

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**

Financial Statements

As at and For the Year Ended

31 December 2020

With Independent Auditors' Report Thereon

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



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Garanti Emeklilik Anonim Şirketi

### A) Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying balance sheet of Garanti Emeklilik Anonim Şirketi ("the Company") as at 31 December 2020 and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year ended in accordance with the accounting principles and standards in force as per the insurance legislation and that are not regulated by them for "Insurance Accounting and Financial Reporting Legislation" including Turkish Financial Reporting Standards ("TFRS").

#### *Basis for Opinion*

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



### Key Audit Matters

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

#### *Estimations and assumptions used in calculation of insurance technical reserves*

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

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As of 31 December 2020, the Company's total technical reserves amounting to TL 864.552.352 and constitute 31 percent of total liabilities without pension funds. The company provides provisions for outstanding claims amounting to TL, net 75.433.597 and life mathematical reserves amounting to TL, net 634.360.003.</p> <p>There are also incurred but not reported provisions ("IBNR") amounting to TL, net 7.480.810 in the provision for outstanding claims for possible future claims. The Management used actuarial assumptions and estimations for calculating the outstanding claims reserve with the involvement of registered actuary of Company.</p> <p>Due to the nature of the technical reserves calculations which has uncertainty estimations and management judgments, this matter is determined to be a key audit matter.</p>	<p>Our auditing procedures for the matter are given –as below:</p> <p>We evaluated the assumptions and estimations of the company's outstanding claims provision calculations with the involvement of actuarial specialists.</p> <p>In this context, we evaluated the actual outstanding claims internal controls and effectiveness of the process with the involvement of our IT specialists. We chose samples and tested by obtaining supporting documents of the actual outstanding claims. We controlled the lawsuit files of the outstanding claims by obtaining letter of confirmation from company lawyer.</p> <p>We controlled the mathematical accuracy of the calculations and average file and opening amounts which are determined by company actuarial specialists. We evaluated the mathematical accuracy of technical reserves for each product.</p> <p>We recalculated the technical reserves and controlled the analyzes accuracy of the past experience of the company and legislation.</p> <p>Additionally, we evaluated the adequacy of financial statement disclosures relating to the technical reserves.</p>



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

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## **B) Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2020, the Company's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member of KPMG International Cooperative

Ali Tuğrul Uzun  
*Partner*

27 January 2021  
Istanbul, Turkey

**GARANTİ EMEKLİLİK VE HAYAT ANONİM ŞİRKETİ**  
**THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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, 27 January 2021

Burak Ali GÖÇER  
General Manager

Ahmet KARAMAN  
Executive Vice President

Gürel Çağlar TÜRKMEN  
Financial Affairs Unit Manager

Halil Kolbaşı  
Actuary

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2020**

(Currency: Turkish Lira (TL))

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

ASSETS			
I- Current Assets	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>1.876.030.488</b>	<b>1.950.837.097</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1.690.784.856	1.807.880.747
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Guaranteed Credit Card Receivables (Less than 3 months)	14,45	185.245.632	142.956.350
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>	<b>11</b>	<b>964.782.844</b>	<b>172.602.705</b>
1- Financial Assets Available for Sale	11	850.176.794	142.142.136
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11	76.050.908	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11	38.555.142	30.460.569
7- Equity Shares		-	-
8- Diminution in Value of Financial Assets (-)		-	-
<b>C- Receivables from Main Operations</b>	<b>12</b>	<b>23.560.034.827</b>	<b>17.859.159.110</b>
1- Receivables from Insurance Operations	12	76.146.983	76.377.224
2- Provision for Receivables from Insurance Operations (-)	12	(27.655)	(55.743)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders	4,2,2,8,12	375.266	265.143
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Private Pension Operations	12,18	23.483.540.233	17.782.572.486
9- Doubtful Receivables from Main Operations		-	-
10- Provisions for Doubtful Receivables from Main Operations (-)		-	-
<b>D- Due from Related Parties</b>	<b>12, 45</b>	<b>531</b>	<b>172</b>
1- Due from Shareholders	12, 45	-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		531	172
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>179.658</b>	<b>142.952</b>
1- Lease Receivables		-	-
2- Unearned Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		129.340	129.340
4- Other Receivables	12	50.318	13.612
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>		<b>60.874.599</b>	<b>44.319.600</b>
1- Deferred Acquisition Costs	17	59.619.838	43.218.452
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	12	1.254.761	1.101.148
<b>G- Other Current Assets</b>		<b>4.262</b>	<b>1.500</b>
1- Inventories		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		1.500	1.500
5- Advances Given to Personnel		2.762	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>26.461.907.209</b>	<b>20.027.063.136</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2020**

(Currency: Turkish Lira (TL))

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

*Originally Issued in Turkish, See Note 2.1.1*

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<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 Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties		-	-
<b>C- Other Receivables</b>	12	13.776	4.185
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income		-	-
3- Guarantees Given	12	13.776	4.185
4- Other Receivables		-	-
5- Discount on Other 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 Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
<b>E- Tangible Assets</b>	6	3.180.883	7.848.094
1- Investment Properties		-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties		-	-
4- Machinery and Equipment		-	-
5- Furnitures and Fixtures	6	15.236.177	15.261.013
6- Vehicles		-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	4.352.435	4.070.441
8- Leased Tangible Assets	6	8.035.110	9.273.052
9- Accumulated Depreciation (-)	6	(24.442.839)	(20.756.412)
10- Advances Paid for Tangible Assets (Including Construction In Progress)		-	-
<b>F- Intangible Assets</b>	8	39.443.387	45.803.485
1- Rights	8	334.371	334.371
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets	8	231.002.223	209.548.914
6- Accumulated Amortization (-)	8	(191.893.207)	(164.079.800)
7- Advances Regarding Intangible Assets		-	-
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses		-	-
<b>H- Other Non-current Assets</b>	21	22.850.163	18.875.060
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	22.850.163	18.875.060
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization		-	-
8- Provision for Other Non-current Assets		-	-
<b>II- Total Non-current Assets</b>		65.488.209	72.530.824
<b>Total Assets</b>		26.527.395.418	20.099.593.960

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2020**

(Currency: Turkish Lira (TL))

*Convenience Translation of Financial Statements  
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LIABILITIES			
	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>III-Short Term Liabilities</b>			
<b>A- Borrowings</b>	20	921.031	3.406.005
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	972.193	4.152.634
3- Deferred Finance Lease Borrowing Costs	20	(51.162)	(746.629)
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Issued Financial Assets		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables from Main Operations</b>	19	23.738.614.923	17.986.854.781
1- Payables Due To Insurance Operations	19	32.390.952	37.302.316
2- Payables Due To Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due To Private Pension Operations	18,19	23.706.223.971	17.949.552.465
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations, Notes Payable (-)		-	-
<b>C- Due to Related Parties</b>		695.353.506	6.695.835
1- Due to Shareholders	45	684.678.884	1.963.035
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		46.508	37.585
6- Due to Other Related Parties	45	10.628.114	4.695.215
<b>D- Other Payables</b>	19	3.362.426	5.077.873
1- Guarantees and Deposits Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Payables	19	3.362.426	5.077.873
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>	17	219.761.097	174.556.278
1- Unearned Premiums Reserve - Net	17	121.989.597	96.434.192
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	22.337.903	19.029.871
4- Outstanding Claims Reserve - Net	17	75.433.597	59.092.215
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
<b>F- Taxes and Other Liabilities and Provisions</b>	19	48.483.009	32.881.697
1- Taxes and Dues Payable		10.544.858	12.774.490
2- Social Security Premiums Payable		1.673.497	1.537.527
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		-	-
5- Corporate Tax Liability Provision on Period Profit	19	138.699.376	133.230.019
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	19	(102.434.722)	(114.660.339)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>	23	4.902.363	3.558.265
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	23	4.902.363	3.558.265
<b>H- Deferred Income and Expense Accruals</b>	19	46.245.435	36.409.398
1- Deferred Commission Income	10,19	11.041.936	6.978.135
2- Expense Accruals	19	35.203.499	29.431.263
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Short Term Liabilities</b>		-	-
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
<b>III - Total Current Liabilities</b>		24.757.643.790	18.249.440.132

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Balance Sheet As at 31 December 2020**

(Currency: Turkish Lira (TL))

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	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>IV- Long Term Liabilities</b>			
<b>A- Borrowings</b>	<b>20</b>	<b>425.230</b>	<b>1.942.900</b>
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	436.340	2.359.754
3- Deferred Finance Lease Borrowing Costs	20	(11.110)	(416.854)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables from Main Operations</b>			
1- Payables Due To Insurance Operations		-	-
2- Payables Due To Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due To Private Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations		-	-
<b>C- Due to Related Parties</b>			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>			
1- Guarantees and Deposits Received		-	-
2- Payables to Social Security Institution		-	-
3- Other Payables		-	-
4- Discount on Other Payables		-	-
<b>E- Insurance Technical Reserves</b>	<b>17</b>	<b>644.791.255</b>	<b>494.048.935</b>
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17	612.022.100	467.430.129
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts – Net		-	-
7- Other Technical Reserves – Net	17	32.769.155	26.618.806
<b>F- Other Liabilities and Provisions</b>	<b>23</b>	<b>1.757.243</b>	<b>1.772.202</b>
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals	23	1.757.243	1.772.202
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>12.394.681</b>	<b>7.555.436</b>
1- Provision for Employment Termination Benefits	23	12.394.681	7.555.436
2- Provisions for Pension Fund Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>			
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Long Term Liabilities</b>			
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
<b>IV- Total Non Current Liabilities</b>		<b>659.368.409</b>	<b>505.319.473</b>

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

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SHAREHOLDERS' EQUITY			
V- Shareholders' Equity	Dipnot	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>A- Paid in Capital</b>		<b>503.084.445</b>	<b>53.084.445</b>
1- (Nominal) Capital	2.13,15	500.000.000	50.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		3.084.445	3.084.445
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Capital to Be Registered		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>-</b>
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		-	-
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>135.789.093</b>	<b>837.196.475</b>
1- Legal Reserves	15	25.000.000	25.000.000
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	113.952.620	809.399.185
4- Special Funds (Reserves)		-	-
5- Valuation of Financial Assets	11,15	(974.805)	2.731.075
6- Other Profit Reserves		(2.188.722)	66.215
<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 of the Period</b>		<b>471.509.681</b>	<b>454.553.435</b>
1- Net Profit of the Period		471.509.681	454.553.435
2- Net Loss of the Period		-	-
3- Nondistributed Net Profit of the Period		-	-
<b>Total Shareholders' Equity</b>		<b>1.110.383.219</b>	<b>1.344.834.355</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>26.527.395.418</b>	<b>20.099.593.960</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Income Statement**  
**For the Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>I-TECHNICAL PART</b>			
<b>A- Non-Life Technical Income</b>	<b>5</b>	<b>1.588</b>	<b>988</b>
1- Earned Premiums (Net of Reinsurer Share)	17	1.588	988
1.1 - Premiums (Net of Reinsurer Share)	17	385	2.314
1.1.1 - Gross Premiums	17	385	2.314
1.1.2 - Ceded Premiums to Reinsurers		-	-
1.1.3- Premiums Transferred to SSI(-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward)	17	1.203	(1.326)
1.2.1 - Unearned Premiums Reserve	17	1.203	(1.326)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve		-	-
1.2.3- SSI Share of Gross Unearned Premiums Reserve (Net of Reserves Carried Forward)(+/-)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)		-	-
1.3.1 - Unexpired Risks Reserve		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve		-	-
2- Investment Income Transferred from Non-Technical Part		-	-
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income		-	-
3.2 - Reinsurance Share of Other Technical Income		-	-
4. Accrued Subrogation and Sovtage Income (+)		-	-
<b>B- Non-Life Technical Expense (-)</b>	<b>5</b>	<b>(14.109)</b>	<b>(7.923)</b>
1- Total Claims (Net of Reinsurer Share)		(5.000)	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1 - Gross Claims Paid		-	-
1.1.2 - Reinsurance Share of Claims Paid		-	-
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward)		(5.000)	-
1.2.1 - Outstanding Claims Reserve		(5.000)	-
1.2.2 - Reinsurance Share of Outstanding Claims Reserve		-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward)		-	-
2.1 - Bonus and Discount Reserve		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
4- Operating Expenses (-)	32	(9.109)	(7.923)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves		-	-
5.2- Reinsurance Share in Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)		-	-
6.1- Gross Other Technical Expenses(-)		-	-
6.2- Reinsurance Share in Gross Other Technical Expenses (+)		-	-

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Income Statement**  
**For the Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>I-TECHNICAL PART</b>			
<b>C- Non Life Technical Net Profit (A-B)</b>	5	(12.521)	(6.935)
<b>D- Life Technical Income</b>	5	1.090.241.263	828.714.764
1- Earned Premiums (Net of Reinsurer Share)	17	999.769.553	736.711.393
1.1 - Premiums (Net of Reinsurer Share)	17	1.025.326.161	774.295.759
1.1.1 - Gross Premiums (+)	17	1.111.760.213	837.529.664
1.1.2 - Ceded Premiums to Reinsurers (-)	10, 17	(86.434.052)	(63.233.905)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	17	(25.556.608)	(37.584.366)
1.2.1 - Unearned Premiums Reserve (-)	17	(34.014.673)	(52.622.702)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	10,17	8.458.065	15.038.336
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1 - Unexpired Risks Reserve (-)		-	-
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		-	-
2- Life Branch Investment Income		90.452.067	91.986.614
3- Accrued (Unrealized) Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		19.643	16.757
4.1- Gross Other Technical Income (+/-)		19.643	16.757
4.2- Reinsurance Share in Gross Other Technical Income (+)		-	-
5- Accrued Subrogation Income (+)		-	-
<b>E- Life Technical Expense</b>	5	(736.408.801)	(550.762.229)
1- Total Claims (Net of Reinsurer Share)	17	(298.498.706)	(189.414.110)
1.1- Claims Paid (Net of Reinsurer Share)	17	(282.162.324)	(182.289.576)
1.1.1- Gross Claims Paid (-)	17	(303.637.479)	(201.969.778)
1.1.2- Reinsurance Share of Claims Paid (+)	10, 17	21.475.155	19.680.202
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	(16.336.382)	(7.124.534)
1.2.1- Outstanding Claims Reserve (-)	17	(20.565.762)	(12.048.351)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	10, 17	4.229.380	4.923.817
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1- Bonus and Discount Reserve (-)		-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(146.842.303)	(150.237.944)
3.1- Life Mathematical Reserves		(146.842.303)	(150.237.944)
3.1.1- Actuarial Mathematical Reserve (+/-)		(146.842.303)	(150.237.944)
3.1.2- Profit share reserve (Technical Reserves for Investments with Risks on Policyholders)		-	-
3.2- Reinsurance Share of Life Mathematical Reserves		-	-
4- Changes in Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	17	(6.150.349)	(4.916.379)
5- Operating Expenses	32	(284.917.443)	(206.193.796)
6- Investment Expenses		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non Technical Divisions (-)		-	-
<b>F- Life Technical Profit/ (Loss) (D – E)</b>	5	353.832.462	277.952.535
<b>G- Private Retirement Technical Income</b>	5,25	401.908.583	335.370.676
1- Fund Management Fee		294.355.805	216.349.252
2- Management Fee Deduction		80.105.472	73.364.456
3- Entrance Fee Income		26.817.148	43.752.268
4- Management Fee In Case of Temporary Suspension		630.158	1.904.700
5- Withholding Tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
<b>H- Private Retirement Technical Expenses</b>	5	(260.957.859)	(194.630.200)
1- Fund Management Expenses (-)		(45.030.137)	(29.367.641)
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)	32	(194.168.738)	(151.412.940)
4- Other Technical Expenses (-)		(21.758.984)	(13.849.619)
<b>I- Private Retirement Technical Profit/(Loss) (G – H)</b>	5	140.950.724	140.740.476

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Income Statement**  
**For the Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>II-NON-TECHNICAL</b>			
<b>C- Non Life Technical Net Profit (A-B)</b>	5	(12.521)	(6.935)
<b>F- Life Technical Profit/ (Loss) (D – E)</b>		353.832.462	277.952.535
<b>I- Private Pension Technical Profit/(Loss) (G – H)</b>		140.950.724	140.740.476
<b>J- General Technical Net Profit (C+F+I)</b>		494.770.665	418.686.076
<b>K- Investment Income</b>	5	160.991.176	231.946.053
1- Income from Financial Investments		104.222.473	218.968.943
2- Income from Sale of Financial Investments		-	-
3- Valuation of Financial Investments		49.596.116	8.463.856
4- Foreign Exchange Gains		7.172.587	4.513.254
5- Dividend Income from Participations		-	-
6- Income from Affiliated Companies		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives		-	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
<b>L- Investment Expenses (-)</b>		(44.336.311)	(49.939.133)
1- Investment Management Expenses (Including Interest)	4.2	(670.277)	(1.617.426)
2- Valuation Allowance of Investments		-	-
3- Losses On Sales of Investments		-	-
4- Investment Income Transferred to Life Technical Part		-	-
5- Losses from Derivatives		(362.038)	-
6- Foreign Exchange Losses		-	-
7- Depreciation and Amortization Expenses	6, 8	(32.562.085)	(32.949.516)
8- Other Investment Expenses	4.2	(10.741.911)	(15.372.191)
<b>M- Other Income and Expenses (+/-)</b>		(1.216.473)	(12.847.832)
1- Provisions Account	47	(3.151.198)	(16.000.539)
2- Discount Account		(372.380)	1.821.412
3- Specialty Insurances Account		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Tax Asset Accounts	21, 35	2.484.899	1.632.634
6- Deferred Tax Liability Accounts		-	-
7- Other Income and Revenues		709.367	216.859
8- Other Expense and Losses		(887.161)	(518.198)
9- Prior Period Income		-	-
10- Prior Period Losses		-	-
<b>N- Net Profit / (Loss)</b>		471.509.681	454.553.435
1- Profit /(Loss) Before Tax		610.209.057	587.845.164
2- Corporate Tax Charge (-)	35	(138.699.376)	(133.291.729)
3- Net Profit /(Loss) for the Period		471.509.681	454.553.435
4- Inflation Adjustment Account		-	-

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Change in Shareholders' Equity for The Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

Audited Statement of Changes in Equity - 31 December 2019												
	Note	Capital	Treasury Shares	Valuation of Financial Assets	Inflation Adjustment on Shareholders' Equity	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
<b>I - Opening Balance of Prior Period (1 January 2019)</b>	15	50.000.000	-	376.092	3.084.445	-	25.000.000	-	354.887.427	453.556.792	-	886.904.756
A- Capital increase		-	-	-	-	-	-	-	-	-	-	-
B- Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the		-	-	-	-	-	-	-	1.021.181	-	-	1.021.181
D- Value increase/(decrease) in financial assets		-	-	2.354.983	-	-	-	-	-	-	-	2.354.983
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	454.553.435	-	454.553.435
I- Dividends distributed	2,23, 15	-	-	-	-	-	-	-	-	-	-	-
J- Transfer		-	-	-	-	-	-	-	453.556.792	(453.556.792)	-	-
<b>II - Closing Balance at (31 December 2019)</b> <b>(I+ A+B+C+D+E+F+G+H+I+J)</b>		50.000.000	-	2.731.075	3.084.445	-	25.000.000	-	809.465.400	454.553.435	-	1.344.834.355

Audited Statement of Changes in Equity - 31 December 2020												
	Note	Capital	Treasury Shares	Valuation of Financial Assets	Inflation Adjustment on Shareholders' Equity	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit (Loss) for the Period	Previous Years' Profits / Losses	Total
<b>I - Opening Balance of Prior Period (1 January 2020)</b>	15	50.000.000	-	2.731.075	3.084.445	-	25.000.000	-	809.465.400	454.553.435	-	1.344.834.355
A- Capital increase		450.000.000	-	-	-	-	-	-	(450.000.000)	-	-	-
B- Change in treasury shares		-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the		-	-	-	-	-	-	-	(2.254.937)	-	-	(2.254.937)
D- Value increase/(decrease) in financial assets		-	-	(3.705.880)	-	-	-	-	-	-	-	(3.705.880)
E- Translation reserves		-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)		-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-	-	-	-	-	-	-
H- Net profit for the period		-	-	-	-	-	-	-	-	471.509.681	-	471.509.681
I- Dividends distributed		-	-	-	-	-	-	-	(245.446.565)	(454.553.435)	-	(700.000.000)
J- Transfer		-	-	-	-	-	-	-	-	-	-	-
<b>II - Closing Balance at (31 December 2020)</b> <b>(I+ A+B+C+D+E+F+G+H+I+J)</b>		#####	-	(974.805)	3.084.445	-	25.000.000	-	111.763.898	471.509.681	-	1.110.383.219

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Cash Flow Statement**  
**For the Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

	Note	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>A. Cash Flows From The Operating Activities</b>			
1. Cash inflows from the insurance operations		1.295.553.562	1.048.766.434
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the private pension operations		458.070.623	332.716.516
4. Cash outflows due to the insurance operations (-)		(762.805.190)	(600.907.656)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the private pension operations (-)		(261.416.140)	(189.014.270)
<b>7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>729.402.855</b>	<b>591.561.024</b>
8. Interest payments		-	(2.034.279)
9. Income tax payments	19	(121.004.402)	(114.660.339)
10. Other cash inflows		512.097.438	436.811.365
11. Other cash outflows		(3.442.995)	(14.973.096)
<b>12. Net cash generated from the operating activities</b>		<b>1.117.052.896</b>	<b>896.704.675</b>
<b>B. Cash Flows From The Investing Activities</b>			
1. Sale of tangible assets		-	-
2. Purchase of tangible assets	6,8	(21.710.467)	(34.542.818)
3. Acquisition of financial assets	11	(1.623.126.209)	(134.022.071)
4. Sale of financial assets	11	835.033.041	-
5. Interest received		153.818.588	227.432.799
6. Dividends received		-	-
7. Other cash inflows		33.425.013	28.094.478
8. Other cash outflows (-)		(61.310.180)	(56.685.826)
<b>9. Net cash generated from the investing activities</b>		<b>(683.870.214)</b>	<b>30.276.562</b>
<b>C. Cash Flows From The Financing Activities</b>			
1. Issue of equity shares		-	-
2. Cash inflows from borrowings		-	-
3. Payments of financial leases		(5.103.855)	(5.013.220)
4. Dividends paid	15	(700.000.000)	-
5. Other cash inflows		-	-
6. Other cash outflows		-	-
<b>7. Cash generated from the financing activities</b>		<b>(705.103.855)</b>	<b>(5.013.220)</b>
<b>D. Effects of Exchange Rate Differences on Cash and Cash Equivalents</b>		<b>10.937.927</b>	<b>6.746.693</b>
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>		<b>(260.983.246)</b>	<b>928.714.710</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>1.465.681.292</b>	<b>536.966.582</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	<b>14</b>	<b>1.204.698.046</b>	<b>1.465.681.292</b>

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
**Statement of Profit Distribution**  
**For the Year Ended 31 December 2020**

(Currency: Turkish Lira (TL))

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

	Note	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD (*)</b>			
1.1. PROFIT FOR THE PERIOD		610.209.057	587.845.164
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(138.699.376)	(133.291.729)
1.2.1. Corporate Tax (Income Tax)		(138.699.376)	(133.291.729)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes And Legal Liabilities		-	-
A NET PROFIT FOR THE PERIOD (1.1 – 1.2)		471.509.681	454.553.435
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. COMPULSORY LEGAL FUNDS TO BE RETAINED IN THE COMPANY (-)		-	-
B NET PROFIT FOR THE PERIOD AVAILABLE FOR DISTRIBUTION [ (A - (1.3 + 1.4 + 1.5) ]		471.509.681	454.553.435
1.6. FIRST DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.6.1. To Holders of Ordinary Shares		-	-
1.6.2. To Holders of Preferred Shares		-	-
1.6.3 To Holders Of Participating Redeemed Shares		-	-
1.6.4 To Holders of Bonds Participating to Profit		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.10.1. To Holders of Ordinary Shares		-	-
1.10.2. To Holders of Preferred Shares		-	-
1.10.3. To Holders Of Participating Redeemed Shares		-	-
1.10.4. To Holders of Bonds Participating to Profit		-	-
1.10.5. To Holders of Profit and Loss Sharing Certificates		-	-
1.11. SECOND LEGAL RESERVE (-)		-	-
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION FROM RESERVES</b>			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To Holders of Ordinary Shares		-	-
2.3.2 To Holders of Preferred Shares		-	-
2.3.3. To Holders Of Participating Redeemed Shares		-	-
2.3.4 To Holders of Bonds Participating to Profit		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4. DIVIDENDS TO EMPLOYEES (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. PROFIT PER SHARE</b>			
3.1. TO OWNERS OF ORDINARY SHARES		-	-
3.2. TO OWNERS OF ORDINARY SHARES ( % )		-	-
3.3. TO OWNERS OF PREFERRED SHARES		-	-
3.4. TO OWNERS OF PREFERRED SHARES ( % )		-	-
<b>IV. DIVIDENDS PER SHARE</b>			
4.1. OWNERS OF ORDINARY SHARES		-	-
4.2. TO OWNERS OF ORDINARY SHARES ( % )		-	-
4.3. TO OWNERS OF PREFERRED SHARES		-	-
4.4. TO OWNERS OF PREFERRED SHARES ( % )		-	-

(\*) As the statement of profit distribution to be authorized by the General Assembly is not determined by the Board of Directors yet, only the net profit available for distribution is presented in the statement of profit distribution for the year 2019.

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Notes to the Financial Statements

As of 31 December 2020

(Currency: Turkish Lira (TL))

### 1 General information

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

As at 31 December 2020 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. As at balance sheet date, the registered address of the Company is Mete Cad. No:30 Taksim/İstanbul.

#### 1.3 Main Operations of the Company

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

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

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

The Company has thirty-three pension mutual funds as of 31 December 2020 (31 December 2019: thirty-three pension mutual funds).

Within the framework of the Fund Portfolio Management Service Agreement signed between the parties, 30 pension mutual funds are managed by Garanti Portföy Yönetimi A.Ş., 2 pension investment fund is managed by HSBC Portföy Yönetimi A.Ş., 1 pension investment fund is managed by Deniz Portföy Yönetimi A.Ş.

#### 1.4 Details of the Company’s operations and nature of field activities

The Company maintains its business activities in accordance with accounting principles, statements and guidance as promulgated by the Turkish Treasury in compliance with the Insurance Law No.5684 (the “Insurance Law”) issued on 14 June 2007 in Official Gazette No.26552 and with the Law of Private Pension Saving and Investment System No.4632 (the “Private Pension Law”) issued on 7 April 2001 in Official Gazette No.4366 and issues policies/contracts in life, personal accident, and pension branches.

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 1 General information (continued)

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

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

	31 December 2020	31 December 2019
Key management personnel	4	5
Other personnel	705	735
<b>Total</b>	<b>709</b>	<b>740</b>

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

As at and for the year ended 31 December 2020, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing director in total amount to TL 6.682.153 (31 December 2019: TL 7.216.649).

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

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

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

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

#### 1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise only the financial information of the Company. As further detailed in Note 2.2, the Company did not prepare consolidated financial statements as at and for the year ended 31 December 2020.

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

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

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

# **Garanti Emeklilik ve Hayat Anonim Şirketi**

## **Notes to The Financial Statements as of 31 December 2020**

*(Currency: Turkish Lira (TL))*

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

#### **1.10 Subsequent events**

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

### **2 Summary of Significant Accounting Policies**

#### **2.1 Basis of Preparation**

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

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

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

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

##### **Additional paragraph for convenience translation to English**

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

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

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

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

###### **Other accounting policies**

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

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

### **2.2 Consolidation**

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

### **2.3 Segment reporting**

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

### **2.4 Reserves in Foreign Currencies**

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

### **2.5 Property, Plant and Equipment**

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

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

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

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

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

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

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

Depreciation rates and estimated useful lives are as follows:

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

### **2.6 Investment Properties**

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

### **2.7 Intangible assets**

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

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

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

### **2.8 Financial assets**

#### **Classification and measurement**

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial assets are classified in four categories; financial assets held for trading, available-for-sale financial assets, held to maturity investments, and loans and receivables.

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

Financial assets held for trading purpose are measured at their fair values and gain/losses arising due to changes in the fair values of related financial assets are recorded in the statement of income. Interest income earned on trading purpose financial assets and the difference between their fair values and acquisition costs are recorded as interest income in the statement of income. In case of disposal of such financial assets before their maturities, the gains/losses on such disposal are recorded under trading income/losses.

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

Held to maturity investments are the financial assets with fixed maturities and fixed or pre-determined payment schedules that the Company has the intent and ability to hold until maturity, excluding loans and receivables.

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

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

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

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

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

### **2.8 Financial assets (continued)**

#### **Specific instruments**

Loans to the policyholders are the securitized loans that are used by the policyholders with the security of their saving life insurance policies that have made premium payments throughout the period that is determined by the technical bases related to certified tariffs of saving life policies (this period is 3 years according to general conditions of life insurance). As at 31 December 2020, total amount of loans to the policyholders amounts to TL 375.266 (31 December 2019: TL 265.143).

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

When such investments are classified as available-for-sale financial assets, 5% of the difference between the fair values and amortized costs, calculated by using effective interest method, of the financial assets is recorded under equity and the remaining 95% belonging to policyholders is recorded as ‘insurance technical provisions – life mathematical provisions’. As at 31 December 2020, 95% of the difference between fair values and amortized costs of those assets backing liabilities amounted to TL 4.166.302 (31 December 2019: TL 3.108.601) is recorded in life mathematical provisions.

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

#### **Derecognition**

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

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

### **2.9 Impairment on assets**

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

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to be incurred due to future events are not recognized even if the probability of loss is high.

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

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

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

#### **Impairment of Assets**

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

### **2.10 Derivative financial instruments**

As of reporting date, Company has Eurobond transaction guarantee which classified under Financial assets held for trading purpose amounting to TL 76.050.908 (December 31, 2019: None). As of 31 December 2020, Company recognized TL 362.038 derivative loss under financial liabilities due to forward foreign currency contracts (31 December 2019: None). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at “Revenue Accruals” or “Other financial liabilities” whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

### **2.11 Offsetting of financial assets**

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

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of Significant Accounting Policies (continued)

### 2.12 Cash and cash equivalents

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

### 2.13 Share capital

As of December 31, 2020 and December 31, 2019, the shareholder having direct or indirect control over the shares of Garanti Emeklilik ve Hayat Anonim Şirketi (“the Company”) is Türkiye Garanti Bankası AŞ (“Garantibank”) by 84,91% of the outstanding shares of the Company. Other shareholder having significant influence over the Company management is Achmea BV, Netherlands based company, by 15,00% participation ratio.

As of 31 December 2020 and 2019, the share capital and ownership structure of the Company are as follows:

	31 December 2020		31 December 2019	
	Nominal Value of the Shares (TL)	Percentage (%)	Nominal Value of the Shares (TL)	Percentage (%)
Türkiye Garanti Bankası A.Ş.	424.566.290	84,91	42.456.629	84,91
Achmea BV	75.000.000	15,00	7.500.000	15,00
Eureko Sigorta AŞ.	433.710	0,09	43.371	0,09
<b>Paid-in Capital</b>	<b>500.000.000</b>	<b>100.00</b>	<b>50.000.000</b>	<b>100.00</b>

**Capital increase and sources during the year:** According to Company’s General Assembly meeting on 31 March 2020, The Company increased share capital amount to TL 500.000.000 from TL 50.000.000 by using extraordinary reserves. The decision issued at official gazette dated 17 April 2020.

**Privileges on common shares representing share capital:** None.

**Registered capital system in the Company:** None.

**Repurchased own shares by the Company:** None.

### 2.14 Insurance and investment contracts - classification

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

Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

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

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

#### **2.14 Insurance and investment contracts – classification (continued)**

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

#### **2.15 Insurance contracts and investment contracts with discretionary participation feature**

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

- (i) that are likely to comprise a significant portion of the total contractual benefits,
- (ii) whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) that are contractually based on:
  - (1) the performance of a specified pool of contracts or a specified type of contract;
  - (2) realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
  - (3) the profit or loss of the Company, Fund or other entity that issues the contract.

As at balance sheet date, the Company does not have any insurance or investment contracts with DPF.

#### **2.16 Investment contracts without DPF**

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

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

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

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

### **2.17 Liabilities**

*Financial liabilities*; refers to liabilities resulting from transactions that require the issuance of cash or another financial asset to another entity. Financial liabilities are presented with their discounted values in the Company's financial statements. A financial liability is derecognized when it is extinguished.

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

### **2.18 Taxes**

#### **Corporate tax**

Corporate income is subject to corporate tax at 20% in Turkey to be effective from January 1, 2006. However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Decree of the Council of Ministers numbered 2009/14593 and published in the Official Gazette No. 27130 dated 3 February 2009 and Decree No. 2009/14594 of the Council of Ministers dated 3 February 2009 and numbered 27130 dated 15 February 2010 some withholding rates in UNC substances have been redefined. In this regard, The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15% In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings. In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. As at of balance sheet date, the Company does not have any deductible tax losses.

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

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

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

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

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

#### **Deferred tax**

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

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

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

#### **Transfer pricing**

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

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

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

**2.19 Employee termination benefits**

**Provision for employee termination benefits**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2020 is TL 7.117 (December 31, 2019: TL 6.380).

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19 – *Employee Benefits*. The major actuarial assumptions used in the calculation of the total liability as at December 31, 2020 and 2019 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Interest Rate	9,70%	8,20%
Expected Rate of Salary/Limit Increase	9,70%	9,70%
Discount Rate	13,00%	12,50%

**Other benefits**

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

**2.20 Provisions, contingent assets and liabilities**

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

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

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

### **2.21 Revenue recognition**

#### **Written premiums**

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

#### **Received and paid commissions**

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

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

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

#### **Interest income and expense**

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

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

#### **Trading income/expense**

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

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

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

#### **Dividends**

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

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

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

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

-No deductions will be made even if it is defined in contracts that have completed 5 years from the effective date.

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

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

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

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

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

### **2.22 Leasing transactions**

The maximum period of the financial lease contracts is 5 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under finance lease payables account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

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

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

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

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

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

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

## 2 Summary of Significant Accounting Policies (continued)

### 2.23 Dividend distribution

According to Company's General Assembly meeting on 31 March 2020, The Company increased share capital amount to TL 500.000.000 from TL 50.000.000 by using extraordinary reserves. The decision issued at official gazette dated 17 April 2020.

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

In the ordinary General Assembly Meeting dated 31 March 2020, a decision is made regarding distribution of net profit amount transferred to "Due to shareholders" account and the Company did not pay the amount as at 28 April 2020 in this regard. According to decision made at General Assembly Meeting the full payment to be completed after the date of 31 December 2020 rather than a partial payment as 25%.

### 2.24 Reserve for unearned premiums

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

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

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

### 2.25 Reserve for unexpired risks

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

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

### **2.25 Reserve for unexpired risks (continued)**

If the estimated claim premium ratio for each branch is above 95%, the amount exceeding 95% is multiplied by the net unearned premium reserve, the excess over 95% is offset against gross unearned premium reserve is included in the financial statements as gross ongoing risk provision. As a result of the related test, the Company does not have any continuing risks to be set aside as of December 31, 2020 and December 31, 2019.

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

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

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

### **2.26 Provision for outstanding claims**

Outstanding claims reserve is provided for outstanding claims incurred and calculated but not actually paid in prior or current period, or outstanding claims for which the related amount is not calculated, carried at estimated value incurred but not reported. All expenses associated with the completion of claim files, including expertise, advisory, litigation and communication expenses, are considered in the calculation of provision for accrued outstanding claims.

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

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

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

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

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

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

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

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

Accordingly, as of December, 31 2020, the Company has provided TL 7.480.810 of net outstanding claims provision in relation to incurred but not reported claims in its financial statements (December, 31 2019: TL 5.387.319).

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

### **2.27 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.

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

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

### **2.27 Mathematical provisions (continued)**

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

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

### **2.28 Equalization reserve**

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

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

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

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

### **2.29 Related parties**

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

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

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

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

### **2.30 Earnings per share**

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

### **2.31 Events after the reporting period**

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

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## Notes to The Financial Statements as of 31 December 2020

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

#### 2.32 Standards and interpretations issued but not yet effective

##### Standards issued but not yet effective and not early adopted as of 31 December 2020

###### *Standards issued but not yet effective and not early adopted*

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

##### **IFRS 17 – Insurance Contracts**

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

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

##### **Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

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

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

##### **IFRS 15 Revenue from Contracts with Customers**

As issued in September 2016 by Turkish Public Oversight Authority ("POA"), the new standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. In accordance with the letter submitted by Turkey Insurance Association dated 7 May 2018 and numbered 2018-354, the request of postponement of implementation of IFRS 15 in line with IFRS 17 and IFRS 9 transition is evaluated positively by the Republic of Turkey Ministry of Treasury and Finance and the announcement about the issue will be made with the circular after official approval.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

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

### **2.32 Standards and interpretations issued but not yet effective (continued)**

#### **Standards issued but not yet effective and not early adopted as of 31 December 2020 (continued)**

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

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

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

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

The amendments include:

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

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

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

#### **Covid-19 related rent concession (Amendments to TFRS 16)**

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is also issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Company shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

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

### **2.32 Standards and interpretations issued but not yet effective (continued)**

#### **Standards issued but not yet effective and not early adopted as of 31 December 2020 (continued)**

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

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

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

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

Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

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

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

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

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

### **2.32 Standards and interpretations issued but not yet effective (continued)**

**Standards issued but not yet effective and not early adopted as of 31 December 2020**  
(continued)

#### ***Annual Improvements to TFRS Standards 2018–2020***

##### **Improvements to TFRS's**

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

##### ***TFRS 1 First-time Adoption of International Financial Reporting Standards***

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

##### ***TFRS 9 Financial Instruments***

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

##### ***IFRS 16 Leases, Illustrative Example 13***

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

##### **IBOR Reform and its Effects on Financial Reporting—Phase 2**

In August 2020, IASB issued amendments that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

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

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

### **2.32 Standards and interpretations issued but not yet effective (continued)**

**Standards issued but not yet effective and not early adopted as of 31 December 2020**  
(continued)

*Annual Improvements to TFRS Standards 2018–2020 (continued)*

#### **Improvements to TFRS's (continued)**

The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

#### **Amendments are effective on 1 January 2020**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2020 are as follows:

1-) The revised Conceptual Framework (Version 2018)

2-) Amendments to IAS 1 and IAS 8 - Definition of Material

The application of the amendment to IAS 1 and IAS 8 is not expected to have a significant effect on the financial statements of the Company.

4-) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The application of this amendment did not have a significant impact on the financial statements of the Company.

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 3 Critical accounting estimates and judgments

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk Note 4.1 – Management of insurance risk and Note 4.2 – Financial risk management.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

Note 4.1 – Management of insurance risk

Note 4.2 – Financial risk management

Note 6 – Tangible assets

Note 8 – Intangible assets

Note 10 – Reinsurance assets/liabilities

Note 11 – Financial assets

Note 12 – Loans and receivables

Note 14 – Cash and cash equivalents

Note 17 – Insurance liabilities and reinsurance assets

Note 17 – Deferred acquisition costs

Note 18 – Investment contract liabilities

Note 18 – Receivables from private pension operations

Note 21 – Deferred income taxes

Note 23 – Provisions for other liabilities and charges

### 4 Management of insurance and financial risk

#### 4.1 Management of insurance risk

##### Pricing policies

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

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

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

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

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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 2020		31 December 2019	
	Insurance risk (TL)	Unit	Insurance risk (TL)	Unit
Death	74.541.474.909	2.274.403	57.415.582.363	2.298.152
Disability due to accident	59.542.481.659	2.111.847	45.039.323.649	2.092.738
Disability due to illness	22.127.446.717	1.362.502	20.221.897.401	1.489.065
Critical illness	335.436.569	11.056	392.691.407	13.819
Treatment costs due to accident	367.093.801	1.714	419.343.801	4.397
Involuntary unemployment	235.874.971	101.863	215.309.093	101.343
Death due to accident	235.955.010	101.952	215.332.484	101.434
Unemployment/Daily hospital benefit	291.168.386	363.679	231.187.591	353.772
Permanent disability benefit	252.947.816	1.082	171.786.836	983
Unemployment/ Temporary disability benefit	34.000	136	48.500	194

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

**Risk evaluation policies**

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

Medical-risk assessment

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

Moral risk assessment

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

Financial risk assessment

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

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

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

#### **Operational risk management**

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

#### **Reinsurance policies**

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

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

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

#### **Reinsurance companies**

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

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

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

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

## Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

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

##### Reinsurance companies (continued)

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

Münchener Rückversicherungs AG (“Munich Re”), located in Munich, is the leader reinsurance firm of the Company for life insurance policies. Scor Global Company is the second reinsurance firm in terms of its reinsurance share. The third big reinsurance firm is RGA. Fourth reinsurance firm is Financial Insurance Company.

In unemployment insurance, the Company’s engagement quota share reinsurance treaties with 100% reinsurance share ratio with BNP Paribas Cardif Hayat Sigorta AŞ (“Cardif”) is continued in 2019.

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

Reinsurer	Rating	Standard & Poors			AM Best	
		Outlook	Date	Rating	Outlook	Date
Munich-Re	AA-	Stable	2017	A+	Stable	07.12.2017
Swiss Re	AA-	Stable	25.11.2020	A+	Stable	17.07.2020
RGA	AA-	Stable	01.06.2016	A+	Stable	10.06.2016
Bnp Paribas Cardif	A-	Stable	05.04.2019	A+	Stable	06.06.2019
Axa France Vie	AA-	Stable	24.07.2019	AA-	Stable	05.06.2019
Arch Re	A+	Stable	25.06.2018	A+	Stable	11.10.2018

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

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

#### 4.2 Financial risk management

##### Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

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

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

##### 4.2 Financial risk management (continued)

###### Credit risk

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

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

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

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

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

	31 December 2020	31 December 2019
Cash and cash equivalents (Note 14)	1.876.030.488	1.950.837.097
Financial assets and financial investments with risks on policyholders (Note 11)	964.490.540	172.310.401
Receivables from main operations (Note 12)	23.560.034.827	17.859.159.110
Reinsurer share in outstanding claims reserve (Note 10), (Note 17)	25.172.109	20.942.729
Due from shareholders (Note 12)	531	172
Other receivables (Note 12)	193.434	147.137
<b>Total</b>	<b>26.425.921.929</b>	<b>20.003.396.646</b>

(\*) Stock shares amounting to TL 292.304 are not included (December 31, 2019: 292.304 TL).

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

##### 4.2 Financial risk management (continued)

###### Credit risk (continued)

As of December 31, 2020 and December 31, 2019, the aging of receivables from main operations is as follows:

	31 December 2020		31 December 2019	
	Gross amount	Provision (*)	Gross amount	Provision (*)
Not past due	23.598.768.979	-	17.893.393.115	-
Past due 0-30 days	10.810.122	-	8.345.494	-
Past due 31-60 days	530.022	-	374.326	-
Past due 61-180 days	426.896	-	372.512	-
Past due 181-365 days	803.687	-	285.212	-
More than one year	820.630	-	1.429.885	-
<b>Total</b>	<b>23.612.160.336</b>	<b>(52.125.509)</b>	<b>17.904.200.544</b>	<b>(45.041.434)</b>

(\*) Provision for the impairment of entrance fees which could not be collected yet and other receivables related to the pension operations amounted to TL 52.097.854 (December 31, 2019: TL 44.985.691), presented as netted off from receivables from private pension operations in the accompanying financial statements

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

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

	1 January – 31 December 2020	1 January – 31 December 2019
Provision for receivables from insurance and private pension operations at the beginning of the year	(45.041.434)	(36.003.857)
Provision for impairment (provided) / released during the year	(7.084.075)	(9.037.577)
<b>Provision for receivables from insurance and private pension operations at the end of the year</b>	<b>(52.125.509)</b>	<b>(45.041.434)</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.

## Garanti Emeklilik ve Hayat Anonim Şirketi

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

#### 4.2 Financial risk management (continued)

##### Liquidity risk (continued)

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

31 December 2020	Carrying value	Unallocated	No Maturity	Up to 1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	1.876.030.488	-	9.107.950	449.889.195	115.615.992	794.384.067	507.033.284	-
Financial assets and financial investments with risks on policyholders	964.782.844	292.304	-	353.926.049	116.180.863	-	325.414.988	168.968.640
Receivables from main operations	23.560.034.827	23.471.116.770	-	40.203.192	28.364.523	14.086.497	6.263.845	-
Due from related parties	531	-	-	531	-	-	-	-
Other receivables	179.658	-	-	179.658	-	-	-	-
Prepaid expenses and income accruals	60.874.599	-	-	9.234.922	15.802.517	18.402.516	15.931.351	1.503.293
Other current assets	4.262	-	-	-	4.262	-	-	-
Deposits and guarantees given	13.776	-	-	-	-	-	-	13.776
<b>Total assets</b>	<b>26.461.920.985</b>	<b>23.471.409.074</b>	<b>9.107.950</b>	<b>853.433.547</b>	<b>275.968.157</b>	<b>826.873.080</b>	<b>854.643.468</b>	<b>170.485.709</b>
Financial liabilities	1.346.261	-	-	317.265	350.273	82.742	170.751	425.230
Payables arising from main operations	23.738.614.923	23.494.931.366	-	239.431.702	521.247	3.183.852	546.756	-
Due to related parties	695.353.506	-	-	11.103.506	684.250.000	-	-	-
Other liabilities	3.362.426	-	-	3.362.426	-	-	-	-
Insurance technical provisions (*)	75.433.597	75.433.597	-	-	-	-	-	-
Provisions for taxes and other similar obligations	48.483.009	-	-	48.483.009	-	-	-	-
Provisions for other risks	19.054.287	-	-	-	-	-	4.902.363	14.151.924
Deferred expenses and income accruals	46.245.435	35.203.499	-	1.721.757	2.957.799	3.447.763	2.914.617	-
<b>Total liabilities</b>	<b>24.627.893.444</b>	<b>23.605.568.462</b>	<b>-</b>	<b>304.419.665</b>	<b>688.079.319</b>	<b>6.714.357</b>	<b>8.534.487</b>	<b>14.577.154</b>

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

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

#### 4.2 Financial risk management

##### Liquidity risk (continued)

31 December 2019	Carrying value	Unallocated	No Maturity	Up to1 month	1 to 3 Month	3 to 6 month	6 to 12 month	More than 1 year
Cash and cash equivalents	1.950.837.097	-	7.116.410	1.724.115.251	209.568.705	-	10.036.731	-
Financial assets and financial investments with risks on policyholders	172.602.705	292.304	-	-	-	2.311.839	53.495.000	116.503.562
Receivables from main operations	17.859.159.110	17.769.751.387	-	37.765.617	21.819.756	19.044.515	10.777.835	-
Due from related parties	172	-	-	172	-	-	-	-
Other receivables	142.952	-	-	142.952	-	-	-	-
Prepaid expenses and income accruals	44.319.600	-	-	6.010.162	10.551.812	12.845.466	13.129.025	1.783.135
Other current assets	1.500	-	-	-	1.500	-	-	-
Deposits and guarantees given	4.185	-	-	-	-	-	-	4.185
<b>Total assets</b>	<b>20.027.067.321</b>	<b>17.770.043.691</b>	<b>7.116.410</b>	<b>1.768.034.154</b>	<b>241.941.773</b>	<b>34.201.820</b>	<b>87.438.591</b>	<b>118.290.882</b>
Financial liabilities	5.348.905	-	-	255.560	530.759	828.809	1.790.877	1.942.900
Payables arising from main operations	17.986.854.781	17.793.618.598	-	177.090.425	4.052.294	8.612.503	3.480.961	-
Due to related parties	6.695.835	-	-	6.695.835	-	-	-	-
Other liabilities	5.077.873	-	-	5.077.873	-	-	-	-
Insurance technical provisions (*)	59.092.215	59.092.215	-	-	-	-	-	-
Provisions for taxes and other similar obligations	32.881.697	-	-	32.881.697	-	-	-	-
Provisions for other risks	12.885.903	-	-	-	-	-	3.558.265	9.327.638
Deferred expenses and income accruals	36.409.398	29.431.263	-	1.072.683	1.892.043	2.251.196	1.762.213	-
<b>Total liabilities</b>	<b>18.145.246.607</b>	<b>17.882.142.076</b>	<b>-</b>	<b>223.074.073</b>	<b>6.475.096</b>	<b>11.692.508</b>	<b>10.592.316</b>	<b>11.270.538</b>

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

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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 2020</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	35.159.257	1.800.514	-	36.959.771
Financial assets and financial investments with risks on policyholders	116.690.602	4.282.602	-	120.973.204
Receivables from main operations	8.647.746	55.915	-	8.703.661
<b>Total foreign currency denominated assets</b>	<b>160.497.605</b>	<b>6.139.031</b>	<b>-</b>	<b>166.636.636</b>
Payables arising from main operations	(1.628.972)	(14.362)	-	(1.643.334)
Insurance technical provisions	(83.048.204)	(2.922.702)	-	(85.970.906)
Investment contract liabilities	(24.886.998)	(1.484.252)	-	(26.371.250)
<b>Total foreign currency denominated liabilities</b>	<b>(109.564.174)</b>	<b>(4.421.316)</b>	<b>-</b>	<b>(113.985.490)</b>
<b>Net financial position</b>	<b>50.933.431</b>	<b>1.717.715</b>	<b>-</b>	<b>52.651.146</b>

  

<b>31 December 2019</b>	<b>US Dollar</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
Cash and cash equivalents	60.727.945	1.501.621	-	62.229.566
Financial assets and financial investments with risks on policyholders	28.114.866	3.230.929	-	31.345.795
Receivables from main operations	10.901.893	77.966	-	10.979.859
<b>Total foreign currency denominated assets</b>	<b>99.744.704</b>	<b>4.810.516</b>	<b>-</b>	<b>104.555.220</b>
Payables arising from main operations	(1.596.610)	(36.651)	-	(1.633.261)
Insurance technical provisions	(29.655.473)	(3.934.045)	-	(33.589.518)
Investment contract liabilities	(20.357.462)	(1.615.671)	-	(21.973.133)
<b>Total foreign currency denominated liabilities</b>	<b>(51.609.545)</b>	<b>(5.586.367)</b>	<b>-</b>	<b>(57.195.912)</b>
<b>Net financial position</b>	<b>48.135.159</b>	<b>(775.851)</b>	<b>-</b>	<b>47.359.308</b>

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

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

#### 4.2 Financial risk management (continued)

##### Market risk (continued)

##### Currency risk (continued)

Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are measured as TL at the purchasing exchange rates announced by the Central Bank of Turkey ruling at December 31, 2020 and December 31, 2019. Only life mathematical provisions and loans to the policyholders are measured at effective selling rates announced by the Central Bank of Turkey as disclosed on the face of policies.

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

<b>31 December 2020</b>	<b>US Dollar</b>	<b>Euro</b>
Foreign currency rate used in translation of balance sheet items	7,3405	9,0079
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	7,3647	9,0376

  

<b>31 December 2019</b>	<b>US Dollar</b>	<b>Euro</b>
Foreign currency rate used in translation of balance sheet items	5,9402	6,6506
Foreign currency rates used in calculation of life mathematical provision and loans to the policyholders	5,9598	6,6725

##### Exposure to currency risk

A 10 percent devaluation of the TL against the following currencies as at December 31, 2020 and December 31, 2019 would have increased or decreased 12 month period of equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. In case of a 10 percent revaluation of the TL against the following currencies, the effect will be in opposite direction.

	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Profit or loss</b>	<b>Equity(*)</b>	<b>Profit or loss</b>	<b>Equity (*)</b>
US Dollar	4.898.264	5.093.343	4.683.685	4.813.515
Euro	145.691	171.772	(88.421)	(77.585)
Others	-	-	-	-
<b>Total, net</b>	<b>5.043.955</b>	<b>5.265.115</b>	<b>4.595.264</b>	<b>4.735.930</b>

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

##### Exposure to interest rate risk

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

#### 4.2 Financial risk management (continued)

##### Market risk (continued)

##### Exposure to interest rate risk (continued)

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

	31 December 2020	31 December 2019
Banks (time deposit) (Note 14)	1.681.676.906	1.800.764.337
Financial investments with risks on policyholders – Available for sale financial assets – Eurobonds (Note 11)	38.555.142	30.460.569
Loans to the policyholders (Note 12)	375.266	265.143
Available for sale financial assets (Government Bonds)	849.884.490	141.849.832
Financial liabilities (Note 20)	1.346.261	5.348.905

##### Interest rate sensitivity of financial instruments

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income as at and for the year ended December 31, 2020 and December 31, 2019 of the floating rate non-trading financial assets and financial liabilities held at December 31, 2020 and December 31, 2019. Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at December 31, 2020 and December 31, 2019 for the effects of the assumed changes in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The table below demonstrating the effect of changes in interest rates on statement of income and equity excludes tax effects on related loss or income.

31 December 2020	Statement of income		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	-	-	(4.166.374)	4.307.431
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(79.256)	84.857
<b>Total, net</b>	-	-	<b>(4.245.630)</b>	<b>4.392.288</b>

31 December 2019	Statement of income		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	-	-	(1.519.936)	1.555.677
Financial investments with risks on policyholders (Available for sale financial assets)	-	-	(70.519)	75.908
<b>Total, net</b>	-	-	<b>(1.590.455)</b>	<b>1.631.584</b>

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

#### 4.2 Financial risk management (continued)

##### Market risk (continued)

##### Fair value information

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

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

##### Classification relevant to fair value information

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

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

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

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

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

	31 December 2020			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Financial investments held for trading purpose (Note 11)	76.050.908	-	-	76.050.908
Financial investments with risks on policyholders classified as available for sale (Note 11)	38.555.142	-	-	38.555.142
Available for sale financial assets (Note 11)	792.424.445	57.460.045	-	849.884.490
<b>Total financial assets</b>	<b>907.030.495</b>	<b>57.460.045</b>	-	<b>964.490.540</b>
	31 December 2019			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Financial investments held for trading purpose (Note 11)	30.460.569	-	-	30.460.569
Financial investments with risks on policyholders classified as available for sale (Note 11)	141.849.832	-	-	141.849.832
<b>Total financial assets</b>	<b>172.310.401</b>	-	-	<b>172.310.401</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

#### 4.2 Financial risk management (continued)

##### Capital management

The Company's capital management policies include the following:

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

In accordance with the "Circular Regarding the Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Private Pension Companies" issued by the Undersecretariat of Treasury on 19 January 2008 dated and 26761 numbered Official Gazette, the Company measured its minimum capital requirement as at 30 June 2020 as TL 249.921.917. As at 30 June 2020, the Company's total equity in its statutory financial statements amounted to TL 901.685.813 (Equity balances subject to capital adequacy are added to the balance of equilibrium) which is above the minimum capital requirement amount.

##### Gains and losses from financial instruments

	1 January – 31 December 2020	1 January – 31 December 2019
<b>Financial gains and losses recognized in the statement of income</b>		
Interest income from bank deposits	141.962.016	306.439.392
Income accrual and valuation differences of financial assets	87.552.557	7.653.172
Foreign exchange gains (***)	21.566.634	9.840.105
<b>Financial gains (*)</b>	<b>251.081.207</b>	<b>323.932.669</b>
Foreign exchange losses	-	-
Others	(11.412.190)	(16.989.619)
<b>Financial losses (**)</b>	<b>(11.412.190)</b>	<b>(16.989.619)</b>
<b>Financial gains and losses recognized in the statement of income. net</b>	<b>239.669.017</b>	<b>306.943.050</b>
<b>Financial gains and losses recognized in equity</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Valuation difference from financial assets	(4.632.350)	2.943.729
Deferred tax effect	926.470	(588.746)
<b>Interest income end of the period</b>	<b>(3.705.880)</b>	<b>2.354.983</b>

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

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

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 5 Segment reporting

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

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

#### Geographical segment reporting

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

#### Operating segments

1 January - 31 December 2020	Life	Non-Life	Private Pension	Other/ Unallocated	Total
<b>Continuing operations</b>					
Technical income	1.090.241.263	1.588	401.908.583	-	1.492.151.434
Technical expense	(736.408.801)	(14.109)	(260.957.859)	-	(997.380.769)
Other gains and losses, total	-	-	-	115.438.392	115.438.392
<b>Technical net profit from ongoing operations</b>	<b>353.832.462</b>	<b>(12.521)</b>	<b>140.950.724</b>	<b>115.438.392</b>	<b>610.209.057</b>
<b>Profit before taxes</b>	<b>353.832.462</b>	<b>(12.521)</b>	<b>140.950.724</b>	<b>115.438.392</b>	<b>610.209.057</b>
Income tax expense	-	-	-	(138.699.376)	(138.699.376)
<b>Profit for the period (loss)</b>	<b>353.832.462</b>	<b>(12.521)</b>	<b>140.950.724</b>	<b>(23.260.984)</b>	<b>471.509.681</b>
<b>Other segment information</b>					
Amortisation expense (Note 8)	-	-	-	-	4.748.678
Depreciation expense (Note 6)	-	-	-	-	27.813.407
31 December 2020	Life	Non-Life	Private Pension	Other/ Unallocated	Total
Available for sale financial assets	-	-	292.304	849.884.490	850.176.794
Receivables from main operations	76.494.594	-	23.483.540.233	-	23.560.034.827
Tangible and intangible assets	-	-	-	42.624.270	42.624.270
Deferred acquisition costs	59.619.838	-	-	-	59.619.838
Other assets	38.555.142	-	-	1.976.384.547	2.014.939.689
<b>Total assets</b>	<b>174.669.574</b>	<b>-</b>	<b>23.483.832.537</b>	<b>2.868.893.307</b>	<b>26.527.395.418</b>
Insurance contract technical provisions	864.552.619	(267)	-	-	864.552.352
Other liabilities	43.432.888	-	23.706.223.971	802.802.988	24.552.459.847
Shareholders equity	-	-	-	1.110.383.219	1.110.383.219
<b>Total liabilities</b>	<b>907.985.507</b>	<b>(267)</b>	<b>23.706.223.971</b>	<b>1.913.186.207</b>	<b>26.527.395.418</b>

**Garanti Emeklilik ve Hayat Anonim Şirketi**

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

**5 Segment reporting (continued)**

<b>1 January – 31 December 2019</b>	<b>Life</b>	<b>Non-Life</b>	<b>Private Pension</b>	<b>Other/ Unallocated</b>	<b>Total</b>
<b>Continuing operations</b>					
Technical income	828.714.764	988	335.370.676	-	<b>1.164.086.428</b>
Technical expense	(550.762.229)	(7.923)	(194.630.200)	-	<b>(745.400.352)</b>
Other gains and losses, total	-	-	-	169.159.088	<b>169.159.088</b>
<b>Technical net profit from ongoing operations</b>	<b>277.952.535</b>	<b>(6.935)</b>	<b>140.740.476</b>	<b>169.159.088</b>	<b>587.845.164</b>
<b>Profit before taxes</b>	<b>277.952.535</b>	<b>(6.935)</b>	<b>140.740.476</b>	<b>169.159.088</b>	<b>587.845.164</b>
Income tax expense	-	-	-	(133.291.729)	<b>(133.291.729)</b>
<b>Profit for the period (loss)</b>	<b>277.952.535</b>	<b>(6.935)</b>	<b>140.740.476</b>	<b>35.867.359</b>	<b>454.553.435</b>
<b>Other segment information</b>					
Amortisation expense (Note 8)	-	-	-	-	<b>6.166.790</b>
Depreciation expense (Note 6)	-	-	-	-	<b>26.782.726</b>
<b>31 December 2019</b>					
	<b>Life</b>	<b>Non-Life</b>	<b>Private Pension</b>	<b>Other/ Unallocated</b>	<b>Total</b>
Available for sale financial assets	-	-	292.304	141.849.832	<b>142.142.136</b>
Receivables from main operations	76.586.624	-	17.782.572.486	-	<b>17.859.159.110</b>
Tangible and intangible assets	-	-	-	53.651.579	<b>53.651.579</b>
Deferred acquisition costs	43.218.452	-	-	-	<b>43.218.452</b>
Other assets	30.460.569	-	-	1.970.962.114	<b>2.001.422.683</b>
<b>Total assets</b>	<b>150.265.645</b>	<b>-</b>	<b>17.782.864.790</b>	<b>2.166.463.525</b>	<b>20.099.593.960</b>
Insurance contract technical provisions	668.606.683	(1.470)	-	-	<b>668.605.213</b>
Other liabilities	44.280.451	-	17.949.552.465	92.321.476	<b>18.086.154.392</b>
Shareholders equity	-	-	-	1.344.834.355	<b>1.344.834.355</b>
<b>Total liabilities</b>	<b>712.887.134</b>	<b>(1.470)</b>	<b>17.949.552.465</b>	<b>1.437.155.831</b>	<b>20.099.593.960</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 6 Tangible assets

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

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Furniture and fixtures	15.261.013	103.470	(128.306)	15.236.177
Other tangible assets (including leasehold improvements)	4.070.441	281.994	-	4.352.435
Tangible assets acquired through finance leasing	1.294.391	-	-	1.294.391
Right of use assets (*)	7.978.661	1.130.834	(2.368.776)	6.740.719
	<b>28.604.506</b>	<b>1.516.298</b>	<b>(2.497.082)</b>	<b>27.623.722</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(13.780.899)	(849.045)	127.405	(14.502.539)
Other tangible assets (including leasehold improvements)	(2.701.996)	(362.092)	-	(3.064.088)
Tangible assets acquired through finance leasing	(1.177.109)	(117.282)	-	(1.294.391)
Right of use assets (*)	(3.096.408)	(3.420.259)	934.846	(5.581.821)
	<b>(20.756.412)</b>	<b>(4.748.678)</b>	<b>1.062.251</b>	<b>(24.442.839)</b>
<b>Net book value</b>	<b>7.848.094</b>			<b>3.180.883</b>

Movement in tangible assets in the period from 1 January to 31 December 2019 is presented below:

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Furniture and fixtures	15.070.034	190.979	-	15.261.013
Other tangible assets (including leasehold improvements)	3.913.681	156.760	-	4.070.441
Tangible assets acquired through finance leasing	1.300.924	-	(6.533)	1.294.391
Right of use assets (*)	-	10.308.559	(2.329.898)	7.978.661
	<b>20.284.639</b>	<b>10.656.298</b>	<b>(2.336.431)</b>	<b>28.604.506</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(12.208.152)	(1.572.747)	-	(13.780.899)
Other tangible assets (including leasehold improvements)	(2.372.807)	(329.189)	-	(2.701.996)
Tangible assets acquired through finance leasing	(899.847)	(282.797)	5.535	(1.177.109)
Right of use assets (*)	-	(3.982.057)	885.649	(3.096.408)
	<b>(15.480.806)</b>	<b>(6.166.790)</b>	<b>891.184</b>	<b>(20.756.412)</b>
<b>Net book value</b>	<b>4.803.833</b>			<b>7.848.094</b>

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

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

### 7 Investment properties

None.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 8 Intangible assets

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

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Rights	334.371	-	-	334.371
Other intangible assets (*)	209.548.914	21.453.309	-	231.002.223
	<b>209.883.285</b>	<b>21.453.309</b>	-	<b>231.336.594</b>
<b>Accumulated amortisation:</b>				
Rights	(334.371)	-	-	(334.371)
Other intangible assets (*)	(163.745.429)	(27.813.407)	-	(191.558.836)
	<b>(164.079.800)</b>	<b>(27.813.407)</b>	-	<b>(191.893.207)</b>
<b>Net book value</b>	<b>45.803.485</b>			<b>39.443.387</b>

Movement in intangible assets in the period from 1 January to 31 December 2019 is presented below:

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Rights	334.371			334.371
Other intangible assets (*)	175.353.835	34.195.079		209.548.914
	<b>175.688.206</b>	<b>34.195.079</b>	-	<b>209.883.285</b>
<b>Accumulated amortisation:</b>				
Rights	(334.371)	-	-	(334.371)
Other intangible assets (*)	(136.962.703)	(26.782.726)	-	(163.745.429)
	<b>(137.297.074)</b>	<b>(26.782.726)</b>	-	<b>(164.079.800)</b>
<b>Net book value</b>	<b>38.391.132</b>			<b>45.803.485</b>

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

### 9 Investments in associates

None.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 10 Reinsurance assets/(liabilities)

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

<b>Reinsurance assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Reinsurance share of unearned premiums reserve (Note 17)	42.812.548	34.354.483
Reinsurance share of outstanding claims reserve (Note 17, Note 4.2)	25.172.109	20.942.729
Receivables from reinsurers (Note 12)	15.392.723	8.053.634
<b>Total</b>	<b>83.377.380</b>	<b>63.350.846</b>

There are no impairment losses recognized for reinsurance assets.

<b>Reinsurance liabilities</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Deferred commission income (Deferred income) (Note 19)	11.041.936	6.978.135
Payables to the reinsurers related to premiums ceded (Note 19)	8.648.294	14.079.663
<b>Total</b>	<b>19.690.230</b>	<b>21.057.798</b>

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Ceded premiums to reinsurers during the period (Note 17)	(86.434.052)	(63.233.905)
Reinsurance share of unearned premiums reserve, at the beginning of the period (Note 17)	(34.354.483)	(19.316.147)
Reinsurance share of unearned premiums reserve, at the end of the period (Note 17)	42.812.548	34.354.483
<b>Ceded premiums to reinsurers (Note 17)</b>	<b>(77.975.987)</b>	<b>(48.195.569)</b>
Reinsurance share of claims paid, during the period (Note 17)	21.475.155	19.680.202
Reinsurance share of outstanding claims reserve, at the beginning of the period (Note 17)	(20.942.729)	(16.018.912)
Reinsurance share of outstanding claims reserve, at the end of the period (Note 17)	25.172.109	20.942.729
<b>Reinsurance share of claims incurred (Note 17)</b>	<b>25.704.535</b>	<b>24.604.019</b>
Commission income accrued from reinsurers during period (Note 32)	43.436.474	18.821.297
Deferred commission income, at the beginning of the period (Note 19)	6.978.135	4.678.473
Deferred commission income, at the end of the period (Note 19)	(11.041.936)	(6.978.135)
<b>Commission income earned from reinsurers</b>	<b>39.372.673</b>	<b>16.521.635</b>
<b>Total</b>	<b>(12.898.779)</b>	<b>(7.069.915)</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 11 Financial assets

As at 31 December 2020 and 2019, the Company's financial asset portfolio are detailed as follows:

<b>Financial assets and financial investments with risk on policyholders</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Available for sale financial assets (*)	850.176.794	142.142.136
Alım-satım amaçlı finansal varlıklar	76.050.908	-
Financial investments with risks on saving life policyholders classified as available for sale	38.555.142	30.460.569
<b>Total</b>	<b>964.782.844</b>	<b>172.602.705</b>

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

As at 31 December 2020 and 31 December 2019, the Company's available for sale financial assets in its own portfolio are detailed as follows:

	<b>31 December 2020</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>Carrying value</b>
<i>Equity shares and other non-fixed income financial assets:</i>			
Equity shares (*)	292.304	292.304	292.304
Available for sale assets	829.166.716	849.884.490	849.884.490
<b>Total financial assets available for sale</b>	<b>829.459.020</b>	<b>850.176.794</b>	<b>850.176.794</b>

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

	<b>31 December 2019</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>Carrying value</b>
<i>Equity shares and other non-fixed income financial assets:</i>			
Equity shares (*)	292.304	292.304	292.304
Available for sale assets	134.022.071	141.849.832	141.849.832
<b>Total financial assets available for sale</b>	<b>134.314.375</b>	<b>142.142.136</b>	<b>142.142.136</b>

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

As at December, 31 2020, the Company's has TL 76.050.908 Eurobond transaction guarantee that classified under assets held for trading (and December, 31 2019: None).

	<b>31 December 2020</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>Carrying value</b>
<i>Equity shares and other non-fixed income financial assets:</i>			
Eurobond	75.629.128	76.050.908	76.050.908
<b>Total financial assets held for trading</b>	<b>75.629.128</b>	<b>76.050.908</b>	<b>76.050.908</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 11 Financial Assets (continued)

As at December, 31 2020 and December,31 2019, the Company's financial investments with risks on saving life policyholders ("FIRSLP") are detailed as follows:

	31 December 2020		
	Cost	Fair value	Carrying value
<i>Debt instruments:</i>			
Eurobonds issued by The Republic of Turkey Government	32.766.209	38.555.142	38.555.142
<b>Financial investments with risks on saving life policyholders classified as available for sale</b>	<b>32.766.209</b>	<b>38.555.142</b>	<b>38.555.142</b>

	31 December 2019		
	Cost	Fair value	Carrying value
<i>Debt instruments:</i>			
Eurobonds issued by The Republic of Turkey Government	26.290.712	30.460.569	30.460.569
<b>Financial investments with risks on saving life policyholders classified as available for sale</b>	<b>26.290.712</b>	<b>30.460.569</b>	<b>30.460.569</b>

All debt instruments presented above are traded in active markets.

There is no debt security issued during the period or issued before and paid during the period by the Company.

Value increases in financial assets for the last three years:

<u>Year</u>	<u>Change in value increase/(decrease)</u>	<u>Total increase/(decrease) in value</u>
2020	(3.705.880)	(974.805)
2019	2.354.983	2.731.075
2018	55.808	376.092

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

Financial assets issued by related parties of the Company: None (December, 31 2019: None).

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

	31 December 2020		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders – Eurobonds	32.766.209	38.555.142	38.555.142
<b>Total</b>	<b>32.766.209</b>	<b>38.555.142</b>	<b>38.555.142</b>

	31 December 2019		
	Cost	Fair value	Carrying value
Financial investments with risks on saving life policyholders – Eurobonds	26.290.712	30.460.569	30.460.569
<b>Total</b>	<b>26.290.712</b>	<b>30.460.569</b>	<b>30.460.569</b>

**Garanti Emeklilik ve Hayat Anonim Şirketi**

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

**12 Financial Assets (continued)**

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

<b>31 December 2020</b>				
	<b>Financial assets held for trading</b>	<b>Financial invsetments with risks on saving life policyholders</b>	<b>Financial assets available for sale</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	-	<b>30.460.569</b>	<b>142.142.136</b>	<b>172.602.705</b>
Unrealized exchange differences on financial assets	-	7.459.030	313.768	7.772.798
Acquisitions during the period	76.050.908	-	1.547.075.301	<b>1.623.126.209</b>
Disposals ( either sold or settled )	-	-	(835.033.041)	<b>(835.033.041)</b>
Change in the fair values of financial assets	-	787.070	(2.569.538)	<b>(1.782.468)</b>
Change in the amortised costs of the financial assets	-	(151.527)	(1.751.832)	<b>(1.903.359)</b>
<b>Balance at the ending of the period</b>	<b>76.050.908</b>	<b>38.555.142</b>	<b>850.176.794</b>	<b>964.782.844</b>
<b>31 December 2019</b>				
	<b>Financial assets held for trading</b>	<b>Financial invsetments with risks on saving life policyholders</b>	<b>Financial assets available for sale</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	-	<b>25.591.026</b>	<b>292.304</b>	<b>25.883.330</b>
Unrealized exchange differences on financial assets	-	3.251.036	-	<b>3.251.036</b>
Acquisitions during the period	-	-	134.022.071	<b>134.022.071</b>
Disposals ( either sold or settled )	-	-	-	-
Change in the fair values of financial assets	-	1.738.133	2.012.851	<b>3.750.984</b>
Change in the amortised costs of the financial assets	-	(119.626)	5.814.910	<b>5.695.284</b>
<b>Balance at the ending of the period</b>	-	<b>30.460.569</b>	<b>142.142.136</b>	<b>172.602.705</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 12 Loan and receivables

	31 December 2020	31 December 2019
Receivables from main operations (Note 4.2)	23.560.034.827	17.859.159.110
Receivables from related parties (Note 4.2)	531	172
Other receivables (Note 4.2)	179.658	142.952
Non-current receivables (Note 4.2)	13.776	4.185
<b>Total</b>	<b>23.560.228.792</b>	<b>17.859.306.419</b>
Short-term receivables	23.560.215.016	17.859.302.234
Mid-term and long-term receivables	13.776	4.185
<b>Total</b>	<b>23.560.228.792</b>	<b>17.859.306.419</b>

As of December 31, 2020, the Company's other expenses for next months are TL 1.254.761, consisting of maintenance, insurance, advertisement and other deferred expenses (31 December 2019: TL 1.101.148).

Details of the Company's receivables from main operations as of 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Receivables from policyholders	60.754.260	68.323.590
Receivables from reinsurance companies (Note 10)	15.392.723	8.053.634
Provisions for receivables from policyholders (Note 4.2)	(27.655)	(55.743)
<b>Total receivables from insurance operations, net</b>	<b>76.119.328</b>	<b>76.321.481</b>
Loans to the policyholders (Note 4.2)	375.266	265.143
Receivables from private pension operations (Note 18)	23.535.638.087	17.827.558.177
Provision for receivables from private pension operations (Note 4.2), (Note 18)	(52.097.854)	(44.985.691)
<b>Receivables from main operations</b>	<b>23.560.034.827</b>	<b>17.859.159.110</b>

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

- Receivables under legal or administrative follow up (due): None (December, 31 2019: None).
- Provision for premium receivables (due): TL 27.655 (December, 31 2019: TL 55.743).
- Provision for impairment of receivables from entrance fees: TL 52.097.854 (December 31, 2019: TL 44.985.691).

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

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 13 Derivative financial instruments

The Company has Eurobond transaction guarantee amounting to TL 76.050.908 that classified under financial assets held for trading.

### 14 Cash and cash equivalents

As at December, 31 2020 and December, 31 2019, cash and cash equivalents are as follows:

	31 December 2020		31 December 2019	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Bank deposits	1.690.784.856	1.807.880.747	1.807.880.747	1.304.896.611
Receivables from credit card collections (less than 3 months)	185.245.632	142.956.350	142.956.350	144.397.948
<b>Cash and cash equivalents in the balance sheet</b>	<b>1.876.030.488</b>	<b>1.950.837.097</b>	<b>1.950.837.097</b>	<b>1.449.294.559</b>
Banks discount for short-term deposits	5.521.120	(11.191.302)	(11.191.302)	(2.854.948)
Time deposit more than 3 months	(211.735.719)	(60.734.256)	(60.734.256)	(490.628.971)
Blocked amount	(465.117.842)	(413.230.247)	(413.230.247)	(418.844.058)
<b>Total</b>	<b>1.204.698.046</b>	<b>1.465.681.292</b>	<b>1.465.681.292</b>	<b>536.966.582</b>

As at December, 31 2020 and December, 31 2019, the details of bank deposits are as follows:

	31 December 2020	31 December 2019
Foreign currency denominated bank deposits		
- time deposits	36.951.209	62.227.058
- demand deposits	8.562	2.508
Bank deposits in Turkish Lira		
- time deposits	1.644.725.697	1.738.537.279
- demand deposits	9.099.388	7.113.902
<b>Cash at banks</b>	<b>1.690.784.856</b>	<b>1.807.880.747</b>

As at December 31, 2020, cash collateral kept at banks in favour of the Undersecretariat of Treasury against insurance operations amounted to TL 465.117.842 (December 31, 2019: TL 413.230.247).

The Company's time deposits in T. Garanti Bankası A.Ş. is stated in note 45.

As at December 31, 2020 and 2019, the interest rate interval as follows:

	31 December 2020		31 December 2019	
	Maturity (Day)	Interest rate(%)	Maturity (Day)	Interest rate(%)
TL	4-377	10.50%-18.60%	4-377	8.50%-13.75%
USD	4-43	0.48%-5.75%	4-43	1.50%-5.75%
Euro	36	0.01%-0.00%	36	0.10%-0.15%

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

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### **15 Equity**

#### **Paid in capital**

As at December, 31 2020 and 2019, the authorized nominal share capital of the Company is TL 50.000.000 and the share capital of the Company consists of 5.000.000.000 issued shares with TL 0.01 nominal value each. There are not any treasury shares held by the Company itself or by its subsidiaries or associates.

There are not any equity shares issued which will be subject to sale in accordance with forward transactions and contracts.

The shareholder having direct or indirect control over the shares of the Company is Garanti Bankası Group, having 84,91% of the outstanding shares. Another party which have significant influence over the operations of the Company is Netherlands based company Achmea BV having 15,00% of outstanding shares.

According to Company's General Assembly meeting on 31 March 2020, the Company increased share capital amount to TL 500.000.000 from TL 50.000.000 by using extraordinary reserves. The decision issued at official gazette dated 17 April 2020.

#### **Dividend distribution**

In the ordinary General Assembly Meeting dated 31 March 2020 a decision is made regarding distribution of the net profit of Company amounting to TL 700.000.000 by offsetting from retained earnings.

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

In the ordinary General Assembly Meeting dated 31 March 2020, a decision is made regarding distribution of net profit amount transferred to "Due to shareholders" account and the Company did not pay the amount as at 28 April 2020 in this regard. According to decision made at General Assembly Meeting the full payment to be completed after the date of 31 December 2020 rather than a partial payment as 25%.

#### **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.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

	1 January - 31 December 2020	1 January - 31 December 2019
Legal reserves at the beginning of the period	25.000.000	25.000.000
Reserves during the period	-	-
<b>Legal reserves at the end of the period</b>	<b>25.000.000</b>	<b>25.000.000</b>

## 15 Equity (continued)

### Extraordinary reserves

	1 Ocak - 31 December 2020	1 Ocak - 31 December 2019
Extraordinary reserves at the beginning of the period	809.465.400	355.908.608
Reserves used for capital increase	(450.000.000)	-
Reserves used for dividend distribution	(245.446.565)	-
Reserves during the period	-	453.556.792
<b>Extraordinary reserves at the end of the period</b>	<b>114.018.835</b>	<b>809.465.400</b>

### Revaluation of financial assets

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

	31 December 2020	31 December 2019
Valuation differences from financial assets	(1.218.506)	3.413.844
Deferred tax effect	243.701	(682.769)
<b>Fair value reserves at the end of the period</b>	<b>(974.805)</b>	<b>2.731.075</b>

## 16 Other reserves and equity component of DPF

As at 31 December 2020, there is not any other reserves presented under equity except for the fair value reserves of available-for-sale financial assets which is presented as “revaluation of financial assets” in the accompanying financial statements. Movement of fair value reserves of available-for-sale financial assets and their related tax effects are presented in Note 15.

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

## 17 Insurance contract liabilities and reinsurance assets

As at December 31, 2020 and December 31, 2019, provisions for technical reserves of the Company are disclosed as follows:

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

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	31 December 2020	31 December 2019
Unearned premiums reserve, gross	164.802.145	130.788.675
Unearned premiums reserve, ceded (Note 10)	(42.812.548)	(34.354.483)
<b>Unearned premiums reserve, net</b>	<b>121.989.597</b>	<b>96.434.192</b>
Outstanding claims reserve, gross	100.605.706	80.034.944
Outstanding claims reserve, ceded (Note 10, Note 4.2)	(25.172.109)	(20.942.729)
<b>Outstanding claims reserve, net</b>	<b>75.433.597</b>	<b>59.092.215</b>
<b>Life mathematical reserve (short term and long term)</b>	<b>634.360.003</b>	<b>486.460.000</b>
<b>Equalization reserve, net</b>	<b>32.769.155</b>	<b>26.618.806</b>
<b>Total insurance technical reserves, net</b>	<b>864.552.352</b>	<b>668.605.213</b>
Short-term	219.761.097	174.556.278
Medium and long-term	644.791.255	494.048.935
<b>Total insurance technical provisions, net</b>	<b>864.552.352</b>	<b>668.605.213</b>

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

As at December 31, 2020 and December 31, 2019, movements of the insurance liabilities and related reinsurance assets are presented below:

	1 January – 31 December 2020		
	Gross	Reinsurer share	Net
<b>Unearned premiums reserve</b>			
Unearned premiums reserve at the beginning of the period	130.788.675	(34.354.483)	96.434.192
Premiums written during the period	1.111.760.598	(86.434.052)	1.025.326.546
Premiums earned during the period	(1.077.747.128)	77.975.987	(999.771.141)
<b>Unearned premiums reserve at the end of the period</b>	<b>164.802.145</b>	<b>(42.812.548)</b>	<b>121.989.597</b>
	1 January – 31 December 2019		
	Gross	Reinsurer share	Net
Unearned premiums reserve at the beginning of the period	78.164.647	(19.316.147)	58.848.500
Premiums written during the period	837.531.978	(63.233.905)	774.298.073
Premiums earned during the period	(784.907.950)	48.195.569	(736.712.381)
<b>Unearned premiums reserve at the end of the period</b>	<b>130.788.675</b>	<b>(34.354.483)</b>	<b>96.434.192</b>
	1 January – 31 December 2020	1 January – 31 December 2019	
Equalization reserve at the beginning of the period	26.618.806	21.702.427	
Increases during the period	6.150.349	4.916.379	
<b>Equalization reserve at the end of the period</b>	<b>32.769.155</b>	<b>26.618.806</b>	

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

Outstanding claims reserve	1 January – 31 December 2020		
	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	80.034.944	(20.942.729)	59.092.215
Claims reported during the period and changes in the estimations or provisions for outstanding claims provided at the beginning of the period	324.208.241	(25.704.535)	298.503.706
Claims paid during the period	(303.637.479)	21.475.155	(282.162.324)
<b>Outstanding claims reserve at the end of the period</b>	<b>100.605.706</b>	<b>(25.172.109)</b>	<b>75.433.597</b>

Outstanding claims reserve	1 January – 31 December 2019		
	Gross	Reinsurer share	Net
Outstanding claims reserve at the beginning of the period	67.986.593	(16.018.913)	51.967.681
Claims reported during the period and changes in the estimations or provisions for outstanding claims provided at the beginning of the period	214.018.129	(24.604.018)	189.414.110
Claims paid during the period	(201.969.778)	19.680.202	(182.289.575)
<b>Outstanding claims reserve at the end of the period</b>	<b>80.034.944</b>	<b>(20.942.729)</b>	<b>59.092.215</b>

### Claim development tables

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

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

# Garanti Emeklilik ve Hayat Anonim Şirketi

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## 17 Insurance liabilities and reinsurance assets (continued)

### Claim development tables (continued)

31 December 2020							
Accident year	2015	2016	2017	2018	2019	2020	Toplam
Accident year	81.677.793	95.132.970	108.687.951	132.204.663	221.752.910	331.781.871	971.238.158
1 year later	79.018.060	96.678.810	108.732.524	134.612.425	221.228.339	-	640.270.158
2 years later	79.726.520	95.628.607	103.107.173	127.908.472	-	-	406.370.772
3 years later	79.883.028	91.626.502	102.347.509	-	-	-	273.857.039
4 years later	78.486.051	91.572.656	-	-	-	-	170.058.707
5 years later	84.083.973	-	-	-	-	-	84.083.973
Current estimate of cumulative claims	84.083.973	91.572.656	102.347.509	127.908.472	221.228.339	331.781.871	958.922.820
Cumulative payments up to date	(75.978.262)	(87.675.471)	(98.857.892)	(117.494.624)	(199.129.388)	(279.181.477)	(858.317.114)
Liability recognized in balance sheet	8.105.711	3.897.185	3.489.617	10.413.848	22.098.951	52.600.394	100.605.706
<b>Total outstanding claims reserve, gross in the financial statements</b>							<b>100.605.706</b>

31 December 2020							
Accident year	2015	2016	2017	2018	2019	2020	Toplam
Accident year	58.640.250	73.584.052	90.137.094	112.381.245	195.115.184	301.690.193	831.548.018
1 year later	55.512.051	73.095.017	89.936.686	112.864.797	196.756.888	-	528.165.439
2 years later	55.780.436	72.221.645	86.005.271	108.468.279	-	-	322.475.631
3 years later	55.988.466	70.119.620	85.248.443	-	-	-	211.356.529
4 years later	55.186.590	69.974.194	-	-	-	-	125.160.784
5 years later	59.793.641	-	-	-	-	-	59.793.641
Current estimate of cumulative claims	59.793.641	69.974.194	85.248.443	108.468.279	196.756.888	301.690.193	821.931.638
Cumulative payments up to date	(53.198.601)	(66.853.689)	(82.376.686)	(99.396.192)	(178.794.071)	(265.878.802)	(746.498.041)
Liability recognized in balance sheet	6.595.040	3.120.505	2.871.757	9.072.087	17.962.817	35.811.391	75.433.597
<b>Total outstanding claims reserve, net in the financial statements</b>							<b>75.433.597</b>

31 December 2019							
Accident year	2014	2015	2016	2017	2018	2019	Toplam
Accident year	86.156.919	81.677.793	95.132.970	108.687.951	132.204.663	221.752.910	725.613.206
1 year later	78.253.153	79.018.060	96.678.810	108.732.524	134.612.425	-	497.294.972
2 years later	76.501.800	79.726.520	95.628.607	103.112.173	-	-	354.969.100
3 years later	76.429.633	79.883.028	91.626.502	-	-	-	247.939.163
4 years later	76.925.799	78.486.051	-	-	-	-	155.411.850
5 years later	80.176.790	-	-	-	-	-	80.176.790
Current estimate of cumulative claims	80.176.790	78.486.051	91.626.502	103.112.173	134.612.425	221.752.910	709.766.851
Cumulative payments up to date	(75.052.272)	(74.994.271)	(87.413.575)	(97.018.882)	(115.362.442)	(179.890.465)	(629.731.907)
Liability recognized in balance sheet	5.124.518	3.491.780	4.212.927	6.093.291	19.249.983	41.862.445	80.034.944
<b>Total outstanding claims reserve, gross in the financial statements</b>							<b>80.034.944</b>

31 December 2019							
Accident year	2014	2015	2016	2017	2018	2019	Toplam
Accident year	59.352.208	58.640.250	73.584.052	90.137.094	112.381.245	195.115.184	589.210.033
1 year later	52.232.031	55.512.051	73.095.017	89.936.686	112.864.797	-	383.640.582
2 years later	51.075.574	55.780.436	72.221.645	86.010.271	-	-	265.087.926
3 years later	50.991.616	55.988.466	70.119.620	-	-	-	177.099.702
4 years later	51.377.612	55.186.590	-	-	-	-	106.564.202
5 years later	54.111.081	-	-	-	-	-	54.111.081
Current estimate of cumulative claims	54.111.081	55.186.590	70.119.620	86.010.271	112.864.797	195.115.184	573.407.543
Cumulative payments up to date	(49.979.609)	(52.328.183)	(66.657.180)	(80.765.104)	(97.456.107)	(167.129.145)	(514.315.328)
Liability recognized in balance sheet	4.131.472	2.858.407	3.462.440	5.245.167	15.408.690	27.986.039	59.092.215
<b>Total outstanding claims reserve, net in the financial statements</b>							<b>59.092.215</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

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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 2020		31 December 2019	
	Should be placed (**)	Placed (*)	Should be placed (**)	Placed (*)
Life:				
Bank deposits		463.910.202		412.969.184
Financial assets (*)		277.389.185		172.311.661
<b>Total</b>	<b>711.121.706</b>	<b>741.299.387</b>	<b>450.917.228</b>	<b>585.280.845</b>
Non-life:				
Bank deposits	1.000.003	1.207.640	166.673	261.063
<b>Total</b>	<b>712.121.709</b>	<b>742.507.027</b>	<b>451.083.901</b>	<b>585.541.908</b>

(\*)As at December, 31 2020 and December, 31 2019, 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 6<sup>th</sup> Article of “Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies”.

(\*\*)According to 7<sup>th</sup> article of “Circular Related to the Financial Structure of Insurance, Reinsurance, and Private Pension Companies” which regulates necessary guarantee amount, minimum guarantee fund for capital adequacy calculation period will be established as a guarantee in two months following the calculation period. According to “Regulations Regarding to Capital Adequacy Measurement and Assessment of Insurance, Reinsurance, and Private Pension Companies”, companies must prepare their capital adequacy tables twice in a financial year at June and December periods and must sent capital adequacy tables to the Turkish Treasury Department within two months.

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

	1 January - 31 December 2020		1 January - 31 December 2019	
	Number of policyholders	Life mathematical reserve	Number of policyholders	Life mathematical reserve
Beginning of the year	2.292.856	486.460.000	2.278.422	335.103.102
Additions during the year	2.055.184	352.536.298	2.168.190	322.215.623
Disposals during the year	(2.073.637)	(149.530.496)	(2.153.756)	(91.220.136)
Movements during the year (*)	-	(55.105.799)	-	(79.638.589)
<b>Current</b>	<b>2.274.403</b>	<b>634.360.003</b>	<b>2.292.856</b>	<b>486.460.000</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 2020			31 December 2019		
	Number of contracts	Gross premium	Net premium	Number of contracts	Gross premium	Net premium
Individual	264	1.195.414	1.195.414	615	1.343.191	1.343.191
Group	2.054.920	1.256.474.965	1.256.474.965	2.167.575	945.721.904	945.721.904
<b>Total</b>	<b>2.055.184</b>	<b>1.257.670.379</b>	<b>1.257.670.379</b>	<b>2.168.190</b>	<b>947.065.095</b>	<b>947.065.095</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

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

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

	31 December 2020				31 December 2019			
	Number of contracts	Gross premium	Net premium	Mathematical Reserve	Number of contracts	Gross premium	Net premium	Mathematical reserve
Individual	590	202.879	202.879	2.090.919	721	149.039	149.039	10.175.511
Group	2.073.047	145.706.902	145.706.902	147.439.577	2.153.035	109.384.077	109.384.077	81.044.625
<b>Total</b>	<b>2.073.637</b>	<b>145.909.781</b>	<b>145.909.781</b>	<b>149.530.496</b>	<b>2.153.756</b>	<b>109.533.116</b>	<b>109.533.116</b>	<b>91.220.136</b>

#### Deferred commission expenses

The Company defers commissions paid to the intermediaries for the production of the policies and other expenses for the one-year term life products and for annually renewed long term life products under prepaid expenses. As at December 31, 2020, deferred commission and other expenses amount to TL 44.130.254 and TL 15.489.584 (December 31, 2019: TL: 30.158.861 and TL 13.059.591).

The movement of deferred commission expenses as of December, 31 2020 and December, 31 2019 is as follows.

	1 January - 31 December 2020	1 January - 31 December 2019
Deferred commission expenses at the beginning of the period	30.158.861	16.251.547
Commissions accrued during the period	274.905.518	182.086.396
Paid commissions during the period	(260.934.125)	(168.179.082)
<b>Deferred commission expenses at the end of the period</b>	<b>44.130.254</b>	<b>30.158.861</b>

### 18 Investment contract liabilities

The movements of life mathematical reserve for saving life policies as at December, 31 2020 and December, 31 2019 are as follows:

	1 Ocak - 31 December 2020	1 Ocak - 31 December 2019
<b>Life mathematical provision for saving life policies</b>		
Investment contract liabilities at the beginning of the period (Life-mathematical reserve)	21.973.133	27.826.336
Effect of foreign exchange differences	6.532.860	3.526.472
Written premiums during the period (saving life policies)	368.713	359.668
Disposals during the period (leaving policyholders)	(5.285.908)	(12.506.663)
Profit shares	1.724.752	1.648.366
Changes in the fair values of investments (Note 30)	1.057.700	1.118.953
<b>Investment contract liabilities at the end of the period</b>	<b>26.371.250</b>	<b>21.973.132</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 18 Investment contract liabilities (continued)

Profit share distribution rates to life policyholders during the period December, 31 2020 and December, 31 2019:

	31 December 2020	31 December 2019
USD:	8,21%	7,76%
EURO:	4,84%	3,36%

### Pension operations

The details of receivables and liabilities from pension operations as at December, 31 2020 and December, 31 2019:

	31 December 2020	31 December 2019
Receivables from clearing house on behalf of the participants	23.523.214.624	17.814.737.077
Receivables from participants (entrance fee)	12.423.463	12.821.100
<b>Receivables from pension operations (Note 12)</b>	<b>23.535.638.087</b>	<b>17.827.558.177</b>
Provision for the receivables from participants (Note 4.2), (Note 12)	(52.097.854)	(44.985.691)
<b>Receivables from pension operations (Note 12)</b>	<b>23.483.540.233</b>	<b>17.782.572.486</b>
	31 December 2020	31 December 2019
Payables to participants	23.494.931.366	17.793.618.598
Participants temporary account	203.528.121	151.685.201
Payables to clearing house	1.485.456	245.939
Payables to Emeklilik Gözetim Merkezi	364.690	285.000
Other liabilities	5.914.338	3.717.727
<b>Payables due to pension operations (Note 19)</b>	<b>23.706.223.971</b>	<b>17.949.552.465</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 18 Investment contract liabilities (continued)

#### Pension operations (continued)

As at December, 31 2020 and December, 31 2019 pension investment funds founded by the Company and their unit prices are as follows:

	31 December 2020 Unit prices	31 December 2019 Unit prices
Katılım Katkı EYF	0,024991	0,020917
Katılım Standart EYF	0,022592	0,018762
Altın EYF	0,052116	0,033402
Hisse Senedi EYF	0,167048	0,128623
İkinci Değişken (SMART) EYF	0,024873	0,021551
Katılım Değişken EYF	0,030476	0,025780
Dengeli Değişken EYF	0,097146	0,081979
Temkinli Değişken EYF	0,045416	0,040814
Borçlanma Araçları EYF	0,082896	0,075448
Dış Borçlanma Araçları EYF	0,144994	0,105781
Dengeli Değişken Grup EYF	0,079071	0,065959
Borçlanma Araçları Grup EYF	0,053425	0,048272
Dış Borçlanma Araçları Grup EYF	0,101147	0,073118
Hisse Senedi Grup EYF	0,039599	0,029976
Sürdürülebilirlik Hisse Senedi EYF	0,025986	0,021880
Değişken EYF	0,072632	0,058044
Uzun Vadeli Kamu Borçlanma Araçları EYF	0,042526	0,039659
Katkı EYF	0,021093	0,018711
Para Piyasası EYF	0,075134	0,068254
Özel Sektör Borçlanma Araçları EYF	0,032455	0,022254
Standart EYF	0,022235	0,019985
Başlangıç EYF	0,017476	0,015789
Başlangıç Katılım EYF	0,016446	0,014881
OKS Temkinli Değişken Emeklilik Yatırım Fonu	0,015426	0,013640
OKS Temkinli Katılım Değişken EYF	0,014860	0,013617
OKS Dengeli Değişken Emeklilik Yatırım Fonu	0,015442	0,012970
OKS Dengeli Katılım Değişken EYF	0,016091	0,014446
OKS Dinamik Değişken Emeklilik Yatırım Fonu	0,015606	0,012630
OKS Dinamik Katılım Değişken EYF	0,018969	0,013814
OKS Agresif Değişken Emeklilik Yatırım Fonu	0,014216	0,012075
OKS Agresif Katılım Değişken EYF	0,020307	0,013759
OKS Standart Emeklilik Yatırım Fonu	0,015824	0,013502
OKS Katılım Standart Emeklilik Yatırım Fonu	0,016632	0,013959

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Notes to The Financial Statements as of 31 December 2020  
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**18 Investment contract liabilities (continued)**

**Pension operations (continued)**

Number and amount of participation certificate in the portfolio and in circulation is such as follows as of December, 31 2020 and December, 31 2019:

	31 December 2020			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Katılım Katkı EYF	19.789.204.586	494.551.072	1.480.210.795.414	36.991.947.988
Katılım Standart EYF	10.308.834.896	232.898.455	1.489.691.165.104	33.655.102.802
Altın EYF	86.004.387.036	4.482.222.971	1.413.995.612.964	73.691.795.365
Hisse Senedi EYF	3.683.323.057	615.290.264	1.496.316.676.943	249.956.708.250
İkinci Değişken (SMART) EYF	178.665.468.985	4.443.918.999	1.321.334.531.015	32.865.553.790
Katılım Değişken EYF	14.847.991.842	452.509.300	1.485.152.008.158	45.261.492.601
Dengeli Değişken EYF	8.168.447.969	793.534.476	1.491.831.552.031	144.925.467.954
Temkinli Değişken EYF	11.268.268.841	511.760.864	1.488.731.731.159	67.612.240.302
Borçlanma Araçları EYF	12.172.010.735	1.009.014.515	1.487.827.989.265	123.334.988.998
Dış Borçlanma Araçları EYF	12.486.803.795	1.810.507.119	1.487.513.196.205	215.680.488.371
Dengeli Değişken Grup EYF	2.105.427.477	166.478.873	1.497.894.572.523	118.440.021.744
Borçlanma Araçları Grup EYF	4.110.487.640	219.604.280	1.495.889.512.360	79.917.897.198
Dış Borçlanma Araçları Grup EYF	4.035.635.374	408.191.992	1.495.964.364.626	151.312.307.589
Hisse Senedi Grup EYF	3.737.163.644	147.988.418	1.496.262.836.356	59.250.512.057
Sürdürülebilirlik Hisse Senedi EYF	3.537.455.714	91.924.098	1.496.462.544.286	38.887.075.676
Değişken EYF	11.871.793.007	862.268.222	1.488.128.206.993	108.085.727.930
Uzun Vadeli Kamu Borçlanma Araçları EYF	540.480.989	22.984.355	1.499.459.519.011	63.766.015.505
Katkı EYF	129.292.219.760	2.727.203.532	1.370.707.780.240	28.912.339.209
Para Piyasası EYF	19.635.983.304	1.475.331.490	1.480.364.016.696	111.225.670.030
Özel Sektör Borçlanma Araçları EYF	13.280.645.060	431.022.020	1.486.719.354.940	48.251.476.665
Standart EYF	49.504.159.545	1.100.734.929	1.450.495.840.455	32.251.775.013
Başlangıç EYF	7.372.659.814	128.840.928	1.492.627.340.186	26.085.155.397
Başlangıç Katılım EYF	6.032.491.717	99.212.017	1.493.967.508.283	24.569.789.641
OKS Temkinli Değişken Emeklilik Yatırım Fonu	252.891.383	3.901.052	1.499.747.108.617	23.135.098.898
OKS Temkinli Katılım Değişken EYF	189.329.813	2.813.480	1.499.810.670.187	22.287.186.559
OKS Dengeli Değişken Emeklilik Yatırım Fonu	344.854.808	5.325.098	1.499.655.145.192	23.157.674.752
OKS Dengeli Katılım Değişken EYF	516.447.519	8.310.380	1.499.483.552.481	24.128.189.843
OKS Dinamik Değişken Emeklilik Yatırım Fonu	505.239.703	7.884.670	1.499.494.760.297	23.401.115.229
OKS Dinamik Katılım Değişken EYF	493.540.049	9.362.130	1.499.506.459.951	28.444.138.039
OKS Agresif Değişken Emeklilik Yatırım Fonu	571.932.796	8.130.514	1.499.428.067.204	21.315.869.403
OKS Agresif Katılım Değişken EYF	778.253.037	15.803.683	1.499.221.746.963	30.444.696.016
OKS Standart Emeklilik Yatırım Fonu	24.794.319.137	392.339.273	1.475.205.680.863	23.343.654.694
OKS Katılım Standart Emeklilik Yatırım Fonu	18.822.802.684	313.067.897	1.481.177.197.316	24.634.939.146
<b>Toplam</b>	<b>659.720.955.716</b>	<b>23.494.931.366</b>	<b>48.840.279.044.284</b>	<b>2.159.224.112.654</b>

**Garanti Emeklilik ve Hayat Anonim Şirketi**  
Notes to The Financial Statements as of 31 December 2020  
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**18 Investment contract liabilities (continued)**

**Pension operations (continued)**

	31 Aralık 2019			
	Participation certificate in the circulation		Participation certificate in the portfolio	
	Number	Amount	Number	Amount
Katılım Katkı EYF	12.248.850.714	256.213.481	1.487.751.149.286	31.119.290.790
Katılım Standart EYF	8.042.180.922	150.885.038	1.491.957.819.078	27.992.112.602
Altın EYF	57.859.596.068	1.932.650.715	1.442.140.403.932	48.170.373.772
Hisse Senedi EYF	3.060.285.354	393.621.751	1.496.939.714.646	192.540.876.917
İkinci Değişken (SMART) EYF	135.508.791.581	2.920.337.549	1.364.491.208.419	29.406.150.033
Katılım Dinamik Değişken EYF	13.298.412.231	342.829.421	1.486.701.587.769	38.327.166.933
Dengeli Değişken EYF	9.875.839.461	809.615.987	1.490.124.160.539	122.158.888.557
Temkinli Değişken EYF	15.870.685.855	647.738.876	1.484.129.314.145	60.573.253.828
Borçlanma Araçları EYF	17.556.412.838	1.324.603.891	1.482.443.587.162	111.847.403.764
Dış Borçlanma Araçları EYF	10.998.532.780	1.163.430.494	1.489.001.467.220	157.508.064.204
Dengeli Değişken Grup EYF	2.636.830.146	173.923.021	1.497.363.169.854	98.764.577.320
Borçlanma Araçları Grup EYF	5.618.546.457	271.218.236	1.494.381.453.543	72.136.781.525
Dış Borçlanma Araçları Grup EYF	3.999.082.311	292.403.133	1.496.000.917.689	109.384.595.100
Hisse Senedi Grup EYF	3.336.342.174	100.011.812	1.496.663.657.826	44.863.989.807
Sürdürülebilirlik Hisse Senedi EYF	4.318.620.719	94.492.443	1.495.681.379.281	32.725.508.579
Değişken EYF	11.654.534.679	676.478.653	1.488.345.465.321	86.389.524.189
Uzun Vadeli Kamu Borçlanma Araçları EYF	621.855.016	24.662.235	1.499.378.144.984	59.463.837.852
Katkı EYF	125.196.405.492	2.342.544.353	1.374.803.594.508	25.723.950.057
Para Piyasası EYF	27.898.272.784	1.904.174.009	1.472.101.727.216	100.476.831.289
Özel Sektör Borçlanma Araçları EYF	3.971.983.138	88.390.718	1.496.028.016.862	33.292.607.487
Standart EYF	62.573.608.169	1.250.554.970	1.437.426.391.831	28.726.966.441
Başlangıç EYF	4.643.539.104	73.315.176	1.495.356.460.896	23.610.183.161
Başlangıç Katılım EYF	3.733.810.739	55.561.297	1.496.266.189.261	22.265.937.162
OKS Temkinli Değişken Emeklilik Yatırım Fonu	154.761.984	2.110.899	1.499.845.238.016	20.457.889.047
OKS Temkinli Katılım Değişken EYF	123.554.097	1.682.395	1.499.876.445.903	20.423.817.564
OKS Dengeli Değişken Emeklilik Yatırım Fonu	258.503.184	3.352.886	1.499.741.496.816	19.451.647.214
OKS Dengeli Katılım Değişken EYF	173.162.626	2.501.421	1.499.826.837.374	21.666.498.493
OKS Dinamik Değişken Emeklilik Yatırım Fonu	326.572.539	4.124.500	1.499.673.427.461	18.940.875.389
OKS Dinamik Katılım Değişken EYF	141.122.275	1.949.500	1.499.858.877.725	20.719.050.537
OKS Agresif Değişken Emeklilik Yatırım Fonu	280.331.433	3.385.084	1.499.719.668.567	18.109.114.998
OKS Agresif Katılım Değişken EYF	169.239.721	2.328.517	1.499.830.760.279	20.636.171.431
OKS Standart Emeklilik Yatırım Fonu	19.968.483.143	269.623.990	1.480.031.516.857	19.983.385.541
OKS Katılım Standart Emeklilik Yatırım Fonu	15.252.153.165	212.902.148	1.484.747.846.835	20.725.595.194
<b>Toplam</b>	<b>581.370.902.899</b>	<b>17.793.618.599</b>	<b>48.918.629.097.101</b>	<b>1.758.582.916.777</b>

**Garanti Emeklilik ve Hayat Anonim Şirketi**

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

**18 Investment contract liabilities (continued)**

Pension operations (continued)

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

	1 January – 31 December 2020			
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	116.444	122.268	945.460	8.849.726.201
Group	42.288	25.407	242.823	3.001.031.884
<b>Total</b>	<b>158.732</b>	<b>147.675</b>	<b>1.188.283</b>	<b>11.850.758.085</b>

  

	1 January – 31 December 2019			
	Additions during the period	Left/cancellations during the period	Outstanding	Total amount
Individual	198.791	171.962	951.081	7.219.653.013
Group	39.679	34.492	225.942	2.444.395.727
<b>Total</b>	<b>238.470</b>	<b>206.454</b>	<b>1.177.023</b>	<b>9.664.048.740</b>

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

	31 December 2020			31 December 2019		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	116.444	518.421.623	518.415.216	198.791	484.812.864	484.808.735
Group	42.288	315.038.933	315.035.551	39.679	115.678.829	115.672.808
<b>Total</b>	<b>158.732</b>	<b>833.460.556</b>	<b>833.450.767</b>	<b>238.470</b>	<b>600.491.693</b>	<b>600.481.543</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

	31 December 2020			31 December 2019		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	3.501	189.467.781	189.467.781	4.933	234.909.393	234.909.393
Group	1.361	71.713.306	71.713.306	1.459	71.284.064	71.284.064
<b>Total</b>	<b>4.862</b>	<b>261.181.087</b>	<b>261.181.087</b>	<b>6.392</b>	<b>306.193.457</b>	<b>306.193.457</b>

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

None.

Distribution of individual and group participants which were transferred to other insurance companies in terms of their numbers and gross and net contributions

	31 December 2020			31 December 2019		
	Number of contracts	Gross contributions	Net contributions	Number of contracts	Gross contributions	Net contributions
Individual	122.268	1.706.987.604	1.706.867.620	171.962	1.798.764.977	1.798.440.542
Group	25.407	479.313.596	479.302.490	34.492	520.383.915	520.364.945
<b>Total</b>	<b>147.675</b>	<b>2.186.301.200</b>	<b>2.186.170.110</b>	<b>206.454</b>	<b>2.319.148.892</b>	<b>2.318.805.487</b>

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 19 Trade and other payables and deferred income

	31 December 2020	31 December 2019
Payables due to main operations	23.738.614.923	17.986.854.781
Taxes and other liabilities and provisions	48.483.009	32.881.697
Due to related parties	695.353.506	6.695.835
Deferred commission income (Note 10)	11.041.936	6.978.135
Expense accruals (*)	35.203.499	29.431.263
Other various payables (**)	3.362.426	5.077.873
<b>Total</b>	<b>24.532.059.299</b>	<b>18.067.919.584</b>
Short term liabilities	24.532.059.299	18.067.919.584
<b>Total</b>	<b>24.532.059.299</b>	<b>18.067.919.584</b>

(\*) Expense accruals as of December 31, 2020 and December 31, 2019 consist of personnel premium accruals, performance accruals and other expense accruals. As of December, 31 2020, other expense accruals consist of free provision TL 12.000.000 (December 31, 2019: TL 12.000.000).

(\*\*) As at December 31, 2020 and December 31, 2019, the various other liabilities are comprised of payments made for outsourced benefits and services.

Payables from main operations of the Company as at December, 31 2020 and December, 31 2019 are detailed below:

	31 December 2020	31 December 2019
Payables to reinsurers (Note 10)	8.648.294	14.079.663
Payables to agencies	23.645.224	22.497.980
Payables to policyholders	97.434	724.673
<b>Total payables due to insurance operations</b>	<b>32.390.952</b>	<b>37.302.316</b>
Payables due to pension operations (Note 18)	23.706.223.971	17.949.552.465
<b>Payables from main operations</b>	<b>23.738.614.923</b>	<b>17.986.854.781</b>

Corporate tax provision and prepaid taxes are disclosed below:

	31 December 2020	31 December 2019
Corporate tax provision	138.699.376	133.230.019
Prepaid taxes during the period	(102.434.722)	(114.660.339)
<b>Corporate tax payable, net</b>	<b>36.264.654</b>	<b>18.569.680</b>

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

None.

### 20 Financial liabilities

As of December 31, 2020, the Company recognized TL 1.408.533 financial lease liability (31 December 2019: TL 6.512.388) and TL 62.272 deferred lease liability (31 December 2019: TL 1.163.483) recognized in financial statement for TFRS 16 purpose.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 21 Deferred taxes

As at December, 31 2020 and December, 31 2019, the detailed analysis of the items resulting deferred tax assets and liabilities are as follows:

	31 December 2020	31 December 2019
	Deferred tax assets/ (liabilities)	Deferred tax assets/ (liabilities)
Differences in depreciation methods on tangible and intangible assets between tax regulations and the Reporting Standards	(2.652.766)	(2.854.939)
Provision for impairment in receivables from participants	10.419.571	9.643.148
Equalization provision	6.553.831	5.323.761
Provision for employment termination benefits and unused vacation pay liability	3.001.767	2.053.701
Provision for personnel bonus	-	-
Plan bonus provision	1.397.003	1.946.972
Entrance fee discount provision	1.805.232	1.320.885
Provisions for lawsuits	809.091	540.587
Other expense accruals	1.516.434	900.945
<b>Deferred tax asset/(liability), net</b>	<b>22.850.163</b>	<b>18.875.060</b>

Corporate income is subject to corporate tax at 20% in Turkey to be effective from January 1, 2006. However, according to the Article 91 of the Law numbered 7061 “Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation” which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

Movement of the deferred tax assets / (liabilities) during the periods ending December, 31 2020 and December, 31 2019 is presented below:

	1 January - 31 December 2020	1 January - 31 December 2019
Beginning balance, January 1	18.875.060	18.086.467
Recognized in the income statement (Note 35)	2.484.899	1.632.634
Recognized in the equity (Note 4.2)	1.490.204	(844.041)
<b>Closing balance as of end of the period</b>	<b>22.850.163</b>	<b>18.875.060</b>

### 22 Retirement benefit obligations

None.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 23 Provisions for other liabilities and charges

As at December, 31 2020 and 2019; the details of the provisions for other risks are as follows:

	31 December 2020	31 December 2019
Provision for unused vacation pay liability (long term)	1.757.243	1.772.202
Provision for unused vacation pay liability (short term)	856.910	855.332
Provisions for lawsuits	4.045.453	2.702.933
<b>Provisions for costs</b>	<b>6.659.606</b>	<b>5.330.467</b>
<b>Provision for employment termination benefits</b>	<b>12.394.681</b>	<b>7.555.436</b>
<b>Total provisions for other risks</b>	<b>19.054.287</b>	<b>12.885.903</b>

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

	1 January – 31 December 2020	1 January – 31 December 2019
Provision for employment termination benefits at the beginning of the period	7.555.436	7.707.639
Interest cost	1.014.896	1.316.588
Service cost	1.638.553	2.353.857
Payments during the period	(632.875)	(2.546.172)
Actuarial loss	2.818.671	(1.276.476)
<b>Provision for employment termination benefits at the end of the period</b>	<b>12.394.681</b>	<b>7.555.436</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 Fee revenues

Fee revenues consist of fees received from pension investment funds, pension participants and expenses charged to the life policyholders.

	1 January - 31 December 2020	1 January - 31 December 2019
Fund management fee	294.355.805	216.349.252
Management fee deduction	80.105.472	73.364.456
Entrance fee	26.817.148	43.752.268
Management fee deduction in case of interruption	630.158	1.904.700
Other technical income	-	-
<b>Total pension technical income</b>	<b>401.908.583</b>	<b>335.370.676</b>

The details of fees from pension investment funds and pension participants are presented in the accompanying statement of income. As at and for the year ended 31 December 2020, fees charged to saving life policyholders amounts to TL 21.767 (December, 31 2019: TL 21.029).

**26 Investment income**

Presented in Note 4.2 – Financial risk management.

**27 Net realized gains on financial assets**

Presented in Note 4.2 – Financial risk management.

**28 Net fair value gains on assets at fair value through profit or loss**

Presented in Note 4.2 – Financial risk management.

**29 Insurance rights and claims**

The Company has no branch based subrogation income or expense for the period between January, 1 – December, 31 2020 (January, 1 – December, 31 2019: None).

**30 Investment contract benefits**

As at and for the year ended December, 31 2020 and December, 31 2019, 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 2020</b>	<b>1 January- 31 December 2019</b>
Change in life mathematical provisions for investment contracts recognized in the statement of income	3.340.417	(6.972.157)
Changes in shares of policy holders in unrealized gain or loss from available for sale financial asset in which the liabilities arising from investment contract benefits are invested (Note 18)	1.057.700	1.118.953
<b>Change in life mathematical provisions for investment contracts</b>	<b>4.398.117</b>	<b>(5.853.204)</b>

**31 Other mandatory expenses**

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 32 Expenses by nature

For the year ended December, 31 2020 and December, 31 2019, the details of operating expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Commission expenses	(353.897.127)	(225.611.076)
<i>Commissions to intermediaries accrued during period</i>	<i>(370.578.354)</i>	<i>(242.040.634)</i>
<i>Change in deferred commission expenses</i>	<i>14.251.234</i>	<i>12.124.185</i>
<i>Deferred commission expenses</i>	<i>2.429.993</i>	<i>4.305.373</i>
Employee benefit expenses (Note 33)	(96.379.596)	(96.345.316)
Commission income from reinsurers	39.372.673	16.521.635
<i>Commission income from reinsurers accrued during period (Note 10)</i>	<i>43.436.474</i>	<i>18.821.297</i>
<i>Change in deferred commission income</i>	<i>(4.063.801)</i>	<i>(2.299.662)</i>
Information technology expenses	(39.300.231)	(23.961.288)
Office expenses	(14.296.242)	(9.008.492)
Advertisement and public related expenses	(7.983.628)	(11.221.234)
Other expenses	(6.611.139)	(7.988.888)
<b>Total</b>	<b>(479.095.290)</b>	<b>(357.614.659)</b>

### 33 Employee benefit expenses

For the year ended December, 31 2020 and December, 31 2019, the details of employee benefit expenses are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Wages and salaries	(57.089.617)	(53.232.518)
Bonus, premium and commissions	(9.625.856)	(15.713.379)
Employer's share in social security premiums	(10.868.689)	(9.955.148)
Employment termination benefits and unused vacation expenses	(458.271)	(745.803)
Other benefits	(18.337.163)	(16.698.468)
<b>Total (Note 32)</b>	<b>(96.379.596)</b>	<b>(96.345.316)</b>

### 34 Financial costs

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 35 Income tax expense

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

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Provision for corporate tax expense:</b>		
Provision for corporate tax expense:	(138.699.376)	(133.291.729)
<b>Deferred tax income:</b>	2.484.899	1.632.634
<b>Total income tax expense presented in the statement of income</b>	<b>(136.214.477)</b>	<b>(131.659.095)</b>

Reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended December, 31 2020 and December, 31 2019 is as follows:

	1 January- 31 December 2020	Tax rate	1 January- 31 December 2019	Tax rate
<b>Profit before taxes</b>	<b>607.724.158</b>	<b>(%)</b>	<b>439.268.985</b>	<b>(%)</b>
Taxes on income per statutory tax rate	(133.699.315)	(22)	(128.966.757)	(22)
(Additions)/discounts, net	(2.515.162)	(0,41)	(2.692.338)	(0,46)
<b>Total income tax expense presented in the statement of income</b>	<b>(136.214.477)</b>	<b>(22,41)</b>	<b>(131.659.095)</b>	<b>(22,46)</b>

### 36 Net foreign exchange gains / losses

Net foreign exchange gains/losses are presented in Note 4.2 – Financial Risk Management.

### 37 Earnings per share

According to TAS 33 “Earnings per Share”, earnings per share of unquoted Companies do not disclose earnings per share. As for the Company is not listed, earnings per share is not calculated in the accompanying financial statements.

### 38 Dividends per share

The Company is not a listed entity, hence dividend per share is not presented in the accompanying financial statements.

### 39 Cash generated from operations

The cash flows from operating activities is presented in the accompanying statement of cash flows.

### 40 Convertible bond

None.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 41 Redeemable preference shares

None.

### 42 Contingencies

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

As at December, 31 2020, the probable liability amount that will arise in the situation that all the cases that Company is defendant results against the Company is TL 16.001.948 (December, 31 2019: TL 15.044.499) in gross. The Company has recorded provision of TL 26.511.810 (December, 31 2019: TL 24.679.852) for such lawsuits including interests and other expenses in the outstanding claims reserve in the accompanying financial statements.

### 43 Commitments

The details of the guarantees that are given by the Company for the operations in life and non-life branches are presented in Note 17. The future aggregate minimum lease payments under operating leases for properties rented for use of head office and regional offices and motor vehicles rented are as follows:

	31 December 2020	31 December 2019
Less than 1 year	3.758.652	3.915.729
More than 1 year less than 5 years	1.778.715	4.344.252
<b>Total of minimum rent payments</b>	<b>5.537.367</b>	<b>8.259.981</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.

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

(Currency: Turkish Lira (TL))

### 45 Related party transactions

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

The related party balances as of December, 31 2020 and December, 31 2019 are as follows:

	31 December 2020	31 December 2019
T.Garanti Bankası A.Ş.– demand deposits	7.667.799	7.116.412
T.Garanti Bankası A.Ş.– time deposits and debt securities	1.903.751.383	1.315.202.274
<b>Banks</b>	<b>1.911.419.182</b>	<b>1.322.318.686</b>
T.Garanti Bankası A.Ş. – credit card collections	185.245.632	142.956.350
<b>Receivables from credit card collections less than 3 months (Not 14)</b>	<b>185.245.632</b>	<b>142.956.350</b>
Garanti Faktoring Hizmetleri A.Ş.	8	71.604
T. Garanti Bankası A.Ş.	427.776	-
Garanti Hizmet Yönetimi A.Ş. – portfolio management	-	-
Garanti Finansal Kiralama A.Ş.	630	1.038
Garanti Bilişim Teknoloji Ve Tic.A.Ş.	-	92
Garanti Portföy Yönetimi A.Ş.	-	-
Garanti Gayrimenkul Yatır. Ortak. A.Ş.	378	-
Garanti Filo Yönetim Hizmetleri A.Ş.	-	-
<b>Receivables from main operations</b>	<b>428.792</b>	<b>72.734</b>
T. Garanti Bankası A.Ş.	-	71.772
<b>Due from shareholders</b>	<b>-</b>	<b>71.772</b>
T. Garanti Bankası A.Ş. – commissions payable (net)	23.158.292	22.873.603
<b>Payables from main operations</b>	<b>23.158.292</b>	<b>22.873.603</b>
Eureko Sigorta A.Ş. – shared expenses and premiums written	709.441	104.860
T. Garanti Bankası A.Ş.– (*)	594.531.554	1.690.175
Garanti Hizmet Yönetimi A.Ş. – portfolio management	187.890	168.000
Achmea b.v (*)	89.250.000	-
<b>Due to shareholders</b>	<b>684.678.884</b>	<b>1.963.035</b>
Garanti Portföy Yönetimi A.Ş. – pension funds management	10.627.389	4.665.787
Antur Turizm A.Ş. – transportation expenses	-	6.887
Garanti Filo Yönetim Hizmetleri A.Ş. – car rental expenses	725	22.541
<b>Payables to related parties</b>	<b>10.628.114</b>	<b>4.695.215</b>

(\*) As of 31 December 2020, 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.

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Notes to The Financial Statements as of 31 December 2020

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### 45 Related party transactions (continued)

The transactions with related parties during the year ended December, 31 2020 and December, 31 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
T. Garanti Bankası A.Ş.	8.358.718	7.866.221
Garanti Ödeme Sistemleri A.Ş.	213.565	218.437
Garanti Yatırım Menkul Kıymetler A.Ş.	154.206	140.570
Garanti Finansal Kiralama A.Ş.	149.158	131.163
Eureko Sigorta A.Ş.	-	-
Garanti Portföy Yönetimi A.Ş.	100.632	87.689
Other	296.690	310.170
<b>Written premium</b>	<b>9.272.969</b>	<b>8.754.250</b>
T. Garanti Bankası A.Ş.	4.493.951	3.170.555
<b>Claim paid</b>	<b>4.493.951</b>	<b>3.170.555</b>
T. Garanti Bankası A.Ş.– interest income on bank deposits	96.081.527	203.874.673
<b>Investment income</b>	<b>96.081.527</b>	<b>203.874.673</b>
T. Garanti Bankası A.Ş. - paid commissions (*)	363.596.658	236.209.207
T. Garanti Bankası A.Ş.– rent, tax and other expenses	27.783.024	20.873.898
Eureko Sigorta A.Ş. – health and casco premiums	102.212	96.736
Garanti Filo Yönetim Hizmetleri A.Ş.– vehicle rent	2.883.833	2.430.558
Antur Turizm A.Ş. – tourism expenses	-	-
Garanti Portföy Yönetimi A.Ş.	10.627.389	4.665.787
<b>Operations expense</b>	<b>404.993.115</b>	<b>264.276.186</b>

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

## Garanti Emeklilik ve Hayat Anonim Şirketi

Notes to The Financial Statements as of 31 December 2020

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### 46 Events after the reporting period

None.

### 47 Other

**Description and amounts of the items which are higher than 5% of the total assets in the balance sheet or higher than 20% of the total amount of the group including the items phrased with “other” in the accompanying financial statements**

They are presented in the related notes above.

**Payables to employees and receivables from employees presented under accounts, “other receivables” and “other short or long term payables”, and which have balance more than 1% of the total assets**

None.

**Subrogation recorded in the off-balance sheet accounts**

None.

**Real rights on immovable and their values**

None.

**Explanatory Note for the amounts and nature of previous years’ income and losses**

None.

For the period ended December, 31 2020 and December, 31 2019, details of the rediscount and provision expenses are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Provision for employment termination benefits (Note 23)	(2.653.449)	(3.670.445)
Provision for entrance fee receivables (Note 4.2)	803.302	(2.285.040)
Provision for lawsuits (Note 23)	(1.342.520)	(710.703)
Provision for unused vacation pay liability (Note 23)	13.381	(342.457)
Provision (expense)/ release for receivables from main operations (Note 12)	28.088	8.106
Other (*)	-	(9.000.000)
<b>Total provision expenses</b>	<b>(3.151.198)</b>	<b>(16.000.539)</b>

(\*) As of December 31, 2020, other’s amount is reflection of free provision TL 12.000.000 in income statement (December 31, 2019: TL 12.000.000).