

# **Garanti Emeklilik ve Hayat Anonim Őirketi**

Financial Statements  
And Independent Audit Report  
As For the Year  
Ended 31 December 2022

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



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

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Garanti Emeklilik ve Hayat Anonim Şirketi**

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

#### **1) Opinion**

We have audited the financial statements of Garanti Emeklilik ve Hayat Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance, its cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

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

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

#### **3) Other Matter**

The financial statements of the Company which were prepared in accordance with the accounting principles and standards in force as of December 31, 2021 were subject to full-scope audit by another independent audit firm. In their independent auditor's report dated February 1, 2022, independent audit firm expressed unqualified opinion on the financial statements prepared at December 31, 2021.

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**4) 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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Estimates and assumptions used in calculation of insurance contract liabilities</b></p> <p>As of December 31, 2022, the Company has insurance liabilities of TL 2.323.711.850 which constitutes 48% of the Company's total liabilities, excluding the "Liabilities from Pension Activities" account. The measurement of insurance contract liabilities involves judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including those for guarantees provided to policyholders.</p> <p>Liabilities related to life insurance group comprise of actuarial mathematical reserves which are calculated according to formulas and principles given in approved technical basis of tariffs and profit sharing reserves which consist of profit sharing calculated in previous years and a certain percentage of current year's income, determined in the approved profit sharing tariffs, including other beneficiaries for the contracts which the Company is liable to give profit sharing.</p> <p>Accounting policies and actuarial assumptions used for the mentioned insurance contract liabilities are explained in note 2 and 17. Given their magnitude in terms of financial statement and significant uncertainty of estimates containing, insurance contract liabilities has been considered as a key audit matter.</p>	<p>The audit procedures regarding the insurance contract liabilities were performed with the use of an actuarial auditor, who is part of our team, and together with manually calculated components of insurance contract liabilities, audit evidence about key controls over calculation methods used by Company's actuaries were obtained; reconciliation of input data related to the Company's insurance contract liabilities with system and other source data was tested; Tariffs and profit sharing reserves which are components of Life group insurance contract liabilities were tested on calculation data by using sampling method and compliance of the explanatory information regarding to insurance contract liabilities with the accounting and reporting regulations in force due to the insurance legislation was reviewed.</p>

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**5) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

**6) Auditor's Responsibilities for the Audit of the Financial Statements**

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 InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

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- 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.


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

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) Report on Other Legal and Regulatory Requirements**

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Tolga Özdemir.

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

Tolga Özdemir, SMMM  
Partner

31 January 2023  
İstanbul, Türkiye

**GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ**  
**THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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, 31 January 2023



**Burak Ali GÖÇER**  
General Manager



**Ahmet KARAMAN**  
Executive Vice President



**Kıvanç ATŞÜREN**  
Financial Affairs Unit Manager



**Halil KOLBAŞI**  
Actuary No 72

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**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

ASSETS			
I- Current Assets	Footnote	Audited Current Period 31 December 2022	Audited Previous Period 31 December 2021
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>2.620.552.328</b>	<b>1.460.597.566</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	2.243.780.952	1.231.246.867
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables (Less than 3 months)	14,45	376.769.576	228.630.699
6- Other Cash and Cash Equivalents		1.800	720.000
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>	<b>11</b>	<b>2.050.457.204</b>	<b>1.510.378.208</b>
1- Financial Assets Available for Sale	11	1.216.720.697	370.163.982
2- Financial Assets Held to Maturity	11	-	731.429.876
3- Financial Assets Held for Trading	11	752.684.650	350.470.773
4- Loans		-	-
5- Provision for Loans		-	-
6- Financial Investments with Risks on Life Policy Holders	11	81.051.857	58.313.577
7- Company Share		-	-
8- Diminution in Value of Financial Assets		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>58.300.109.501</b>	<b>33.181.724.821</b>
1- Receivables from Insurance Operations	12	158.185.810	102.947.159
2- Provision for Receivables from Insurance Operations	12	(37.099)	(15.982)
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	1.018.381	692.520
7- Provision for Loans to Policyholders		-	-
8- Receivables from Private Pension Operations	12,18	58.140.942.409	33.078.101.124
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations		-	-
<b>D- Due from Related Parties</b>	<b>12</b>	<b>788</b>	<b>15.785</b>
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel	12	788	15.785
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		-	-
<b>E- Other Receivables</b>	<b>12</b>	<b>403.644</b>	<b>427.873</b>
1- Lease Receivables		-	-
2- Unearned Lease Interest Income		-	-
3- Deposits and Guarantees Given	12	219.395	154.660
4- Other Receivables	12	184.249	273.213
5- Discount on Other Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>369.578.634</b>	<b>186.543.649</b>
1- Deferred Acquisition Costs	17	367.830.780	185.559.336
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Expenses for Future Months	12	1.747.854	984.313
<b>G- Other Current Assets</b>		<b>29.466</b>	<b>4.818</b>
1- Inventories in Need for the Next Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		15.000	4.818
5- Advances Given to Personnel		14.466	-
6- Count and Delivery Shortages		-	-
7- Other Miscellaneous Current Assets		-	-
8- Provision for Other Current Assets		-	-
<b>I- Total Current Assets</b>		<b>63.341.131.565</b>	<b>36.339.692.720</b>

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Balance Sheet As at 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

ASSETS			
	Footnote	Independently Audited Current Period 31 December 2022	Independently Audited Previous Period 31 December 2021
<b>II- Non Current Assets</b>			
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance & 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>B- Due from Related Parties</b>		-	-
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 from Related Parties		-	-
9- Provisions for Doubtful Receivables from Related Parties		-	-
<b>C- Other Receivables</b>	12	3.476	3.476
1- Financial Leasing Receivables		-	-
2- Unearned Financial Leasing Interest Income		-	-
3- Deposits and Guarantees Given	12	3.476	3.476
4- Other Miscellaneous Receivables		-	-
5- Discount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables		-	-
<b>D- Financial Assets</b>		-	-
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 Life Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets		-	-
<b>E- Tangible Assets</b>	6	701.185	5.436.110
1- Investment Properties		-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipment		-	-
5- Furniture and Fixtures	6	14.603.457	14.583.987
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	453.474	4.384.609
8- Leased Tangible Assets	6	4.144.474	8.402.106
9- Accumulated Depreciation	6	(18.500.220)	(21.934.592)
10- Advances Paid for Tangible Assets (Including Construction in Progress)		-	-
<b>F- Intangible Assets</b>	8	38.583.942	37.455.512
1- Rights	8	334.371	334.371
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	283.585.258	256.457.883
6- Accumulated Amortization	8	(245.335.687)	(219.336.742)
7- Advances Regarding Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Expenses for next years		-	-
<b>H- Other Non-current Assets</b>	21	67.347.881	38.866.816
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories for next years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	67.347.881	38.866.816
6- Other Miscellaneous Non-current Assets		-	-
7- Other Non-current Assets Amortization		-	-
8- Provision for Other Non-current Assets		-	-
<b>II- Total Non-current Assets</b>		106.636.484	81.761.914
<b>Total Assets (I + II)</b>		63.447.768.049	36.421.454.634

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

<b>LIABILITIES</b>			
<b>III- Short Term Liabilities</b>	<b>Footnote</b>	<b>Audited Current Period 31 December 2022</b>	<b>Audited Previous Period 31 December 2021</b>
<b>A- Financial Borrowings</b>	<b>20</b>	<b>2.220.096</b>	<b>3.752.243</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	392.015	4.177.269
3- Deferred Finance Lease Borrowing Costs	20	(14.260)	(425.026)
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Instalments and Interests on Issued Bills (Bonds)		-	-
6- Other Issued Financial Assets		-	-
7- Value Differences on Issued Financial Assets		-	-
8- Other Financial Borrowings (Liabilities)		1.842.341	-
<b>B- Payables from Main Operations</b>	<b>19</b>	<b>58.755.114.256</b>	<b>33.398.635.690</b>
1- Payables from Insurance Activities	19	109.007.923	41.586.845
2- Payables from Reinsurance Activities		-	-
3- Warehouses Received from Insurance and Reinsurance Companies		-	-
4- Debts from Retirement Activities	18,19	58.646.106.333	33.357.048.845
5- Payables from Other Main Activities		-	-
6- Payables from Other Main Operations Rediscount of Debt Securities		-	-
<b>C-Duties to Related Parties</b>		<b>37.540.633</b>	<b>6.441.989</b>
1- Payables to Partners	45	1.530.320	904.848
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Personnel		372.742	84.302
6- Payables to Other Related Parties	45	35.637.571	5.452.839
<b>D- Other Payables</b>	<b>19</b>	<b>4.264.078</b>	<b>3.162.873</b>
1- Deposits and Guarantees Received		-	-
2- Payables to SSI for Treatment Expenses		-	-
3- Other Miscellaneous Debts	19	4.264.078	3.162.873
4- Rediscount of Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>17</b>	<b>736.818.753</b>	<b>354.386.990</b>
1- Provision for Unearned Premiums - Net	17	499.670.570	200.699.773
2- Provision for Continuing Risks - Net		-	-
3- Mathematical Equivalents - Net	17	76.455.682	28.093.488
4- Provision for Outstanding Compensation - Net	17	160.692.501	125.593.729
5- Provision for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net		-	-
<b>F- Taxes Payable and Other Similar Liabilities and Provisions</b>	<b>19</b>	<b>149.314.103</b>	<b>95.757.863</b>
1- Taxes and Funds Payable		30.329.084	27.989.093
2- Social Security Deductions Payable		8.794.770	1.954.943
3- Overdue, Deferred or Installed Tax and Other		-	-
4- Other Taxes and Similar Liabilities Payable		-	-
5- Period Profit Tax and Other Legal Liability Provisions	19	356.936.116	220.068.543
6- Prepaid Taxes and Other Liabilities of the Profit for the Period	19	(246.745.867)	(154.254.716)
7- Provisions for Other Taxes and Similar Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>7.443.701</b>	<b>6.151.634</b>
1- Provision for Severance Pay		-	-
2- Provision for Social Aid Fund Asset Deficits		-	-
3- Provision for Cost Expenses	23	7.443.701	6.151.634
<b>H- Income and Expense Accruals for Future Months</b>	<b>19</b>	<b>114.850.286</b>	<b>76.236.713</b>
1- Deferred Commission Income	10,19	54.296.464	13.278.054
2- Expense Accruals	19	60.553.822	62.958.659
3- Other Income for Future Years		-	-
<b>I- Other Short-Term Liabilities</b>		<b>-</b>	<b>-</b>
1- Deferred Tax Liability		-	-
2- Count and Delivery Surplus		-	-
3- Other Miscellaneous Short-Term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>59.807.565.906</b>	<b>33.944.525.995</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

	Footnote	Audited Current Period 31 December 2022	Audited Previous Period 31 December 2021
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Borrowings</b>	<b>20</b>	<b>43.839</b>	<b>781.611</b>
1- Payables to Credit Institutions		-	-
2- Payables from Financial Leasing Transactions	20	46.201	793.913
3- Deferred Leasing Borrowing Costs	20	(2.362)	(12.302)
4- Issued Bonds		-	-
5- Other Financial Assets Issued		-	-
6- Other Financial Assets Issue Difference		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables from Main Operations</b>		-	-
1- Payables from Insurance Activities		-	-
2- Payables from Reinsurance Activities		-	-
3- Warehouses Received from Insurance and Reinsurance Companies		-	-
4- Debts from Retirement Activities		-	-
5- Payables from Other Main Activities		-	-
6- Payables from Other Main Operations Rediscount of Debt Securities		-	-
<b>C- Due to Related Parties</b>		-	-
1- Payables to Partners		-	-
2- Payables to Affiliates		-	-
3- Payables to Subsidiaries		-	-
4- Payables to Joint Ventures		-	-
5- Payables to Personnel		-	-
6- Payables to Other Related Parties		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Payables to SSI for Treatment Expenses		-	-
3- Other Miscellaneous Debts		-	-
4- Rediscount of Other Miscellaneous Payables		-	-
<b>E- Insurance Technical Provisions</b>	<b>17</b>	<b>1.586.893.097</b>	<b>1.050.978.741</b>
1- Provision for Unearned Premiums - Net		-	-
2- Provision for Continuing Risks - Net		-	-
3- Mathematical Equivalents - Net	17	1.538.153.496	1.010.475.116
4- Provision for Outstanding Compensation - Net		-	-
5- Provision for Bonuses and Discounts - Net		-	-
6- Other Technical Provisions - Net	17	48.739.601	40.503.625
<b>F- Other Liabilities and Provisions</b>	<b>23</b>	<b>3.716.973</b>	<b>2.246.108</b>
1- Other Obligations Payable		-	-
2- Overdue, Deferred or Installed Tax and Other		-	-
3- Other Provisions for Debts and Expenses	23	3.716.973	2.246.108
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>34.630.779</b>	<b>15.140.437</b>
1- Provision for Severance Pay	23	34.630.779	15.140.437
2- Provision for Social Aid Fund Asset Deficits		-	-
<b>H- Income and Expense Accruals for Future Years</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Income for Future Months		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liability		-	-
2- Other Miscellaneous Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>1.625.284.688</b>	<b>1.069.146.897</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

EQUITY			
V- Equity	Footnote	Audited Current Period 31 December 2022	Audited Previous Period 31 December 2021
<b>A- Paid Capital</b>		<b>503.084.445</b>	<b>503.084.445</b>
1- (Nominal) Capital	2,13,15	500.000.000	500.000.000
2- Unpaid Capital		-	-
3- Capital Adjustment Positive Differences		3.084.445	3.084.445
4- Capital Adjustment Negative Differences		-	-
5- Registered Expected Capital		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Stock Issue Premiums		-	-
2- Stock Cancellation Profits		-	-
3- Sales Profits to be Added to the Capital		-	-
4- Foreign Currency Conversion Differences		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>502.575.669</b>	<b>293.142.370</b>
1- Legal Reserves	15	145.153.230	77.075.484
2- Status Reserves		-	-
3- Extraordinary Reserves	15	366.863.998	223.386.817
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	11,15	6.232.317	(4.170.043)
6- Other Profit Reserves		(15.673.876)	(3.149.888)
<b>D- Previous Years Profits</b>		<b>-</b>	<b>-</b>
1- Previous Years Profits		-	-
<b>E- Previous Years Losses</b>		<b>-</b>	<b>-</b>
1- Previous Years Losses		-	-
<b>F- Net Profit for the Period</b>		<b>1.009.257.341</b>	<b>611.554.927</b>
1- Period Net Profit		1.009.257.341	611.554.927
2- Period Net Loss		-	-
3- Profit for the Period Not Subject to Distribution		-	-
<b>V- Total Equity</b>		<b>2.014.917.455</b>	<b>1.407.781.742</b>
<b>Total Liabilities (III+IV+V)</b>		<b>63.447.768.049</b>	<b>36.421.454.634</b>

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Income Statement for the Fiscal Period Ended on 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

		Audited Current Period 1 January- 31 December 2022	Audited Previous Period 1 January- 31 December 2021
<b>I-TECHNICAL SECTION</b>	<b>Footnote</b>		
<b>A- Non-Life Technical Income</b>	<b>5</b>	<b>1.474</b>	<b>455</b>
1- Earned Premiums (Deducted Reinsurer Share)	17	1.474	455
1.1- Written Premiums (Deducted Reinsurer Share)	17	2.148	700
1.1.1- Gross Written Premiums	17	9.662.674	700
1.1.2- Premiums Transferred to the Reinsurer		(9.660.526)	-
1.1.3 Premiums Transferred to SSI (-)		-	-
1.2- Exchange for Unearned Premiums (Deducted Reinsurer Share and Transferred Part)	17	(674)	(245)
1.2.1- Provision for Unearned Premiums	17	(7.338.544)	(245)
1.2.2- Reinsurer's Share in Unearned Premiums		7.337.870	-
1.2.3 SSI Share (+/-) for Unearned Premiums		-	-
1.3- Change for Continuing Risks (Deducted Reinsurer Share and Transferred Part)		-	-
1.3.1- Provision for Ongoing Risks		-	-
1.3.2- Reinsurer's Share Against Continuing Risks		-	-
2- Investment Revenues Transferred from Non-Technical Section		-	-
3- Other Technical Income (Deducted Reinsurer Share)		-	-
3.1- Gross Other Technical Income		-	-
3.2- Reinsurer's Share in Gross Other Technical Income		-	-
4. Accrued Subrogation and Salvage Income (+)		-	-
<b>B- Non-Life Technical Expenses</b>	<b>5</b>	<b>169.727</b>	<b>(5.021)</b>
1- Realized Compensations (Deducted Reinsurer Share)		(339.447)	5.000
1.1- Indemnities Paid (Deducted Reinsurer Share)		(184.986)	-
1.1.1- Gross Payments		(1.189.041)	-
1.1.2- Reinsurer's Share in Compensation Paid		1.004.055	-
1.2- Exchange for Outstanding Compensation (Deducted Reinsurer Share and Transferred Part)		(154.461)	5.000
1.2.1- Provision for Outstanding Compensation		(324.713)	5.000
1.2.2- Reinsurer's Share for Outstanding Compensation		170.252	-
2- Exchange for Bonuses and Discounts (Deducted Reinsurer Share and Transferred Part)		-	-
2.1- Provision for Bonuses and Discounts		-	-
2.2- Reinsurer's Share in Exchange for Bonuses and Discounts		-	-
3- Change in Other Technical Provisions (Deducted Reinsurer Share and Transferred Part)		-	-
4- Operating Expenses	32	509.174	(10.021)
5- Change in Mathematical Provisions (Deducted Reinsurer Share and Transferred Part) (+/-)		-	-
5.1- Mathematical Provisions		-	-
5.2- Reinsurer Share in Mathematical Provisions (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses (-)		-	-
6.2- Reinsurer's 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 Fiscal Period Ended on 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

	Footnote	Audited Current Period 1 January- 31 December 2022	Audited Previous Period 1 January- 31 December 2021
<b>I-TECHNICAL SECTION</b>			
<b>C- Technical Section Balance- Non-Life (A - B)</b>	<b>5</b>	<b>171.201</b>	<b>(4.566)</b>
<b>D- Life Technical Income</b>	<b>5</b>	<b>2.356.271.519</b>	<b>1.533.297.863</b>
1- Earned Premiums (Deducted Reinsurer Share)	17	1.948.893.901	1.251.331.030
1.1- Written Premiums (Deducted Reinsurer's Share)	17	2.247.864.024	1.330.040.961
1.1.1- Gross Written Premiums	17	2.579.556.400	1.456.674.053
1.1.2- Premiums Transferred to the Reinsurer	10, 17	(331.692.376)	(126.633.092)
1.2- Exchange for Unearned Premiums (Deducted Reinsurer Share and Transferred Part)	17	(298.970.123)	(78.709.931)
1.2.1- Provision for Unearned Premiums	17	(440.633.876)	(100.525.577)
1.2.2- Reinsurer's Share in Unearned Premiums	10,17	141.663.753	21.815.646
1.3- Change for Continuing Risks (Deducted Reinsurer Share and Transferred Part)		-	-
1.3.1- Provision for Ongoing Risks		-	-
1.3.2- Reinsurer's Share Against Continuing Risks		-	-
2- Life Branch Investment Income		407.329.418	281.941.261
3- Unrealized Profits on Investments		-	-
4- Other Technical Income (Deducted Reinsurer Share)		48.200	25.572
4.1- Gross Other Technical Income (+/-)		48.200	25.572
4.2- Reinsurer's Share in Gross Other Technical Income (+)		-	-
5- Accrued Recourse Income (+)		-	-
<b>E - Life Technical Expense</b>	<b>5</b>	<b>(1.502.605.332)</b>	<b>(1.062.693.325)</b>
1- Realized Compensations (Deducted Reinsurer Share)	17	(551.952.421)	(384.185.903)
1.1- Indemnities Paid (Deducted Reinsurer Share)	17	(517.008.110)	(334.020.771)
1.1.1- Gross Payments	17	(557.905.125)	(361.572.039)
1.1.2- Reinsurer's Share in Compensation Paid	10, 17	40.897.015	27.551.268
1.2- Exchange for Outstanding Compensation (Deducted Reinsurer Share and Transferred Part)	17	(34.944.311)	(50.165.132)
1.2.1- Provision for Outstanding Compensation	17	(52.567.822)	(61.273.148)
1.2.2- Reinsurer's Share for Outstanding Compensation	10, 17	17.623.511	11.108.016
2- Exchange for Bonuses and Discounts (Deducted Reinsurer Share and Transferred Part)		-	-
2.1- Provision for Bonuses and Discounts		-	-
2.2- Reinsurer's Share in Exchange for Bonuses and Discounts		-	-
3- Change in Mathematical Provisions (Deducted Reinsurer Share and Transferred Part) (+/-)		(575.989.305)	(405.823.021)
3.1- Mathematical Provisions (-)		(575.989.305)	(405.823.021)
3.1.1- Actuarial Mathematical Provision (+/-)		(575.989.305)	(405.823.021)
3.1.2- Provision for Dividend (Compensation for Policies whose Investment Risk Belongs to Policy Holders)		-	-
3.2- Reinsurer Share in Exchange for Life Mathematics (+)		-	-
4- Change in Other Technical Provisions (Deducted Reinsurer Share and Transferred Part) (+/-)	17	(8.235.976)	(7.734.470)
5- Operating Expenses	32	(366.427.630)	(264.949.931)
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Revenues Transferred to Non-Technical Department		-	-
<b>F- Technical Section Balance- Life (D - E)</b>	<b>5</b>	<b>853.666.187</b>	<b>470.604.538</b>
<b>G- Pension Technical Income</b>	<b>5,25</b>	<b>774.982.041</b>	<b>492.242.843</b>
1- Fund Operation Revenues		606.459.634	371.342.051
2- Administrative Expense Deduction		132.800.845	92.872.907
3- Entry Fee Revenues		35.603.744	27.965.586
4- Administrative Expense Deduction in Case of Suspension		34.488	62.299
5- Special Service Expense Deduction		-	-
6- Capital Allocation Advance Value Increase Income		83.330	-
7- Other Technical Income		-	-
<b>H- Pension Technical Expense</b>	<b>5</b>	<b>(581.563.115)</b>	<b>(324.823.415)</b>
1- Fund Operation Expenses		(132.191.518)	(58.491.979)
2- Capital Allocation Advances Value Impairment Expenses		(176.704)	-
3- Operating Expenses	32	(399.446.667)	(239.807.851)
4- Other Technical Expenses		(49.748.226)	(26.523.585)
<b>I- Technical Section Balance- Pension (G - H)</b>	<b>5</b>	<b>193.418.926</b>	<b>167.419.428</b>

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Income Statement for the Fiscal Period Ended on 31 December 2022

(Currency: Expressed in Turkish Lira (TL))

	Footnote	Audited Current Period 1 January- 31 December 2022	Audited Previous Period 1 January- 31 December 2021
<b>II-NON-TECHNICAL SECTION</b>			
<b>C- Technical Section Balance- Non-Life (A-B)</b>	5	171.201	(4.566)
<b>F- Technical Section Balance- Life (D-E)</b>		853.666.187	470.604.538
<b>I - Technical Section Balance - Pension (G-H)</b>		193.418.926	167.419.428
<b>J- General Technical Part Balance (C+F+I)</b>		1.047.256.314	638.019.400
<b>K- Investment Income</b>	5	421.712.835	256.339.312
1- Income from Financial Investments	4.2	281.899.874	173.244.609
2- Profits from Cashing in Financial Investments	4.2	8.135.160	2.430.159
3- Valuation of Financial Investments	4.2	68.161.773	63.436.778
4- Exchange Profits	4.2	591.199	5.483.144
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Land, Land and Buildings		-	-
8- Income from Derivative Products	2.10.	62.924.829	11.744.622
9- Other Investments		-	-
10- Investment Income Transferred from Life Technical Department		-	-
<b>L- Investment Expenses</b>		(122.676.074)	(71.247.121)
1- Investment Management Expenses - Including Interest	4.2.	(373.811)	(822.807)
2- Investments Decreases in Value		-	(7.490.720)
3- Losses as a result of the conversion of investments into cash	4.2.	(15.971.646)	(8.105.934)
4- Investment Incomes Transferred to Non-Life Technical Department		-	-
5- Losses Due to Derivative Products	2.10.	(52.359.029)	(6.532.224)
6- Exchange Losses		-	-
7- Depreciation and Amortization Expenses	6, 8	(29.587.093)	(31.654.608)
8- Other Investment Expenses	4.2	(24.384.495)	(16.640.828)
<b>M- Income and Profits and Expenses and Losses from Other Operations and Extraordinary Operations</b>		19.900.382	8.511.879
1- Provisions Account	47	(7.940.972)	(5.716.812)
2- Rediscout Account		860.118	(744.266)
3- Special Insurance Account		-	-
4- Inflation Adjustment Calculation		-	-
5- Deferred Tax Asset Account	21, 35	27.163.861	14.977.553
6- Deferred Tax Liability Expense		-	-
7- Other Income and Profits		727.666	581.266
8- Other Expenses and Losses		(910.291)	(585.862)
9- Previous Year Income and Profits		-	-
10- Previous Year Expenses and Losses		-	-
<b>N- Period Net Profit or Loss</b>		1.009.257.341	611.554.927
1- Period Profit and Loss		1.366.193.457	831.623.470
2- Period Profit Tax and Other Legal Liability Provisions	35	(356.936.116)	(220.068.543)
3- Period Net Profit or Loss		1.009.257.341	611.554.927
4- Inflation Adjustment Calculation		-	-

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Changes in Shareholders' Equity for the Fiscal Period Ended on 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

Audited Current Period 31 December 2021												
	Footnote	Capital	Company's Own Stocks	Value Increase in Assets	Equity Inflation Adjustment Differences	Foreign Currency Conversion Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Period Profit	Previous Years' Profits / Losses	Total
<b>I - Balance at the Beginning of the Period (1 January 2021)</b>	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- Own stocks purchased by the business		-	-	-	-	-	-	-	-	-	-	-
C- Gains and losses not included in the income statement	23	-	-	-	-	-	-	-	(961,166)	-	-	(961,166)
D- Value increase / (decrease) in assets	11	-	-	(3,195,238)	-	-	-	-	-	-	-	(3,195,238)
E- Currency translation differences		-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Period net profit		-	-	-	-	-	-	-	-	611,554,927	-	611,554,927
I- Dividend Distributed		-	-	-	-	-	-	-	-	(310,000,000)	-	(310,000,000)
J- Transfer		-	-	-	-	-	52,075,484	-	109,434,197	(161,509,681)	-	-
<b>II- Period End Balance (31 December 2021)</b>	15	500,000,000	-	(4,170,043)	3,084,445	-	77,075,484	-	220,236,929	611,554,927	-	1,407,781,742
<b>(I+ A+B+C+D+E+F+G+H+I+J)</b>												
Audited Previous Period 31 December 2022												
	Footnote	Capital	Company's Own Stocks	Value Increase in Assets	Equity Inflation Adjustment Differences	Foreign Currency Conversion Differences	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Period Profit	Previous Years' Profits / Losses	Total
<b>I - Balance at the Beginning of the Period (1 January 2022)</b>	15	500,000,000	-	(4,170,043)	3,084,445	-	77,075,484	-	220,236,929	611,554,927	-	1,407,781,742
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
B- Own stocks purchased by the business		-	-	-	-	-	-	-	-	-	-	-
C- Gains and losses not included in the income statement	23	-	-	-	-	-	-	-	(12,523,988)	-	-	(12,523,988)
D- Value increase / (decrease) in assets	11	-	-	10,402,360	-	-	-	-	-	-	-	10,402,360
E- Currency translation differences		-	-	-	-	-	-	-	-	-	-	-
F- Other gains and losses		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Period net profit		-	-	-	-	-	-	-	-	1,009,257,341	-	1,009,257,341
I- Dividend Distributed		-	-	-	-	-	68,077,746	-	143,477,181	(211,554,927)	-	(400,000,000)
J- Transfer		-	-	-	-	-	-	-	-	-	-	-
<b>II- Period End Balance (31 December 2022)</b>	15	500,000,000	-	6,232,317	3,084,445	-	145,153,230	-	351,190,122	1,009,257,341	-	2,014,917,455
<b>(I+ A+B+C+D+E+F+G+H+I+J)</b>												

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Cash Flow Statement for the Fiscal Period Ended on 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

Cash Flow	Footnote	Audited Current Period 1 January- 31 December 2022	Audited Previous Period 1 January- 31 December 2021
<b>A. Cash flows from operating activities</b>			
1. Cash inflows from insurance activities		2.925.370.241	2.127.347.671
2. Cash inflows from reinsurance activities		-	-
3. Cash inflows from retirement activities		934.736.835	548.213.471
4. Cash outflow due to insurance activities		(1.280.585.766)	(1.257.241.983)
5. Cash outflow due to reinsurance activities		-	-
6. Cash out due to retirement activities		(515.101.706)	(324.530.060)
<b>7. Cash provided by / (used in) operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>2.064.419.604</b>	<b>1.093.789.099</b>
8. Interest payments		-	-
9. Income tax payments	19	(312.559.694)	(190.519.370)
10. Other cash inflows		230.833.466	105.482.292
11. Other cash outflows		(3.582.841)	(1.598.803.006)
<b>12. Net cash from operating activities</b>		<b>1.979.110.535</b>	<b>(590.050.985)</b>
<b>B. Cash flows from investing activities</b>			
1. Sale of tangible assets		2.592.323	663.500
2. Acquisition of tangible assets	6,8	(27.146.845)	(25.499.144)
3. Acquisition of financial assets	11	(2.591.122.942)	(839.637.595)
4. Sale of financial assets	11	2.076.003.370	1.310.299.093
5. Interests received		359.235.608	239.111.545
6. Dividends received		-	-
7. Other cash inflows		61.726.694	38.708.783
8. Other cash outflows		(89.755.796)	(95.721.573)
<b>9. Net cash from investing activities</b>		<b>(208.467.588)</b>	<b>627.924.609</b>
<b>C. Cash flows from financing activities</b>			
1. Issuance of stocks		-	-
2. Cash inflows/(outflows)/cash flows related to loans		-	-
3. Financial leasing debts payments		(4.257.632)	(7.736.485)
4. Dividends paid	15	(400.000.000)	(310.000.000)
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Net cash from financing activities</b>		<b>(404.257.632)</b>	<b>(317.736.485)</b>
<b>D. Effect of foreign exchange differences on cash and cash equivalents</b>		<b>363.259</b>	<b>18.812.977</b>
<b>E. Net increase in cash and cash equivalents (A12+B9+C7+D)</b>		<b>1.366.748.574</b>	<b>(261.049.884)</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	14	<b>943.648.162</b>	<b>1.204.698.046</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	14	<b>2.310.396.736</b>	<b>943.648.162</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Statement of profit appropriation for the Fiscal Period Ended on 31 December 2022**

(Currency: Expressed in Turkish Lira (TL.))

	Footnote	Audited Current Period 31 December 2022(*)	Audited Previous Period 31 December 2021(**)
<b>I. PERIOD PROFIT APPROPRIATION</b>			
1.1. PROFIT FOR THE PERIOD		1.366.193.457	831.623.470
1.2. TAX PAYABLE AND LEGAL LIABILITIES		(356.936.116)	(220.068.543)
1.2.1. Corporate Tax (Income Tax)		(356.936.116)	(220.068.543)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 – 1.2)</b>		<b>1.009.257.341</b>	<b>611.554.927</b>
1.3. PREVIOUS PERIOD LOSS (-)		-	-
1.4. PRIMARY RESERVE		-	-
1.5. MANDATORY LEGAL FUND TO BE LEFT WITH THE COMPANY AND SAVINGS (-)		-	-
<b>B DISTRIBUTABLE NET PROFIT FOR THE PERIOD   (A - (1.3 + 1.4 + 1.5)  </b>		<b>1.009.257.341</b>	<b>611.554.927</b>
1.6. FIRST DIVIDEND TO PARTNERS (-)		-	(400.000.000)
1.6.1. To Shareholders		-	(400.000.000)
1.6.2. To Holders of Preferred Shares		-	-
1.6.3. To Holders of Participating Shares		-	-
1.6.4. To Holders of Participation Bonds		-	-
1.6.5. To Holders of Profit and Loss Sharing certificate		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDEND TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDEND TO PARTNERS (-)		-	-
1.10.1. To Shareholders		-	-
1.10.2. To Holders of Preferred Shares		-	-
1.10.3. To Holders of Participating Shares		-	-
1.10.4. To Holders of Participation Bonds		-	-
1.10.5. To Holders of Profit and Loss Sharing certificate		-	-
1.11. SECONDARY RESERVE (-)		-	(68.077.746)
1.12. STATUS RESERVES (-)		-	-
1.13. OUTSTANDING RESERVES		-	(143.477.181)
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION FROM RESERVES</b>		-	-
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECONDARY RESERVE (-)		-	-
2.3. SHARE TO PARTNERS (-)		-	-
2.3.1. To Shareholders		-	-
2.3.2. To Holders of Preferred Shares		-	-
2.3.3. To Holders of Participating Shares		-	-
2.3.4. To Holders of Participation Bonds		-	-
2.3.5. To Holders of Profit and Loss Sharing certificate		-	-
2.4. SHARE TO EMPLOYEES (-)		-	-
2.5. SHARE TO THE BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>		-	-
3.1. TO SHAREHOLDERS		0,020	0,012
3.2. TO SHAREHOLDERS (%)		202%	122%
3.3. TO HOLDERS OF PREFERRED SHARES		-	-
3.4. TO HOLDERS OF PREFERRED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>		-	-
4.1. TO SHAREHOLDERS		-	0,008
4.2. TO SHAREHOLDERS (%)		-	0,80%
4.3. TO HOLDERS OF PREFERRED SHARES		-	-
4.4. TO HOLDERS OF PREFERRED SHARES (%)		-	-

(\*) Since the Ordinary General Meeting of the Company has not yet been held as of the date of issuance of these financial statements, only the amount of distributable profit is specified in the Statement of profit appropriation for 2022.

(\*\*) The figures for the year 2021 have been filled in in accordance with the decision of the General Assembly of the Statement of profit appropriation.

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

Footnotes to the Financial Statements Prepared  
as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

## 1 General Information

### 1.1 Parent Company and the Ultimate Owner of the Company

As of 31 December 2022 the shareholder having direct or indirect control over the shares of Garanti Emeklilik ve Hayat Anonim Şirketi (“the Company”) is Türkiye Garanti Bankası A.Ş. (“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. The company operates at the address of Nispetiye Mahallesi, Barbaros Bulvarı, No: 96, Çiftçi Towers Kule 1, 34340 Beşiktaş/Istanbul. .

### 1.3 Main Operations of the Company

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

On 14 November 2002, the Company applied for conversion from life insurance company to private pension company in accordance with the 2nd clause of 1st Temporary Article of Law No.4632 on Private Pension Savings and Investment System issued in Official Gazette dated 7 April 2001 numbered 4366. 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 six pension mutual funds as of 31 December 2022 (31 December 2021: thirty three pension mutual funds).

According to the Pension Mutual Fund Portfolio Management Contracts signed by and between the parties; 35 pension mutual funds are managed by Garanti Portföy Yönetimi A.Ş., and 1 pension mutual 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 Savings and Investment System Law No. 4632 (the “Private Pension Law”) amended by Law No. 6327, which was published in the Official Gazette dated 7 April 2001 and numbered 4366, and effective from 1 January 2013 issues The Company signs policies/contracts in life, personal accident and pension branches as of 31 December 2022.

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Footnotes to the Financial Statements Prepared  
as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

**1 General information (continued)**

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

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

	31 December 2022	31 December 2021
Senior management personnel	5	5
Other personnel	699	684
<b>Total</b>	<b>704</b>	<b>689</b>

**1.6 Remuneration and fringe benefits provided to top management**

As of and for the year ended 31 December 2022, 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 15.169.169 (31 December 2021: TL 8.747.916).

**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 "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Chart of Account" dated 4 January 2008 issued by the Republic of Turkey Ministry of Treasury and Finance. The allocation of non-distinguishable technical operating expenses are determined in accordance with the "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" dated 9 August 2010 and numbered 2010/9, valid since 1 January 2011 and issued by the Ministry of Treasury and Finance. 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 of and for the year ended 31 December 2022.

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

Trade Name of the Company :Garanti Emeklilik ve Hayat Anonim Şirketi

Registered Address of the Head OFFICE: Nispetiye Mahallesi, Barbaros Bulvarı, No: 96  
Çiftçi Towers Kule 1, 34340 Beşiktaş/İstanbul

The Web Page of the Company :[www.garantibbvaemeklilik.com.tr](http://www.garantibbvaemeklilik.com.tr)

After the previous reporting period, the company made a change of address in its general directorate. The address information of the Company as of the end of the previous reporting period is as follows:

Address of the former Head Office of the Company: Mete Cad. No:30 Taksim/İstanbul

# **Garanti Emeklilik ve Hayat Anonim Şirketi**

Footnotes to the Financial Statements Prepared

as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

## **1 General information (continued)**

### **1.10 Subsequent events**

Explanations on events after the balance sheet date are presented in detail in the note “46 – Events after the balance sheet date”.

## **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 Turkish Republic the Ministry of Treasury and Finance 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 Republic of Turkish Ministry of Treasury and Finance.

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

#### **Comparative Information and Correction of Financial Statements Dated to the Previous Period**

The Company's balance sheet prepared as of 31 December, 2022, with its revised balance sheet dated 31 December 2021; The income statement, equity change statement and cash flow statement for the accounting period of 31 December, 2022 are presented in comparison with the revised income statement, equity change statement and cash flow statement for the accounting period of 31 December, 2021.

As of 31 December 2021, banks with an original maturity more than three months are classified as held to maturity financial assets amounting to TL 615.939.676.

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

##### **Preparation of Financial Statements in Hyperinflationary Periods**

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of 31 December 2022.

##### **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.

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Footnotes to the Financial Statements Prepared  
as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL.))

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

**2.1 Basis of Preparation (continued)**

**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 Company preferred to present bank deposits with a maturity of more than three months, which were previously accounted for under the cash and similar assets item, under the financial assets to be held to maturity in the current period, and prepared the previous year's financial statements in this way.

**2.2 Consolidation**

Since the Company has no subsidiaries or affiliates as of the balance sheet date, consolidated financial statements have not been prepared.

**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 in which the Company operates, reporting according to geographical segment is not presented, reporting according to business segments is presented in Note 5.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Footnotes to the Financial Statements Prepared

as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL))

## 2 Summary of Significant Accounting Policies (continued)

### 2.4 Reserves in Foreign Currencies

Transactions are recorded in TL, which is the current currency of the Company. Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions, and the foreign currency monetary assets and liabilities in the balance sheet are translated into TL at the exchange rates on the balance sheet date and the translation differences resulting from the translation are shown net, depending on whether the result is positive or negative are reflected in the foreign exchange profits or foreign exchange losses accounts in the financial statements.

### 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.

For tangible fixed assets purchased before 1 January 2004, the related depreciation shares are calculated using the accelerated depreciation method over their cost values, while the linear depreciation method has been used for those purchased as of 1 January 2004.

The rates used in the depreciation of tangible fixed assets and the estimated useful life periods are as follows:

<b>Tangible Assets</b>	<b>Estimated Lives (Years)</b>	<b>Depreciation Rate (%)</b>
Furniture and fixture	3-10	20-33
Other tangible assets (including leasehold improvements)	5-20	5-20
Tangible assets acquired through finance leasing	4	25

### 2.6 Investment Properties

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

### 2.7 Intangible assets

The Company's intangible assets consist of software programs. Intangible assets are recorded at cost in accordance with TAS 38 – Accounting for Intangible Assets.

The Company allocates depletion shares of intangible assets between 10% and 50% over their cost values, using the straight-line depreciation method according to the useful lives of the related assets.

## **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**

Footnotes to the Financial Statements Prepared  
as of 31 December 2022

*(Currency: Expressed in Turkish Lira (TL))*

## **2 Summary of Significant Accounting Policies (continued)**

### **2.8 Financial Assets (continued)**

#### **Specific Instruments**

Loans are the money they lend in return for the return of the life insurance policy within a certain proportion of the amounts in the surrender table of the tariff related to the life insurance holders who have paid premiums for the period specified in the technical principles regarding the Company's approved life insurance tariffs (this period is at least 3 years according to the Life Insurance General Conditions) represents the amounts. As of 31 December 2022, the total amount of loans extended by the Company to policyholders is TL 1.018.381 (31 December 2021: TL 692.520).

Financial investments at the risk of life policy holders consist of financial assets acquired by the Company over the amounts invested on behalf of life policy holders. Financial investments at the risk of life policyholders, provided that they do not create a situation against the rights and interests of the policyholders; They can be classified as financial assets held for trading, available-for-sale and held-to-maturity and are valued in accordance with the above principles.

In case these investments are classified as available-for-sale financial assets, 5% of the difference between the fair values of the related financial assets and their amortized cost values calculated according to the effective interest method is under equity, 95% of which belongs to the insured in the Insurance Technical Reserves - Life Mathematical Reserve account. As of 31 December 2022, TL 2.603.152 (31 December 2021: TL 2.551.883), which does not belong to the Company and corresponds to 95% of the valuation differences, has been shown in mathematical provisions for life.

Receivables from pension activities consist of capital advances made to pension mutual funds, fund operating expense deductions from funds, pension system entry fees and receivables from the custodian company. The Company tracks the fund operating expense deduction receivables arising from the management of the funds, which cannot be collected within the same day, under the fund operating expense deduction receivables account. Advances allocated to pension mutual funds established by the company are followed in the capital advances account for pension mutual funds. Fund-based receivables from the custodian on behalf of the participants are classified under the item of receivables from the custodian company. This amount is also shown as payables to the participants for the funds sold under the individual pension system debts item.

#### **Derecognition**

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

## **Garanti Emeklilik ve Hayat Anonim Şirketi**

Footnotes to the Financial Statements Prepared  
as of 31 December 2022

(Currency: Expressed in Turkish Lira (TL))

## **2 Summary of Significant Accounting Policies (continued)**

### **2.9 Impairment on assets**

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

A financial asset or group of financial assets is recognized only when one or more loss/loss events have occurred after initial recognition of the asset and as a result of the effect of the loss event on the estimated future cash flows of the financial asset or group of assets that can be reliably estimated. If there is an objective indication of impairment, it is deemed to be impaired and an impairment loss occurs. In each balance sheet period, the Company evaluates whether there are objective indicators that a financial asset or group of financial assets is impaired.

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 31 December 2022, the Company has a Eurobond transaction guarantee of TL 752.939.033 classified under financial assets for trading purposes. As of 31 December 2022, the Company generated TL 69.295.011 income and TL 52.359.029 expenses due to the forward foreign exchange contracts made by the Company (31 December 2021: TL 11.744.622 income and TL 6.532.224 expenses). The Company recognizes its derivative transactions in accordance with the provisions of TAS 39-Financial Instruments: Accounting and Measurement standard. Derivative transactions are measured at their fair value in the periods following their posting and are shown in the balance sheet in the "Income Accruals" or "Other financial liabilities" accounts according to whether the value is positive or negative. As a result of the measurement, the changes in the fair value of the relevant derivative financial instruments are reflected in the income statement.

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(Currency: Expressed in Turkish Lira (TL.))

**2 Summary of Significant Accounting Policies (continued)**

**2.11 Offsetting of financial assets**

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

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

**2.12 Cash and cash equivalents**

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

**2.13 Capital**

As of 31 December 2022 and 31 December 2021, the shareholder having direct or indirect control over the capital 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, ("Achmea") Netherlands based company, by 15,00% participation ratio.

As of 31 December 2022 and 31 December 2021, the share capital and ownership structure of the Company are as follows:

	31 December 2022		31 December 2021	
	Share Amount (TL)	Share Ratio (%)	Share Amount (TL)	Share Ratio (%)
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
<b>Paid-in Capital</b>	<b>500.000.000</b>	<b>100,00</b>	<b>500.000.000</b>	<b>100,00</b>

**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**

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(Currency: Expressed in 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 of 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**

Footnotes to the Financial Statements Prepared

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## **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 pension activities* consist of payables to participants, participants' temporary accounts, and payables to 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 corporate tax rate in Turkey is 20%. The corporate tax rate shall be applied to the gross corporate earnings to be found as a result of the addition of expenses that are not accepted as deductions in accordance with the tax laws to the commercial earnings of the corporations and the reduction of the exemptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid.

With the amendment made in the first paragraph of Article 25 of Law No. 7394 dated April 15, 2020 and Article 32 of Law No. 5520 titled "Corporate Tax and Provisional Tax Rate", the corporate tax rate on corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies It is stipulated that it will be applied as 25%. In addition, Article 26 of the same Law stipulates that the said 25% rate can also be applied in the calendar year 2022, starting from the returns required to be filed as of 1 July 2022 and applying to corporate earnings for the taxation period starting from 1 February 2022.

According to the Corporate Tax Law, the financial losses shown on the return may 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 joint stock companies residing in Turkey, to persons other than those who are not responsible for corporate tax and income tax and who are exempt, and to real persons who are and are not resident in Turkey and to legal entities not resident in Turkey, are subject to 10% 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, income tax is not calculated if the profit is not distributed or added to the capital.

Dividend earnings of corporations from participation in the capital of another fully taxable corporation (excluding certificates of participation of mutual funds and dividends from shares of investment trusts) are exempt from corporate tax. In addition, 75% of the earnings arising from the sale of the founding shares, beneficial ownership deeds and priority rights of the real estate (immovables) owned by the corporations for the same period as the subsidiary shares in their assets for at least two full years are exempt from corporate tax as of 31 December 2017. However, with the amendment made by the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in the tax returns to be prepared as of 2018.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.18 Taxes (continued)**

#### **Corporate tax (continued)**

In order to benefit from the exemption, the earnings in question must be kept in a passive fund account and must not be withdrawn from the business for a period of 5 years. The sale price must be collected by the end of the second calendar year following the year in which the sale was made.

There is no such practice as reaching an agreement with the tax administration on the taxes to be paid in Turkey. Corporate tax returns are filed within four months following the month in which the accounting period closes. The tax inspection authorities may, for a period of five years following the accounting period, examine the tax returns and the accounting records underlying them and re-examine them as a result of their findings.

With the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" adopted on the agenda of the Turkish Grand National Assembly on 20 January 2022, the implementation of inflation accounting has been postponed starting from the balance sheet dated 31 December 2023.

#### **Income tax withholding**

There is a withholding obligation on dividend distributions and this withholding obligation is accrued during the period in which the dividend payment is made. Dividend payments other than those made to narrow taxpayer institutions earning income through a workplace or permanent representative in Turkey and to institutions located in Turkey were subject to withholding at the rate of 15% until December 22, 2021. However, in accordance with the Presidential Decree No. 4936, which was published in the Official Gazette dated December 22, 2021 and numbered 31697 and entered into force, the provisions of the Income Tax Law No. 193 and the Corporate Tax Law No. 5520 on dividend distribution were amended and the withholding rate of 15% was reduced to 10%.

In the application of withholding rates for profit distributions made to narrow taxpayer institutions and natural persons, the withholding rates included in the relevant Double Taxation Prevention Agreements shall also be taken into account. The addition of profits of past years to capital is not considered a distribution of profits, 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.

Calculated deferred tax assets and deferred tax 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 the gains or losses resulting from the valuation of the related financial assets are recognized in the income statement, the current period corporate tax or deferred tax income or expense related to these are also recognized in the income statement. If the gains or losses resulting from the valuation of the related financial assets are recognized directly in the equity accounts, the related tax effects are also recognized directly in the equity accounts.

As of 31 December 2022, tax rate of 25% is used for temporary differences that are expected to occur / close after 2022.

#### **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.

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## 2 Summary of Significant Accounting Policies (continued)

### 2.19 Employee benefits

#### Provision for employee termination benefits

In accordance with existing Turkish Labor 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 of 31 December 2022 is TL 15.371 (31 December 2021: TL 8.285).

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 of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Interest Rate	14,36%	15,10%
Expected Rate of Salary/Limit Increase	14,36%	15,10%
Discount Rate	17,79%	19,10%

#### Other Employee 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 contingent asset is shown in the footnotes of the financial statements.

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## **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 of 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**

Footnotes to the Financial Statements Prepared

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## **2 Summary of Significant Accounting Policies (continued)**

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

#### **Dividends**

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

#### **Income from private pension operations**

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

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.

With the Law Amending the Private Pension Savings and Investment System Law, which was published on 22 January 2022, and the Law on Making Amendments to Some Laws and the Decree Law No. 375, with effect from 22 January 2022, 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. 30% of the contribution paid in the participant's name is calculated as governmental contribution, provided that this would be limited to the total amount of gross minimum wages pertaining to the relevant year.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.22 Leasing transactions**

The maximum period of the 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.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.23 Dividend distribution**

Dividend will be distributed in accordance with the resolution adopted at the Company's Ordinary General Assembly Meeting held on 31 March 2022.

The dividend payment of TL 400.000.000, which was decided to be distributed to the shareholders with the General Assembly decision dated 31 March 2022 distributed on 28 April 2022.

### **2.24 Provision for unearned premiums**

In accordance with the "Regulation on the Technical Provisions of Insurance and Reinsurance and Pension Companies and the Assets in which such Provisions are to be Invested" ("Technical Provisions Regulation"), the provision for unearned premiums consists of the portion of the premiums accrued for the insurance contracts in force, which are grossly dangled to the next accounting period or accounting periods on a daily basis without any commission or other deduction.

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.

Provision for unearned premium; During the calculation of the reserve for unearned premiums, the commencement date and expiry date of insurance are taken into account as half a day and the calculation is made accordingly based on the "Sector Announcement on the Implementation of the Legislation on Technical Reserves" dated 17 July 2012 and numbered 28356, published by the Ministry of Treasury and Finance

### **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

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## **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 ongoing risks to be set aside as of 31 December 2022 and 31 December 2021.

For the purpose of eliminating the misleading effect of the modified outstanding claims provision calculation on the ongoing risks calculated according to the “Sector Announcement on Ongoing Risk Provision Account” numbered 2016/1 and the “Circular on the Implementation Principles of Some Articles of the Annual Income Insurance Regulation” 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 Ministry of Treasury and Finance on 10 June 2016 with number of 2016/22, companies have the right to discount the net cash flows arising from outstanding claims provisions. Since the discount transaction is stated as an accounting policy change in the relevant circular, if the discount transaction is applied, it is necessary to apply a discount transaction in the amount of the outstanding compensation from the transfer used in the account in exchange for ongoing risks.

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 indemnity provision is set aside for indemnities accrued and determined on account but not actually paid in the previous accounting periods or in the current accounting period, or estimated costs if this amount could not be calculated, and outstanding but unreported compensation provision.

During the calculation of the accrued and accounted compensation provision; all expense shares required for the settlement of compensation files, including calculated or estimated appraiser, expert, consultant, litigation and communication expenses, were taken into account.

The Company files the accrual of the exemplary compensation amounts together with the first damage notice. However, except for those at the litigation stage, it updates the outstanding compensation files remaining in the examination status as of the end of each accounting period due to the insufficient information obtained for the completion of the compensation assessment and makes a discount for the overallocated provisions. For this discount, the payment rates obtained as a result of actuarial calculation based on the statistics of the last five years on the basis of each collateral are used.

The Regulation on the Amendment of the Regulation on the Technical Provisions of Insurance and Reinsurance and Pension Companies and the Assets to be Invested in These Provisions published on 10 November 2021 and the fourteenth paragraph of Article 7 of the Technical Provisions Regulation are amended to determine whether the compensation is covered by the guarantee and therefore from the date of creation of the exemplary registration for the application of the exemplary compensation file discount made by the Company A period of 6 months is foreseen. The Company applies a discount to the outstanding compensation files opened for death benefits for the files that have been at least 6 months after the formation of the exempt registration as of the end of the accounting period.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.26 Provision for outstanding claims (continued)**

The provisions allocated for claims related to compensation and insurance value that are not covered by the Regulation on Money Not Sought by the Beneficiaries within the Scope of Insurances Subject to Private Law Provisions published in the Official Gazette dated 8 October 2013 and numbered 28789 are removed from the exempt compensation provisions following the expiration of the statute of limitations.

The Company is required to reserve additional exempt compensation provision for IBNR and compensation costs as of the balance sheet date determined within the framework of the "Circular on Outstanding Compensation Provision" ("Circular") dated 5 December 2014 and numbered 2014/16, the implementation principles for the life branch, the implementation principles of which are effective as of 1 January 2015. With the new Circular No. 2010/14, "Circular on the Principles of Calculation for Realized but Unreported Compensation Provision for Life Branch" was abolished.

In the Circular, on the basis of each branch; It is stated that the selection of the data to be used, the correction procedures, the selection of the most appropriate method and development factors, and the intervention in the development factors will be made by the actuarial methods by the company actuary and the information about the calculation detail should be included in the actuarial report.

According to the "Circular No. 2016/22 on the Discounting of Net Flows Arising from Outstanding Compensation Provision" published on 10 June 2016 and entered into force on 30 June 2016, the Company has not applied discounts in the amount of life and non-life equivalent compensation provisions.

In non-life branches, the IBNR calculation will be made using one of the 6 different actuarial chain ladder methods ("ACLM ") stipulated in the Circular. It is essential that the calculation is made on the actual damage and the calculation can be made on the damages paid. Provided that it has an actuarial basis and is more than the amount found using the actuarial chain ladder methods mentioned above, the IBNR account may also be made by other methods to be determined by the companies. In case of over-provisioning, the explanations for the provision must 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 calculating the realized but unreported compensation amounts for the relevant year in the said life branch, the weighted average rate obtained as a result of dividing the realized but unreported compensation amounts for the previous years by the annual average coverage for the previous year is taken into account and the realized but unreported compensation amount for the current year is multiplied by the calculated weighted average rate and the average annual coverage amount as of the current year has been found through.

As a result of the planned process update for the disability coverage offered by the Company in credit life insurances, it estimated the future compensations in 2022 by using the experience of past periods for the realized but unreported compensations. The Company has set aside the amount calculated as a result of this method as the provision added to the incurred but not reported claim (IBNR) result.

The Company does not reserve exemplary compensation provision for realized but unreported compensation amounts due to the lack of sufficient number of compensation files in the personal accident branch.

In this context, as of 31 December 2022, the Company has allocated a net outstanding claim reserve amounting to TL 40.094.593 (31 December 2021: TL 25.396.357) in its financial statements regarding incurred but not reported claim reserve for the life branch.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.27 Mathematical provisions**

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

Actuarial mathematical provisions, according to formulas and basis in approved technical basis of tariffs for over one 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.

In accordance with the third paragraph of Article 4 of the Circular No. 2022/8 on the Calculation of Mathematical Provisions, the Company calculated the mortality experience in its portfolio and found that this experience was more positive as a result of comparing it with the life tables based on its tariffs. Therefore, the Company expects mortality profit and has not reflected its mortality experience in the mathematical provision calculation.

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 the application of refund from the intermediary commission and expense share included in the tariff premium along with actuarial mathematical provisions in case of early departure (purchase) in risk life insurance products for more than one year. With the approach that the insurer has an obligation in the event of an affiliation, the Company estimated the amount of risk work to be realized from the actuarial mathematical provisions of the risk life insurance policies for more than one year as of the accounting date using the past statistics and added the actuarial mathematical provision by calculating the intermediary commission and expense share amount calculated by using the information used in its tariffs on the amount found. The calculated intermediary commission and expense share amounts were also recognized in the deferred commission and deferred production expense account.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.28 Balancing provision**

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 balancing 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, balancing provisions 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 balancing provisions.

According to the Circular No. 2010/1 on the Use of the Balancing Provision and Additional Explanations Regarding Some Circulars, it is possible to use the compensation provision allocated for earthquake compensation in the compensation payments made due to the earthquake. In addition, it is possible to deduct the compensation provision allocated on the basis of evidence such as the expert's report or the documents to be obtained from the official institutions in case of disaster. However, the said discount cannot be made from the balancing provision allocated for the current year.

In addition, the realized earthquake damage amounts must be recorded in the relevant technical expense accounts in the income statement, and the portion to be covered by the balancing provision must be debited to the balance sheet account and the other technical provisions must be credited to the change account. On the other hand, it is possible that the parts of the earthquake damages paid against the compensation provision in the periods subject to the calculation of realized but unreported exemplary compensations are not included in the calculation of realized but unreported exempt compensations.

Balancing provisions are presented under “other technical reserves” within long-term liabilities in the accompanying financial statements.

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## **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 (Note: 46).

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.32 New and revised standards and interpretations**

The accounting policies used as the basis for the preparation of the financial statements for the accounting period ended 31 December 2022 were applied in a manner consistent with those used in the previous year, except for the new and amended TFRS and TFRS interpretations effective as of 1 January 2022, summarized below. The effects of these standards and interpretations on the Company's financial condition and performance are described in the relevant paragraphs.

#### **i) New standards, amendments and interpretations effective from 1 January 2022**

##### **TFRS 3 Amendments – Amendment to References to the Conceptual Framework**

POA made changes to the TFRS Business Mergers standard in July 2020. The amendment was made with the intention of replacing the reference to the old version of the Conceptual Framework (1989 Framework) with a reference to the current version published in March 2018 (the Conceptual Framework) without materially changing the requirements of TFRS 3. However, it has added a new paragraph to TFRS 3 to identify contingent entities that do not meet the criteria for registration at the time of acquisition. The change is implemented going forward.

The Standard does not apply to the Company and has had no impact on the Company's financial condition or performance.

##### **TAS 16 Amendments – Adaptation for intended use**

In July 2020, the POA made changes to TAS 16 Tangible Assets. With the amendment, it does not allow companies to deduct their income from the sale of manufactured products from the cost of the tangible asset item, while making a tangible asset suitable for its intended use. Companies will now recognize such sales revenues and related costs in profit or loss. Retroactively, changes can only be applied to tangible asset items that are made available at the beginning of or after the earliest period presented in comparison with the accounting period in which the entity first applied the change.

Such change did not have a material impact on the Company's financial position or performance.

##### **TAS 37 Amendments - Economically disadvantageous contracts - Costs of fulfilling the contract**

In July 2020, the POA made changes to TAS 37 Provisions, Contingent Liabilities, and Contingent Assets. This amendment to TAS 37 was made to determine the costs to be considered when assessing whether a contract is economically "disadvantaged" or "losers" and involves the implementation of the approach of including 'directly related costs'. The changes apply prospectively to contracts where the entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which the changes will be applied for the first time (the date of first implementation).

Such change did not have a material impact on the Company's financial position or performance.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.32 New and revised standards and interpretations (continued)**

#### **i) New standards, amendments and interpretations effective from 1 January 2022 (continued)**

##### **Annual Improvements – 2018-2020 Period**

The "Annual Improvements to TFRS standards / Period 2018-2020" was published by the POA in July 2020, containing the following amendments:

- TFRS 1- Initial Application of International Financial Reporting Standards – Subsidiary as First Implementer: The amendment allows a subsidiary to measure accumulated foreign currency conversion differences using amounts reported by the parent company. The amendment also applies to the subsidiary or business partnership.

- TFRS 9 Financial Instruments – Fees considered in the '10% test' for the exclusion of financial liabilities from the financial statement: The amendment clarifies the fees that an entity considers when assessing whether the new or amended financial liability requirements differ materially from the original financial liability requirements. These fees include only fees paid or received between the debtor and the lender, including fees that the parties pay on behalf of each other.

- TAS 41 Agricultural Activities – Taxation in the determination of fair value: The amendment removes the provision in paragraph 22 of TAS 41 that the cash flows made for taxation shall not be taken into account in determining the fair value of the assets of companies under TAS 41.

Such amendment did not have a material impact on the Company's financial position or performance.

#### **ii) Standards that have been published but have not entered into force and have not been put into practice early**

The new standards, interpretations and amendments that have been published as of the date of approval of the financial statements but have not yet entered into force for the current reporting period and have not been implemented early by the Company are as follows. Unless otherwise stated, the Company will make the necessary amendments that will affect its financial statements and footnotes after the new standards and interpretations come into force.

##### **TFRS 10 and TAS 28 Amendments: Asset Sales or Contributions of an Investor to an Affiliate or Business Partnership**

The POA has indefinitely postponed the effective date of such amendments to TFRS 10 and TAS 28 in December 2017 to be amended based on ongoing research project outputs related to the equity method. However, it still allows early implementation.

The Company will assess the effects of such amendment after the aforementioned standards have been finalized.

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.32 New and revised standards and interpretations (continued)**

#### **ii) Standards that have been published but have not entered into force and have not been put into practice early (continued)**

##### **IFRS 17 – New Insurance Contracts Standard**

In February 2019, the POA published IFRS 17, a comprehensive new accounting standard covering recognition and measurement, presentation and disclosure for insurance contracts. IFRS 17 introduces a model that enables both the measurement of obligations arising from insurance contracts with current balance sheet values and the recognition of profits during the period in which services are provided. Some amendments to future cash flow forecasts and risk adjustment are also recognized during the period during which services are provided. Businesses can choose to account for the effects of amendments in discount rates on profit or loss or other comprehensive income. The standard includes specific guidance for the measurement and presentation of insurance contracts with participation characteristics. IFRS 17 will enter into force in the annual accounting periods beginning on or after 1 January 2023, and early enforcement is permitted for entities that implement IFRS 9 Financial Instruments and IFRS 15 Revenue from Customer Contracts on or before that date. According to the amendments published by the POA in December 2021, entities have the option of "overlapping the classification" to eliminate possible accounting mismatches between financial assets and insurance contract obligations included in the comparative information presented when IFRS 17 is first implemented.

The effects of this standard on the Company's financial condition and performance are evaluated.

##### **TAS 1 Amendments - Classification of obligations as short and long term**

In January 2021 and January 2023, the POA amended TAS 1 to set out the guidelines for the short- and long-term classification of liabilities. According to the amendments made in January 2023, if the entity's right to postpone payment of an obligation depends on compliance with the terms of the loan agreement at a date later than the reporting period, it has the right to defer such obligation by the end of the reporting period (even if it does not comply with the relevant requirements at the end of the reporting period). When an obligation arising from the loan agreement is classified as long-term and the entity's right to defer payment depends on compliance with the terms of the loan agreement within 12 months, the January 2023 amendments require businesses to make various disclosures. These disclosures should include information about the terms of the loan agreement and related obligations. In addition, these amendments clarified that the right to postpone payment for long-term classification should exist by the end of the reporting period, regardless of whether compliance with the terms of the contract will be tested on the reporting date or at a later date. In the amendments, it is clearly stated that the possibility that the entity will not exercise the right to postpone payment for at least twelve months after the reporting period will not affect the classification of the liability. The changes are effective for annual accounting periods beginning on or after 1 January 2024. The changes made are applied retroactively according to TAS 8. Early application is allowed. However, the entity that implements any of the changes early must implement the other change early.

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

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## **2 Summary of Significant Accounting Policies (continued)**

### **2.32 New and revised standards and interpretations (continued)**

#### **ii) Standards that have been published but have not entered into force and have not been put into practice early (continued)**

##### **TAS 8 Amendments – Definition of Accounting Estimates**

In August 2021, the POA published amendments to TAS 8 that introduced a new definition for 'accounting estimates'. The amendments posted for TAS 8 apply to annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between amendments in accounting estimates and amendments in accounting policies and correction of errors. Furthermore, the amended standard clarifies that the effects of a amendment in input or a amendment in a measurement technique on accounting forecasting are amendments in accounting estimates if they are not due to the correction of errors in the previous period. The previous definition of a amendment in accounting forecasting stated that amendments in accounting forecasts could result from new information or new developments. Therefore, such amendments are not considered correction of errors. This aspect of the definition has been preserved by the POA. The amendments will apply to accounting forecasting or accounting policy amendments that occur on or after the effective date, and early implementation is permitted.

The effects of the said amendment on the financial position and performance of the Company are being evaluated.

##### **TAS 1 Amendments – Disclosure of Accounting Policies**

In August 2021, the POA published changes to TAS 1 in which it provided guidance and examples to help businesses apply materiality estimates to their accounting policy disclosures. The amendments published in TAS 1 are effective for annual accounting periods beginning on or after 1 January 2023. Due to the lack of a definition of the term 'significant' in TFRS, the POA has decided to replace this term with the term 'significant' in the context of disclosure of accounting policy information. 'Important' is a term defined in TFRS and is largely understood by users of financial statements according to the POA. When assessing the materiality of accounting policy information, businesses need to consider both the size of transactions, other events or circumstances, and their nature. In addition, examples of situations where the enterprise can evaluate accounting policy information as important are added.

The effects of the said amendments on the financial position and performance of the Company are being evaluated.

##### **TAS 12 Amendments – Deferred Tax on assets and liabilities arising from a single transaction**

In August 2021, the POA published amendments to TAS 12 that narrowed the scope of the initial recognition exemption so that the exemption did not apply to transactions that resulted in equal taxable and deductible temporary differences. Amendments to TAS 12 apply to annual accounting periods beginning on or after 1 January 2023. The amendments clarify that where payments made in respect of a liability are tax-deductible, it is a matter of judgment (given applicable tax law) whether such deductions are attributable for tax purposes to the liability (and interest expense) recognized in the financial statements or to the relevant asset component (and interest expense). This reasoning is important in determining whether there is any temporary difference in the inclusion of assets and liabilities in the financial statements for the first time. Amendments apply to transactions that occur at the beginning or after the earliest comparatively presented period. In addition, at the beginning of the earliest period presented comparatively, the deferred tax asset (provided there is a sufficient level of taxable income) and deferred tax liability are accounted for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar obligations.

The effects of the said amendments on the financial position and performance of the Company are being evaluated.

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**2 Summary of Significant Accounting Policies (continued)**

**2.32 New and revised standards and interpretations (continued)**

**ii) Standards that have been published but have not entered into force and have not been put into practice early (continued)**

**IFRS 16 Amendments – Lease liabilities on sale and leaseback transactions**

In January 2023, the POA published amendments to IFRS 16. These amendments set out the provisions to be applied by the seller-tenant in the measurement of lease obligations arising from the sale and leaseback transaction so that no gain or loss related to the retained right of use is accounted for. In this context, when applying the provisions of IFRS 16 under the heading "Subsequent measurement of the lease obligation" after the date on which the seller-tenant sale and leaseback transaction actually begins, it shall determine the "rent payments" or "revised rent payments" in a way that does not account for any gain or loss related to the remaining right of use. The amendments do not contain a specific provision for the measurement of lease obligations arising from the leaseback lease. The initial measurement of such lease obligation may result in payments different from those included in the definition of rent payments in IFRS 16 to be determined as rent payments. The seller-tenant will need to develop and implement an accounting policy that will provide reliable and appropriate information in accordance with TAS 8. Changes are effective for annual accounting periods beginning on or after 1 January 2024. Early application is allowed. Vendor-tenant changes retroactively apply to sales and leaseback transactions entered after the initial implementation date of IFRS 16 in accordance with TAS 8.

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

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### **3 Significant accounting estimates and provisions**

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 are as of 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 analyzed 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.

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### 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 2022		31 December 2021	
	Insurance risk (TL)	Unit	Insurance risk (TL)	Unit
Death Assurance	169.291.042.399	3.851.118	107.451.995.547	2.862.866
Disability due to accident	128.310.430.600	3.721.502	80.335.762.833	2.714.728
Disability due to illness	102.106.295.662	3.107.146	31.106.009.146	1.720.441
Critical illness	215.110.462	7.670	280.125.406	9.221
Death due to accident	137.532.543	1.279	211.951.136	2.083
Treatment costs due to accident	309.020.332	89.890	295.959.032	104.478
Involuntary unemployment	309.176.996	89.963	295.854.366	104.509
Unemployment/Daily hospital benefit	1.363.667.751	912.525	504.871.027	497.542
Permanent disability benefit	101.605.175	16.875	92.368.315	19.911
Unemployment/ Temporary disability benefit	23.500	94	27.000	108

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 analyzed. A big amount of the Company's portfolio consists of bank products, total amount of insured risk is expected to match with the total amount of banks' credit risks. Evaluation of the credit risks of the customers by the banks as a part of their credit facilities is an important step for the Company's financial risk assessment process.

##### Operational risk management

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

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

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

##### **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).

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 spread 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.

The performance of the purchased service is evaluated by the criteria of whether the balances arising from the reinsurance transactions can be paid on time and in full, the capacity provided in discretionary works, the speed in operational reinsurance transactions, expertise in risk assessments, the technical information transferred and the market information. In case of insufficient performance, it is decided to purchase services from alternative reinsurance companies.

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

### 4.1 Management of insurance risk (continued)

#### Reinsurance policies (continued)

Münchener Rückversicherungs AG (“Munich Re”), located in Munich, is the leader reinsurance firm of the Company for life insurance policies. The following reinsurers according to the share ratio in the reinsurance contracts are Reinsurance Group of America (RGA) and Swiss Reinsurance Company. Another company included in our reinsurance agreements is Axa France Vie.

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 in 2022. 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	09.05.2022	A+	Stable	18.08.2022
RGA	AA-	Stable	01.06.2016	A+	Stable	10.06.2016
Bnp Paribas Cardif	A+	Stable	24.06.2021	AA-	Stable	23.09.2021
Axa France Vie	AA-	Stable	28.03.2022	A+	Stable	01.07.2022

(\*) Since the A.M. best rating is not available for BNP Cardiff, and Financial Insurance Co Fitch rating is presented.

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

### 4.2 Management of financial risk

#### Introduction and overview

This note presents information about the Company’s exposure to each of the below risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.

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

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

**4.2 Financial risk management (continued)**

**Credit risk**

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

- banks
- other cash and cash equivalents
- available for sale financial assets
- financial 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 credit worthiness 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.

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash and cash equivalents (Note 14)	2.620.552.328	1.460.597.566
Financial assets and financial investments with risks on policyholders (Note 11)	2.050.457.204	1.510.378.208
Receivables from main operations (Note 12)	58.300.109.501	33.181.724.821
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	54.073.888	36.280.125
Due from shareholders (Note 12)	788	15.785
Other receivables (Note 12)	407.120	431.349
<b>Total</b>	<b>63.025.600.829</b>	<b>36.189.427.854</b>

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

**4.2 Financial risk management (continued)**

**Credit risk (continued)**

As of 31 December 2022 and 31 December 2021, the aging of receivables from mainoperations are as follows:

	31 December 2022		31 December 2021	
	Gross amount	Provision (*)	Gross amount	Provision (*)
Not past due	58.376.060.378	-	33.225.703.913	-
Past due 0-30 days	18.838.203	-	17.325.548	-
Past due 31-60 days	1.759.179	-	1.005.995	-
Past due 61-180 days	854.829	-	781.206	-
Past due 181-365 days	909.128	-	333.182	-
More than one year	1.534.980	-	989.238	-
<b>Total</b>	<b>58.399.956.697</b>	<b>(99.847.196)</b>	<b>33.246.139.082</b>	<b>(64.414.261)</b>

(\*) The provision in the amount of TL 99.810.097 (31 December 2021: TL 64.398.279) allocated for uncollected entry dues and other receivables from pension activities is clearly shown in the "Receivables from Pension activities" account in the attached financial statements. The Company cancels the insurance premiums that are overdue and not collected for a certain period of time, and deducts them from the premiums written and premium receivables.

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 installments up to a maximum of 12 months.

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

	1 January - 31 December 2022	1 January - 31 December 2021
Provision for receivables from insurance and private pension operations at the beginning of the year	(64.414.261)	(52.125.509)
Provision for impairment (provided) / released during the year	(35.432.935)	(12.288.752)
<b>Provision for receivables from insurance and private pension operations at the end of the year</b>	<b>(99.847.196)</b>	<b>(64.414.261)</b>

**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.

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

**4.2 Financial risk management (continued)**

**Liquidity risk**

The remaining maturity distributions of monetary assets and liabilities are shown below:

31 December 2022	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	2.620.552.328	-	83.149.904	2.016.881.472	520.520.952	-	-	-
Financial assets and financial investments with risks on policyholders	2.050.457.204	404.971	-	-	6.693.962	427.992.194	1.125.197.931	490.168.146
Receivables from main operations	58.300.109.501	58.128.284.572	-	53.686.164	72.476.409	28.270.727	17.391.629	-
Due from related parties	788	-	-	788	-	-	-	-
Other receivables	403.644	-	-	403.644	-	-	-	-
Deferred expenses and income accruals	369.578.634	-	-	47.891.610	88.012.118	112.556.868	117.894.478	3.223.560
Other current assets	29.466	-	-	-	29.466	-	-	-
Deposits and guarantees given	3.476	-	-	-	-	-	-	3.476
<b>Total assets</b>	<b>63.341.135.041</b>	<b>58.128.689.543</b>	<b>83.149.904</b>	<b>2.118.863.678</b>	<b>687.732.907</b>	<b>568.819.789</b>	<b>1.260.484.038</b>	<b>493.395.182</b>
Financial liabilities	2.396.441	-	-	145.270	177.795	1.927.106	100.069	46.201
Payables arising from main operations	58.755.114.256	58.164.874.714	-	502.577.695	81.107.341	5.421.560	1.132.946	-
Due to related parties	37.540.633	-	-	37.540.633	-	-	-	-
Other liabilities	4.264.078	-	-	4.264.078	-	-	-	-
Insurance technical provisions (*)	160.692.501	160.692.501	-	-	-	-	-	-
Provisions for taxes and other similar obligations	149.314.103	-	-	149.314.103	-	-	-	-
Provisions for other risks	45.791.453	-	-	-	-	-	7.443.701	38.347.752
Deferred expenses and income accruals	114.850.286	60.553.822	-	6.530.193	11.713.909	15.559.853	20.492.509	-
<b>Total liabilities</b>	<b>59.269.963.751</b>	<b>58.386.121.037</b>	-	<b>700.371.972</b>	<b>92.999.045</b>	<b>22.908.519</b>	<b>29.169.225</b>	<b>38.393.953</b>

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

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

**4.2 Financial risk management (continued)**

**Liquidity risk (continued)**

31 December 2021	Carrying value	Unallocated	No Maturity	Up to 1 month	1 to 3 Mont	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	1.460.597.566	-	21.799.985	758.308.145	680.489.436	-	-	-
Financial assets and financial investments with risks on policyholders	1.510.378.208	404.971	-	301.570.394	179.517.791	355.567.667	387.574.124	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	-	-	-	-
Deferred 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
<b>Total assets</b>	<b>36.339.696.196</b>	<b>33.065.884.414</b>	<b>21.799.985</b>	<b>1.130.081.767</b>	<b>940.884.953</b>	<b>427.516.208</b>	<b>465.219.278</b>	<b>288.309.591</b>
Financial liabilities	4.533.854	-	-	282.909	583.958	903.006	1.982.370	781.611
Payables arising from main operations	33.398.635.690	33.089.669.627	-	282.886.208	18.849.483	6.114.304	1.116.068	-
Due to related parties	6.441.989	-	-	6.441.989	-	-	-	-
Other liabilities	3.162.873	-	-	3.162.873	-	-	-	-
Insurance technical provisions (*)	125.593.729	125.593.729	-	-	-	-	-	-
Provisions for taxes and other similar obligations	95.757.863	-	-	95.757.863	-	-	-	-
Provisions for other risks	23.538.179	-	-	-	-	-	6.151.634	17.386.545
Deferred expenses and income accruals	76.236.713	62.958.659	-	2.087.806	3.510.439	4.169.038	3.510.771	-
<b>Total liabilities</b>	<b>33.733.900.890</b>	<b>33.278.222.015</b>	<b>-</b>	<b>390.619.648</b>	<b>22.943.880</b>	<b>11.186.348</b>	<b>12.760.843</b>	<b>18.168.156</b>

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

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

**4.2 Financial risk management (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

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

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

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

<b>31 December 2022</b>	<b>USD Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	5.244.361	72.255	-	5.316.616
Financial assets and financial investments with risks on policyholders	920.672.673	5.589.322	-	926.261.995
Receivables from main operations	47.801.014	40.572	-	47.841.586
<b>Total foreign currency denominated assets</b>	<b>973.718.048</b>	<b>5.702.149</b>	<b>-</b>	<b>979.420.197</b>
Payables arising from main operations	(7.029.039)	(19.750)	-	(7.048.789)
Insurance technical provisions	(833.176.268)	(1.661.122)	-	(834.837.390)
Investment contract liabilities	(45.494.893)	(2.944.074)	-	(48.438.967)
<b>Total foreign currency denominated liabilities</b>	<b>(885.700.200)</b>	<b>(4.624.946)</b>	<b>-</b>	<b>(890.325.146)</b>
<b>Balance sheet position</b>	<b>88.017.848</b>	<b>1.077.203</b>	<b>-</b>	<b>89.095.051</b>
<b>31 December 2021</b>	<b>USD Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
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
<b>Total foreign currency denominated assets</b>	<b>454.207.235</b>	<b>4.309.217</b>	<b>-</b>	<b>458.516.452</b>
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)
<b>Total foreign currency denominated liabilities</b>	<b>(358.464.551)</b>	<b>(4.819.262)</b>	<b>-</b>	<b>(363.283.813)</b>
<b>Balance sheet position</b>	<b>95.742.684</b>	<b>(510.045)</b>	<b>-</b>	<b>95.232.639</b>

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

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

#### 4.2 Financial risk management (continued)

##### Market risk (continued)

##### Currency risk (continued)

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

The exchange rates used in the translation of foreign currency balances as of the balance sheet date are as follows:

<b>31 December 2022</b>	<b>USD Dollar</b>	<b>Euro</b>
Foreign currency rate used in conversion of balance sheet items	18,6983	19,9349
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	18,7601	20,0007

<b>31 December 2021</b>	<b>USD Dollar</b>	<b>Euro</b>
Foreign currency rate used in conversion of balance sheet items		
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	13,0930	14,8480
	13,0204	14,7308

##### Exposure to currency risk

In the event that TL depreciates by 10 percent against the following currencies, the increases and decreases that will occur in equity and income statement (excluding tax effect) for the accounting periods ending on 31 December 2022 and 31 December 2021 are shown in the table 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.

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Income statement</b>	<b>Equity(*)</b>	<b>Income statement</b>	<b>Equity(*)</b>
USD Dollar	8.602.687	8.801.784	9.414.468	9.574.268
Euro	107.353	107.720	(52.258)	(51.005)
Other	-	-	-	-
<b>Total, net</b>	<b>8.710.040</b>	<b>8.909.504</b>	<b>9.362.210</b>	<b>9.523.263</b>

(\*) Equity effect also includes income statement effect due to 10% depreciation of TL against related foreign currencies.

##### Exposure to interest rate risk

The principle risk to trading portfolios are exposed is the risk of fluctuations in the fair values of financial instruments because of a change in market interest rate. The principal risk to which non- trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates.

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**4.2 Financial risk management (continued)**

**Market risk (continued)**

Exposure to interest rate risk (continued)

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Banks (time deposit) (Note 14)	2.160.632.848	1.210.165.978
Financial investments with risks on policyholders – Available for sale financial assets – Eurobonds (Note 11)	81.051.857	58.313.577
Loans to the policyholders (Note 12)	1.018.381	692.520
Available for sale financial assets	1.216.315.726	369.759.011
Financial liabilities (Note 20)	421.594	4.533.854

(\*) Shares amounting to TL 404.971 are not included (31 December 2021: TL 404.971).

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 of non-trading financial assets and financial liabilities with floating interest rates for the accounting periods ending on 31 December 2022 and 31 December 2021. Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at 31 December 2022 and 31 December 2021 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.

<b>31 December 2022</b>	<b>Statement of income</b>		<b>Equity (*)</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
Financial assets held for trading	(6.797.916)	6.797.916	(6.797.916)	6.797.916
Available for sale financial assets	-	-	(15.457.878)	16.117.607
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(118.623)	125.133
<b>Total, net</b>	<b>(6.797.916)</b>	<b>6.797.916</b>	<b>(22.374.417)</b>	<b>23.168.849</b>

<b>31 December 2021</b>	<b>Statement of income</b>		<b>Equity (*)</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
Financial assets held for trading	-	-	-	-
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
<b>Total, net</b>	<b>-</b>	<b>-</b>	<b>(3.954.026)</b>	<b>4.069.946</b>

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

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

#### 4.2 Financial risk management (continued)

##### Market risk (continued)

##### Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies. The Company has classified its financial assets as whether held for trading purpose or available for sale and measured its financial assets at their fair values at the end of the year.

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

##### Classification relevant to fair value information

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 2022, the Company's investment portfolio does not have any financial assets held-to-maturity. In this framework, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

	<b>31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
Financial investments held for trading purpose (Note 11)	752.684.650	-	-	752.684.650
Financial investments with risks on policyholders classified as available for sale (Note 11)	81.051.857	-	-	81.051.857
Available for sale financial assets (Note 11)	411.830.519	-	804.890.178	1.216.720.697
<b>Total financial assets</b>	<b>1.245.567.026</b>	<b>-</b>	<b>804.890.178</b>	<b>2.050.457.204</b>

	<b>31 December 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets:</b>				
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
<b>Total financial assets</b>	<b>716.591.602</b>	<b>61.951.759</b>	<b>-</b>	<b>778.543.361</b>

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

**4.2 Financial risk management (continued)**

**Capital management**

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

- To comply with the capital adequacy requirements determined by the Insurance and Private Pension Regulation and Supervision Agency,
- Providing continuous returns to shareholders and stakeholders by ensuring the continuity of the Company,
- Providing adequate returns to shareholders by determining the pricing of insurance policies in proportion to the level of insurance risk taken.

In accordance with the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Insurance and Reinsurance and Pension Companies" published by the Ministry of Treasury and Finance of the Republic of Turkey in the Official Gazette dated 19 January 2008 and numbered 26761, the required amount of equity capital was determined as TL 445.538.735 in the calculations made by the Company as of 30 June 2022. As of 30 June 2022, the Company's equity capital subject to capital adequacy is TL 1.479.201.197 (the equity equivalent is added to the equity figure subject to capital adequacy) and is above the required equity amount calculated in accordance with the regulation.

**Gains and losses on financial assets**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Financial gains and losses recognized in the statement of income:</b>		
Interest income from bank deposits	359.235.608	282.878.119
Income accrual and valuation differences of financial assets	197.672.111	72.024.075
Gains on disposal of financial assets	8.135.160	2.430.159
Foreign exchange gains (***)	211.640.345	166.925.277
<b>Investment income (*)</b>	<b>776.683.224</b>	<b>524.257.630</b>
Losses on disposal of financial assets	(15.971.646)	(8.105.934)
Foreign exchange losses (***)	-	-
Others	(24.758.306)	(17.463.636)
<b>Investment expenses (**)</b>	<b>(40.729.952)</b>	<b>(25.569.570)</b>
<b>Financial gains and losses recognized in the statement of income. net</b>	<b>735.953.272</b>	<b>498.688.060</b>
<b>Financial gains and losses recognized in equity:</b>		
Valuation difference from financial assets	13.522.310	(3.994.048)
Deferred tax effect (Note 21)	(3.119.950)	798.810
<b>Valuation differences during the period, net</b>	<b>10.402.360</b>	<b>(3.195.238)</b>

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

(\*\*) Total financial losses doesn't not include depreciation and amortization expenses.

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

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**5 Segment reporting**

Reporting by segments is presented according to the Company's field of activity and geographical segments. The basic segment reporting basis of the Company is based on its field of activity.

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**

Since Turkey is the main geographical region in which the company operates, reporting according to geographical segments is not presented.

**Activity segment**

<b>1 January - 31 December 2022</b>	<b>Life</b>	<b>Non-life</b>	<b>Pension</b>	<b>Other/ Unallocated</b>	<b>Total</b>
<b>Continuing operations</b>					
Technical income	2.356.271.519	1.474	774.982.041	-	<b>3.131.255.034</b>
Technical expense	(1.502.605.332)	169.727	(581.563.115)	-	<b>(2.083.998.720)</b>
Other gains and losses, total	-	-	-	318.937.143	<b>318.937.143</b>
<b>Segment profit from ongoing operations</b>	<b>853.666.187</b>	<b>171.201</b>	<b>193.418.926</b>	<b>318.937.143</b>	<b>1.366.193.457</b>
Profit before taxes	853.666.187	171.201	193.418.926	318.937.143	1.366.193.457
Income tax expense	-	-	-	(356.936.116)	(356.936.116)
<b>Net Profit for the period (loss)</b>	<b>853.666.187</b>	<b>171.201</b>	<b>193.418.926</b>	<b>(37.998.973)</b>	<b>1.009.257.341</b>
<b>Other segment information</b>					
Amortization expense (Note 6)	-	-	-	<b>3.588.148</b>	<b>3.588.148</b>
Depreciation expense (Note 8)	-	-	-	<b>25.998.945</b>	<b>25.998.945</b>
<b>31 December 2022</b>					
Available for sale financial assets	-	-	404.971	1.216.315.726	<b>1.216.720.697</b>
Receivables from main operations	159.167.092	-	58.140.942.409	-	<b>58.300.109.501</b>
Tangible and intangible assets	-	-	-	39.285.127	<b>39.285.127</b>
Deferred acquisition costs	367.830.780	-	-	-	<b>367.830.780</b>
Other assets	81.051.857	-	-	3.442.770.087	<b>3.523.821.944</b>
<b>Total assets</b>	<b>608.049.729</b>	<b>-</b>	<b>58.141.347.380</b>	<b>4.698.370.940</b>	<b>63.447.768.049</b>
Insurance contract technical provisions	2.323.713.036	(1.186)	-	-	<b>2.323.711.850</b>
Other liabilities	163.304.387	-	58.646.106.333	299.728.024	<b>59.109.138.744</b>
Shareholders' equity	-	-	-	2.014.917.455	<b>2.014.917.455</b>
<b>Total liabilities</b>	<b>2.487.017.423</b>	<b>(1.186)</b>	<b>58.646.106.333</b>	<b>2.314.645.479</b>	<b>63.447.768.049</b>

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**5 Segment reporting (continued)**

<b>1 January - 31 December 2021</b>	<b>Life</b>	<b>Non-life</b>	<b>Pension</b>	<b>Other/ Unallocated</b>	<b>Total</b>
<b>Continuing operations</b>					
Technical income	1.533.297.863	455	492.242.843	-	<b>2.025.541.161</b>
Technical expense	(1.062.693.325)	(5.021)	(324.823.415)	-	<b>(1.387.521.761)</b>
Other gains and losses, total	-	-	-	193.604.070	<b>193.604.070</b>
<b>Segment profit from ongoing operations</b>	<b>470.604.538</b>	<b>(4.566)</b>	<b>167.419.428</b>	<b>193.604.070</b>	<b>831.623.470</b>
<b>Profit before taxes</b>	<b>470.604.538</b>	<b>(4.566)</b>	<b>167.419.428</b>	<b>193.604.070</b>	<b>831.623.470</b>
Income tax expense	-	-	-	(220.068.543)	<b>(220.068.543)</b>
<b>Net Profit for the period (loss)</b>	<b>470.604.538</b>	<b>(4.566)</b>	<b>167.419.428</b>	<b>(26.464.473)</b>	<b>611.554.927</b>
<b>Other segment information</b>					
Amortization expense (Note 6)	-	-	-	4.211.073	4.211.073
Depreciation expense (Note 8)	-	-	-	27.443.535	27.443.535
<b>31 December 2021</b>					
Available for sale financial assets	-	-	404.971	369.759.011	<b>370.163.982</b>
Receivables from main operations	103.623.697	-	33.078.101.124	-	<b>33.181.724.821</b>
Tangible and intangible assets	-	-	-	42.891.622	<b>42.891.622</b>
Deferred acquisition costs	185.559.336	-	-	-	<b>185.559.336</b>
Other assets	58.313.577	-	-	2.582.801.296	<b>2.641.114.873</b>
<b>Total assets</b>	<b>347.496.610</b>	<b>-</b>	<b>33.078.506.095</b>	<b>2.995.451.929</b>	<b>36.421.454.634</b>
Insurance contract technical provisions	1.405.366.243	(512)	-	-	<b>1.405.365.731</b>
Other liabilities	54.864.899	-	33.357.048.845	196.393.417	<b>33.608.307.161</b>
Shareholders' equity	-	-	-	1.407.781.742	<b>1.407.781.742</b>
<b>Total liabilities</b>	<b>1.460.231.142</b>	<b>(512)</b>	<b>33.357.048.845</b>	<b>1.604.175.159</b>	<b>36.421.454.634</b>

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**6 Tangible assets**

Movements in tangible assets in the period from 1 January to 31 December 2022 are as follows:

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposal</b>	<b>31 December 2022</b>
<b>Cost:</b>				
Furniture and fixtures	14.583.987	19.470	-	14.603.457
Other tangible assets (including leasehold improvements)	4.384.609	-	(3.931.135)	453.474
Tangible assets acquired through leasing	1.294.391	-	-	1.294.391
Right of use assets (*)	7.107.715	1.426.076	(5.683.708)	2.850.083
	<b>27.370.702</b>	<b>1.445.546</b>	<b>(9.614.843)</b>	<b>19.201.405</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(14.260.690)	(212.421)	-	(14.473.111)
Other tangible assets (including leasehold improvements)	(3.429.899)	(683.871)	3.931.135	(182.635)
Tangible assets acquired through finance leasing	(1.294.391)	-	-	(1.294.391)
Right of use assets (*)	(2.949.612)	(2.691.856)	3.091.385	(2.550.083)
	<b>(21.934.592)</b>	<b>(3.588.148)</b>	<b>7.022.520</b>	<b>(18.500.220)</b>
<b>Net book value</b>	<b>5.436.110</b>			<b>701.185</b>

Movements in tangible assets in the period from 1 January to 31 December 2021 are as follows:

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposal</b>	<b>31 December 2021</b>
<b>Cost:</b>				
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 leasing	1.294.391	-	-	1.294.391
Right of use assets (*)	6.740.719	20.074.770	(19.707.774)	7.107.715
	<b>27.623.722</b>	<b>20.118.254</b>	<b>(20.371.274)</b>	<b>27.370.702</b>
<b>Accumulated depreciation:</b>				
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)
	<b>(24.442.839)</b>	<b>(4.211.073)</b>	<b>6.719.320</b>	<b>(21.934.592)</b>
<b>Net book value</b>	<b>3.180.883</b>			<b>5.436.110</b>

(\*)Right of use assets comprises from recognition of real estate lease payments under TFRS 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.

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**8 Intangible assets**

Movements in intangible assets in the period from 1 January to 31 December 2022 are as follows:

	1 January 2022	Additions	Disposal	31 December 2022
<b>Cost:</b>				
Rights	334.371	-	-	334.371
Other intangible assets (*)	256.457.883	27.127.375	-	283.585.258
	<b>256.792.254</b>	<b>27.127.375</b>	-	<b>283.919.629</b>
<b>Accumulated amortization:</b>				
Rights	(334.371)	-	-	(334.371)
Other intangible assets (*)	(219.002.371)	(25.998.945)	-	(245.001.316)
	<b>(219.336.742)</b>	<b>(25.998.945)</b>	-	<b>(245.335.687)</b>
<b>Net book value</b>	<b>37.455.512</b>			<b>38.583.942</b>

Movements in intangible assets in the period from 1 January to 31 December 2021 are as follows:

	1 January 2021	Additions	Disposal	31 December 2021
<b>Cost:</b>				
Rights	334.371	-	-	334.371
Other intangible assets (*)	231.002.223	25.455.660	-	256.457.883
	<b>231.336.594</b>	<b>25.455.660</b>	-	<b>256.792.254</b>
<b>Accumulated amortization:</b>				
Rights	(334.371)	-	-	(334.371)
Other intangible assets (*)	(191.558.836)	(27.443.535)	-	(219.002.371)
	<b>(191.893.207)</b>	<b>(27.443.535)</b>	-	<b>(219.336.742)</b>
<b>Net book value</b>	<b>39.443.387</b>			<b>37.455.512</b>

(\*)Other intangible assets consist of computer software.

**9 Investments in associates**

None.

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**10 Reinsurance assets (liabilities)**

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

Reinsurance assets	31 December 2022	31 December 2021
Reinsurance share of unearned premiums reserve (Note 17)	213.629.817	64.628.194
Reinsurance share of outstanding claims reserve (Note 17, Note 42)	54.073.888	36.280.125
Receivables from reinsurers (Note 12)	54.831.417	23.632.155
<b>Total</b>	<b>322.535.122</b>	<b>124.540.474</b>
Reinsurance liabilities	31 December 2022	31 December 2021
Deferred commission income (Deferred income) (Note 19)	54.296.464	13.278.054
Payables to the reinsurers related to premiums ceded (Note 19)	63.259.322	12.509.176
<b>Total</b>	<b>117.555.786</b>	<b>25.787.230</b>

There are no impairment losses recognized for reinsurance assets.

	1 January - 31 December 2022	1 January - 31 December 2021
Ceded premiums to reinsurers during the period (Note 17)	(341.352.902)	(126.633.092)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(64.628.194)	(42.812.548)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	213.629.817	64.628.194
<b>Ceded premiums to reinsurers (Note 17)</b>	<b>(192.351.279)</b>	<b>(104.817.446)</b>
Reinsurance share of claims paid, during the period (Note 17)	41.901.070	27.551.268
Reinsurance share of outstanding claims reserve, at the beginning of the period (Note 17)	(36.280.125)	(25.172.109)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	54.073.888	36.280.125
<b>Reinsurance share of claims incurred (Note 17)</b>	<b>59.694.833</b>	<b>38.659.284</b>
Commission income accrued from reinsurers during period (Note 32)	157.684.695	56.293.263
Deferred commission income, at the beginning of the period (Note 19)	13.278.054	11.041.936
Deferred commission income, at the end of the period (Note 19)	(54.296.464)	(13.278.054)
<b>Commission income earned from reinsurers</b>	<b>116.666.285</b>	<b>54.057.145</b>
<b>Total, net</b>	<b>(15.990.162)</b>	<b>(12.101.017)</b>

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**11 Financial assets**

As of 31 December 2022 and 31 December 2021, the Company's financial asset portfolio are detailed as follows:

<b>Financial assets and financial investments with risk on policyholders</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Available for sale financial assets (*)	1.216.720.697	370.163.982
Financial assets for trading	752.684.650	350.470.773
Financial investments with risks on saving life policyholders	81.051.857	58.313.577
Financial Assets Held-to-maturity	-	731.429.876
<b>Total</b>	<b>2.050.457.204</b>	<b>1.510.378.208</b>

(\*)As of 31 December 2022, 404.971 TL consists of Pension Monitoring Center ("EGM") shares, whose market value cannot be reliably measured and shown at cost (31 December 2021: 404.971 TL).

As of 31 December 2022 and 31 December 2021, the Company's available for sale financial assets in its own portfolio are detailed as follows:

	<b>31 December 2022</b>		
	<b>Cost Value</b>	<b>Fair value</b>	<b>Book Value</b>
Borrowing instruments:			
Private sector bonds	748.974.290	804.890.178	804.890.178
<i>Other non-fixed income financial assets:</i>			
Available for sale assets	362.741.496	411.830.519	411.830.519
<b>Total financial assets available for sale</b>	<b>1.111.715.786</b>	<b>1.216.720.697</b>	<b>1.216.720.697</b>

(\*)Stock not included.

	<b>31 December 2021</b>		
	<b>Cost Value</b>	<b>Fair value</b>	<b>Book Value</b>
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
<b>Total financial assets available for sale</b>	<b>365.022.273</b>	<b>370.163.982</b>	<b>370.163.982</b>

(\*)Available-for-sale financial assets with no reliable market value measurement, consist of the Pension Monitoring Center (EGM) shares that are measured at cost.

As of 31 December 2022 and 31 December 2021, the details of the Company's financial assets held for trading are as follows:

	<b>31 December 2022</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>Book value</b>
<i>Equity shares and other non-fixed income financial assets:</i>			
Eurobond	749.661.593	752.684.650	752.684.650
<b>Total financial assets held for trading</b>	<b>749.661.593</b>	<b>752.684.650</b>	<b>752.684.650</b>
	<b>31 December 2021</b>		
	<b>Cost</b>	<b>Fair Value</b>	<b>Book value</b>
<i>Equity shares and other non-fixed income financial assets:</i>			
Eurobond	346.842.116	350.470.773	350.470.773
<b>Total financial assets held for trading</b>	<b>346.842.116</b>	<b>350.470.773</b>	<b>350.470.773</b>

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**11 Financial Assets (continued)**

As of 31 December 2022 and 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
Government Bonds-TL	116.267.036	115.490.200	115.490.200
Term deposits longer than three months	557.504.610	615.939.676	615.939.676
<b>Held-to-maturity financial assets</b>	<b>673.771.646</b>	<b>731.429.876</b>	<b>731.429.876</b>

In the current period, the Company has disposed of government bonds with a book value of TL 115.490.200, which it has classified as financial assets held-to-maturity in its portfolio, without waiting for maturity.

Financial assets held-to-maturity sold or reclassified before maturity is defined as a “perturbation rule” in FRS 139. After this decision, there is a 2-year statute of limitations for the business to reclassify a security as a held-to-maturity financial asset.

As of 31 December 2022 and 31 December 2021, the details of financial investments (“RHPSFY”) classified as available-for-sale financial assets held by life policy holders are as follows:

	31 December 2022		
	Cost Value	Fair value	Book Value
<i>Borrowing instruments:</i>			
Eurobonds issued by the State of the Republic of Turkey	78.558.940	81.051.857	81.051.857
<b>Financial investments with the total risk of life policy holders</b>	<b>78.558.940</b>	<b>81.051.857</b>	<b>81.051.857</b>

	31 December 2021		
	Cost Value	Fair value	Book Value
<i>Borrowing instruments:</i>			
Eurobonds issued by the State of the Republic of Turkey	54.658.259	58.313.577	58.313.577
<b>Financial investments with the total risk of life policy holders</b>	<b>54.658.259</b>	<b>58.313.577</b>	<b>58.313.577</b>

All of the Company's debt securities shown in the tables above consist of securities traded in the stock exchanges.

There are no securities representing the debt issued by the Company during the period or previously issued and redeemed during the period.

Value increases in financial assets accounted for under equity in the last three years:

<u>Year</u>	<u>Change in value increase</u>	<u>Total increase in value</u>
2022	10.402.360	6.232.317
2021	(3.195.238)	(4.170.043)
2020	(3.705.880)	(974.805)

Value increases are reflected by deducting the deferred tax effects from the differences between the end-of-period book value and the calculated value with the internal rate of return of financial assets.

Financial assets issued by related parties in the Company's portfolio: None (31 December 2021: None).

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**11 Financial assets (continued)**

The details of the financial assets that the Company has given as collateral in favor of the T.R. Ministry of Treasury and Finance, as required by its insurance activities, are as follows:

	31 December 2022		
	Cost Value	Fair value	Book Value
Financial investments at the risk of life policy holders –Eurobonds	78.558.940	81.051.857	81.051.857
<b>Total</b>	<b>78.558.940</b>	<b>81.051.857</b>	<b>81.051.857</b>

	31 December 2021		
	Cost Value	Fair value	Book Value
Financial investments at the risk of life policy holders — Eurobonds	54.658.259	58.313.577	58.313.577
<b>Total</b>	<b>54.658.259</b>	<b>58.313.577</b>	<b>58.313.577</b>

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

	31 December 2022				
	Financial assets held for trading	Financial investments with risks on saving life	Financial assets available for sale	To be held until maturity	Total
<b>Balance at the beginning of the period</b>	<b>350.470.771</b>	<b>58.313.577</b>	<b>370.163.982</b>	<b>731.429.876</b>	<b>1.510.378.206</b>
Unrealized exchange differences on financial assets	(3.346.063)	24.567.108	4.465.283	-	<b>25.686.328</b>
Acquisitions during the period	1.304.290.761	-	1.286.832.181	-	<b>2.591.122.942</b>
Disposals ( either sold or settled )	(900.573.160)	-	(444.000.334)	(731.429.876)	<b>(2.076.003.370)</b>
Change in the fair values of financial assets	1.842.341	(1.406.987)	412.874	-	<b>848.228</b>
Change in the amortized costs of the financial assets	-	(421.841)	(1.153.289)	-	<b>(1.575.130)</b>
<b>Balance at the ending of the period</b>	<b>752.684.650</b>	<b>81.051.857</b>	<b>1.216.720.697</b>	<b>-</b>	<b>2.050.457.204</b>

	31 December 2021				
	Financial assets held for trading	Financial investments with risks on saving life	Financial assets available for sale	To be held until maturity	Total
<b>Balance at the beginning of the period</b>	<b>76.050.908</b>	<b>38.555.142</b>	<b>850.176.794</b>	<b>1.357.416.026</b>	<b>2.322.198.870</b>
Unrealized exchange differences on financial assets	-	29.180.267	4.912.223	-	<b>34.092.490</b>
Acquisitions during the period	792.294.513	2.782.555	307.807.251	731.429.876	<b>1.834.314.195</b>
Disposals ( either sold or settled )	(517.874.648)	-	(792.424.445)	(1.357.416.026)	<b>(2.667.715.119)</b>
Change in the fair values of financial assets	-	(12.181.766)	(3.850.257)	-	<b>(16.032.023)</b>
Change in the amortized costs of the financial assets	-	(22.621)	3.542.416	-	<b>3.519.795</b>
<b>Balance at the ending of the period</b>	<b>350.470.773</b>	<b>58.313.577</b>	<b>370.163.982</b>	<b>731.429.876</b>	<b>1.510.378.208</b>

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**12 Loan and receivables**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Receivables from main operations (Note 4.2)	58.300.109.501	33.181.724.821
Receivables from related parties (Note 4.2)	788	15.785
Other receivables (Note 4.2)	403.644	427.873
Non-current receivables (Note 4.2)	3.476	3.476
<b>Total</b>	<b>58.300.517.409</b>	<b>33.182.171.955</b>
Short-term receivables	58.300.513.933	33.182.168.479
Mid-term and long-term receivables	3.476	3.476
<b>Total</b>	<b>58.300.517.409</b>	<b>33.182.171.955</b>

As of 31 December 2022, the Company's other expenses for next months are TL 1.747.854, consisting of maintenance, insurance, advertisement and other deferred expenses (31 December 2021: TL 984.313).

Details of the Company's receivables from main operations as of 31 December 2022 and 31 December 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Receivables from policyholders	103.354.393	79.315.004
Receivables from reinsurance companies (Note 10)	54.831.417	23.632.155
Provisions for receivables from policyholders (Note 4.2)	(37.099)	(15.982)
<b>Total receivables from insurance operations, net</b>	<b>158.148.711</b>	<b>102.931.177</b>
Loans to the policyholders(loan) (Note 4.2)	1.018.381	692.520
Receivables from private pension operations (Note 18)	58.240.752.506	33.142.499.403
Provision for receivables from private pension operations (Note 4.2), (Note 18)	(99.810.097)	(64.398.279)
<b>Receivables from main operations</b>	<b>58.300.109.501</b>	<b>33.181.724.821</b>

**Provision for both overdue receivables and receivables not due yet**

- Receivables under legal or administrative follow up (due): None (31 December 2021: None).
- Provision for premium receivables (due): TL 37.099 (31 December 2021: TL 15.982).
- Provision for impairment of receivables from entrance fees: TL 99.810.097 (31 December 2021: TL 64.398.279).

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

The separate amounts of receivables and payables represented in foreign currencies and without exchange rate guarantee and the foreign currencies in assets and their conversion rates to TL are given in Note 4.2.

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**13 Derivative financial instruments**

As of 31 December 2022, the Company has TL 752.939.033 Eurobond transaction collateral classified under financial assets for trading purposes (31 December 2021: TL 347.379.091).

As of 31 December 2022, the Company has a total balance of TL 1.842.341 under the other financial liabilities (liabilities) account due to forward foreign exchange contracts made.

31 December 2022	Sale Contract Amount (TL)	Purchase Contract Amount (USD)	Purchase Contract Amount (EUR)	Liabilities
For trading purposes	-	-	-	-
For foreign exchange trading	773.965.275	41.392.280	-	1.842.341
<b>Total derivative instruments</b>	<b>773.965.275</b>	<b>41.392.280</b>	<b>-</b>	<b>1.842.341</b>

**14 Cash and cash equivalents**

As of 31 December 2022 and 31 December 2021, cash and cash equivalents are as follows:

	31 December 2022		31 December 2021	
	End of Period	Beginning of Period	End of Period	Beginning of Period
Banks	2.243.780.952	1.231.246.867	1.231.246.867	1.690.784.856
Bank-guaranteed credit card receivables with a maturity of less than three months	376.769.576	228.630.699	228.630.699	185.245.632
Other cash and cash equivalents	1.800	720.000	720.000	-
<b>Cash and cash equivalents in the balance sheet</b>	<b>2.620.552.328</b>	<b>1.460.597.566</b>	<b>1.460.597.566</b>	<b>1.876.030.488</b>
Banks discount for short-term deposits	18.985.777	49.320.270	49.320.270	5.521.119
Blocked amount	(329.141.369)	(566.269.674)	(566.269.674)	(465.117.842)
<b>Total</b>	<b>2.310.396.736</b>	<b>943.648.162</b>	<b>943.648.162</b>	<b>1.416.433.765</b>

As of 31 December 2022 and 31 December 2021, the details of bank deposits are as follows:

	31 December 2022	31 December 2021
Foreign currency denominated bank deposits		
- time deposits	5.070.079	20.538.186
- demand deposits	246.537	82.623
Bank deposits in Turkish Lira		
- time deposits	2.155.562.769	1.189.627.792
- demand deposits	82.901.567	20.998.266
<b>Banks</b>	<b>2.243.780.952</b>	<b>1.231.246.867</b>

As of 31 December 2022, cash collateral kept at banks in favor of the T.R. Sigortacılık ve Özel Emeklilik Düzenleme ve Denetleme Kurumu against insurance operations amounting to TL 329.141.369 (31 December 2021: TL 566.269.674).

Bank deposits in Garanti Bankası AŞ, the parent company of the Company, are indicated in note 45.

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### 14 Cash and cash equivalents (continued)

As of 31 December 2022 and 31 December 2021, the interest range of time deposits in banks is as follows:

	31 December 2022		31 December 2021	
	Maturity (Day)	Interest Rate (%)	Maturity (Day)	Interest Rate(%)
TL	4-377	%17.00 - %26.00	4-377	%15.00 - %26.00
USD Dollar	4-43	%0.00 - %6.64	4-43	%2.35 - %2.36
Euro	36	%0.00 - %0.00	36	%0.00 - %0.10

### 15 Equity

#### Paid in capital

As of 31 December 2022 the authorized nominal share capital of the Company is TL 500.000.000 (31 December 2021 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 no privileges granted to stocks representing the capital. 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.

In line with the decision taken at the Ordinary General Assembly meeting held on 31 March 2020, the Company's share capital has been determined as TL 500.000.000. It has been published in the Turkish Trade Registry Gazette dated 17 April 2020 that the capital of the Company has been increased from TL 50.000.000 to TL 500.000.000 by meeting extraordinary reserves.

#### Dividend distribution

As of 31 March 2022, in line with the decision taken at the 2021 Ordinary General Assembly meeting, it has been decided to distribute TL 400.000.000 of the previous year's profits as dividends.

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**15 Equity (continued)**

**Legal reserves**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Legal reserves at the beginning of the period</b>	<b>77.075.484</b>	<b>25.000.000</b>
Reserves during the period	68.077.746	52.075.484
<b>Legal reserves at the end of the period</b>	<b>145.153.230</b>	<b>77.075.484</b>

**Extraordinary reserves**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Extraordinary reserves at the beginning of the period</b>	<b>223.386.817</b>	<b>113.952.620</b>
Extraordinary Reserves used for capital increase	-	-
Extraordinary Reserves used for dividend distribution	-	-
Reserves during the period	143.477.181	109.434.197
<b>Extraordinary reserves at the end of the period</b>	<b>366.863.998</b>	<b>223.386.817</b>

**Revaluation of financial assets**

The period income and expenses accrued directly under equity as of balance sheet date is presented below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Valuation differences from financial assets	8.309.756	(5.212.554)
Deferred tax effect	(2.077.439)	1.042.511
<b>Fair value reserves at the end of the period</b>	<b>6.232.317</b>	<b>(4.170.043)</b>

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**16 Other reserves and equity component of DPF**

As of 31 December 2022, 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 of 31 December 2022 and 31 December 2021, provisions for technical reserves of the Company are disclosed as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Unearned premiums reserve, gross	713.300.387	265.327.967
Unearned premiums reserve, ceded (Note 10)	(213.629.817)	(64.628.194)
<b>Unearned premiums reserve, net</b>	<b>499.670.570</b>	<b>200.699.773</b>
Outstanding claims reserve, gross	214.766.389	161.873.854
Outstanding claims reserve, ceded (Note 10, Note 4.2)	(54.073.888)	(36.280.125)
<b>Outstanding claims reserve, net</b>	<b>160.692.501</b>	<b>125.593.729</b>
Life mathematical reserve (short term and long term)	1.614.609.178	1.038.568.604
Equalization reserve, net	48.739.601	40.503.625
<b>Total insurance technical reserves, net</b>	<b>2.323.711.850</b>	<b>1.405.365.731</b>
Short-term	736.818.753	354.386.990
Medium and long-term	1.586.893.097	1.050.978.741
<b>Total insurance technical provisions, net</b>	<b>2.323.711.850</b>	<b>1.405.365.731</b>

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**17 Insurance contract liabilities and reinsurance assets (continued)**

As of 31 December 2022 and 31 December 2021, movements of the insurance liabilities and related reinsurance assets are presented below:

Unearned premiums provision	1 January - 31 December 2022		
	Gross	Reinsurer share	Net
Unearned premiums provision at the beginning of the period	265.327.967	(64.628.194)	200.699.773
Premiums written during the period	2.589.219.074	(341.352.902)	2.247.866.172
Premiums earned during the period	(2.141.246.654)	192.351.279	(1.948.895.375)
<b>Unearned premiums provision at the end of the period</b>	<b>713.300.387</b>	<b>(213.629.817)</b>	<b>499.670.570</b>

Unearned premiums provision	1 January - 31 December 2021		
	Gross	Reinsurer share	Net
Unearned premiums provision 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)
<b>Unearned premiums provision at the end of the period</b>	<b>265.327.967</b>	<b>(64.628.194)</b>	<b>200.699.773</b>

	1 January- 31 December 2022	1 January - 31 December 2021
Balancing provision at the beginning of the period	40.503.624	32.769.155
Increases during the period	8.235.977	7.734.470
<b>Period-end balancing provision</b>	<b>48.739.601</b>	<b>40.503.625</b>

Outstanding damages provision	1 January - 31 December 2022		
	Gross	Reinsurer share	Net
Outstanding claims provision at the beginning of the period	161.873.854	(36.280.125)	125.593.729
Changes in estimates for claims declared during the period and provision for outstanding claims at the beginning of the period	610.797.660	(59.694.833)	551.102.827
Paid losses during period	(557.905.125)	41.901.070	(516.004.055)
<b>Outstanding damages provision at the ending of the period</b>	<b>214.766.389</b>	<b>(54.073.888)</b>	<b>160.692.501</b>

Outstanding damages provision	1 January - 31 December 2021		
	Gross	Reinsurer share	Net
Outstanding claims provision at the beginning of the period	100.605.706	(25.172.109)	75.433.597
Changes in estimates for claims declared during the period and provision for outstanding claims at the beginning of the period	422.840.187	(38.659.284)	384.180.903
Paid losses during period	(361.572.039)	27.551.268	(334.020.771)
<b>Outstanding damages provision at the ending of the period</b>	<b>161.873.854</b>	<b>(36.280.125)</b>	<b>125.593.729</b>

**Damage development tables**

The basic assumption used in the estimation of provisions for outstanding claims is the Company's past experience on claim developments. The Company's management uses the judgment to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims reserve is not known with certainty at the balance sheet date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent period financial statements.

Development of insurance liabilities enables to measure the performance of the Company in estimation of its ultimate claim losses. The numbers presented on the top of the below tables show the changes in estimations of the Company for the claims in subsequent years after accident years. The numbers presented on the below of the below tables give the reconciliation of total liabilities with outstanding claims reserve presented in the accompanying financial statements.

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**17 Insurance liabilities and reinsurance assets (continued)**

**Damage development tables (continued)**

31 December 2022							
Damage year	2017	2018	2019	2020	2021	2022	Total
Damage year	108.687.951	132.204.663	221.752.910	331.781.870	417.137.980	616.151.264	1.827.716.638
1 year later	108.732.524	134.612.425	221.228.339	332.680.113	396.325.803	-	1.193.579.204
2 year later	103.107.173	127.908.472	219.316.811	328.834.972	-	-	779.167.428
3 year later	102.347.509	128.819.184	226.181.468	-	-	-	457.348.161
4 year later	104.192.278	133.105.207	-	-	-	-	237.297.485
5 year later	122.569.141	-	-	-	-	-	122.569.141
Current estimated of cumulative claims	122.569.141	133.105.207	226.181.468	328.834.972	396.325.803	616.151.264	1.823.167.855
Total payments up to date	(111.221.448)	(129.617.446)	(222.287.919)	(315.461.075)	(349.819.177)	(479.994.401)	(1.608.401.466)
Total provision in the financial statements	11.347.693	3.487.761	3.893.549	13.373.897	46.506.626	136.156.863	214.766.389
<b>Total outstanding claims provisions, gross in the financial statements</b>							<b>214.766.389</b>
31 December 2022							
Damage year	2017	2018	2019	2020	2021	2022	Total
Damage year	90.137.094	112.381.245	195.115.184	301.690.192	370.345.602	551.138.308	1.620.807.625
1 year later	89.936.686	112.864.797	196.756.888	308.059.429	356.478.185	-	1.064.095.985
2 year later	86.005.271	108.468.279	197.413.336	306.968.958	-	-	698.855.844
3 year later	85.248.443	110.044.266	202.967.667	-	-	-	398.260.376
4 year later	86.931.019	113.558.603	-	-	-	-	200.489.622
5 year later	97.791.300	-	-	-	-	-	97.791.300
Current estimated of cumulative claims	97.791.300	113.558.603	202.967.667	306.968.958	356.478.185	551.138.308	1.628.903.021
Total payments up to date	(88.749.245)	(110.567.829)	(199.375.508)	(295.072.051)	(317.496.528)	(456.949.359)	(1.468.210.520)
Total provision in the financial statements	9.042.055	2.990.774	3.592.159	11.896.907	38.981.657	94.188.949	160.692.501
<b>Total net outstanding claims provision shown in the period-end financial statements</b>							<b>160.692.501</b>
31 December 2021							
Damage year	2016	2017	2018	2019	2020	2021	Total
Damage 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 estimated 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
Total 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)
Total provision in the financial statements	10.212.741	2.847.660	4.071.715	13.561.749	21.111.224	110.068.765	161.873.854
<b>Total gross outstanding claims provision shown in the period-end financial statements</b>							<b>161.873.854</b>
31 December 2021							
Damage year	2016	2017	2018	2019	2020	2021	Total
Damage year	73.584.054	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 estimated of cumulative claims	76.434.274	86.931.019	110.044.266	197.418.336	308.059.429	370.345.602	1.149.232.926
Total 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)
Total provision in the financial statements	8.164.160	2.394.340	3.555.517	12.924.224	16.307.238	82.248.250	125.593.729
<b>Total net outstanding claims provision shown in the period-end financial statements</b>							<b>125.593.729</b>

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**17 Insurance liabilities and reinsurance assets (continued)**

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

	31 December 2022		31 December 2021	
	Should be placed (**)	Placed (*)	Should be placed (**)	Placed (*)
Life:				
Bank deposits		315.396.009		564.263.647
Financial assets (*)		1.510.510.921		670.613.427
<b>Total</b>	<b>1.821.711.562</b>	<b>1.825.906.930</b>	<b>1.165.851.255</b>	<b>1.234.877.074</b>
Non-life:				
Bank deposits	10.049.676	13.745.360	1.463.006	2.006.027
<b>Total</b>	<b>1.831.761.238</b>	<b>1.839.652.290</b>	<b>1.167.314.261</b>	<b>1.236.883.101</b>

(\*)As of 31 December 2022 and 31 December 2021, 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 Republic of Turkey. the Ministry of Treasury and Finance within two months.

**Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves**

	1 January - 31 December 2022		1 January - 31 December 2021	
	Number of policyholders	Mathematical reserve	Number of policyholders	Mathematical reserve
Beginning of the year	2.862.866	1.038.568.605	2.274.403	634.360.003
Additions during the year	4.210.097	530.016.483	2.785.530	505.929.908
Disposals during the year	(3.221.845)	(169.489.227)	(2.197.067)	(108.977.832)
Movements during the year (*)	-	215.513.317	-	7.256.525
<b>Current</b>	<b>3.851.118</b>	<b>1.614.609.178</b>	<b>2.862.866</b>	<b>1.038.568.604</b>

(\*)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 2022		31 December 2021	
	Number of contracts	Premium	Number of contracts	Premium
Individual	154	1.531.423	211	1.231.738
Group	4.209.943	2.987.818.102	2.785.319	1.654.783.154
<b>Total</b>	<b>4.210.097</b>	<b>2.989.349.525</b>	<b>2.785.530</b>	<b>1.656.014.892</b>

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### 17 Insurance liabilities and reinsurance assets (continued)

**Distribution of number of contracts, gross and net premiums and mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period**

	31 December 2022			31 December 2021		
	Number of contracts	Premium	Mathematical reserve	Number of contracts	Premium	Mathematical reserve
Individual	256	321.164	4.166.135	328	132.516	2.678.733
Group	3.221.589	409.469.813	165.323.093	2.196.739	199.207.642	106.299.099
<b>Total</b>	<b>3.221.845</b>	<b>409.790.977</b>	<b>169.489.228</b>	<b>2.197.067</b>	<b>199.340.158</b>	<b>108.977.832</b>

#### Deferred commission expenses

The Company capitalizes the commissions paid to the relevant intermediaries for the production of annual or shorter-term policies, and the production costs of the future periods, and the commission and production costs calculated according to the exit probabilities of the risk life contracts that are formed with a duration of more than one year, in the "deferred production expenses" account. As of 31 December 2022, deferred production commissions and deferred expenses amount to TL 269.818.622 and TL 98.012.158 (31 December 2021: TL 142.478.409 and TL 43.080.927), respectively.

The movement of deferred commission expenses as of 31 December 2022 and 31 December 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Deferred commission expenses at the beginning of the period	142.478.409	44.130.254
Commissions accrued during the period	544.516.381	355.075.161
Paid commissions during the period	(417.176.168)	(256.727.006)
<b>Deferred commission expenses at the end of the period</b>	<b>269.818.622</b>	<b>142.478.409</b>

### 18 Investment contract liabilities

The movements of life mathematical reserve for saving life policies as of 31 December 2022 and 31 December 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Life mathematical provision for saving life policies</b>		
Investment contract liabilities at the beginning of the period (Life-mathematical reserve)	37.276.971	26.371.250
Effect of foreign exchange differences	14.649.449	16.309.778
Written premiums during the period (saving life policies)	662.593	414.832
Disposals during the period (leaving policyholders)	(7.802.238)	(7.091.672)
Profit shares	3.600.923	2.887.202
Changes in the fair values of investments (Note 30)	51.269	(1.614.419)
<b>Investment contract liabilities at the end of the period</b>	<b>48.438.967</b>	<b>37.276.971</b>

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**18 Investment contract liabilities (continued)**

Profit share distribution rates to life policyholders during the period 31 December 2022 and 31 December 2021(gross):

	31 December 2022	31 December 2021
USD:	8,21%	8,63%
EURO:	3,94%	3,85%

**Individual pension**

The details of receivables and liabilities from pension operations As of 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
Receivables from clearing house on behalf of the participants	58.228.094.668	33.129.877.723
Receivables from participants (entrance fee)	12.657.838	12.621.680
<b>Receivables from pension operations (Note 12)</b>	<b>58.240.752.506</b>	<b>33.142.499.403</b>
Provision for the receivables from participants (Note 4.2), (Note 12)	(99.810.097)	(64.398.279)
<b>Receivables from pension operations (Note 12)</b>	<b>58.140.942.409</b>	<b>33.078.101.124</b>
	<b>31 December 2022</b>	<b>31 December 2021</b>
Payables to participants	58.164.874.714	33.089.669.626
Participants temporary account	457.766.173	257.878.218
Payables to clearing house	3.128.703	2.413.473
Payables to Pension Monitoring Center	1.233.819	434.769
Other liabilities	19.102.924	6.652.759
<b>Payables due to pension operations (Note 19)</b>	<b>58.646.106.333</b>	<b>33.357.048.845</b>

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**18 Investment contract liabilities (continued)****Individual pension (continued)**

As of 31 December 2022 and 31 December 2021 pension investment funds founded by the Company and their unit prices are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Unit prices</b>	<b>Unit prices</b>
Katılım Katkı EYF	0,051682	0,030007
Katılım Standart EYF	0,053573	0,027244
Altın Katılım EYF	0,132258	0,090518
Hisse Senedi EYF	0,776116	0,234174
İkinci Değişken (SMART) EYF	0,036936	0,029092
Katılım Değişken EYF	0,092400	0,040820
Dinamik Değişken EYF	0,307393	0,126534
Temkinli Değişken EYF	0,069281	0,054081
Borçlanma Araçları EYF	0,140604	0,088046
Dış Borçlanma Araçları EYF	0,341139	0,240582
Dinamik Değişken Grup EYF	0,264925	0,106031
Borçlanma Araçları Grup EYF	0,093738	0,057435
Dış Borçlanma Araçları Grup EYF	0,237886	0,167888
Hisse Senedi Grup EYF	0,188555	0,056153
Sürdürülebilirlik Hisse Senedi EYF	0,090649	0,045395
Değişken EYF	0,166453	0,119626
Kamu Borçlanma Araçları EYF	0,060880	0,042815
Katkı EYF	0,037205	0,019782
Para Piyasası EYF	0,106427	0,088583
Üçüncü Değişken EYF	0,069675	0,057674
Standart EYF	0,047172	0,024027
Başlangıç EYF	0,025329	0,020674
Başlangıç Katılım EYF	0,023593	0,019521
Birinci Fon Sepeti EYF	0,015880	-
Karma EYF	0,012231	-
Metaverse Ve Yeni Teknolojiler Hisse Senedi EYF	0,012726	-
OKS Temkinli Değişken EYF	0,026280	0,019418
OKS Temkinli Katılım Değişken EYF	0,022697	0,017755
OKS Dengeli Değişken EYF	0,042618	0,020320
OKS Dengeli Katılım Değişken EYF	0,028033	0,019151
OKS Dinamik Değişken EYF	0,052945	0,021447
OKS Dinamik Katılım Değişken EYF	0,062337	0,024664
OKS Agresif Değişken EYF	0,062449	0,020168
OKS Agresif Katılım Değişken EYF	0,077594	0,027123
OKS Standart EYF	0,035546	0,019179
OKS Katılım Standart EYF	0,037001	0,020403

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**18 Investment contract liabilities (continued)**

**Individual pension (continued)**

Number and amount of participation certificate in the portfolio and in circulation is such as follows as of 31 December 2022 and 31 December 2021:

	31 December 2022			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Quantity	Amount	Quantity	Amount
Katılım Katkı EYF	28.590.125.913	1.477.589.398	1.471.409.874.087	76.045.405.113
Katılım Standart EYF	15.818.255.028	847.439.140	1.484.181.744.972	79.512.068.623
Altın Katılım EYF	98.489.533.250	13.026.014.424	1.401.510.466.750	185.360.971.311
Hisse Senedi EYF	5.594.189.043	4.341.740.918	1.494.405.810.957	1.159.832.260.376
İkinci Değişken (SMART) EYF	144.194.230.102	5.325.909.029	1.355.805.769.898	50.078.041.917
Katılım Değişken EYF	17.636.802.078	1.629.644.555	1.482.363.197.922	136.970.359.488
Dinamik Değişken EYF	6.006.326.124	1.846.299.927	1.493.993.673.876	459.243.197.394
Temkinli Değişken EYF	8.030.935.310	556.388.627	1.491.969.064.690	103.365.108.771
Borçlanma Araçları EYF	8.430.376.794	1.185.348.094	1.491.569.623.206	209.720.655.301
Dış Borçlanma Araçları EYF	11.574.819.568	3.948.624.494	1.488.425.180.432	507.759.877.627
Dinamik Değişken Grup EYF	1.672.101.478	442.981.985	1.498.327.898.522	396.944.518.516
Borçlanma Araçları Grup EYF	2.796.724.868	262.159.317	1.497.203.275.132	140.344.840.604
Dış Borçlanma Araçları Grup EYF	3.557.340.322	846.241.059	1.496.442.659.678	355.982.758.540
Hisse Senedi Grup EYF	5.725.541.274	1.079.578.440	1.494.274.458.726	281.752.920.565
Sürdürülebilirlik Hisse Senedi EYF	12.511.622.387	1.134.171.470	1.487.488.377.613	134.839.333.942
Değişken EYF	20.402.719.737	3.396.084.093	1.479.597.280.263	246.283.406.092
Kamu Borçlanma Araçları EYF	430.409.736	26.203.402	1.499.569.590.264	91.293.796.655
Katkı EYF	160.307.327.817	5.964.237.950	1.339.692.672.183	49.843.265.869
Para Piyasası EYF	14.022.184.322	1.492.335.064	1.485.977.815.678	158.148.160.989
Üçüncü Değişken EYF	22.548.959.974	1.571.108.650	1.477.451.040.026	102.941.401.214
Standart EYF	43.101.089.767	2.033.179.646	1.456.898.910.233	68.724.835.394
Başlangıç EYF	9.704.074.368	245.793.333	1.490.295.925.632	37.747.705.500
Başlangıç Katılım EYF	7.300.464.972	172.241.081	1.492.699.535.028	35.217.260.130
Birinci Fon Sepeti EYF	100.464.128.813	1.595.396.160	1.399.535.871.187	22.224.629.634
Karma EYF	7.665.956.892	93.764.954	1.492.334.043.108	18.252.737.681
Metaverse Ve Yeni Teknolojiler Hisse Senedi EYF	9.526.075.656	121.226.311	1.490.473.924.344	18.967.771.161
OKS Temkinli Değişken EYF	474.805.706	12.477.906	1.499.525.194.294	39.407.522.106
OKS Temkinli Katılım Değişken EYF	488.414.446	11.085.455	1.499.511.585.554	34.034.414.457
OKS Dengeli Değişken EYF	1.214.041.409	51.740.605	1.498.785.958.591	63.875.259.983
OKS Dengeli Katılım Değişken EYF	826.873.082	23.179.774	1.499.173.126.918	42.026.320.267
OKS Dinamik Değişken EYF	1.974.868.353	104.558.735	1.498.025.131.647	79.312.940.595
OKS Dinamik Katılım Değişken EYF	1.531.887.617	95.492.593	1.498.468.112.383	93.410.006.722
OKS Agresif Değişken EYF	2.199.876.742	137.379.672	1.497.800.123.258	93.536.119.897
OKS Agresif Katılım Değişken EYF	2.102.205.157	163.118.785	1.497.897.794.843	116.227.881.493
OKS Standart EYF	40.207.481.607	1.429.214.348	1.459.792.518.393	51.889.784.859
OKS Katılım Standart EYF	30.791.003.863	1.139.287.893	1.469.208.996.137	54.362.202.066
<b>Total</b>	<b>847.913.773.572</b>	<b>57.829.237.287</b>	<b>53.152.086.226.428</b>	<b>5.795.479.740.854</b>

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**18 Investment contract liabilities (continued)**

**Individual pension (continued)**

	<b>31 December 2021</b>			
	<b>Participation certificate in the circulation</b>		<b>Participation certificate in the portfolio</b>	
	<b>Quantity</b>	<b>Amount</b>	<b>Quantity</b>	<b>Amount</b>
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
<b>Total</b>	<b>704.482.141.056</b>	<b>33.071.559.392</b>	<b>48.795.517.858.944</b>	<b>2.961.423.326.538</b>

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**18 Investment contract liabilities (continued)**

**Individual pension (continued)**

**Portfolio amounts in terms of number of new participants, left or cancelled participants, and existing participants for individuals and groups**

<b>1 January - 31 December 2022</b>					
	<b>Additions during the period</b>	<b>Left/cancellations during the period</b>	<b>Outstanding</b>	<b>Total amount</b>	
Individual	231.217	98.501	1.113.467	13.651.524.277	
Group	25.849	24.815	231.418	3.779.748.888	
<b>Total</b>	<b>257.066</b>	<b>123.316</b>	<b>1.344.885</b>	<b>17.431.273.165</b>	

<b>1 January - 31 December 2021</b>					
	<b>Additions during the period</b>	<b>Left/cancellations during the period</b>	<b>Outstanding</b>	<b>Total amount</b>	
Individual	140.489	106.790	979.159	10.273.384.050	
Group	17.011	29.528	230.306	3.118.888.778	
<b>Total</b>	<b>157.500</b>	<b>136.318</b>	<b>1.209.465</b>	<b>13.392.272.828</b>	

**Distribution of new participants in terms of their numbers and gross and net contributions for individuals and groups**

	<b>31 December 2022</b>			<b>31 December 2021</b>		
	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Net contributions</b>	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Net contributions</b>
Individual	231.217	1.704.751.616	1.636.689.647	140.489	739.819.758	703.518.760
Group	25.849	374.663.406	374.498.925	17.011	145.858.958	145.757.449
<b>Total</b>	<b>257.066</b>	<b>2.079.415.022</b>	<b>2.011.188.572</b>	<b>157.500</b>	<b>885.678.716</b>	<b>849.276.209</b>

**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**

	<b>31 December 2022</b>			<b>31 December 2021</b>		
	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Net contributions</b>	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Net contributions</b>
Individual	6.468	660.375.911	659.935.841	4.219	255.051.680	254.889.289
Group	2.072	234.782.357	234.781.933	984	82.563.137	82.561.970
<b>Total</b>	<b>8.540</b>	<b>895.158.268</b>	<b>894.717.774</b>	<b>5.203</b>	<b>337.614.817</b>	<b>337.451.259</b>

**Distribution of individual and group participants and their gross and net contributions which were transferred from life insurance portfolio during the period**

None.

**Individual and corporate distributions of the number of individual pension participants, who left the Company's portfolio or did not move to another company, and the number of gross and net participation shares, both together**

	<b>31 December 2022</b>			<b>31 December 2021</b>		
	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Net contributions</b>	<b>Number of contracts</b>	<b>Gross contributions</b>	<b>Number of contracts</b>
Individual	98.501	3.244.328.274	2.849.076.350	106.790	2.573.684.415	2.299.346.380
Group	24.815	1.051.869.706	912.933.102	29.528	783.697.588	712.604.473
<b>Total</b>	<b>123.316</b>	<b>4.296.197.980</b>	<b>3.762.009.452</b>	<b>136.318</b>	<b>3.357.382.003</b>	<b>3.011.950.853</b>

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**19 Trade and other payables and deferred income**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Payables due to main operations	58.755.114.256	33.398.635.690
Taxes and other liabilities and provisions	149.314.103	95.757.863
Due to related parties	37.540.633	6.441.989
Deferred commission income (Note 10)	54.296.464	13.278.054
Expense accruals (other income for the next months)	60.553.822	62.958.659
Other various payables (*)	4.264.078	3.162.873
<b>Total</b>	<b>59.061.083.356</b>	<b>33.580.235.128</b>
Short term liabilities	59.061.083.356	33.580.235.128
<b>Total</b>	<b>59.061.083.356</b>	<b>33.580.235.128</b>

(\*) Expense accruals as of 31 December 2022 and 31 December 2021 consist of personnel premium accruals, performance accruals and other expense accruals.

Payables from main operations of the Company As of 31 December 2022 and 31 December 2021 are detailed below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Payables to reinsurers (Note 10)	63.259.322	12.509.176
Payables to agencies	45.699.115	29.022.767
Payables to policyholders	49.486	54.902
<b>Total payables due to insurance operations</b>	<b>109.007.923</b>	<b>41.586.845</b>
Payables s due to pension operations (Note 18)	58.646.106.333	33.357.048.845
<b>Payables from main operations</b>	<b>58.755.114.256</b>	<b>33.398.635.690</b>

Corporate tax provision and prepaid taxes are disclosed below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Corporate tax provision	356.936.116	220.068.543
Prepaid taxes during the period	(246.745.867)	(154.254.716)
<b>Corporate tax payable, net</b>	<b>110.190.249</b>	<b>65.813.827</b>

**Total amount of investment incentives, which will be benefited in current and forthcoming periods**

None.

**20 Financial liabilities**

As of 31 December 2022, the Company recognized TL 438.216 financial lease liability (31 December 2021: TL 4.971.182) and TL 16.621 deferred lease liability (31 December 2021: TL 437.238) recognized in financial statement for TFRS 16 purpose.

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**21 Deferred taxes**

As of 31 December 2022 and 31 December 2021, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Deferred tax assets/ liabilities</b>	<b>Deferred tax assets/ liabilities</b>
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(2.842.422)	(2.916.606)
Provision for impairment in receivables from participants	24.952.524	14.451.668
Equalization provision	12.184.900	8.100.725
Provision for employment termination benefits and unused vacation pay liability	9.978.677	3.751.274
Expense accruals	-	-
Provision for personnel bonus	2.630.641	2.501.731
Entrance fee discount provision, plan bonus provision	3.788.812	2.106.574
Provisions for lawsuits	1.469.186	992.096
Securities Valuation Difference	4.039.519	(1.395.577)
Refund Provision for Fund Total Expense Deduction Refund	3.501.572	1.655.860
Other expense accruals and valuation differences	7.644.472	9.619.071
<b>Deferred tax asset/(liability), net</b>	<b>67.347.881</b>	<b>38.866.816</b>

Movement of the deferred tax assets / (liabilities) during the periods ending 31 December 2022 and 31 December 2021 is presented below:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Beginning balance, 1 January	38.866.816	22.850.163
Recognized in the income statement (Note 35)	27.163.861	14.977.553
Recognized in the equity (Note 4.2)	1.317.204	1.039.100
<b>Closing balance as of end of the period</b>	<b>67.347.881</b>	<b>38.866.816</b>

**22 Retirement benefit obligations**

None.

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**23 Provisions for other liabilities and charges**

As of 31 December 2022 and 31 December 2021; the details of the provisions for other risks are as follows:

	31 December 2022	31 December 2021
Provision for unused vacation pay liability (long term)	3.716.973	2.246.108
Provision for unused vacation pay liability (short term)	1.566.955	1.191.154
Provisions for lawsuits	5.876.746	4.960.480
<b>Provisions for costs</b>	<b>11.160.674</b>	<b>8.397.742</b>
<b>Provision for employment termination benefits</b>	<b>34.630.779</b>	<b>15.140.437</b>
<b>Total provisions for other risks</b>	<b>45.791.453</b>	<b>23.538.179</b>

Movement of provision for employment termination benefits during the period is presented below:

	1 January - 31 December 2022	1 January - 31 December 2021
Provision for employment termination benefits at the beginning of the period	15.140.437	12.394.681
Interest cost	2.873.109	1.605.116
Service cost	2.680.795	2.269.247
Payments during the period	(3.024.703)	(2.330.065)
Actuarial loss	16.961.141	1.201.458
<b>Provision for employment termination benefits at the end of the period</b>	<b>34.630.779</b>	<b>15.140.437</b>

**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 Dues (fee) income**

The Company's contribution income consists of contributions from participants in private pension transactions and pension investment funds, and Company expense deductions from policyholders in cumulative life insurance.

	1 January - 31 December 2022	1 January - 31 December 2021
Fund management fee	606.459.634	371.342.051
Management fee deduction	132.800.845	92.872.907
Entrance fee	35.603.744	27.965.586
Management fee deduction in case of interruption	34.488	62.299
Other technical income	83.330	-
<b>Total pension technical income</b>	<b>774.982.041</b>	<b>492.242.843</b>

The subscription charges and fees received from participants for private pension transactions and pension mutual funds are detailed in the enclosed income statement. For the fiscal period ended on 31 December 2022, the total amount of the Costs charged by the Company over the saving premiums of cumulative life insurance policy holders TL 39.540 (31 December 2021: TL 24.591).

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**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 1 January –31 December 2022 (1 January – 31 December 2021: None).

**30 Investment contracts rights**

As the year ended 31 December 2022 and 31 December 2021, the details of changes in life mathematical provisions recognized in the statement of income and equity from investment contracts are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Change in life mathematical provisions for investment contracts recognized in the statement of income	11.110.727	12.520.140
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)	51.269	(1.614.419)
<b>Change in life mathematical provisions for investment contracts</b>	<b>11.161.996</b>	<b>10.905.721</b>

**31 Other mandatory expenses**

The allocation of the expenses with respect to their nature or function is presented in Note 32 below.

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**32 Expenses by nature**

For the year ended 31 December 2022 and 31 December 2021, the details of operating expenses are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Commission expenses	(561.318.157)	(349.650.004)
<i>Commissions to intermediaries accrued during period</i>	(744.265.501)	(474.529.941)
<i>Change in deferred commission expenses</i>	128.016.114	97.288.594
<i>Deferred commission expenses</i>	54.931.230	27.591.343
Employee benefit expenses (Note 33)	(198.361.425)	(128.762.693)
Commission income from reinsurers	116.666.285	54.057.145
<i>Commission income from reinsurers accrued during period (Note 10)</i>	157.684.695	56.293.263
<i>Change in deferred commission income</i>	(41.018.410)	(2.236.118)
Information technology expenses	(55.666.267)	(43.191.336)
Office expenses	(30.083.765)	(16.346.852)
Advertisement and public related expenses	(19.614.039)	(13.062.859)
Other expenses	(16.987.756)	(7.811.204)
<b>Total</b>	<b>(765.365.124)</b>	<b>(504.767.803)</b>

**Fees for services received from independent auditor/independent audit firm:**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Fees for services received from independent auditor/independent audit firm	740.116	349.000
<b>Total</b>	<b>740.116</b>	<b>349.000</b>

**33 Employee benefit expenses**

For the year ended 31 December 2022 and 31 December 2021, the details of employee benefit expenses are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Wages and salaries	(111.423.887)	(85.500.194)
Bonus, premium and commissions	(23.904.724)	(13.650.774)
Employer's share in social security premiums	(24.095.557)	(12.450.573)
Employment termination benefits and unused vacation expenses	(822.521)	(651.179)
Other benefits	(38.114.736)	(16.509.973)
<b>Total (Note 32)</b>	<b>(198.361.425)</b>	<b>(128.762.693)</b>

**34 Financial costs**

There are not any finance costs classified either on production costs or tangible assets.

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**35 Income tax**

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

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Provision for corporate tax expense:</b>		
Provision for corporate tax expense	(356.936.116)	(220.068.543)
<b>Deferred tax income:</b>	27.163.861	14.977.553
<b>Total income tax expense presented in the statement of income</b>	<b>(329.772.255)</b>	<b>(205.090.990)</b>

The reconciliation between the income tax provision calculated with the legal tax ratio over the pre-taxation operating profit in the financial statements of the Company for the accounting periods ended on 31 December 2022 and 31 December 2021 and the actual income tax provision of the Company calculated with the effective tax ratio is detailed in the following table below:

	1 January - 31 December 2022		1 January - 31 December 2021	
Calculated tax	(334.757.399)	(25)	(204.161.479)	(25)
(Additional)/discounts, net	4.985.144	0,37	(929.511)	(0,11)
SCEG	(941.218)	0,07	517.969	0,06
Tax Exemption Incomes	5.926.362	0,30	(1.447.480)	(0,18)
<b>Total income tax expense reflected in the income statement</b>	<b>(329.772.255)</b>	<b>(24,63)</b>	<b>(205.090.990)</b>	<b>(25,11)</b>

**36 Net foreign Exchange gains/losses**

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.

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**41 Redeemable preference shares**

None.

**42 Risks**

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 of 31 December 2022, the probable liability amount that will arise in the situation that all the cases that Company is defendant results against the Company is TL 15.704.506 (31 December 2021: TL 15.486.883) in gross. The Company has recorded provision of TL 28.985.828 (31 December 2021: TL 26.929.289) 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:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Less than 1 year	9.377.920	3.269.685
More than 1 year less than 5 years	3.395.038	5.618.588
<b>Total of minimum rent payments</b>	<b>12.772.958</b>	<b>8.888.273</b>

Due to the Company has applied TFRS 16, lease payments under operating leases for rented properties presented in Note 20.

**44 Business mergers**

None.

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**45 Related party transactions**

T. Garanti Bankası A.Ş. and Achmea which have 99,91% in total of outstanding shares of the Company and the groups having direct control over those companies and the affiliates and associates of those groups are defined as related party to the Company.

The related party balances as of 31 December 2022 and 31 December 2021 are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Garanti Bankası - demand deposits	80.299.238	18.866.560
Garanti Bankası - time deposits and private sector bond	1.831.491.479	1.507.318.229
<b>Banks</b>	<b>1.911.790.717</b>	<b>1.526.184.789</b>
T.Garanti Bankası A.Ş. - credit card collections	376.769.576	228.630.699
<b>Receivables from credit card collections less than 3 months (Note 14)</b>	<b>376.769.576</b>	<b>228.630.699</b>
Garanti Faktoring Hizmetleri A.Ş.	-	-
T. Garanti Bankası A.Ş.	44.593	464
Garanti Finansal Kiralama A.Ş.	5	-
Garanti Bilişim Teknoloji ve Tic.A.Ş.	-	-
Garanti Portföy Yönetimi A.Ş.	-	-
Garanti Gayrimenkul Yatır. Ortak. A.Ş.	-	-
Garanti Filo Yönetim Hizmetleri A.Ş.	101	-
<b>Receivables from main operations</b>	<b>44.699</b>	<b>464</b>
T. Garanti Bankası A.Ş.	337	-
<b>Due from shareholders</b>	<b>337</b>	<b>-</b>
T. Garanti Bankası A.Ş. - commissions payable (net)	40.553.314	29.786.135
<b>Payables from main operations</b>	<b>40.553.314</b>	<b>29.786.135</b>
Eureko Sigorta A.Ş.(*) – common area sharing and insurance policy premium	-	-
T. Garanti Bankası A.Ş. (*)	1.217.740	689.526
Garanti Hizmet Yönetimi A.Ş. – portfolio management	299.619	215.322
Achmea b.v (*)	13.298	-
<b>Due to shareholders</b>	<b>1.530.657</b>	<b>904.848</b>
Garanti Portföy Yönetimi A.Ş. - pension management expenses	35.636.245	5.452.466
Garanti Filo Yönetim Hizmetleri A.Ş. - car rental expenses	1.326	373
<b>Payables to other related parties</b>	<b>35.637.571</b>	<b>5.452.839</b>

(\*)As of 31 December 2022 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

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### 45 Related party transactions (continued)

The transactions with related parties during the year ended 31 December 2022 and 31 December 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
T. Garanti Bankası A.Ş.	12.930.454	8.321.877
Garanti Ödeme Sistemleri A.Ş.	405.679	240.201
Garanti Yatırım Menkul Kıymetler A.Ş.	345.786	220.736
Garanti Finansal Kiralama A.Ş.	180.762	138.753
Garanti Portföy Yönetimi A.Ş.	98.229	123.472
Other	820.234	620.467
<b>Written Premiums</b>	<b>14.781.144</b>	<b>9.665.506</b>
T. Garanti Bankası A.Ş.	29.337.150	16.730.304
Other	2.380.830	480.000
<b>Damages paid</b>	<b>31.717.980</b>	<b>17.210.304</b>
T. Garanti Bankası A.Ş.–Bank Deposit Interest Income	276.274.054	234.519.236
<b>Investment Income</b>	<b>276.274.054</b>	<b>234.519.236</b>
T. Garanti Bankası A.Ş. - Paid Commissions (*)	727.089.957	465.569.814
T. Garanti Bankası A.Ş. – Rent, Tax and Other Expenses	55.759.146	43.893.976
Eureko Sigorta A.Ş. – Insurance Premiums	-	97.471
Garanti Filo Yönetim Hizmetleri A.Ş.– Vehicle Rental	2.411.657	2.934.340
Garanti Portföy Yönetimi A.Ş.	35.636.245	5.452.466
<b>Operations Expense</b>	<b>820.897.005</b>	<b>517.948.067</b>

(\*)Amounts are demonstrated as gross amounts without deferred commission expenses.

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
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**46 Events after their 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.

**Separate sums of receivables from personnel and payables to personnel, which are included in the "Other receivables" and "Other short-term or long-term payables" account item and exceed one percent of the balance sheet assets.**

None.

**The amounts related to the recourse receivables followed in the off-balance sheet accounts**

There are no recourse receivables that are followed in the off-balance sheet accounts.

**Real rights on immovable and their values**

None.

**Explanatory Note for the amounts and nature of previous years' income and losses and of previous years' expenses and losses.**

None.

For the period ended 31 December 2022 and 31 December 2021, details of the provision and expenses are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Provision for employment termination benefits (Note 23)	(5.553.904)	(3.874.363)
Provision expense for entrance fee receivables (Note 4.2)	396.981	(115.986)
Provision expense for lawsuits (Note 23)	(916.266)	(915.027)
Provision expense for unused vacation pay liability (Note 23)	(1.846.666)	(823.109)
Provision expense for receivables from main operations (Note 12)	(21.117)	11.673
Other	-	-
<b>Total provision expenses</b>	<b>(7.940.972)</b>	<b>(5.716.812)</b>