

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Financial Statements

As at and For the Year Ended

31 December 2021

With Independent Auditors' Report Thereon

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



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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	How our audit addressed the key audit matter
<p>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 1.038.569.504.</p> <p>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.</p> <p>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.</p>	<p>Our auditing procedures for the matter are given –as below:</p> <p>We evaluated the assumptions and estimations of the company's outstanding claims provision calculations with the involvement of actuarial specialists.</p> <p>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.</p> <p>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.</p> <p>We recalculated the technical reserves and controlled the analyzes accuracy of the past experience of the company and legislation.</p> <p>Additionally, we evaluated the adequacy of financial statement disclosures relating to the technical reserves.</p>



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



Ali Tuğrul Uzun
Partner

1 February 2022
Istanbul, Turkey

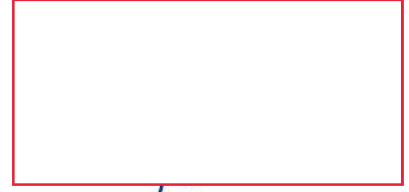
GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ
THE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 GÖCER
General Manager



Ahmet KARAMAN
Executive Vice President



Kıvanç ATŞÜREN
Financial Affairs Unit Manager



Korhan ÖZGAN
Actuary – Number :145

Garanti Emeklilik ve Hayat Anonim Şirketi
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			
I- Current Assets	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
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 12, 45		-	-
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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements
and Related Disclosures and Footnotes*

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	Note	Audited Current Period 31 December 2021	Audited Prior Period 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)	6	4.384.609	4.352.435
8- Leased Tangible Assets	6	8.402.106	8.035.110
9- Accumulated Depreciation (-)	6	(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	8	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 (-)	8	(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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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LIABILITIES			
		Audited Current	Audited Prior
		Period	Period
III-Short Term Liabilities	NOTE	31 December 2021	31 December 2020
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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

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		Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
IV- Long Term Liabilities	NO TE		
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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Balance Sheet As at 31 December 2021

(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements
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Originally Issued in Turkish, See Note 2.1.1

SHAREHOLDERS' EQUITY			
V-SHAREHOLDERS' EQUITY	NOTE	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
A- Paid in Capital		503.084.445	503.084.445
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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
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*

	NO TE	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I-TECHNICAL PART			
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 (+)		-	-

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

Garanti Emeklilik ve Hayat Anonim Şirketi
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*

	NO TE	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
I-TECHNICAL PART			
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- Eamed 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	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- Withholding 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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Income Statement
For the Year Ended 31 December 2021

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

(Currency: Turkish Lira (TL))

	NOTE	Audited Current Period 31 December 2021	Audited Prior Period 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		-	-

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Change in Shareholders' Equity for The Year Ended 31 December 2021

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

(Currency: Turkish Lira (TL))

Audited Statement of Changes in Equity - 31 December 2020												
	Note	Capital	Valuation of Financial Assets	Variyatlarda Deger Artisi	Adjustment on Shareholders' Equity	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
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	2.13.15	450.000.000	-	-	-	-	-	-	(450.000.000)	-	-	-
B- Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the		-	-	-	-	-	-	-	(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	Valuation of Financial Assets	Variyatlarda Deger Artisi	Adjustment on Shareholders' Equity	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
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		-	-	-	-	-	-	-	(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		-	-	-	-	-	-	-	109.434.197	(310.000.000)	-	(310.000.000)
J- Transfer		-	-	-	-	-	52.075.484	-	-	(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

(*) 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.

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Cash Flow Statement
For the Year Ended 31 December 2021

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

(Currency: Turkish Lira (TL))

	NOTE	Audited Current Period 31 December 2021	Audited Prior Period 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 (700,000,000)	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)	(263.348.192)
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

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

Garanti Emeklilik ve Hayat Anonim Şirketi
Statement of Profit Distribution
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 Current Period 31 December 2021	Audited Prior Period 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 (-)		-	(310.000.000)
1.6.1. To Holders of Ordinary Shares		-	(310.000.000)
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 (-)		-	(52.075.484)
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	(109.434.197)
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.

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

Garanti Emeklilik ve Hayat Anonim Şirketi

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 Sirketi”, 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., 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

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

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.

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 : www.garantiemeklilik.com.tr

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

1 General information (continued)

1.10 Subsequent events

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

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

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.

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 the financial statements of 2021 within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies.

Garanti Emeklilik ve Hayat Anonim Şirketi

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 (continued)

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.

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, 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.4 Reserves in Foreign Currencies

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

2.5 Property, Plant and Equipment

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives are as follows:

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

2.6 Investment Properties

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

2.7 Intangible assets

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

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

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

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective 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.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.12 Cash and cash equivalents

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

2.13 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 2021		31 December 2020	
	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.

2.14 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of significant accounting policies (continued)

2.14 Insurance and investment contracts – classification (continued)

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.

2.16 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

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.

2.18 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 instalment 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.18 Taxes (continued)

Corporate tax (continued)

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.

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 non-resident 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 withholding tax liability on dividend distributions has been decreased to 10% from %15.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

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 (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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 been 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

2.25 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.25 Reserve for unexpired risks (continued)

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.

2.26 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.

The company open a file by accruing outstanding claim amounts together with the first notification of claim. However, except for those at the litigation stage, due to the insufficient information obtained to complete the claim assessment, it updates the outstanding compensation files, which remain under review, as of the end of each accounting period, and makes discounts for surplus provisions. For this discount, the payment rates obtained as a result of the actuarial calculation based on the statistics of the last five years are used on the basis of each collateral.

With the Regulation Amending the Regulation on the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to be Invested on 10 November 2021, the fourteenth paragraph of Article 7 of the Technical Reserves Regulation was amended to determine whether the compensation is within the scope of the guarantee and therefore the Company's For the application of the outstanding compensation file reduction, a period of 6 months is foreseen from the date of creation of the outstanding record. The Company applies a discount for the outstanding claims files opened for death guarantees, for the files at least 6 months after the end of the accounting period.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.26 Provision for outstanding claims (continued)

Provisions for claims and insurance claims that do not fall within the scope of the Regulation on Money Not Required by Rights Holders within the Scope of Insurance Subject to Private Law Provisions published in the Official Gazette dated 8/10/2013 and numbered 28789 are deducted from outstanding claims provisions following the expiry of the statute of limitations.

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.

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 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.

As a result of the process update planned for the disability coverage it offers in credit life insurances, the Company estimated the future indemnities in 2022 by using the experience of the previous periods for the claims that were realized but not notified. The Company has allocated the amount calculated as a result of this method as a provision added to the result of incurred but not reported damage (IBNR).

The Company does not recognise provision for outstanding claims for incurred but not reported claims, since there is not sufficient number of compensation files in the personal accident branch.

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).

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.27 Mathematical provisions (continued)

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

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

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

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

In 2021, the company has switched to a refund application from the intermediary commission and expense share included in the tariff premium, together with actuarial mathematical provisions in case of early termination (negotiation) in risk life insurance products with a duration of more than one year. With the approach that the insurer is liable in the event of a surrender, the Company has estimated the risk settlement amounts to be realized from the actuarial mathematical provisions of risk life insurance policies with a duration of more than one year, using historical statistics, and by calculating the amount of intermediary commission and expense share calculated using the information included in the tariffs over the amount found, actuarial Mathematics added to the answer. The calculated brokerage commission and expense share amounts are also accounted for in the deferred commission and deferred production expense account.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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)

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.

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

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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

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)

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)

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)

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

2 Summary of Significant Accounting Policies (continued)

2.1 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)

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 optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Pricing policies (continued)

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

	31 December 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 bene	27.000	108	34.000	136

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

Risk evaluation policies

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

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

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.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.1 Management of insurance risk (continued)

Reinsurance companies (continued)

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.

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	Standard & Poors			AM Best		
	Rating	Outlook	Date	Rating	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	10.12.2020	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 communiqués 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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.

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	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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

Credit risk (continued)

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 –	1 January –
	31 December 2021	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)

Liquidity risk

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

Management of 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.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

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	-	-	-	-	-	-	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.

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.2 Financial risk management

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	695.553.506	-	-	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	-	-	-	-	-	-	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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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	ABD Doları	Avro	Diğer	Toplam
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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	ABD Doları	Avro
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	ABD Doları	Avro
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
Other	-	-	-	-
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 policy holders – 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 decrease	100 bp increase	100 bp decrease
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 decrease	100 bp increase	100 bp decrease
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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:

	31 December 2021			Total
	Level 1	Level 2	Level 3	
Financial assets				
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
	31 December 2020			Total
	Level 1	Level 2	Level 3	
Financial assets				
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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

4 Management of insurance and financial risk (continued)

4.2 Financial risk management (continued)

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 ministry of treasury and finance 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

	1 January – 31 December 2021	1 January – 31 December 2020
Financial gains and losses recognized in the statement of income		
Interest income from bank deposits	282.878.119	141.962.016
Income accrual and valuation differences of financial assets	72.024.075	87.552.557
Gains on disposal 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	(8.105.934)	-
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 2020
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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)
Dönem net karı veya (zararı)	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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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)
Dönem net karı veya (zararı)	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 2021					
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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

6 Tangible assets

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

	01 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:

	01 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 assets 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.

7 Investment properties

None.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

8 Intangible assets

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

	01 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:

	01 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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

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

There are no impairment losses recognized for reinsurance assets.

	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)

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 policyholders classified as available for sale	58.313.577	38.555.142
Held-to-maturity financial assets	115.490.200	-
Toplam	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 amounting with TL 404,971 (31 December 2020: TL 292,304).

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
<i>Equity shares and other non-fixed income financial assets:</i>			
Equity shares (*)	404.971	404.971	404.971
Available for sale assets	119.507.707	111.939.485	111.939.485
Financial investments with risks on saving life policyholders classified as 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
<i>Equity shares and other non-fixed income financial assets:</i>			
Equity shares (*)	292.304	292.304	292.304
Available for sale assets	829.166.716	849.884.490	849.884.490
Financial investments with risks on saving life policyholders classified as 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
<i>Equity shares and other non-fixed income financial assets:</i>			
Eurobond	346.842.116	350.470.773	350.470.773
Total trading financial investments	346.842.116	350.470.773	350.470.773
	31 December 2020		
	Cost	Fair Value	Carrying Value
<i>Equity shares and other non-fixed income financial assets:</i>			
Eurobond	75.629.128	76.050.908	76.050.908
Total trading financial investments	75.629.128	76.050.908	76.050.908

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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
Financial investments with risks on saving life policyholders classified as available for sale	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
Financial investments with risks on saving life policyholders classified as available for sale	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).

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 – Eurobo	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 – Eurobo	32.766.209	38.555.142	38.555.142
Total	32.766.209	38.555.142	38.555.142

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

11 Financial Assets (continued)

The movement of financial assets within the period is as follows:

	31 December 2021				
	Financial assets held for trading	Financial investments with risks on saving life policyholders	Financial assets available for sale	To be Held Until Maturity	Total
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				
	Financial assets held for trading	Financial investments with risks on saving life policyholders	Financial assets available for sale		Total
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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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
Toplam	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

- Receivables under legal or administrative follow up (due): None (December, 31 2020: None).
- Provision for premium receivables (due): TL 15.982 (December, 31 2020: TL 27.655).
- 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

13 Derivative financial instruments

The Company has Eurobond transaction guarantee amounting to TL 350.470.773 that classified under financial assets held for trading (31 December 2020: TL 76.050.908).

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 (less than 3 months)	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 ministry of treasury and finance 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%

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 transferred 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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)

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 available-for-sale financial assets which is presented as “revaluation of financial assets” in the accompanying financial statements. Movement of fair value reserves of available-for-sale financial assets and their related tax effects are presented in Note 15.

The Company recognizes its liability to the policyholders due to the saving life products, classified as investment contracts, under life mathematical provisions. The Company recognizes its own portion for the unrealized gains and losses, recognized due to change in the fair values of available for sale financial assets backing long term investment contracts under equity within ‘revaluation of financial assets’.

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 (short term and long term)	1.038.568.604	634.360.003
Equalization reserve, net 26	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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

17 Insurance contract liabilities and reinsurance assets (continued)

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		
	Gross	Reinsurer	Net
Unearned premiums reserve			
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		
	Gross	Reinsurer	Net
Unearned premiums reserve			
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 –	1 January –
	31 December 2021	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

	1 January – 31 December 2021		
	Gross	Reinsurer	Net
Outstanding claims reserve			
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	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

	1 January – 31 December 2020		
	Gross	Reinsurer	Net
Outstanding claims reserve			
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	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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

17 Insurance liabilities and reinsurance assets (continued)

Claim development tables (continued)

31 December 2021							
Accident year	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 year later	95.628.607	103.107.173	127.908.472	219.321.811	-	-	545.966.063
3 year later	91.626.502	102.347.509	128.819.184	-	-	-	322.793.195
4 year later	91.572.656	104.192.278	-	-	-	-	195.764.934
5 year 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

31 December 2021							
Accident year	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 year later	72.221.645	86.005.271	108.468.279	197.418.336	-	-	464.113.531
3 year later	70.119.620	85.248.443	110.044.266	-	-	-	265.412.329
4 year later	69.974.194	86.931.019	-	-	-	-	156.905.213
5 year 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, gross in the financial statements							125.593.729

31 December 2020							
Accident year	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 year later	79.726.520	95.628.607	103.107.173	127.908.472	-	-	406.370.772
3 year later	79.883.028	91.626.502	102.347.509	-	-	-	273.857.039
4 year later	78.486.051	91.572.656	-	-	-	-	170.058.707
5 year 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, gross in the financial statements							100.605.706

31 December 2020							
Accident year	2015	2016	2017	2018	2019	2020	Total
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 year later	55.780.436	72.221.645	86.005.271	108.468.279	-	-	322.475.631
3 year later	55.988.466	70.119.620	85.248.443	-	-	-	211.356.529
4 year later	55.186.590	69.974.194	-	-	-	-	125.160.784
5 year 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, gross in the financial statements							75.433.597

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

17 Insurance liabilities and reinsurance assets (continued)

Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

	31 December 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	1.000.003	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.

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

17 Insurance liabilities and reinsurance assets (continued)**Distribution of number of contracts, gross and net premiums and mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period**

	31 December 2021			31 December 2020		
	Number of contracts	Gross premium	Mathematical Reserve	Number of contracts	Gross 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

18 Investment contract liabilities

The movements of life mathematical reserve for saving life policies as at December, 31 2021 and December, 31 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Life mathematical provision for saving life policies		
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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

18 Investment contract liabilities (continued)

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

18 Investment contract liabilities (continued)

Pension operations (continued)

As at December, 31 2021 and December, 31 2020 pension investment funds founded by the Company and their unit prices are as follows:

	31 December 2021	31 December 2020
	Birim fiyatları	Birim fiyatları
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

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

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 circulation	
	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

Garanti Emeklilik ve Hayat Anonim Şirketi
Notes to The Financial Statements as of 31 December 2021
(Currency: Turkish Lira (TL))

18 Investment contract liabilities (continued)

Pension operations (continued)

	31 December 2021			
	Participation certificate in the circulation		Participation certificate in the circulation	
	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

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.

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

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 2020	1 January – 31 December 2019
Provision for employment termination benefits at the beginning of the period	7,555,436	7,707,639
Interest cost	1,014,896	1,316,588
Service cost	1,638,553	2,353,857
Payments during the period	(632,875)	(2,546,172)
Actuarial loss	2,818,671	(1,276,476)
Provision for employment termination benefits at the end of the period	12,394,681	7,555,436

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).

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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).

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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>	<i>(474.529.941)</i>	<i>(370.578.354)</i>
<i>Change in deferred commission expenses</i>	<i>97.288.594</i>	<i>14.251.234</i>
<i>Deferred commission expenses</i>	<i>27.591.343</i>	<i>2.429.993</i>
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>	<i>56.293.263</i>	<i>43.436.474</i>
<i>Change in deferred commission income</i>	<i>(2.236.118)</i>	<i>(4.063.801)</i>
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)

The details of the fees for independent audit and tax services for the year ended December, 31 2021 and December, 31 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Fees related to independent audit services	349.000	291.000
Fees related to tax services	157.200	150.000

33 Employee benefit expenses

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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	Tax rate	1 January- 31 December 2020	Tax rate
Profit before taxes	816.645.917	(%)	607.724.158	(%)
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	(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.

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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

41 Redeemable preference shares

None.

42 Contingencies

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, which mainly stem from its insurance operations. The necessary income/expense accruals for the revocable cases against/on behalf of the Company are provided either under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As at 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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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 Hizmet Yönetimi A.Ş. – portfolio management	-	-
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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
Eureko Sigorta A.Ş.		
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
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.

Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2021

(Currency: Turkish Lira (TL))

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)