered into with related parties.

2.30 EARNINGS PER SHARE

According to TAS 33 “Earnings per Share”, equity shares are not obliged to disclose earnings per share for companies that are not traded in the stock market. Earnings / losses per share have not been calculated in the accompanying financial statements since the Company’s shares are not traded in the stock exchange.

2.31 EVENTS AFTER THE REPORTING PERIOD

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective and not early adopted as of 31 December 2021

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however, the Company has not early adopted are as follows.

COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)

International Standard Board(IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

Property, Plant and Equipment—Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, TAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective and not early adopted as of 31 December 2021 (continued)

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

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to TAS 37)

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, TAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

TFRS 17 – Insurance Contracts

On 16 February 2019, POA issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Company is assessing the potential impact on its financial statements resulting from the application of TFRS 17.

Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendment to TFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. TFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 17.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective and not early adopted as of 31 December 2021 (continued)

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

Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TFRS 4.

Classification of Liabilities as Current or Non-current (Amendments to TAS 1)

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective and not early adopted as of 31 December 2021 (continued)

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

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income

Taxes

In May 2021 IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments to TAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 12.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective and not early adopted as of 31 December 2021 (continued)

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

Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 8).

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021. The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TAS 1).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Standards issued but not yet effective and not early adopted as of 31 December 2021 (continued)

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

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs / 2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this

TFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

Amendments are effective on 1 January 2021

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2021:

1) Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 saving products and premiums written for one year term life products have decreased, on the other hand premiums written for long term life products have increased. 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.

	31 DECEMBER 2021		31 DECEMBER 2020	
	INSURANCE RISK (TL)	UNIT	INSURANCE RISK (TL)	UNIT
Death	107,451,995,547	2,862,866	74,541,474,909	2,274,403
Disability due to accident	80,335,762,833	2,714,728	59,542,481,659	2,111,847
Disability due to illness	31,106,009,146	1,720,441	22,127,446,717	1,362,502
Critical illness	280,125,406	9,221	335,436,569	11,056
Treatment costs due to accident	211,951,136	2,083	367,093,801	1,714
Involuntary unemployment	295,959,032	104,478	235,874,971	101,863
Death due to accident	295,854,366	104,509	235,955,010	101,952
Unemployment/Daily hospital benefit	504,871,027	497,542	291,168,386	363,679
Permanent disability benefit	92,368,315	19,911	252,947,816	1,082
Unemployment/Temporary disability benefit	27,000	108	34,000	136

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

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.1 MANAGEMENT OF INSURANCE RISK (CONTINUED)

Risk evaluation policies

Insurance risk accepted by the Company in accordance with their total amounts and the quantity of the policies are presented 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.

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 and different product combinations,
- 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. Scor Global Company is the second reinsurance firm in terms of its reinsurance share. The third big reinsurance firm is RGA. Fourth reinsurance firm is Financial Insurance Company.

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.1 MANAGEMENT OF INSURANCE RISK (CONTINUED)

In unemployment insurance, the Company's engagement quota share reinsurance treaties with 100% reinsurance share ratio with BNP Paribas Cardif Hayat Sigorta AŞ ("Cardif") is continued.

Recent ratings of these companies given by international institutions are as follows:

REINSURER	RATING	STANDARD & POORS		RATING	AM BEST	
		OUTLOOK	DATE		OUTLOOK	DATE
Munich-Re	AA-	Stable	2017	A+	Stable	07,12,2017
Swiss Re	AA-	Negative	25/11/2020	A+	Stable	22,07,2021
RGA	AA-	Stable	01/06/2016	A+	Stable	10,06,2016
Bnp Paribas Cardif	A+	Stable	24/06/2021	A+	Stable	12,10,2020
Axa France Vie	AA-	Stable	27/04/2021	AA-	Stable	27,05,2021
Arch Re	A+	Stable	10/12/20	A+	Stable	10,12,2020

(*) Since the A,M, best rating is not available for BNP Cardiff, Fitch rating is presented.

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

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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
- investment with risks on policyholders
- premium receivables from policyholders
- receivables from intermediaries(agencies)
- private pension operations and 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

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.

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

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

	31 DECEMBER 2021	31 DECEMBER 2020
Cash and cash equivalents (Note 14)	2,076,537,242	1,876,030,488
Financial assets and financial investments with risks on policyholders (Note 11)	894,438,532	964,490,540
Receivables from main operations (Note 12)	33,181,724,821	23,560,034,827
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	36,280,125	25,172,109
Due from shareholders (Note 12)	15,785	531
Other receivables (Note 12)	431,349	193,434
Total	36,189,427,854	26,425,921,929

As of December 31, 2021 and December 31, 2020, the aging of receivables from main operations is as follows:

	31 DECEMBER 2021		31 DECEMBER 2020	
	GROSS AMOUNT	PROVISION (*)	GROSS AMOUNT	PROVISION (*)
Not past due	33,225,703,913	-	23,598,768,979	-
Past due 0-30 days	17,325,548	-	10,810,122	-
Past due 31-60 days	1,005,995	-	530,022	-
Past due 61-180 days	781,206	-	426,896	-
Past due 181-365 days	333,182	-	803,687	-
More than one year	989,238	-	820,630	-
Total	33,246,139,082	(64,414,261)	23,612,160,336	(52,125,509)

(*) Provision for the impairment of entrance fees which could not be collected yet and other receivables related to the pension operations amounted to TL 64,398,279 (December 31, 2020: TL 52,097,854), presented as netted off from receivables from private pension operations in the accompanying financial statements

The Company reserves a provision for the overdue amounts in the receivables receivable that are accrued at the entrance and which will be collected by instalments up to a maximum of 12 months.

The movement of receivables from insurance and pension activities during the period is as follows:

	1 JANUARY – 31 DECEMBER 2021	1 JANUARY – 31 DECEMBER 2020
Provision for receivables from insurance and private pension operations at the beginning of the year	(52,125,509)	(45,041,434)
Provision for impairment (provided) / released during the year	(12,288,752)	(7,084,075)
Provision for receivables from insurance and private pension operations at the end of the year	(64,414,261)	(52,125,509)

Management of liquidity risk

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

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)
4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)
Liquidity risk (continued)

The remaining maturities of monetary assets and liabilities are as follows:

31 DECEMBER 2021	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	2,076,537,242	-	21,799,985	1,059,878,539	854,948,059	-	139,910,659	-
Financial assets and financial investments with risks on policyholders	894,438,532	404,971	-	-	5,059,168	355,567,667	247,663,465	285,743,261
Receivables from main operations	33,181,724,821	33,065,479,443	-	47,890,249	40,402,621	19,550,894	8,401,614	-
Due from related parties	15,785	-	-	15,785	-	-	-	-
Other receivables	427,873	-	-	427,873	-	-	-	-
Prepaid expenses and income accruals	186,543,649	-	-	21,869,321	40,470,287	52,397,647	69,243,540	2,562,854
Other current assets	4,818	-	-	-	4,818	-	-	-
Deposits and guarantees given	3,476	-	-	-	-	-	-	3,476
Total assets	36,339,696,196	33,065,884,414	21,799,985	1,130,081,767	940,884,953	427,516,208	465,219,278	288,309,591
Financial liabilities	4,533,854	-	-	282,909	583,958	903,006	1,982,370	781,611
Payables arising from main operations	33,398,635,690	33,089,669,627	-	282,886,208	18,849,483	6,114,304	1,116,068	-
Due to related parties	6,441,989	-	-	6,441,989	-	-	-	-
Other liabilities	3,162,873	-	-	3,162,873	-	-	-	-
Insurance technical provisions (*)	125,593,729	125,593,729	-	-	-	-	-	-
Provisions for taxes and other similar obligations	95,757,863	-	-	95,757,863	-	-	-	-
Provisions for other risks	23,538,179	-	-	-	-	-	6,151,634	17,386,545
Deferred expenses and income accruals	76,236,713	62,958,659	-	2,087,806	3,510,439	4,169,038	3,510,771	-
Total liabilities	33,733,900,890	33,278,222,015	-	390,619,648	22,943,880	11,186,348	12,760,843	18,168,156

(*) Provision for outstanding claims is presented in the unallocated column in the table above. Unearned Premium reserve, mathematical reserve and equalization provision are not included.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)
4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)
Liquidity risk (continued)

31 DECEMBER 2020	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	1,876,030,488	-	9,107,950	449,889,195	115,615,992	794,384,067	507,033,284	-
Financial assets and financial investments with risks on policyholders	964,782,844	292,304	-	353,926,049	116,180,863	-	325,414,988	168,968,640
Receivables from main operations	23,560,034,827	23,471,116,770	-	40,203,192	28,364,523	14,086,497	6,263,845	-
Due from related parties	531	-	-	531	-	-	-	-
Other receivables	179,658	-	-	179,658	-	-	-	-
Prepaid expenses and income accruals	60,874,599	-	-	9,234,922	15,802,517	18,402,516	15,931,351	1,503,293
Other current assets	4,262	-	-	-	4,262	-	-	-
Deposits and guarantees given	13,776	-	-	-	-	-	-	13,776
Total assets	26,461,920,985	23,471,409,074	9,107,950	853,433,547	275,968,157	826,873,080	854,643,468	170,485,709
Financial liabilities	1,346,261	-	-	317,265	350,273	82,742	170,751	425,230
Payables arising from main operations	23,738,614,923	23,494,931,366	-	239,431,702	521,247	3,183,852	546,756	-
Due to related parties	695,353,506	-	-	11,103,506	684,250,000	-	-	-
Other liabilities	3,362,426	-	-	3,362,426	-	-	-	-
Insurance technical provisions (*)	75,433,597	75,433,597	-	-	-	-	-	-
Provisions for taxes and other similar obligations	48,483,009	-	-	48,483,009	-	-	-	-
Provisions for other risks	19,054,287	-	-	-	-	-	4,902,363	14,151,924
Deferred expenses and income accruals	46,245,435	35,203,499	-	1,721,757	2,957,799	3,447,763	2,914,617	-
Total liabilities	24,627,893,444	23,605,568,462	-	304,419,665	688,079,319	6,714,357	8,534,487	14,577,154

(*) Provision for outstanding claims is presented in the unallocated column in the table above. Unearned Premium reserve, mathematical reserve and equalization provision are not included.

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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 2021	US DOLLAR	EURO	OTHER	TOTAL
Cash and cash equivalents	20,531,023	89,786	-	20,620,809
"Financial assets and financial investments with risks on policyholders"	415,420,334	4,169,998	-	419,590,332
Receivables from main operations	18,255,878	49,433	-	18,305,311
Total foreign currency denominated assets	454,207,235	4,309,217	-	458,516,452
Payables arising from main operations	(3,305,824)	(21,281)	-	(3,327,105)
Insurance technical provisions	(319,908,005)	(2,771,732)	-	(322,679,737)
Investment contract liabilities	(35,250,722)	(2,026,249)	-	(37,276,971)
Total foreign currency denominated liabilities	(358,464,551)	(4,819,262)	-	(363,283,813)
Net financial position	95,742,684	(510,045)	-	95,232,639
31 DECEMBER 2020	US DOLLAR	EURO	OTHER	TOTAL
Cash and cash equivalents	35,159,257	1,800,514	-	36,959,771
"Financial assets and financial investments with risks on policyholders"	116,690,602	4,282,602	-	120,973,204
Receivables from main operations	8,647,746	55,915	-	8,703,661
Total foreign currency denominated assets	160,497,605	6,139,031	-	166,636,636
Payables arising from main operations	(1,628,972)	(14,362)	-	(1,643,334)
Insurance technical provisions	(83,048,204)	(2,922,702)	-	(85,970,906)
Investment contract liabilities	(24,886,998)	(1,484,252)	-	(26,371,250)
Total foreign currency denominated liabilities	(109,564,174)	(4,421,316)	-	(113,985,490)
Net financial position	50,933,431	1,717,715	-	52,651,146

TL equivalents of the related foreign currency amounts are shown in order to evaluate the above table.

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Currency risk (Continued)

During the preparation of the Company's financial statements, transactions realized in foreign currencies (currencies other than TL) are recorded based on the exchange rates prevailing as of the date of the transaction, in accordance with TAS 21.

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 2021	US DOLLAR	EURO
Foreign currency rate used in translation of balance sheet items	13,0930	14,8480
"Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders"	13,0204	14,7308
31 DECEMBER 2020	US DOLLAR	EURO
Foreign currency rate used in translation of balance sheet items	7,3405	9,0079
"Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders"	7,3647	9,0376

Exposure to currency risk

A 10 percent devaluation of the TL against the following currencies as at December 31, 2021 and December 31, 2020 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 2021		31 DECEMBER 2020	
	PROFIT OR LOSS	EQUITY(*)	PROFIT OR LOSS	EQUITY(*)
US Dollar	9,414,468	9,574,268	4,898,264	5,093,343
Euro	(52,258)	(51,005)	145,691	171,772
Others	-	-	-	-
Total, net	9,362,210	9,523,263	5,043,955	5,265,115

(*) 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.

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Exposure to interest rate 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 2021	31 DECEMBER 2020
Banks (time deposit) (Note 14)	1,826,105,654	1,681,676,906
Financial investments with risks on policyholders – Available for sale financial assets – Eurobonds (Note 11)	58,313,577	38,555,142
Loans to the policyholders (Note 12)	692,520	375,266
Available for sale financial assets (Government Bonds)	369,759,011	849,884,490
Financial liabilities (Note 20)	4,533,854	1,346,261

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 December 31, 2021 and December 31, 2020 of the floating rate non-trading financial assets and financial liabilities held at December 31, 2021 and December 31, 2020. Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at December 31, 2021 and December 31, 2020 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.

31 DECEMBER 2021	STATEMENT OF INCOME		EQUITY (*)	
	100 BP INCREASE	100 BP INCREASE	100 BP INCREASE	100 BP INCREASE
Available for sale financial assets	-	-	(3,850,709)	3,960,281
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(103,317)	109,665
Total, Net	-	-	(3,954,026)	4,069,946

31 DECEMBER 2020	STATEMENT OF INCOME		EQUITY (*)	
	100 BP INCREASE	100 BP INCREASE	100 BP INCREASE	100 BP INCREASE
Available for sale financial assets	-	-	(4,166,374)	4,307,431
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(79,256)	84,857
Total, Net	-	-	(4,245,630)	4,392,288

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

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Notes to The Financial Statements as of 31 December 2021

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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

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires the use of observable market data if available. As of 31 December 2021, financial assets held-to-maturity amounting to TL 115.490.200 in the Company's investment portfolio (31 December 2020: None) are reflected in the financial statements with their amortized cost values, so a fair value classification presentation is not presented. In this framework, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

FINANCIAL ASSETS	31 DECEMBER 2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial investments held for trading purpose (Note 11)	350,470,773	-	-	350,470,773
"Financial investments with risks on policyholders classified as available for sale (Note 11)"	58,313,577	-	-	58,313,577
Available for sale financial assets (Note 11)	307,807,252	61,951,759	-	369,759,011
Total financial assets	716,591,602	61,951,759	-	778,543,361

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4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

FINANCIAL ASSETS	31 DECEMBER 2020			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial investments held for trading purpose (Note 11)	76,050,908	-	-	76,050,908
"Financial investments with risks on policyholders classified as available for sale (Note 11)"	38,555,142	-	-	38,555,142
Available for sale financial assets (Note 11)	792,424,445	57,460,045	-	849,884,490
Total financial assets	907,030,495	57,460,045	-	964,490,540

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 31 December 2021 as TL 317.057.212 TL. As at 31 December 2021, the Company's total equity in its statutory financial statements amounted to TL 1.143.152.372 (Equity balances subject to capital adequacy are added to the balance of equilibrium) which is above the minimum capital requirement amount.

Gains and losses from financial instruments

GAINS AND LOSSES FROM FINANCIAL INSTRUMENTS	1 JANUARY – 31 DECEMBER 2021	1 JANUARY – 31 DECEMBER 2020
Financial gains and losses recognized in the statement of income	282,878,119	141,962,016
Interest income from bank deposits	72,024,075	87,552,557
Income accrual and valuation differences of financial assets	2,430,159	-
Foreign exchange gains (***)	166,925,277	21,566,634
Financial gains (*)	524,257,630	251,081,207
Foreign exchange losses	-	-
Others	(17,463,636)	(11,412,190)
Financial losses (**)	(25,569,570)	(11,412,190)
Financial gains and losses recognized in the statement of income. net	498,688,060	239,669,017

FINANCIAL GAINS AND LOSSES RECOGNIZED IN EQUITY	31 DECEMBER 2021	31 DECEMBER 2021
Valuation difference from financial assets	(3,994,048)	(4,632,350)
Deferred tax effect	798,810	926,470
Interest income end of the period	(3,195,238)	(3,705,880)

(*) Total financial gains also include life investment income.
(**) Total financial losses doesn't not include depreciation and amortisation expenses.
(***) Includes the foreign exchange income and losses shown under life branch investment income.

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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 2021	LIFE	NON-LIFE	PRIVATE PENSION	OTHER/ UNALLOCATED	TOTAL
CONTINUING OPERATIONS					
Technical income	1,533,297,863	455	492,242,843	-	2,025,541,161
Technical expense	(1,062,693,325)	(5,021)	(324,823,415)	-	(1,387,521,761)
Other gains and losses, total	-	-	-	193,604,070	193,604,070
Technical net profit from ongoing operations	470,604,538	(4,566)	167,419,428	193,604,070	831,623,470
Profit before taxes	470,604,538	(4,566)	167,419,428	193,604,070	831,623,470
Income tax expense	-	-	-	(220,068,543)	(220,068,543)
Profit for the period (loss)	470,604,538	(4,566)	167,419,428	(26,464,473)	611,554,927

Other Segment Information

Amortisation expense (Note 8)	-	-	-	-	4,211,073
Depreciation expense (Note 6)	-	-	-	-	27,443,535

31 DECEMBER 2021	LIFE	NON-LIFE	PRIVATE PENSION	OTHER/ UNALLOCATED	TOTAL
Available for sale financial assets	-	-	404,971	369,759,011	370,163,982
Receivables from main operations	103,623,697	-	33,078,101,124	-	33,181,724,821
Tangible and intangible assets	-	-	-	42,891,622	42,891,622
Deferred acquisition costs	185,559,336	-	-	-	185,559,336
Other assets	58,313,577	-	-	2,582,801,296	2,641,114,873
Total assets	347,496,610	-	33,078,506,095	2,995,451,929	36,421,454,634
Insurance contract technical provisions	1,405,366,243	(512)	-	-	1,405,365,731
Other liabilities	54,864,899	-	33,357,048,845	196,393,417	33,608,307,161
Shareholders equity	-	-	-	1,407,781,742	1,407,781,742
Total liabilities	1,460,231,142	(512)	33,357,048,845	1,604,175,159	36,421,454,634

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5 SEGMENT REPORTING (CONTINUED)

1 JANUARY - 31 DECEMBER 2020	LIFE	NON-LIFE	PRIVATE PENSION	OTHER/ UNALLOCATED	TOTAL
CONTINUING OPERATIONS					
Technical income	1,090,241,263	1,588	401,908,583	-	1,492,151,434
Technical expense	(736,408,801)	(14,109)	(260,957,859)	-	(997,380,769)
Other gains and losses, total	-	-	-	115,438,392	115,438,392
Technical net profit from ongoing operations	353,832,462	(12,521)	140,950,724	115,438,392	610,209,057
Profit before taxes	353,832,462	(12,521)	140,950,724	115,438,392	610,209,057
Income tax expense	-	-	-	(138,699,376)	(138,699,376)
Profit for the period (loss)	353,832,462	(12,521)	140,950,724	(23,260,984)	471,509,681
Other Segment Information					
Amortisation expense (Note 8)	-	-	-	-	4,748,678
Depreciation expense (Note 6)	-	-	-	-	27,813,407

31 DECEMBER 2020	LIFE	NON-LIFE	PRIVATE PENSION	OTHER/ UNALLOCATED	TOTAL
Available for sale financial assets	-	-	292,304	849,884,490	850,176,794
Receivables from main operations	76,494,594	-	23,483,540,233	-	23,560,034,827
Tangible and intangible assets	-	-	-	42,624,270	42,624,270
Deferred acquisition costs	59,619,838	-	-	-	59,619,838
Other assets	38,555,142	-	-	1,976,384,547	2,014,939,689
Total assets	174,669,574	-	23,483,832,537	2,868,893,307	26,527,395,418
Insurance contract technical provisions	864,552,619	(267)	-	-	864,552,352
Other liabilities	43,432,888	-	23,706,223,971	802,802,988	24,552,459,847
Shareholders equity	-	-	-	1,110,383,219	1,110,383,219
Total liabilities	907,985,507	(267)	23,706,223,971	1,913,186,207	26,527,395,418

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6 TANGIBLE ASSETS

Movement in tangible assets in the period from 1 January to 31 December 2021 is presented below:

	1 JANUARY 2021	ADDITIONS	DISPOSALS	31 DECEMBER 2021
COST:				
Furniture and fixtures	15,236,177	11,310	(663,500)	14,583,987
Other tangible assets (including leasehold improvements)	4,352,435	32,174	-	4,384,609
Tangible assets acquired through finance leasing	1,294,391	-	-	1,294,391
Right of use assets (*)	6,740,719	20,074,770	(19,707,774)	7,107,715
	27,623,722	20,118,254	(20,371,274)	27,370,702
ACCUMULATED DEPRECIATION:				
Furniture and fixtures	(14,502,539)	(393,999)	635,848	(14,260,690)
Other tangible assets (including leasehold improvements)	(3,064,088)	(365,811)	-	(3,429,899)
Tangible assets acquired through finance leasing	(1,294,391)	-	-	(1,294,391)
Right of use assets (*)	(5,581,821)	(3,451,263)	6,083,472	(2,949,612)
	(24,442,839)	(4,211,073)	6,719,320	(21,934,592)
Net book value	3,180,883			5,436,110

Movement in tangible assets in the period from 1 January to 31 December 2020 is presented below:

	1 JANUARY 2020	ADDITIONS	DISPOSALS	31 DECEMBER 2020
COST:				
Furniture and fixtures	15,261,013	103,470	(128,306)	15,236,177
Other tangible assets (including leasehold improvements)	4,070,441	281,994	-	4,352,435
Tangible assets acquired through finance leasing	1,294,391	-	-	1,294,391
Right of use assets (*)	7,978,661	1,130,834	(2,368,776)	6,740,719
	28,604,506	1,516,298	(2,497,082)	27,623,722
ACCUMULATED DEPRECIATION:				
Furniture and fixtures	(13,780,899)	(849,045)	127,405	(14,502,539)
Other tangible assets (including leasehold improvements)	(2,701,996)	(362,092)	-	(3,064,088)
Tangible assets acquired through finance leasing	(1,177,109)	(117,282)	-	(1,294,391)
Right of use assets (*)	(3,096,408)	(3,420,259)	934,846	(5,581,821)
	(20,756,412)	(4,748,678)	1,062,251	(24,442,839)
Net book value	7,848,094			3,180,883

(*) Right of use assests comprises from recognition of real estate lease payments under IFRS 16 accounting treatments. Please see note 20 for explanations in detail.

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

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7 INVESTMENT PROPERTIES

None.

8 INTANGIBLE ASSETS

Movement in intangible assets in the period from 1 January to 31 December 2021 is presented below:

	1 JANUARY 2021	ADDITIONS	DISPOSALS	31 DECEMBER 2021
COST:				
Rights	334,371	-	-	334,371
Other intangible assets (*)	231,002,223	25,455,660	-	256,457,883
	231,336,594	25,455,660	-	256,792,254
ACCUMULATED AMORTISATION:				
Rights	(334,371)	-	-	(334,371)
Other intangible assets (*)	(191,558,836)	(27,443,535)	-	(219,002,371)
	(191,893,207)	(27,443,535)	-	(219,336,742)
Net book value	39,443,387			37,455,512

Movement in intangible assets in the period from 1 January to 31 December 2020 is presented below:

	1 JANUARY 2020	ADDITIONS	DISPOSALS	31 DECEMBER 2020
COST:				
Rights	334,371	-	-	334,371
Other intangible assets (*)	209,548,914	21,453,309	-	231,002,223
	209,883,285	21,453,309	-	231,336,594
ACCUMULATED AMORTISATION:				
Rights	(334,371)	-	-	(334,371)
Other intangible assets (*)	(163,745,429)	(27,813,407)	-	(191,558,836)
	(164,079,800)	(27,813,407)	-	(191,893,207)
Net book value	45,803,485			39,443,387

(*) 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 2021	31 DECEMBER 2020
Reinsurance share of unearned premiums reserve (Note 17)	64,628,194	42,812,548
Reinsurance share of outstanding claims reserve (Note 17, Note 4.2)	36,280,125	25,172,109
Receivables from reinsurers (Note 12)	23,632,155	15,392,723
Total	124,540,474	83,377,380

There are no impairment losses recognized for reinsurance assets.

Reinsurance liabilities	31 DECEMBER 2021	31 DECEMBER 2020
Deferred commission income (Deferred income) (Note 19)	13,278,054	11,041,936
Payables to the reinsurers related to premiums ceded (Note 19)	12,509,176	8,648,294
Total	25,787,230	19,690,230

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Ceded premiums to reinsurers during the period (Note 17)	(126,633,092)	(86,434,052)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(42,812,548)	(34,354,483)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	64,628,194	42,812,548
Ceded premiums to reinsurers (Note 17)	(104,817,446)	(77,975,987)

Reinsurance share of claims paid, during the period (Note 17)	27,551,268	21,475,155
Reinsurance share of outstanding claims reserve, at the beginning of the period (Note 17)	(25,172,109)	(20,942,729)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	36,280,125	25,172,109
Reinsurance share of claims incurred (Note 17)	38,659,284	25,704,535

Commission income accrued from reinsurers during period (Note 32)	56,293,263	43,436,474
Deferred commission income, at the beginning of the period (Note 19)	11,041,936	6,978,135
Deferred commission income, at the end of the period (Note 19)	(13,278,054)	(11,041,936)
Commission income earned from reinsurers	54,057,145	39,372,673

Total	(12,101,017)	(12,898,779)
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GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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11 FINANCIAL ASSETS

As at 31 December 2021 and 2020, the Company's financial asset portfolio are detailed as follows:

FINANCIAL ASSETS AND FINANCIAL INVESTMENTS WITH RISK ON POLICYHOLDERS	31 DECEMBER 2021	31 DECEMBER 2020
Available for sale financial assets (*)	370,163,982	850,176,794
Financial assets held for trading	350,470,773	76,050,908
Financial investments with risks on saving life policy holders classified as available for sale	58,313,577	38,555,142
Held-to-maturity financial assets	115,490,200	-
Total	894,438,532	964,782,844

(*) Available-for-sale financial assets with no reliable market value measurement, consist of the Emeklilik Gözetim Merkezi (EGM) shares that are measured at cost.

As at 31 December 2021 and 31 December 2020, the Company's available for sale financial assets in its own portfolio are detailed as follows:

	31 DECEMBER 2021		
	COST	FAIR VALUE	CARRYING VALUE
Borrowing instruments			
Private sector bonds	245,109,595	257,819,526	257,819,526
Equity shares and other non-fixed income financial assets:			
Equity shares (*)	404,971	404,971	404,971
Available for sale assets	119,507,707	111,939,485	111,939,485
Total financial assets available for sale	365,022,273	370,163,982	370,163,982

(*) Available-for-sale financial assets with no reliable market value measurement, consist of the Emeklilik Gözetim Merkezi (EGM) shares that are measured at cost.

	31 DECEMBER 2020		
	COST	FAIR VALUE	CARRYING VALUE
Equity shares and other non-fixed income financial assets:			
Equity shares (*)	292,304	292,304	292,304
Available for sale assets	829,166,716	849,884,490	849,884,490
Total financial assets available for sale	829,459,020	850,176,794	850,176,794

(*) Available-for-sale financial assets with no reliable market value measurement, consist of the Emeklilik Gözetim Merkezi (EGM) shares that are measured at cost.

As of 31 December 2021 and 31 December 2020, the details of the Company's financial assets held for trading are as follows:

	31 DECEMBER 2021		
	COST	FAIR VALUE	CARRYING VALUE
Debt instruments: Eurobonds issued by The Republic of Turkey Government	346,842,116	350,470,773	350,470,773
Financial investments with risks on saving life policyholders classified as available for sale	346,842,116	350,470,773	350,470,773
	31 DECEMBER 2020		
	COST	FAIR VALUE	CARRYING VALUE
Debt instruments: Eurobonds issued by The Republic of Turkey Government	75,629,128	76,050,908	76,050,908
Financial investments with risks on saving life policyholders classified as available for sale	75,629,128	76,050,908	76,050,908

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11 FINANCIAL ASSETS (CONTINUED)

As of 31 December 2021, the details of the financial assets held to maturity of the Company are as follows:

	31 DECEMBER 2021		
	COST	FAIR VALUE	CARRYING VALUE
Borrowing instruments: Government Bonds-TL	116,267,036	115,490,200	115,490,200
Held-to-maturity financial assets	116,267,036	115,490,200	115,490,200

As at December, 31 2021 and December,31 2020, the Company's financial investments with risks on saving life policyholders (“FIRSLP”) are detailed as follows:

	31 DECEMBER 2021		
	COST	FAIR VALUE	CARRYING VALUE
Debt instruments: Eurobonds issued by The Republic of Turkey Government	54,658,259	58,313,577	58,313,577
Total financial assets held for trading	54,658,259	58,313,577	58,313,577

	31 DECEMBER 2020		
	COST	FAIR VALUE	CARRYING VALUE
Debt instruments: Eurobonds issued by The Republic of Turkey Government	32,766,209	38,555,142	38,555,142
Total financial assets held for trading	32,766,209	38,555,142	38,555,142

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 three years:

YEAR	CHANGE IN VALUE INCREASE/(DECREASE)	TOTAL INCREASE/(DECREASE) IN VALUE
2021	(3,195,238)	(4,170,043)
2020	(3,705,880)	(974,805)
2019	2,354,983	2,731,075
2018	55,808	376,092

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: None (December, 31 2020: None),

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11 FINANCIAL ASSETS (CONTINUED)

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

	31 DECEMBER 2021		
	COST	FAIR VALUE	CARRYING VALUE
Financial investments with risks on saving life policyholders – Eurobonds	54,658,259	58,313,577	58,313,577
Total	54,658,259	58,313,577	58,313,577
	31 DECEMBER 2020		
	COST	FAIR VALUE	CARRYING VALUE
Financial investments with risks on saving life policyholders – Eurobonds	32,766,209	38,555,142	38,555,142
Total	32,766,209	38,555,142	38,555,142

The movement of financial assets within the period is as follows:

	31 DECEMBER 2021				TOTAL
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL INVSETMENTS WITH RISKS ON SAVING LIFE POLICYHOLDERS	FINANCIAL ASSETS AVAILABLE FOR SALE	TO BE HELD UNTIL MATURITY	
Balance at the beginning of the period	76,050,908	38,555,142	850,176,794	-	964,782,844
Unrealized exchange differences on financial assets	-	29,180,267	4,912,223	-	34,092,490
Acquisitions during the period	792,294,513	2,782,555	307,807,251	115,490,200	1,218,374,519
Disposals (either sold or settled)	(517,874,648)	-	(792,424,445)	-	(1,310,299,093)
Change in the fair values of financial assets	-	(12,181,766)	(3,850,257)	-	(16,032,023)
Change in the amortised costs of the financial assets	-	(22,621)	3,542,416	-	3,519,795
Balance at the ending of the period	350,470,773	58,313,577	370,163,982	115,490,200	894,438,532
	31 DECEMBER 2020				TOTAL
	FINANCIAL ASSETS HELD FOR TRADING	FINANCIAL INVSETMENTS WITH RISKS ON SAVING LIFE POLICYHOLDERS	FINANCIAL ASSETS AVAILABLE FOR SALE		
Balance at the beginning of the period	-	30,460,569	142,142,136		172,602,705
Unrealized exchange differences on financial assets	-	7,459,030	313,768		7,772,798
Acquisitions during the period	76,050,908	-	1,547,075,301		1,623,126,209
Disposals (either sold or settled)	-	-	(835,033,041)		(835,033,041)
Change in the fair values of financial assets	-	787,070	(2,569,538)		(1,782,468)
Change in the amortised costs of the financial assets	-	(151,527)	(1,751,832)		(1,903,359)
Balance at the ending of the period	76,050,908	38,555,142	850,176,794		964,782,844

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12 LOAN AND RECEIVABLES

	31 DECEMBER 2021	31 DECEMBER 2020
Receivables from main operations (Note 4.2)	33,181,724,821	23,560,034,827
Receivables from related parties (Note 4.2)	15,785	531
Other receivables (Note 4.2)	427,873	179,658
Non-current receivables (Note 4.2)	3,476	13,776
Total	33,182,171,955	23,560,228,792
Short-term receivables	33,182,168,479	23,560,215,016
Mid-term and long-term receivables	3,476	13,776
Total	33,182,171,955	23,560,228,792

As of December 31, 2021, the Company's other expenses for next months are TL 984,313, consisting of maintenance, insurance, advertisement and other deferred expenses (31 December 2020: TL 1,254,761).

Details of the Company's receivables from main operations as of 31 December 2021 and 31 December 2020 are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Receivables from policyholders	79,315,004	60,754,260
Receivables from reinsurance companies (Note 10)	23,632,155	15,392,723
Provisions for receivables from policyholders (Note 4.2)	(15,982)	(27,655)
Total receivables from insurance operations, net	102,931,177	76,119,328
Loans to the policyholders (Note 4.2)	692,520	375,266
Receivables from private pension operations (Note 18)	33,142,499,403	23,535,638,087
Provision for receivables from private pension operations (Note 4.2), (Note 18)	(64,398,279)	(52,097,854)
Receivables from main operations	33,181,724,821	23,560,034,827

Provision for both overdue receivables and receivables not due yet

- a) Receivables under legal or administrative follow up (due): None (December, 31 2020: None).
b) Provision for premium receivables (due): TL 15.982 (December, 31 2020: TL 27.655).
c) Provision for impairment of receivables from entrance fees: TL 64.398.279 (December 31, 2020: TL 52.097.854).

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 has Eurobond transaction guarantee amounting to TL 350,470,773 that classified under financial assets held for trading.

14 CASH AND CASH EQUIVALENTS

As at December, 31 2021 and December, 31 2020, cash and cash equivalents are as follows:

	31 DECEMBER 2021		31 DECEMBER 2020	
	AT THE END OF THE PERIOD	AT THE BEGINNING OF THE PERIOD	AT THE END OF THE PERIOD	AT THE BEGINNING OF THE PERIOD
Bank deposits	1,847,186,543	1,690,784,856	1,690,784,856	1,807,880,747
Receivables from credit card collections	228,630,699	185,245,632	185,245,632	142,956,350
Other cash and cash equivalents	720,000	-	-	-
Cash and cash equivalents in the balance sheet	2,076,537,242	1,876,030,488	1,876,030,488	1,950,837,097
Banks discount for short-term deposits	49,320,270	5,521,119	5,521,119	(11,191,302)
Time deposit more than 3 months	(994,676,600)	(211,735,719)	(211,735,719)	(60,734,256)
Blocked amount	(566,269,674)	(465,117,842)	(465,117,842)	(413,230,247)
Total	564,911,238	1,204,698,046	1,204,698,046	1,465,681,292

As at December, 31 2021 and December, 31 2020, the details of bank deposits are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Foreign currency denominated bank deposits		
- time deposits	20,538,186	36,951,209
- demand deposits	82,623	8,562
Bank deposits in Turkish Lira		
- time deposits	1,805,567,468	1,644,725,697
- demand deposits	20,998,266	9,099,388
Cash at banks	1,847,186,543	1,690,784,856

As at December 31, 2021, cash collateral kept at banks in favour of the Undersecretariat of Treasury against insurance operations amounted to TL 566,269,674 (December 31, 2020: TL : 465,117,842).

The Company’s time deposits in T, Garanti Bankası A,Ş, is stated in note 45.

As at December 31, 2021 and 2020, the interest rate interval as follows:

	31 DECEMBER 2021		31 DECEMBER 2020	
	MATURITY (DAY)	INTEREST RATE(%)	MATURITY (DAY)	INTEREST RATE(%)
TL	4-377	15%-26%	4-377	10,50%-18,60%
USD	4-43	2,351%-2,359%	4-43	0,48%-5,75%
Euro	36	0,00%-0,10%	36	0,01%-0,00%

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15 EQUITY

Paid in capital

As at December, 31 2021 and 2020, the authorized nominal share capital of the Company is TL 500.000.000 and the share capital of the Company consists of 50.000.000.000 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 Netherlands based company Achmea BV having 15,00% of outstanding shares.

According to Company’s General Assembly meeting on 31 March 2020, the Company increased share capital amount to TL 500.000.000 from TL 50.000.000 by using extraordinary reserves. The decision issued at official gazette dated 17 April 2020.

Dividend distribution

In the ordinary General Assembly Meeting dated 31 March 2020 a decision is made regarding distribution of the net profit of Company amounting to TL 700.000.000 by offsetting from retained earnings.

The Law No. 7244 on the Reduction of the Effects of the Coronavirus (COVID-19) Epidemic on Economic and Social Life and the Law Amending Certain Laws (“Law”) was published in the Official Gazette dated April 17, 2020. In accordance with the aforementioned Law, the Turkish Commercial Code numbered 6102 was amended and restrictions and restrictions regarding the distribution of profits were foreseen. The mentioned regulation has been implemented as of the publication date of the Law. Within the scope of this regulation, capital companies will be able to decide to distribute only 25% of the 2019 net profit for the general assemblies they will hold until September 30, 2020, and prior-years’ profits and free reserves will not be subject to profit distribution. In addition, the board of directors cannot be authorized by the general assembly to distribute advance dividends. The duration of such restrictions and restrictions may be extended or shortened by a decision of the President for three months.

In the ordinary General Assembly Meeting dated 31 March 2020, a decision is made regarding distribution of net profit amount transfarred to “Due to shareholders” account and the Company did not pay the amount as at 28 April 2020 in this regard. According to decision made at General Assembly Meeting the full payment to be completed after the date of 31 December 2020 rather than a partial payment as 25%.

As of March 31, 2021, in line with the decision taken at the Ordinary General Assembly meeting for 2020, it has been decided to distribute 310,000,000 TL of the previous year’s profits as dividends.

The dividend payments of TL 700.000.000 and TL 310.000.000, which were decided to be distributed to the shareholders with the General Assembly resolutions dated March 31, 2020 and March 31, 2021, were made on April 19, 2021.

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15 EQUITY (CONTINUED)

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 2021	1 JANUARY - 31 DECEMBER 2020
Legal reserves at the beginning of the period	25,000,000	25,000,000
Reserves during the period	52,075,484	-
Legal reserves at the end of the period	77,075,484	25,000,000

Extraordinary reserves	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Extraordinary reserves at the beginning of the period	113,952,620	809,399,185
Reserves used for capital increase	-	(450,000,000)
Reserves used for dividend distribution	-	(245,446,565)
Reserves during the period	109,434,197	-
Extraordinary reserves at the end of the period	223,386,817	113,952,620

Revaluation of financial assets

The period income and expenses accrued directly under equity as of balance sheet date is presented below:

	31 DECEMBER 2021	31 DECEMBER 2020
Valuation differences from financial assets	(5,212,554)	(1,218,506)
Deferred tax effect	1,042,511	243,701
Fair value reserves at the end of the period	(4,170,043)	(974,805)

16 OTHER RESERVES AND EQUITY COMPONENT OF DPF

As at 31 December 2021, there is not any other reserves presented under equity except for the fair value reserves of availablefor-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 December 31, 2021 and December 31, 2020, provisions for technical reserves of the Company are disclosed as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Unearned premiums reserve, gross	265,327,967	164,802,145
Unearned premiums reserve, ceded (Note 10)	(64,628,194)	(42,812,548)
Unearned premiums reserve, net	200,699,773	121,989,597

Outstanding claims reserve, gross	161,873,854	100,605,706
Outstanding claims reserve, ceded (Note 10, Note 4.2)	(36,280,125)	(25,172,109)
Outstanding claims reserve, net	125,593,729	75,433,597

Life mathematical reserve (shot term and long term)	1,038,568,604	634,360,003
Equalization reserve, net	40,503,625	32,769,155
Total insurance technical reserves, net	1,405,365,731	864,552,352

Short-term	354,386,990	219,761,097
Medium and long-term	1,050,978,741	644,791,255
Total insurance technical provisions, net	1,405,365,731	864,552,352

As at December 31, 2021 and December 31, 2020, movements of the insurance liabilities and related reinsurance assets are presented below:

	1 JANUARY - 31 DECEMBER 2021		
UNEARNED PREMIUMS RESERVE	GROSS	REINSURER SHARE	NET
Unearned premiums reserve at the beginning of the period	164,802,145	(42,812,548)	121,989,597
Premiums written during the period	1,456,674,753	(126,633,092)	1,330,041,661
Premiums earned during the period	(1,356,148,931)	104,817,446	(1,251,331,485)
Unearned premiums reserve at the end of the period	265,327,967	(64,628,194)	200,699,773

	1 JANUARY - 31 DECEMBER 2020		
UNEARNED PREMIUMS RESERVE	GROSS	REINSURER SHARE	NET
Unearned premiums reserve at the beginning of the period	130,788,675	(34,354,483)	96,434,192
Premiums written during the period	1,111,760,598	(86,434,052)	1,025,326,546
Premiums earned during the period	(1,077,747,128)	77,975,987	(999,771,141)
Unearned premiums reserve at the end of the period	164,802,145	(42,812,548)	121,989,597

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Equalization reserve at the beginning of the period	32,769,155	26,618,806
Increases during the period	7,734,470	6,150,349
Equalization reserve at the end of the period	40,503,625	32,769,155

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17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

OUTSTANDING CLAIMS RESERVE	1 JANUARY - 31 DECEMBER 2021		
	GROSS	REINSURER SHARE	NET
Outstanding claims reserve at the beginning of the period	100,605,706	(25,172,109)	75,433,597
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	422,840,187	(38,659,284)	384,180,903
Claims paid during the period	(361,572,039)	27,551,268	(334,020,771)
Outstanding claims reserve at the end of the period	161,873,854	(36,280,125)	125,593,729

OUTSTANDING CLAIMS RESERVE	1 JANUARY - 31 DECEMBER 2020		
	GROSS	REINSURER SHARE	NET
Outstanding claims reserve at the beginning of the period	80,034,944	(20,942,729)	59,092,215
Claims reported during the period and changes in the estimations of provisions for outstanding claims provided at the beginning of the period	324,208,241	(25,704,535)	298,503,706
Claims paid during the period	(303,637,479)	21,475,155	(282,162,324)
Outstanding claims reserve at the end of the period	100,605,706	(25,172,109)	75,433,597

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.

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17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

Claim development tables (Continued)

ACCIDENT YEAR	31 DECEMBER 2021						
	2016	2017	2018	2019	2020	2021	TOTAL
Accident year	95,132,970	108,687,951	132,204,663	221,752,910	331,781,870	417,137,980	1,306,698,344
1 year later	96,678,810	108,732,524	134,612,425	221,228,339	332,680,113	-	893,932,211
2 years later	95,628,607	103,107,173	127,908,472	219,321,811	-	-	545,966,063
3 years later	91,626,502	102,347,509	128,819,184	-	-	-	322,793,195
4 years later	91,572,656	104,192,278	-	-	-	-	195,764,934
5 years later	103,633,378	-	-	-	-	-	103,633,378
Current estimate of cumulative claims	103,633,378	104,192,278	128,819,184	219,321,811	332,680,113	417,137,980	1,305,784,744
Cumulative payments up to date	(93,420,637)	(101,344,618)	(124,747,469)	(205,760,062)	(311,568,889)	(307,069,215)	(1,143,910,890)
Liability recognized in balance sheet	10,212,741	2,847,660	4,071,715	13,561,749	21,111,224	110,068,765	161,873,854
Total outstanding claims reserve, gross in the financial statements							161,873,854

ACCIDENT YEAR	31 DECEMBER 2021						
	2016	2017	2018	2019	2020	2021	TOTAL
Accident year	73,584,052	90,137,094	112,381,245	195,115,184	301,690,192	370,345,602	1,143,253,371
1 year later	73,095,017	89,936,686	112,864,797	196,756,888	308,059,429	-	780,712,817
2 years later	72,221,645	86,005,271	108,468,279	197,418,336	-	-	464,113,531
3 years later	70,119,620	85,248,443	110,044,266	-	-	-	265,412,329
4 years later	69,974,194	86,931,019	-	-	-	-	156,905,213
5 years later	76,434,274	-	-	-	-	-	76,434,274
Current estimate of cumulative claims	76,434,274	86,931,019	110,044,266	197,418,336	308,059,429	370,345,602	1,149,232,925
Cumulative payments up to date	(68,270,114)	(84,536,679)	(106,488,749)	(184,494,112)	(291,752,191)	(288,097,352)	(1,023,639,197)
Liability recognized in balance sheet	8,164,160	2,394,340	3,555,517	12,924,224	16,307,238	82,248,250	125,593,729
Total outstanding claims reserve, net in the financial statements							125,593,729

ACCIDENT YEAR	31 DECEMBER 2020						
	2015	2016	2017	2018	2019	2020	TOTAL
Accident year	81,677,793	95,132,970	108,687,951	132,204,663	221,752,910	331,781,871	971,238,158
1 year later	79,018,060	96,678,810	108,732,524	134,612,425	221,228,339	-	640,270,158
2 years later	79,726,520	95,628,607	103,107,173	127,908,472	-	-	406,370,772
3 years later	79,883,028	91,626,502	102,347,509	-	-	-	273,857,039
4 years later	78,486,051	91,572,656	-	-	-	-	170,058,707
5 years later	84,083,973	-	-	-	-	-	84,083,973
Current estimate of cumulative claims	84,083,973	91,572,656	102,347,509	127,908,472	221,228,339	331,781,871	958,922,820
Cumulative payments up to date	(75,978,262)	(87,675,471)	(98,857,892)	(117,494,624)	(199,129,388)	(279,181,477)	(858,317,114)
Liability recognized in balance sheet	8,105,711	3,897,185	3,489,617	10,413,848	22,098,951	52,600,394	100,605,706
Total outstanding claims reserve, net in the financial statements							100,605,706

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

Claim development tables (Continued)

ACCIDENT YEAR	31 DECEMBER 2020						TOTAL
	2015	2016	2017	2018	2019	2020	
Accident year	58,640,250	73,584,052	90,137,094	112,381,245	195,115,184	301,690,193	831,548,018
1 year later	55,512,051	73,095,017	89,936,686	112,864,797	196,756,888	-	528,165,439
2 years later	55,780,436	72,221,645	86,005,271	108,468,279	-	-	322,475,631
3 years later	55,988,466	70,119,620	85,248,443	-	-	-	211,356,529
4 years later	55,186,590	69,974,194	-	-	-	-	125,160,784
5 years later	59,793,641	-	-	-	-	-	59,793,641
Current estimate of cumulative claims	59,793,641	69,974,194	85,248,443	108,468,279	196,756,888	301,690,193	821,931,638
Cumulative payments up to date	(53,198,601)	(66,853,689)	(82,376,686)	(99,396,192)	(178,794,071)	(265,878,802)	(746,498,041)
Liability recognized in balance sheet	6,595,040	3,120,505	2,871,757	9,072,087	17,962,817	35,811,391	75,433,597
Total outstanding claims reserve, net in the financial statements							75,433,597

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 2021		31 DECEMBER 2020	
	SHOULD BE PLACED (**)	PLACED (*)	SHOULD BE PLACED (**)	PLACED (*)
Life:				
Bank deposits		564,263,647		463,910,202
Financial assets (*)		670,613,427		277,389,185
Total	1,165,851,255	1,234,877,074	711,121,706	741,299,387
Non-life:				
Bank deposits		1,463,006	2,006,027	1,207,640
Total	1,167,314,261	1,236,883,101	712,121,709	742,507,027

(*)As at December, 31 2021 and December, 31 2020, 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 2021		1 JANUARY - 31 DECEMBER 2020	
	NUMBER OF POLICYHOLDERS	LIFE MATHEMATICAL RESERVE	NUMBER OF POLICYHOLDERS	LIFE MATHEMATICAL RESERVE
Beginning of the year	2,274,403	634,360,003	2,292,856	486,460,000
Additions during the year	2,785,530	505,929,908	2,055,184	352,536,298
Disposals during the year	(2,197,067)	(108,977,832)	(2,073,637)	(149,530,496)
Movements during the year (*)	-	7,256,525	-	(55,105,799)
Current	2,862,866	1,038,568,604	2,274,403	634,360,003

(*) Increase/Decrease of the reserves are related with currency rates during the year.

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Notes to The Financial Statements as of 31 December 2021

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17 INSURANCE CONTRACT LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

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

	31 DECEMBER 2021		31 DECEMBER 2020	
	NUMBER OF CONTRACTS	NET PREMIUM	NUMBER OF CONTRACTS	NET PREMIUM
Individual	211	1,231,738	264	1,195,414
Group	2,785,319	1,654,783,154	2,054,920	1,256,474,965
Total	2,785,530	1,656,014,892	2,055,184	1,257,670,379

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 2021			31 DECEMBER 2020		
	NUMBER OF CONTRACTS	NET PREMIUM	MATHEMATICAL RESERVE	NUMBER OF CONTRACTS	NET PREMIUM	MATHEMATICAL RESERVE
Individual	328	132,516	2,678,733	590	202,879	2,090,919
Group	2,196,739	199,207,642	106,299,099	2,073,047	145,706,902	147,439,577
Total	2,197,067	199,340,158	108,977,832	2,073,637	145,909,781	149,530,496

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 December 31, 2021, deferred commission and other expenses amount to TL 142.478.409 and TL 43.080.927 (December 31, 2020: TL: 44.130.254 TL and 15.489.584 TL).

The movement of deferred commission expenses as of December, 31 2021 and December, 31 2020 is as follows,

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Deferred commission expenses at the beginning of the period	44,130,254	30,158,861
Commissions accrued during the period	355,075,161	274,905,518
Paid commissions during the period	(256,727,006)	(260,934,125)
Deferred commission expenses at the end of the period	142,478,409	44,130,254

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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18 INVESTMENT CONTRACT LIABILITIES

Profit share distribution rates to life policyholders during the period December, 31 2021 and December, 31 2020:

LIFE MATHEMATICAL PROVISION FOR SAVING LIFE POLICIES	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
"Investment contract liabilities at the beginning of the period (Life-mathematical reserve)"	26,371,250	21,973,133
Effect of foreign exchange differences	16,309,778	6,532,860
Written premiums during the period (saving life policies)	414,832	368,713
Disposals during the period (leaving policyholders)	(7,091,672)	(5,285,908)
Profit shares	2,887,202	1,724,752
Changes in the fair values of investments (Note 30)	(1,614,419)	1,057,700
Investment contract liabilities at the end of the period	37,276,971	26,371,250

Profit share distribution rates to life policyholders during the period December, 31 2021 and December, 31 2020:

	31 DECEMBER 2021	31 DECEMBER 2020
USD:	8,63%	8,21%
EURO:	3,85%	4,84%

Pension operations

The details of receivables and liabilities from pension operations as at December, 31 2021 and December, 31 2020:

	31 DECEMBER 2021	31 DECEMBER 2020
Receivables from clearing house on behalf of the participants	33,129,877,723	23,523,214,624
Receivables from participants (entrance fee)	12,621,680	12,423,463
Receivables from pension operations (Note 12)	33,142,499,403	23,535,638,087
Provision for the receivables from participants (Note 4.2), (Note 12)	(64,398,279)	(52,097,854)
Receivables from pension operations (Note 12)	33,078,101,124	23,483,540,233

	31 DECEMBER 2021	31 DECEMBER 2020
Payables to participants	33,089,669,626	23,494,931,366
Participants temporary account	257,878,218	203,528,121
Payables to clearing house	2,413,473	1,485,456
Payables to Emeklilik Gözetim Merkezi	434,769	364,690
Other liabilities	6,652,759	5,914,338
Payables due to pension operations (Note 19)	33,357,048,845	23,706,223,971

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Notes to The Financial Statements as of 31 December 2021
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18 INVESTMENT CONTRACT LIABILITIES (CONTINUED)

Pension operations (Continued)

Profit share distribution rates to life policyholders during the period December, 31 2021 and December, 31 2020:

	31 DECEMBER 2021 UNIT PRICES	31 DECEMBER 2020 UNIT PRICES
Katılım Katkı EYF	0,030007	0,024991
Katılım Standart EYF	0,027244	0,022592
Altın Katılım EYF	0,090518	0,052116
Hisse Senedi EYF	0,234174	0,167048
İkinci Değişken (SMART) EYF	0,029092	0,024873
Katılım Değişken EYF	0,040820	0,030476
Dinamik Değişken EYF	0,126534	0,097146
Temkinli Değişken EYF	0,054081	0,045416
Borçlanma Araçları EYF	0,088046	0,082896
Dış Borçlanma Araçları EYF	0,240582	0,144994
Dinamik Değişken Grup EYF	0,106031	0,079071
Borçlanma Araçları Grup EYF	0,057435	0,053425
Dış Borçlanma Araçları Grup EYF	0,167888	0,101147
Hisse Senedi Grup EYF	0,056153	0,039599
Sürdürülebilirlik Hisse Senedi EYF	0,045395	0,025986
Değişken EYF	0,119626	0,072632
Kamu Borçlanma Araçları EYF	0,042815	0,042526
Katkı EYF	0,019782	0,021093
Para Piyasası EYF	0,088583	0,075134
Üçüncü Değişken EYF	0,057674	0,032455
Standart EYF	0,024027	0,022235
Başlangıç EYF	0,020674	0,017476
Başlangıç Katılım EYF	0,019521	0,016446
OKS Temkinli Değişken EYF	0,019418	0,015426
OKS Temkinli Katılım Değişken EYF	0,017755	0,014860
OKS Dengeli Değişken EYF	0,020320	0,015442
OKS Dengeli Katılım Değişken EYF	0,019151	0,016091
OKS Dinamik Değişken EYF	0,021447	0,015606
OKS Dinamik Katılım Değişken EYF	0,024664	0,018969
OKS Agresif Değişken EYF	0,020168	0,014216
OKS Agresif Katılım Değişken EYF	0,027123	0,020307
OKS Standart EYF	0,019179	0,015824
OKS Katılım Standart EYF	0,020403	0,016632

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Notes to The Financial Statements as of 31 December 2021
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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 December, 31 2021 and December, 31 2020:

	31 DECEMBER 2021			
	PARTICIPATION CERTIFICATE IN THE CIRCULATION		PARTICIPATION CERTIFICATE IN THE PORTFOLIO	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Katılım Katkı EYF	21,871,867,189	656,313,208	1,478,128,132,811	44,354,190,881
Katılım Standart EYF	12,876,852,550	350,812,618	1,487,123,147,450	40,515,183,029
Altın Katılım EYF	83,117,971,173	7,523,645,322	1,416,882,028,827	128,253,327,485
Hisse Senedi EYF	4,233,592,682	991,398,232	1,495,766,407,318	350,269,602,667
İkinci Değişken (SMART) EYF	164,729,191,858	4,792,244,721	1,335,270,808,142	38,845,698,350
Katılım Değişken EYF	16,553,551,562	675,708,845	1,483,446,448,438	60,554,284,025
Dinamik Değişken EYF	6,226,069,326	787,806,449	1,493,773,930,674	189,013,190,544
Temkinli Değişken EYF	9,940,961,575	537,621,698	1,490,059,038,425	80,583,882,857
Borçlanma Araçları EYF	9,873,054,000	869,282,322	1,490,126,946,000	131,199,717,088
Dış Borçlanma Araçları EYF	11,475,421,343	2,760,776,841	1,488,524,578,657	358,112,220,182
Dinamik Değişken Grup EYF	1,724,914,510	182,894,511	1,498,275,085,490	158,863,605,590
Borçlanma Araçları Grup EYF	3,347,164,085	192,243,532	1,496,652,835,915	85,960,255,631
Dış Borçlanma Araçları Grup EYF	3,734,364,388	626,954,006	1,496,265,635,612	251,205,045,032
Hisse Senedi Grup EYF	4,240,142,979	238,094,876	1,495,759,857,021	83,991,403,251
Sürdürülebilirlik Hisse Senedi EYF	14,276,130,713	648,068,871	1,485,723,869,287	67,444,435,046
Değişken EYF	14,351,290,241	1,716,783,407	1,485,648,709,759	177,722,212,554
Kamu Borçlanma Araçları EYF	470,037,758	20,124,740	1,499,529,962,242	64,202,375,333
Katkı EYF	141,072,654,338	2,790,672,238	1,358,927,345,662	26,882,300,752
Para Piyasası EYF	24,301,024,395	2,152,668,571	1,475,698,975,605	130,721,842,356
Üçüncü Değişken EYF	33,215,657,452	1,915,668,246	1,466,784,342,548	84,595,320,172
Standart EYF	45,230,718,110	1,086,760,000	1,454,769,281,890	34,953,741,536
Başlangıç EYF	11,641,520,143	240,679,868	1,488,358,479,857	30,770,323,213
Başlangıç Katılım EYF	9,436,569,613	184,210,707	1,490,563,430,387	29,097,288,725
OKS Temkinli Değişken EYF	456,153,422	8,857,734	1,499,543,846,578	29,118,142,413
OKS Temkinli Katılım Değişken EYF	294,256,441	5,224,396	1,499,705,743,559	26,627,275,477
OKS Dengeli Değişken EYF	943,169,892	19,164,974	1,499,056,830,108	30,460,834,788
OKS Dengeli Katılım Değişken EYF	565,412,901	10,827,950	1,499,434,587,099	28,715,671,778
OKS Dinamik Değişken EYF	1,364,433,173	29,263,464	1,498,635,566,827	32,141,237,002
OKS Dinamik Katılım Değişken EYF	936,790,733	23,105,353	1,499,063,209,267	36,972,894,993
OKS Agresif Değişken EYF	1,182,881,674	23,856,480	1,498,817,118,326	30,228,143,642
OKS Agresif Katılım Değişken EYF	1,189,908,228	32,273,888	1,498,810,091,772	40,652,226,119
OKS Standart EYF	28,279,795,155	542,384,347	1,471,720,204,845	28,226,121,809
OKS Katılım Standart EYF	21,328,617,455	435,166,977	1,478,671,382,545	30,169,332,218
Total	704,482,141,056	33,071,559,392	48,795,517,858,944	2,961,423,326,538

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18 INVESTMENT CONTRACT LIABILITIES (CONTINUED)

Pension operations (Continued)

	31 DECEMBER 2020			
	PARTICIPATION CERTIFICATE IN THE CIRCULATION		PARTICIPATION CERTIFICATE IN THE PORTFOLIO	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Katılım Katkı EYF	19,789,204,586	494,551,072	1,480,210,795,414	36,991,947,988
Katılım Standart EYF	10,308,834,896	232,898,455	1,489,691,165,104	33,655,102,802
Altın EYF	86,004,387,036	4,482,222,971	1,413,995,612,964	73,691,795,365
Hisse Senedi EYF	3,683,323,057	615,290,264	1,496,316,676,943	249,956,708,250
İkinci Değişken (SMART) EYF	178,665,468,985	4,443,918,999	1,321,334,531,015	32,865,553,790
Katılım Değişken EYF	14,847,991,842	452,509,300	1,485,152,008,158	45,261,492,601
Dengeli Değişken EYF	8,168,447,969	793,534,476	1,491,831,552,031	144,925,467,954
Temkinli Değişken EYF	11,268,268,841	511,760,864	1,488,731,731,159	67,612,240,302
Borçlanma Araçları EYF	12,172,010,735	1,009,014,515	1,487,827,989,265	123,334,988,998
Dış Borçlanma Araçları EYF	12,486,803,795	1,810,507,119	1,487,513,196,205	215,680,488,371
Dengeli Değişken Grup EYF	2,105,427,477	166,478,873	1,497,894,572,523	118,440,021,744
Borçlanma Araçları Grup EYF	4,110,487,640	219,604,280	1,495,889,512,360	79,917,897,198
Dış Borçlanma Araçları Grup EYF	4,035,635,374	408,191,992	1,495,964,364,626	151,312,307,589
Hisse Senedi Grup EYF	3,737,163,644	147,988,418	1,496,262,836,356	59,250,512,057
Sürdürülebilirlik Hisse Senedi EYF	3,537,455,714	91,924,098	1,496,462,544,286	38,887,075,676
Değişken EYF	11,871,793,007	862,268,222	1,488,128,206,993	108,085,727,930
Uzun Vadeli Kamu Borçlanma Araçları EYF	540,480,989	22,984,355	1,499,459,519,011	63,766,015,505
Katkı EYF	129,292,219,760	2,727,203,532	1,370,707,780,240	28,912,339,209
Para Piyasası EYF	19,635,983,304	1,475,331,490	1,480,364,016,696	111,225,670,030
Özel Sektör Borçlanma Araçları EYF	13,280,645,060	431,022,020	1,486,719,354,940	48,251,476,665
Standart EYF	49,504,159,545	1,100,734,929	1,450,495,840,455	32,251,775,013
Başlangıç EYF	7,372,659,814	128,840,928	1,492,627,340,186	26,085,155,397
Başlangıç Katılım EYF	6,032,491,717	99,212,017	1,493,967,508,283	24,569,789,641
OKS Temkinli Değişken Emeklilik Yatırım Fonu	252,891,383	3,901,052	1,499,747,108,617	23,135,098,898
OKS Temkinli Katılım Değişken EYF	189,329,813	2,813,480	1,499,810,670,187	22,287,186,559
OKS Dengeli Değişken Emeklilik Yatırım Fonu	344,854,808	5,325,098	1,499,655,145,192	23,157,674,752
OKS Dengeli Katılım Değişken EYF	516,447,519	8,310,380	1,499,483,552,481	24,128,189,843
OKS Dinamik Değişken Emeklilik Yatırım Fonu	505,239,703	7,884,670	1,499,494,760,297	23,401,115,229
OKS Dinamik Katılım Değişken EYF	493,540,049	9,362,130	1,499,506,459,951	28,444,138,039
OKS Agresif Değişken Emeklilik Yatırım Fonu	571,932,796	8,130,514	1,499,428,067,204	21,315,869,403
OKS Agresif Katılım Değişken EYF	778,253,037	15,803,683	1,499,221,746,963	30,444,696,016
OKS Standart Emeklilik Yatırım Fonu	24,794,319,137	392,339,273	1,475,205,680,863	23,343,654,694
OKS Katılım Standart Emeklilik Yatırım Fonu	18,822,802,684	313,067,897	1,481,177,197,316	24,634,939,146
Total	659,720,955,716	23,494,931,366	48,840,279,044,284	2,159,224,112,654

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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 - 31 DECEMBER 2021			
	ADDITIONS DURING THE PERIOD	LEFT/CANCELLATIONS DURING THE PERIOD	OUTSTANDING	TOTAL AMOUNT
Individual	177,269	143,570	979,159	10,273,384,050
Group	27,181	39,698	230,306	3,118,888,778
Total	204,450	183,268	1,209,465	13,392,272,828

	1 JANUARY - 31 DECEMBER 2020			
	ADDITIONS DURING THE PERIOD	LEFT/CANCELLATIONS DURING THE PERIOD	OUTSTANDING	TOTAL AMOUNT
Individual	130,854	136,678	945,460	8,904,830,176
Group	45,282	28,401	242,823	2,945,927,909
Total	176,136	165,079	1,188,283	11,850,758,085

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

	31 DECEMBER 2021			31 DECEMBER 2020		
	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS
Individual	177,269	739,819,758	703,518,760	130,854	518,421,623	496,290,208
Group	27,181	145,858,958	145,757,450	45,282	315,038,933	314,935,829
Total	204,450	885,678,716	849,276,210	176,136	833,460,556	811,226,037

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 2021			31 DECEMBER 2020		
	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS
Individual	4,219	255,051,680	254,889,289	3,499	187,004,280	186,860,686
Group	984	82,563,137	82,561,970	1,334	71,305,604	71,305,604
Total	5,203	337,614,817	337,451,259	4,833	258,309,884	258,166,290

Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio during the period
None.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

18 INVESTMENT CONTRACT LIABILITIES (CONTINUED)

Pension operations (Continued)

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 2021			31 DECEMBER 2020		
	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS	NUMBER OF CONTRACTS	GROSS CONTRIBUTIONS	NET CONTRIBUTIONS
Individual	143,570	2,573,684,415	2,299,346,380	136,678	1,738,987,065	1,577,289,501
Group	39,698	783,697,588	712,604,473	28,401	479,387,837	440,621,703
Total	183,268	3,357,382,003	3,011,950,853	165,079	2,218,374,902	2,017,911,204

19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME

	31 DECEMBER 2021	31 DECEMBER 2020
Payables due to main operations	33,398,635,690	23,738,614,923
Taxes and other liabilities and provisions	95,757,863	48,483,009
Due to related parties	6,441,989	695,353,506
Deferred commission income (Note 10)	13,278,054	11,041,936
Expense accruals (*)	62,958,659	35,203,499
Other various payables (**)	3,162,873	3,362,426
Total	33,580,235,128	24,532,059,299
Short term liabilities	33,580,235,128	24,532,059,299
Total	33,580,235,128	24,532,059,299

(*) Expense accruals as of December 31, 2021 and December 31, 2020 consist of personnel premium accruals, performance accruals and other expense accruals,.

Payables from main operations of the Company as at December, 31 2021 and December, 31 2020 are detailed below:

	31 DECEMBER 2021	31 DECEMBER 2020
Payables to reinsurers (Note 10)	12,509,176	8,648,294
Payables to agencies	29,022,767	23,645,224
Payables to policyholders	54,902	97,434
Total payables due to insurance operations	41,586,845	32,390,952
Payables s due to pension operations (Note 18)	33,357,048,845	23,706,223,971
Payables from main operations	33,398,635,690	23,738,614,923

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

19 TRADE AND OTHER PAYABLES AND DEFERRED INCOME (CONTINUED)

Corporate tax provision and prepaid taxes are disclosed below:

	31 DECEMBER 2021	31 DECEMBER 2020
Corporate tax provision	220,068,543	138,699,376
Prepaid taxes during the period	(154,254,716)	(102,434,722)
Corporate tax payable, net	65,813,827	36,264,654

Total amount of investment incentives which will be benefited in current and forthcoming periods,
None.

20 FINANCIAL LIABILITIES

As of December 31, 2021, the Company recognized TL 4,971,182 financial lease liability (31 December 2020: TL 1,408,533) and TL 437,328 deferred lease liability (31 December 2020: TL 62,272) recognized in financial statement for TFRS 16 purpose.

21 DEFERRED TAXES

As at December, 31 2021 and December, 31 2020, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
	DEFERRED TAX ASSETS/ (LIABILITIES)	DEFERRED TAX ASSETS/ (LIABILITIES)
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(2,916,606)	(2,652,766)
Provision for impairment in receivables from participants	14,451,668	10,419,571
Equalization provision	8,100,725	6,553,831
Provision for employment termination benefits and unused vacation pay liability	3,751,274	3,001,767
Provision for personnel bonus	-	-
Plan bonus provision	2,501,731	1,397,003
Entrance fee discount provision	2,106,574	1,805,232
Provisions for lawsuits	992,096	809,091
Other expense accruals	9,879,354	1,516,434
Deferred tax asset/(liability), net	38,866,816	22,850,163

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

21 DEFERRED TAXES (CONTINUED)

Movement of the deferred tax assets / (liabilities) during the periods ending December, 31 2021 and December, 31 2020 is presented below:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Beginning balance, January 1	22,850,163	18,875,060
Recognized in the income statement (Note 35)	14,977,553	2,484,899
Recognized in the equity (Note 4.2)	1,039,100	1,490,204
Closing balance as of end of the period	38,866,816	22,850,163

22 RETIREMENT BENEFIT OBLIGATIONS

None.

23 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

As at December, 31 2021 and 2020; the details of the provisions for other risks are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Provision for unused vacation pay liability (long term)	2,246,108	1,757,243
Provision for unused vacation pay liability (short term)	1,191,154	856,910
Provisions for lawsuits	4,960,480	4,045,453
Provisions for costs	8,397,742	6,659,606
Provision for employment termination benefits	15,140,437	12,394,681
Total provisions for other risks	23,538,179	19,054,287

Movement of provision for employment termination benefits during the period is presented below:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Provision for employment termination benefits at the beginning of the period	12,394,681	7,555,436
Interest cost	1,605,116	1,014,896
Service cost	2,269,247	1,638,553
Payments during the period	(2,330,065)	(632,875)
Actuarial loss	1,201,458	2,818,671
Provision for employment termination benefits at the end of the period	15,140,437	12,394,681

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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24 NET INSURANCE PREMIUM REVENUE

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

25 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 2021	1 JANUARY - 31 DECEMBER 2020
Fund management fee	371,342,051	294,355,805
Management fee deduction	92,872,907	80,105,472
Entrance fee	27,965,586	26,817,148
Management fee deduction in case of interruption	62,299	630,158
Other technical income	-	-
Total pension technical income	492,242,843	401,908,583

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 2021, fees charged to saving life policyholders amounts to TL 24,591 (December, 31 2020: TL 21,767).

26 INVESTMENT INCOME

Presented in Note 4.2 – Financial risk management.

27 NET REALIZED GAINS ON FINANCIAL ASSETS

Presented in Note 4.2 – Financial risk management.

28 NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Presented in Note 4.2 – Financial risk management.

29 INSURANCE RIGHTS AND CLAIMS

The Company has no branch based subrogation income or expense for the period between January, 1 – December, 31 2021 (January, 1 – December, 31 2020: None).

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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30 INVESTMENT CONTRACT BENEFITS

As at and for the year ended December, 31 2021 and December, 31 2020, 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 2021	1 JANUARY - 31 DECEMBER 2020
Change in life mathematical provisions for investment contracts recognized in the statement of income	12,520,140	3,340,417
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)	(1,614,419)	1,057,700
Change in life mathematical provisions for investment contracts	10,905,721	4,398,117

31 OTHER MANDATORY EXPENSES

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

32 EXPENSES BY NATURE

For the year ended December, 31 2021 and December, 31 2020, the details of operating expenses are as follows:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Commission expenses	(349,650,004)	(353,897,127)
<i>Commissions to intermediaries accrued during period</i>	(474,529,941)	(370,578,354)
<i>Change in deferred commission expenses</i>	97,288,594	14,251,234
<i>Deferred commission expenses</i>	27,591,343	2,429,993
Employee benefit expenses (Note 33)	(128,762,693)	(96,379,596)
Commission income from reinsurers	54,057,145	39,372,673
<i>Commission income from reinsurers accrued during period (Note 10)</i>	56,293,263	43,436,474
<i>Change in deferred commission income</i>	(2,236,118)	(4,063,801)
Information technology expenses	(43,191,336)	(39,300,231)
Office expenses	(16,346,852)	(14,296,242)
Advertisement and public related expenses	(13,062,859)	(7,983,628)
Other expenses	(7,811,204)	(6,611,139)
Total	(504,767,803)	(479,095,290)

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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33 EMPLOYEE BENEFIT EXPENSESİ

For the year ended December, 31 2021 and December, 31 2020, the details of employee benefit expenses are as follows:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Wages and salaries	(85,500,194)	(57,089,617)
Bonus, premium and commissions	(13,650,774)	(9,625,856)
Employer’s share in social security premiums	(12,450,573)	(10,868,689)
Employment termination benefits and unused vacation expenses	(651,179)	(458,271)
Other benefits	(16,509,973)	(18,337,163)
Total (Note 32)	(128,762,693)	(96,379,596)

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 2021	1 JANUARY - 31 DECEMBER 2020
Provision for corporate tax expense:		
Provision for corporate tax expense:	(220,068,543)	(138,699,376)
Deferred tax income:	14,977,553	2,484,899
Total income tax expense presented in the statement of income	(205,090,990)	(136,214,477)

Reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company’s effective income tax rate for the year ended December, 31 2021 and December, 31 2020 is as follows:

	1 JANUARY - 31 DECEMBER 2021		1 JANUARY - 31 DECEMBER 2020	
PROFIT BEFORE TAXES	816,645,917	TAX RATE (%)	607,724,158	TAX RATE (%)
Taxes on income per statutory tax rate	(204,161,479)	(25)	(133,699,315)	(22)
(Additions)/discounts, net	(929,511)	(0,11)	(2,515,162)	(0,41)
Total income tax expense presented in the statement of income	(205,090,990)	(25,11)	(136,214,477)	(22,41)

36 NET FOREIGN EXCHANGE GAINS / LOSSES

Net foreign exchange gains/losses are presented in Note 4.2 – Financial Risk Management.

37 EARNINGS PER SHARE

According to TAS 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.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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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 SHARESİ

None.

42 RISKLER

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 December, 31 2021, the probable liability amount that will arise in the situation that all the cases that Company is defendant results against the Company is TL 15.486.883 (December, 31 2020: TL 16.001.948) in gross. The Company has recorded provision of TL 26.929.289 (December, 31 2020: TL 26.511.810) 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 2021	31 DECEMBER 2020
Less than 1 year	3,269,685	3,758,652
More than 1 year less than 5 years	5,618,588	1,778,715
Total of minimum rent payments	8,888,273	5,537,367

Due to the Company has applied TFRS 16, lease payments under operating leases for rented properties presented in Note 20.

44 BUSINESS MERGERS

None.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

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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 December, 31 2021 and December, 31 2020 are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
T.Garanti Bankası A.Ş.- demand deposits	18,866,560	7,667,799
T.Garanti Bankası A.Ş.- time deposits and debt securities	1,507,318,228	1,903,751,383
Banks	1,526,184,789	1,911,419,182
T.Garanti Bankası A.Ş. - credit card collections	228,630,699	185,245,632
Receivables from credit card collections less than 3 months (Not 14)	228,630,699	185,245,632
Garanti Faktoring Hizmetleri A.Ş,	-	8
T, Garanti Bankası A,Ş,	464	427,776
Garanti Finansal Kiralama A,Ş,	-	630
Garanti Bilişim Teknoloji Ve Tic,A,Ş,	-	-
Garanti Portföy Yönetimi A,Ş	-	-
Garanti Gayrimenkul Yatır, Ortak, A,Ş	-	378
Garanti Filo Yönetim Hizmetleri A,Ş,	-	-
Receivables from main operations	464	428,792
T, Garanti Bankası A,Ş,	-	-
Due from shareholders	-	-
T. Garanti Bankası A.Ş. - commissions payable (net)	29,786,135	23,158,292
Payables from main operations	29,786,135	23,158,292
Eureko Sigorta A.Ş. - shared expenses and premiums written	-	709,440
T. Garanti Bankası A.Ş.- (*)	689,526	594,531,554
Garanti Hizmet Yönetimi A.Ş. - portfolio management	215,322	187,890
Achmea b.v (*)	-	89,250,000
Due to shareholders	904,848	684,678,884
Garanti Portföy Yönetimi A.Ş. - pension funds management	5,452,466	10,627,389
Antur Turizm A.Ş. - transportation expenses	-	-
Garanti Filo Yönetim Hizmetleri A.Ş. - car rental expenses	373	725
Payables to related parties	5,452,839	10,628,114

(*)As of 31 December 2021, comprises from dividend payables due to shareholders.

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.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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45 RELATED PARTY TRANSACTIONS (CONTINUED)

The transactions with related parties during the year ended December, 31 2021 and December, 31 2020 are as follows:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
T, Garanti Bankası A,Ş,	8,321,877	8,358,718
Garanti Ödeme Sistemleri A,Ş,	240,201	213,565
Garanti Yatırım Menkul Kıymetler A,Ş,	220,736	154,206
Garanti Finansal Kiralama A,Ş,	138,753	149,158
Garanti Portföy Yönetimi A,Ş,	123,472	100,632
Other	620,467	296,690
Written premium	9,665,507	9,272,969
T, Garanti Bankası A,Ş,	16,730,304	4,493,951
Other	480,000	-
Claim paid	17,210,304	4,493,951
T. Garanti Bankası A.Ş.- interest income on bank deposits	234,519,236	96,081,527
Investment income	234,519,236	96,081,527
T. Garanti Bankası A.Ş. - paid commissions (*)	465,569,814	363,596,658
T. Garanti Bankası A.Ş.- rent, tax and other expenses	43,893,976	27,783,024
Eureko Sigorta A.Ş. - health and casco premiums	97,471	102,212
Garanti Filo Yönetim Hizmetleri A.Ş.- vehicle rent	2,934,340	2,883,833
Antur Turizm A.Ş. - tourism expenses	-	-
Garanti Portföy Yönetimi A.Ş.	5,452,466	10,627,389
Operations expense	517,948,067	404,993,115

(*) Amounts are demonstrated as gross amounts without deferred commission expenses.

GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ

Notes to The Financial Statements as of 31 December 2021
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46 EVENTS AFTER THE REPORTING PERIOD

None.

47 OTHER

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

None.

Subrogation recorded in the off-balance sheet accounts

None.

Real rights on immovable and their values

None.

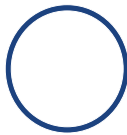
Explanatory Note for the amounts and nature of previous years’ income and losses

None.

For the period ended December, 31 2021 and December, 31 2020, details of the rediscount and provision expenses are as follows:

	1 JANUARY - 31 DECEMBER 2021	1 JANUARY - 31 DECEMBER 2020
Provision for employment termination benefits (Note 23)	(3,874,363)	(2,653,449)
Provision for entrance fee receivables (Note 4.2)	(115,986)	803,302
Provision for lawsuits (Note 23)	(915,027)	(1,342,520)
Provision for unused vacation pay liability (Note 23)	(823,109)	13,381
Provision (expense) / release for receivables from main operations (Note 12)	11,673	28,088
Other (*)	-	-
Total provision expenses	(5,716,812)	(3,151,198)

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