

Dividend Distribution Policy

The Dividend Distribution Policy of Türkiye Hayat Emeklilik AŞ is implemented in accordance with the provisions of the Insurance Law and other applicable legislations, and Article 22 of the Company's Articles of Association.

The Company targets to distribute at least 10% of its distributable net profit as bonus shares and/or in cash. At the end of each fiscal year, the Board of Directors devises a profit distribution proposal decision, taking into consideration the Company's cash projections, investment plans, financial structure, and the conditions in the capital markets, in a manner to maintain the delicate balance with shareholders' expectations and the Company's need to grow. The dividend distribution offer contains the dividend amount, and time and method of the

distribution. The dividend distribution proposal by the Board of Directors also covers the amount of dividends to be paid to non-shareholders who will participate in the share, as per the provisions of the Articles of Association.

Once the dividend distribution proposal of the Board of Directors is ratified at the General Assembly Meeting, dividend payout occurs within legally prescribed periods of time. Dividend distribution starts on the date determined by the General Assembly provided that it is completed by the end of the year in which the General Assembly Meeting is held.

The Board of Directors can also propose against the distribution of dividends to the General Assembly. Information is provided to the shareholders in the General Assembly Meeting regarding the

reasons of not distributing the profit and the manner in which the undistributed profit will be used.

There is no privilege with regard to participating in the Company's profit. The provision on advance dividend distribution is incorporated in the Articles of Association. Nevertheless, such distribution is only applicable within the relevant accounting period being subject to the consent of the General Assembly.

The Dividend Distribution Policy is presented for the approval of shareholders at the General Assembly Meeting. Any changes to this policy are updated by the Board of Directors. The policy changes were approved at the General Assembly meeting. The policy was announced to public on the Company's website.

Information on Financial Standing, Profitability and Solvency

Our Company realized life insurance premium production of TL 6 billion 862 million of and non-life insurance premium production of TL 16 million 553 thousand, reaching a premium production of TL 6 billion 878 million with a total growth of 74.2%. It managed to become the industry leader among the life and pension companies with a market share of 2.9%. Our Company has a fund size of TL 79 billion 672 million (including state contribution) with an increase of 82% in PPS 3.0 and has become the sector leader with a market share of 19.9%. It has a fund size of TL 17 billion 327 million (including state contribution) with an increase of 93.7% in the Auto-Enrollment System and completed 2022 as the industry leader with a market share of 52%.

The Company made a net claim payment of TL 1 billion 601 million in life insurance and of TL 4.5 million in non-life insurance, thereby paying a total TL 1 billion 606 million with an increase of 11.6%. The general technical balance for 2022 was recorded as TL 2 billion 39 million with a rise of 73%. In 2022, the Company's total assets grew by 82% year-over-year and reached TL 111 billion 723 million. Its shareholders' equity increased by 59% to TL 6 billion 206 million. The return on assets ratio was realized as 3.9% and the return on equity ratio became 67%.

By the end of 2022, the Company's "Required Equity" amount was determined as TL 1,896,426,585 within the framework of the applicable regulation. The amount of the Company

shareholders' equity considered as TL 6,591,207,092 on the same date was found to be TL 4,694,780,507 higher than the amount of "Required Equity." The capital adequacy ratio stood at 348%. Our Company's pretax profit reached TL 4,491,681,698 while after-tax profit corresponded to TL 3,392,058,078.

Türkiye Hayat Emeklilik shall move forward with the objective of providing a sustainable and strong financial structure with its strong asset structure, profits and investment incomes that it generated from life Insurance and retirement activities.

Summary Financial Statements for the Last Three Years

TL	2020	2021	2022
Total Assets	43,513,293,582	61,509,718,285	111,722,972,410
Shareholders' Equity	2,890,759,438	3,913,892,956	6,205,701,760
Paid in Capital	775,855,185	775,855,185	775,855,185
Life Premium Production	3,993,334,567	3,926,486,616	6,861,888,430
Non-Life Premium Production	195,497,268	21,959,817	16,553,323
Life Technical Balance (Technical Profit)	914,453,986	809,535,049	1,453,588,370
Non-Life Technical Balance (Technical Profit)	85,493,305	23,594,603	-21,560,807
Pension Technical Balance (Technical Profit)	228,031,794	342,870,709	607,163,404
General Technical Balance	1,227,979,085	1,176,000,361	2,039,190,967
Investment Income	650,240,686	1,245,326,064	2,529,308,499
Investment Expenses	73,482,965	125,831,069	138,822,347
Profit on Investments	576,757,721	1,119,494,995	2,390,486,152
Net Period Profit/Loss	1,384,116,468	1,736,063,743	3,392,058,078
Return on Equity	49%	51%	67%
Return on Assets	4%	3%	4%
Shareholders' Equity/Total Assets	7%	6%	6%

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

**CONVENIENCE TRANSLATION OF STATUTORY FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022 AND
THE INDEPENDENT AUDITOR'S REPORT**

(Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Türkiye Hayat Emeklilik A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Türkiye Hayat ve Emeklilik A.Ş.

(the "Company") which comprise the balance sheet as at 31 December 2021 and the statement of income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

2. Basis for Opinion

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority

(the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

INDEPENDENT AUDITOR'S REPORT



3. 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. Key audit matters were addressed in the context of our independent 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.

Key audit matter	How our audit addressed the matter
<p><i>Estimates and assumptions used in calculating mathematical reserves arising from insurance contracts</i></p> <p>As explained in Notes 2 and 17 to the accompanying financial statements, the Company's total net mathematical reserves amounted to TL 2.222 million as of</p> <p>31 December 2022 which constitutes a significant portion of the total liabilities of the Company, excluding long-term pension liabilities.</p> <p>The measurement of mathematical reserves involves significant estimates and assumptions as it includes results of future uncertain events, including benefits guaranteed to the insured.</p> <p>The mathematical reserves are considered as a key audit matter, due to the significance of mathematical reserves to the financial statements and the critical estimates and assumptions involved.</p>	<p>The Company's key controls regarding mathematical reserves are tested as of 31 December 2022.</p> <p>Additionally, the mathematical reserves were recalculated by the expert actuaries in our audit team using the sampling method through the tariffs and other related calculation data.</p> <p>Besides, the compliance and sufficiency of the disclosures in the accompanying financial statements related to such provisions in the context of Regulation on Insurance Accounting and Financial Reporting Principles have been checked.</p>

4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles 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 process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.
- Assess the 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 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 independent 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.

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

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 Responsibilities Arising from Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



ORIGINALLY ISSUED IN TURKISH

Ramazan Yüksekaya, SMMM
Partner

Istanbul, 3 Mart 2023

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

We confirm that the financial statements, related disclosures and footnotes as at 31 December 2022 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies" and the financial records of our Company.

Türkiye Hayat ve Emeklilik AŞ

İstanbul, 3 March 2023

Aslıhan DUYMAZ

Actuary
(Registor Number:61)

Murat SÜZER

Assistant General Manager

Atilla BENLİ

Vice Chairman of the Board,

CONTENTS

	PAGE
BALANCE SHEETS	102
STATEMENTS OF INCOME	107
STATEMENTS OF CASH FLOWS	111
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	112
STATEMENTS OF PROFIT DISTRIBUTION	114
NOTES TO THE FINANCIAL STATEMENTS	115-185

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON
31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS

	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
I- Current Assets			
A- Cash and Cash Equivalents	14	5,133,356,000	4,554,547,700
1- Cash		-	-
2- Cheques Received		-	-
3- Cash at Banks	2.12 and 14	4,871,074,935	4,408,906,703
4- Cheques Given and Payment Orders (-)		-	-
5- Bank Warrantied and Shorter Than 3 Months Credit Card Receivables	2.12 and 14	262,281,065	145,640,997
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	11.1	7,889,533,035	2,903,636,050
1- Available-for-Sale Financial Asset	11.1	2,163,468,438	986,192,361
2- Held to Maturity Investments	11.1	22,096,028	30,495,947
3- Financial Assets Held for Trading	11.1	5,524,744,260	1,712,939,804
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Financial Investments with Risks on Saving Life Policyholders	11.1	179,224,309	174,007,938
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments (-)		-	-
C- Receivables from Main Operations	12.1	447,552,235	291,311,386
1- Receivables from Insurance Operations	12.1	219,186,515	188,706,759
2- Provision for Receivables from Insurance Operations (-)	12.1	(13,060,245)	(18,899,679)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders	12.1	1,595	109,495
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations	12.1 and 47.1	241,424,370	121,394,811
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
D- Due from Related Parties		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
E- Other Receivables	47.1	47,282	657,712
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	47.1	22,585	18,126
4- Other Miscellaneous Receivables	47.1	24,697	639,586
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables	47.1	545,886	548,186
7- Provision for Other Doubtful Receivables (-)	47.1	(545,886)	(548,186)
F- Prepaid Expenses and Income Accruals		1,011,102,524	505,416,715
1- Deferred Acquisition Costs	17	956,350,970	474,811,734
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47.1	54,751,554	30,604,981
G- Other Current Assets		8,907,008	7,190,565
1- Stocks to be used in the Following Months		-	-
2- Prepaid Taxes and Funds		-	-
3- Deferred Tax Assets		-	-
4- Business Advances		818,820	270,675
5- Advances Given to Personnel		6,574	41,069
6- Inventory Count Deficiency		-	-
7- Other Miscellaneous Current Assets	47.1	8,081,614	6,878,821
8- Provision for Other Miscellaneous Current Assets (-)		-	-
I- Total Current Assets		14,490,498,084	8,262,760,128

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON
31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS

	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
II- Non-Current Assets			
A- Receivables from Main Operations	2,14 and 17.5	96,575,345,722	52,756,011,537
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 and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations	2,14 and 17.5	96,575,345,722	52,756,011,537
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
C- Other Receivables		804,401	808,746
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		804,401	808,746
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
D- Financial Assets	9	435,662	14,019,561
1- Investments in Equity Shares	9	435,662	14,019,561
2- Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets (-)		-	-
E- Tangible Assets	6 and 7	445,342,162	338,045,361
1- Investment Property	7	375,402,266	271,880,000
2- Impairment in Value of Investment Properties (-)		-	-
3- Land and Buildings Held for Utilisation	6	29,110,000	15,655,000
4- Machinery and Equipment's		-	-
5- Furniture And Fixtures	6	84,803,604	70,626,621
6- Motor Vehicles	6	235,273	235,273
7- Other Tangible Assets, Including Leasehold Improvements	6	29,950,139	24,058,323
8- Tangible Assets Acquired Through Finance Leases	6	47,328,485	33,664,658
9- Accumulated Amortizations (-)	6	(121,487,605)	(78,074,514)
10- Advances for Tangible Assets Including Construction in Progress		-	-
F- Intangible Assets	8	99,152,741	62,603,515
1- Rights	8	181,589,039	122,823,859
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs	8	9,469,845	9,469,845
5- Other Intangible Assets	8	657	657
6- Accumulated Amortization (-)	8	(91,906,800)	(69,690,846)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		741,454	-
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		741,454	-
H- Other Non-Current Assets		110,652,184	75,469,437
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	110,652,184	75,469,437
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
II- Total Non-Current Assets		97,232,474,326	53,246,958,157
Total Assets (I+II)		111,722,972,410	61,509,718,285

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON
31 DECEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

LIABILITIES

	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
III- Short-Term Liabilities			
A- Financial Liabilities		1,711,837,951	9,238,621
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	4 and 20	18,321,513	9,238,621
3- Deferred Leasing Costs (-)		-	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued (-)		-	-
8- Other Financial Liabilities	4 and 20	1,693,516,438	-
B- Payables Arising from Main Operations	19	606,279,214	273,554,282
1- Payables Arising from Insurance Operations	4 and 19	132,963,556	36,580,864
2- Payables Arising from Reinsurance Operations	19	505,173	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	4, 19 and 47.1	442,692,353	206,559,362
5- Payables Arising from Other Main Operations	4, 19 and 47.1	30,118,132	30,414,056
6- Discount on Payables from Other Main Operations (-)		-	-
C- Due to Related Parties	35,513,161	14,415,662	
1- Due to Shareholders	45	32,965,882	13,394,187
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		2,547,279	1,021,475
6- Due to Other Related Parties		-	-
D- Other Payables	19	56,027,056	25,249,854
1- Deposits and Guarantees Received	4 and 19	732,118	444,775
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables	4, 19 and 47.1	55,294,938	24,805,079
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions		3,337,009,690	1,983,432,840
1- Reserve for Unearned Premiums - Net	2.24, 4 and 17.15-17.19	2,194,314,397	1,122,108,236
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	2.24, 4 and 17.2	67,392,738	32,102,263
4- Provision for Outstanding Claims - Net	2.24, 4 and 17.15-17.19	1,001,192,824	783,794,516
5- Provision for Bonus and Discounts - Net	2.24	74,109,731	45,427,825
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations		362,560,956	190,529,231
1- Taxes and Funds Payable		78,702,343	56,708,898
2- Social Security Premiums Payable		19,538,442	6,398,656
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities Payable		1,025,414	-
5- Corporate Tax Liability Provision on Period Profit	35	1,098,598,207	554,925,352
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(835,303,450)	(427,503,675)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		190,164,053	150,534,353
1- Provision for Termination Indemnities		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	190,164,053	150,534,353
H- Deferred Income and Expense Accruals	19	-	54,674
1- Deferred Commission Income	19	-	54,674
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Short-Term Liabilities		2,027,930	2,840,502
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities	47.1	2,027,930	2,840,502
III - Total Short-Term Liabilities		6,301,420,011	2,649,850,019

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON
31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

LIABILITIES

	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
IV- Long-Term Liabilities			
A- Financial Liabilities		3,120,395	9,651,410
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	4 and 20	3,120,395	9,651,410
3- Deferred Leasing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Main Operations	2.14 and 17.5	96,575,345,722	52,756,011,537
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business	2.14 and 17.5	96,575,345,722	52,756,011,537
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations (-)		-	-
C- Due to Related Parties			
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Received		-	-
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
E- Insurance Technical Provisions		2,539,753,949	2,155,750,158
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net	2.24, 4 and 17.2	2,154,248,617	1,856,632,477
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.24, 4 and 17.15 - 17.19	385,505,332	299,117,681
F- Other Liabilities and Relevant Accruals			
1- Other Liabilities		-	-
2- Overdue, Deferred or by Instalment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	22	97,630,573	24,562,205
1- Provisions for Severance Pay	22	97,630,573	24,562,205
2- Provisions for Employee Pension Funds Deficits		-	-
H- Deferred Income and Expense Accruals			
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Long Term Deferred Income		-	-
I- Other Long-Term Liabilities			
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		99,215,850,639	54,945,975,310

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

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

SHAREHOLDERS' EQUITY

	Notes	Audited Current Period 31 December 2022	Audited Prior Period 31 December 2021
V- Shareholders' Equity			
A- Paid in Capital		775,855,185	775,855,185
1- (Nominal) Capital	2.13 and 15	755,752,390	755,752,390
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		20,102,795	20,102,795
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to Be Registered		-	-
B- Capital Reserves		95,844,969	78,564,528
1- Share Premium		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves	15	95,844,969	78,564,528
C- Profit Reserves		1,923,084,658	1,304,550,630
1- Legal Reserves	15	709,839,179	591,339,180
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	1,169,972,048	775,195,924
4- Special Funds, Reserves		-	-
5- Revaluation of Financial Assets	15	118,445,767	(43,792,286)
6- Other Profit Reserves	15	(75,172,336)	(18,192,188)
D- Retained Earnings		18,858,870	18,858,870
1- Retained Earnings		18,858,870	18,858,870
E- Accumulated Losses (-)		-	-
1- Accumulated Losses		-	-
F- Net Profit/(Loss) for the Period		3,392,058,078	1,736,063,743
1- Net Profit for the Year		3,384,354,139	1,736,063,743
2- Net Loss for the Year (-)		-	-
3- Net Profit That Is Not Subject to Distribution		7,703,939	-
V- Total Equity		6,205,701,760	3,913,892,956
Total Equity and Liabilities (III+IV+V)		111,722,972,410	61,509,718,285

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I- TECHNICAL PART

	Notes	Audited 01.01.2022-31.12.2022	Audited 01.01.2021-31.12.2021
A- Non-Life Technical Income		22,879,775	83,732,881
1- Earned Premiums (Net of Reinsurer Share)		20,291,797	80,476,468
1.1- Written Premiums (Net of Reinsurer Share)	2.21 and 24	16,543,125	21,729,335
1.1.1- Written Premiums, Gross	24	16,553,323	21,959,817
1.1.2- Written Premiums, Gross	10 and 24	(10,198)	(230,482)
1.1.3- Premiums transferred to SSI		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward) (+/-)	17	3,748,672	58,747,133
1.2.1- Reserve for Unearned Premiums, Gross (-)	17	3,748,672	69,767,444
1.2.2- Reserve for Unearned Premiums, Ceded (+)	10 and 17	-	(11,020,311)
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)		-	-
1.3.1- Reserve for Unexpired Risks, Gross (-)		-	-
1.3.2- Reserve for Unexpired Risks, Ceded (+)		-	-
2- Investment Income - Transferred from Non-Technical Section		2,524,934	3,248,974
3- Other Technical Income (Net of Reinsurer Share)		63,044	7,439
3.1- Other Technical Income, Gross		63,044	7,439
3.2- Other Technical Income, Gross		-	-
4- Accrued Salvage and Subrogation Income		-	-
B- Non-Life Technical Expense (-)		(44,440,582)	(60,138,278)
1- Incurred Losses (Net of Reinsurer Share)		(8,836,014)	(1,681,041)
1.1- Claims Paid (Net of Reinsurer Share)		(4,536,784)	(4,285,966)
1.1.1- Claims Paid, Gross (-)		(5,002,280)	(5,482,132)
1.1.2- Claims Paid, Ceded (+)	10	465,496	1,196,166
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Provision Carried Forward) (+/-)		(4,299,230)	2,604,925
1.2.1- Change in Provisions for Outstanding Claims, Gross (-)		(5,342,177)	2,724,928
1.2.2- Change in Provisions for Outstanding Claims, Ceded (+)	10	1,042,947	(120,003)
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward) (+/-)		(1,768,673)	(1,620,952)
2.1- Provision for Bonus and Discounts, Gross (-)		(1,768,673)	(1,620,952)
2.2- Provision for Bonus and Discounts, Ceded (+)		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)	17	(11,053)	(13,946)
4- Operating Expenses (-)	31	(33,255,672)	(57,338,848)

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I- TECHNICAL PART

	Notes	Audited 01.01.2022-31.12.2022	Audited 01.01.2021-31.12.2021
5- Change in mathematical provisions (net off circulating part)		(569,170)	520,867
5.1- Mathematical Provisions (-)		(569,170)	520,867
5.2- Mathematical Provisions, Ceded (+)		-	-
6- Other Technical Expenses (-)		-	(4,358)
6.1- Other Technical Expenses, Gross (-)		-	(4,358)
6.2- Gross Other Technical Expenses, Ceded (+)		-	-
C- Net Technical Income-Non-Life (A - B)		(21,560,807)	23,594,603
D- Life Technical Income		5,873,746,068	3,639,219,969
1- Earned Premiums (Net of Reinsurer Share)		5,779,063,388	3,553,795,247
1.1- Written Premiums (Net of Reinsurer Share)	2.21 and 24	6,855,018,221	3,929,827,247
1.1.1.- Written Premiums, Gross (+)	24	6,861,888,430	3,926,486,616
1.1.2.- Written Premiums, Ceded (-)	10 and 24	(6,870,209)	3,340,631
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward) (+/-)	17	(1,075,954,833)	(376,032,000)
1.2.1.- Reserve for Unearned Premiums, Gross (-)	17	(1,075,954,833)	(362,717,329)
1.2.2.- Reserve for Unearned Premiums, Ceded (+)	10 and 17	-	(13,314,671)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)		-	-
1.3.1.- Reserve for Unexpired Risks, Gross (-)		-	-
1.3.2.- Reserve for Unexpired Risks, Ceded (+)		-	-
2- Investment Income	26	62,013,422	69,546,884
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		32,669,258	15,877,838
4.1.- Other Technical Expenses, Gross (+/-)		32,669,258	15,877,838
4.2.- Gross Other Technical Expenses, reinsurer share (+/-)		-	-
5- Accrued subrogation income (+)		-	-
E- Life Technical Expense		(4,420,157,698)	(2,829,684,920)
1- Incurred Losses (Net of Reinsurer Share)		(1,814,406,027)	(1,597,627,697)
1.1- Claims Paid (Net of Reinsurer Share)		(1,601,306,949)	(1,434,535,750)
1.1.1.- Claims Paid, Gross (-)		(1,606,175,518)	(1,456,089,896)
1.1.2.- Claims Paid, Ceded (+)	10	4,868,569	21,554,146
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)		(213,099,078)	(163,091,947)
1.2.1.- Change in Provisions for Outstanding Claims, Gross (-)		(208,982,228)	(161,228,335)

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I- TECHNICAL PART

	Notes	Audited 01.01.2022-31.12.2022	Audited 01.01.2021-31.12.2021
1.2.2- Change in Provisions for Outstanding Claims, Ceded (+)	10	(4,116,850)	(1,863,612)
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)		(26,913,232)	(24,583,240)
2.1- Provision for Bonus and Discounts, Gross (-)		(26,913,232)	(24,583,240)
2.2- Provision for Bonus and Discounts, Ceded (+)			
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)		(332,337,445)	26,707,851
3.1- Mathematical Reserves (-)		(332,337,445)	26,716,831
3.1.1- Actuarial Mathematical Reserves (+/-)		(332,337,445)	26,716,831
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves (+)		-	(8,980)
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	(8,980)
3.2.2- Reinsurer's Share of Profit Share Reserve- (for Permanent Life Insurance Policies) (+)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward) (+/-)	17	(86,376,598)	(48,438,628)
5- Operating Expenses (-)	31	(2,113,505,702)	(1,131,753,414)
6- Investment Expenses (-)	26	(813,126)	(2,693,326)
7- Unrealized Losses on Investments (-)		-	-
8- Investment Income Transferred to the Non-Life Technical Section (-)		(45,805,568)	(51,296,466)
F- Net Technical Income- Life (D -E)		1,453,588,370	809,535,049
G- Pension Business Technical Income		1,205,369,991	743,685,095
1- Fund Management Income		912,797,304	521,218,563
2- Management Fee		151,470,165	94,962,762
3- Entrance Fee Income	2.14 and 25	105,507,192	102,163,575
4- Management Expense Charge in case of Suspension		14,461,483	12,057,550
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		21,133,847	13,282,645
H- Pension Business Technical Expense		(598,206,587)	(400,814,386)
1- Fund Management Expense (-)		(35,247,976)	(20,793,837)
2- Decrease in Value of Capital Allowances Given as Advance (-)		-	(86,876)
3- Operating Expenses (-)	31	(426,048,235)	(291,530,962)
4- Other Technical Expenses (-)		(136,910,376)	(88,402,711)
I- Net Technical Income - Pension Business (G - H)		607,163,404	342,870,709

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

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

II- NON-TECHNICAL PART

	Notes	Audited 01.01.2022-31.12.2022	Audited 01.01.2021-31.12.2021
C- Net Technical Income - Non-Life (A-B)		(21,560,807)	23,594,603
F- Net Technical Income - Life (D-E)		1,453,588,370	809,535,049
I- Net Technical Income - Pension Business (G-H)		607,163,404	342,870,709
J- Total Net Technical Income (C+F+I)		2,039,190,967	1,176,000,361
K- Investment Income		2,529,308,499	1,245,326,064
1- Income from Financial Assets	26	1,547,114,481	1,035,242,550
2- Income from Disposal of Financial Assets	26	308,803,736	12,893,933
3- Valuation of Financial Assets	26	501,263,637	53,867,181
4- Foreign Exchange Gains	36	9,963,754	11,535,395
5- Income from Associates		10,271,919	963,896
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment		106,200,364	79,526,320
8- Income from Derivative Transactions		-	-
9- Other Investments		1,110	323
10- Income Transferred from Life Section		45,689,498	51,296,466
L- Investment Expense (-)		(138,822,347)	(125,831,069)
1- Investment Management Expenses (Inc. interest) (-)		(154,319)	-
2- Diminution in Value of Investments (-)	26	-	(9,113,300)
3- Loss from Disposal of Financial Assets (-)	26	(57,613)	(190,853)
4- Investment Income Transferred to Non-Life Technical Section (-)		(2,524,934)	(3,248,974)
5- Loss from Derivative Transactions (-)		-	-
6- Foreign Exchange Losses (-)	36	(6,715,800)	(9,085,256)
7- Depreciation and Amortization Expenses (-)		(64,482,572)	(51,636,868)
8- Other Investment Expenses (-)	26	(64,887,109)	(52,555,818)
M- Income and Expenses from Other and Extraordinary Operations (+/-)		62,004,579	(4,506,261)
1- Provisions (+/-)	47.5	(6,566,272)	(3,387,745)
2- Rediscounts (+/-)		-	-
3- Monetary Gains and Losses (+/-)		-	-
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Taxation (Deferred Tax Assets) (+/-)	21 and 35	71,419,153	-
6- Deferred Taxation (Deferred Tax Liabilities) (-)	21 and 35	-	(367,413)
7- Other Income		207,884	463,492
8- Other Expenses and Losses (-)		(3,269,233)	(1,813,107)
9- Prior Year's Income	47.4	213,047	611,020
10- Prior Year's Expenses and Losses (-)	47.4	-	(12,508)
N- Net Profit or Loss for the Period	37	3,392,058,078	1,736,063,743
1- Profit or Loss for the Year		4,491,681,698	2,290,989,095
2- Corporate Tax Provision and Other Fiscal Liabilities (-)	35	(1,099,623,620)	(554,925,352)
3- Net Profit or Loss for the Period		3,392,058,078	1,736,063,743
4- Monetary Gains and Losses		-	-

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Notes	Audited 01.01.2022-31.12.2022	Audited 01.01.2021-31.12.2021
A. CASH GENERATED FROM MAIN OPERATIONS			
1-		7,102,512,863	3,787,263,967
2-		505,173	-
3-		1,441,502,982	802,210,939
4-		(4,264,878,479)	(2,699,492,605)
5-		-	-
6-		(718,236,146)	(437,685,121)
7-		3,561,406,393	1,452,297,180
7- Cash Provided from Operating Activities (A1+A2+A3-A4-A5-A6)		3,561,406,393	1,452,297,180
8-		-	-
9-		(962,725,127)	(543,967,300)
10-		-	-
11-		(213,000,928)	(21,458,425)
12-		2,385,680,338	886,871,455
B. CASH FLOWS FROM INVESTING OPERATIONS			
1-		254,801	4,068,309
2-		(92,752,607)	(45,091,880)
3-	11	(6,824,076,196)	(3,804,158,926)
4-	11	2,801,321,703	1,861,014,164
5-		1,519,166,255	1,191,680,519
6-		-	-
7-		35,087,336	21,436,120
8-		(56,981,303)	(928,922)
9-		(2,617,980,011)	(771,980,616)
9- Net Cash Provided by Investing Activities (used in their activities)		(2,617,980,011)	(771,980,616)
C. CASH FLOWS FROM FINANCING OPERATIONS			
1-		-	-
2-		-	-
3-	20	(19,737,496)	(11,286,407)
4-	45	(1,222,787,620)	(648,000,000)
5-		1,693,516,438	-
6-		-	-
7-		450,991,322	(659,286,407)
D-		3,247,954	2,450,139
D- EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		3,247,954	2,450,139
E-		221,939,603	(541,945,429)
E- Net increase/(decrease) in cash and cash equivalents		221,939,603	(541,945,429)
F-		2,066,338,896	2,608,284,325
F- Cash and cash equivalents at the beginning of the period		2,066,338,896	2,608,284,325
G-	2.12	2,288,278,499	2,066,338,896
G- Cash and cash equivalents at the end of the period (E+F)	2.12	2,288,278,499	2,066,338,896

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Statements of Changes in Equity - Restated (Audited) ⁽¹⁾				
	Share Capital	Value Own Shares of the Company (-)	Increase/ (Decrease) In Assets	Inflation Adjustment Differences in Shareholders	Currency Translation Adjustments
I- Balance at the Prior Period End - 31 December 2020	755,752,390	-	95,967,226	20,102,795	-
A- Capital Increase (A1 + A2)	-	-	-	-	-
1- Cash	-	-	-	-	-
2- Internal Resources	-	-	-	-	-
B- Own Shares of The Company	-	-	-	-	-
C- Gain and Losses Not Recognized In the Statement of Income (Note 15)	-	-	-	-	-
D- Change in The Value of Financial Assets (Note 15)	-	-	(61,194,984)	-	-
E- Currency Translation Adjustments	-	-	-	-	-
F- Other Gains or Losses	-	-	-	-	-
G- Inflation Adjustment Differences	-	-	-	-	-
H- Net Profit for The Period	-	-	-	-	-
I- Dividends Paid (Note 45)	-	-	-	-	-
J- Transfer	-	-	-	-	-
II- Balance at - 31 December 2021 (I+A+B+C+D+E+F+G+H+I+J)	755,752,390	-	34,772,242	20,102,795	-
I- Balance at the Prior Period End - 31 December 2021	755,752,390	-	34,772,242	20,102,795	-
A- Capital Increase (A1 + A2)	-	-	-	-	-
1- Cash	-	-	-	-	-
2- Internal Resources	-	-	-	-	-
B- Own Shares of The Company	-	-	-	-	-
C- Gain and Losses Not Recognized In the Statement of Income (Note 15)	-	-	-	-	-
D- Change in The Value of Financial Assets (Note 15)	-	-	179,518,494	-	-
E- Currency Translation Adjustments	-	-	-	-	-
F- Other Gains or Losses	-	-	-	-	-
G- Inflation Adjustment Differences	-	-	-	-	-
H- Net Profit for The Period	-	-	-	-	-
I- Dividends Paid (Note 45)	-	-	-	-	-
J- Transfer	-	-	-	-	-
II- Balance at - 31 December 2022 (I+A+B+C+D+E+F+G+H+I+J)	755,752,390	-	214,290,736	20,102,795	-

⁽¹⁾ Detailed explanations on equity items are included in note 15. The accompanying notes are an integral part of these financial statements.

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

Statements of Changes in Equity - Restated (Audited) ^(*)

Legal Reserves	Statutory Reserves	Other Reserves and Retained Profit	Net Profit/(Loss) for the Period	Retained Earnings	Total
488,707,049	-	241,007,030	1,384,116,468	(94,893,520)	2,890,759,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(3,735,241)	-	-	(3,735,241)
-	-	-	-	-	(61,194,984)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,736,063,743	-	1,736,063,743
-	-	-	-	(648,000,000)	(648,000,000)
102,632,131	-	519,731,947	(1,384,116,468)	761,752,390	-
591,339,180	-	757,003,736	1,736,063,743	18,858,870	3,913,892,956
591,339,180	-	757,003,736	1,736,063,743	18,858,870	3,913,892,956
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(56,980,148)	-	-	(56,980,148)
-	-	-	-	-	179,518,494
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,392,058,078	-	3,392,058,078
-	-	-	-	(1,222,787,620)	(1,222,787,620)
118,499,999	-	394,776,124	(1,736,063,743)	1,222,787,620	-
709,839,179	-	1,094,799,712	3,392,058,078	18,858,870	6,205,701,760

CONVENIENCE TRANSLATION OF THE NOTES TO THE STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Notes	Current Period ⁽¹⁾	Prior Period
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		4,491,681,698	2,290,989,095
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(1,099,623,620)	(554,925,352)
1.2.1. Corporate Tax (Income Tax)		(1,099,623,620)	(554,925,352)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A. NET PROFIT FOR THE PERIOD (1.1 - 1.2)		3,392,058,078	1,736,063,743
1.3. PREVIOUS YEARS' LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	-
B. NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		-	1,736,063,743
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	37,787,620
1.6.1. To common shareholders		-	37,787,620
1.6.2. To preferred shareholders		-	-
1.6.3. To owners of participating redeemed shares		-	-
1.6.4. To owners of profit-sharing securities		-	-
1.6.5. To owners of profit and loss sharing securities		-	-
1.7. DIVIDENDS TO PERSONNEL (-)		-	-
1.8. DIVIDENDS TO FOUNDERS (-)		-	-
1.9. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
1.10. SECOND DIVIDENDS TO SHAREHOLDERS (-)		-	1,185,000,000
1.10.1. To common shareholders		-	1,185,000,000
1.10.2. To preferred shareholders		-	-
1.10.3. To owners of participating redeemed shares		-	-
1.10.4. To owners of profit-sharing securities		-	-
1.10.5. To owners of profit and loss sharing securities		-	-
1.11. SECOND LEGAL RESERVE (-)		-	118,499,999
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	394,776,124
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		4.49	2.30
3.2. TO COMMON SHAREHOLDERS (%)		449%	230%
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	1.62
4.2. TO COMMON SHAREHOLDERS (%)		-	162%
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

⁽¹⁾ The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between 1 January - 31 December 2022 was not held as of the preparation date of the consolidated financial statements.

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

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

1. GENERAL INFORMATION

1.1. Name of the Company and the ultimate parent of the group: As of 31 December 2022 and 31 December 2021 Turkey Hayat ve Emeklilik AS (formerly "Vakıf Emeklilik ve Hayat A.Ş.") ("Company") main partner is TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar"); T.C. Cumhurbaşkanlığı Türkiye Varlık Fonu is the ultimate parent.

1.2 Location and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office): The company was registered in Istanbul in 1991. With the private pension license obtained in 2003, the company started its activities by qualifying to operate in the Private Pension System. Registered address of the company is Levent Mahallesi, Çayırçimen Sokağı, No: 7 Beşiktaş/Istanbul.

1.3 Nature of operations: The Company continues its activities in line with the Insurance Law No,5684, as well as the Private Pension Savings and Investment System Law No,4632, and its official declarations regarding the aforementioned laws. According to its articles of association, the Company continues its activities in life, personal accident and health branches in the field of private pension as well as insurance and reinsurance activities.

1.4 Description of the main operations of the Company: Explained in Note 1.2 and 1.3.

1.5 The average number of the personnel during the period in consideration of their categories:

	1 January - 31 December 2022	1 January - 31 December 2021
Senior management	7	9
Other personnel	1,214	1,216
	1,221	1,225

1.6 The total amount of the salaries and similar benefits provided to the senior management including General Manager, and Assistant General Managers: TRY5,216,830 (1 January - 31 December 2021: TRY3,387,947).

1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the financial statements: Procedures and principles related to keys used in the distribution of investment income and operating expenses in the financial statements are determined in accordance with 'Communiqué on the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In accordance with Insurance Accounting Plan' dated 4 January 2008 and numbered 2008/1 issued by Ministry of Treasury and Finance.

1.8 Information on the financial statements as to whether they comprise an individual company or a group of companies: The financial statements include only one company (Türkiye Hayat ve Emeklilik A.Ş.). The private fund established by the Company has not been consolidated within the framework of the "Sector announcement on the preparation of consolidated financial statements" dated 23 December 2022 and numbered 2022/14 of the Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK").

1.9 Name or other identity information about the reporting entity and the changes in this information after previous reporting date: Name and other identification information of the Company are disclosed in Notes 1.1, 1.2 and 1.3.

1.10 Subsequent Events: The Board of Directors has the authority to change and approve the financial statements. It was declared that the financial statements for the fiscal period of 1 January - 31 December 2022 are prepared in accordance with the applicable accounting principles and standards and are in compliance with the relevant legislation and Company records on March 3, 2023.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements

The Company prepares its financial statements by the Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") established by the Insurance Law No,5684 ("Insurance Law") published in the Official Gazette dated 14 June 2007 and numbered 26552 and the Presidential Decree dated 18 October 2019. It prepares according to published regulations The insurance legislation regarding financial reporting before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No:1) and announcement of new account codes in the Insurance Account Plan dated December 27, 2011 and numbered 2011/14. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated June 18, 2008 and the Communiqué on the New Accounting Codes and Presentation of Financial Statements published in the Official Gazette dated May 31, 2012 and numbered 2012/7.

The company has been operating since January 1, 2008, the "Insurance and Reinsurance Companies and Pension Companies" that entered into force on 1 January 2008. In line with the "Regulation on Financial Reporting", the said regulation and the Public Oversight, Accounting and Auditing Standards Institute (formerly Turkey Accounting Standards Council) is described by Turkey Financial Reporting Standards ("IFRS") and T. C. Treasury and Other published by the Ministry of Finance on the principles of accounting and financial reporting accounting in the framework of regulations, explanations and circulars T. C. Based on the letter No. 9 of February 18, 2008 of the Ministry of Treasury and Finance, "TAS 1- Financial Statements and Presentation", "TAS 27-Consolidated and Non-Consolidated Financial Statements", " TFRS 1 - Transition to TFRS "and" TFRS 4 - Insurance Contracts "are the scope of this application. However, the official number of insurance companies dated December 31, 2008 and numbered 27097. Consolidated Financials of Insurance and Reinsurance Companies and Pension Companies Published in the Newspaper Communiqué on the Arrangement of the Statements ("Consolidation Communiqué") of 31 March June 2009 applications are required. In the 12 August 2008 dated and 2008/36 numbered "Sector Announcement Related to the Accounting of Subsidiaries, Associates and Joint Ventures in the Separate Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by the Treasury and Finance Ministry, it is stated that although, insurance, reinsurance and individual pension companies are exempted from TAS 27 - Consolidated and Separate Financial Statements, subsidiaries, associates and joint-ventures could be accounted for in accordance with TAS 39 - Financial Instruments: Recognition and Measurement or at cost in accordance with the 10th paragraph of TAS 27 - Consolidated and Separate Financial Statements. The company recognised its subsidiaries and associates with respect to their fair values less impairment amount if any.

On January 20, 2022, Public Oversight Agency made a statement on "Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises". Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29, "Financial Reporting in High Inflation Economies". As of the preparation date of these financial statements, no new disclosure has been made by KGK within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 31 December 2022.

Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is revised when necessary and significant differences are disclosed.

Changes in Turkey Financial Reporting Standards:

The accounting policies based on the preparation of the financial statements for the fiscal period that ended as of 31 December 2022 have been applied consistently with those used in previous periods, except for the new and amended standard and TFRYK interpretations as of 31 December 2022, as summarized below.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.1 Basis of Preparation (Continued)****2.1.1 Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)**

The Company has evaluated the effects of the standards and amendments mentioned below on the financial statements and has come to the opinion that the amendments do not have a significant impact on the current period financial statements.

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16,** 'Property, plant and equipment' 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 recognize such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **IFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The company has evaluated the effects of the above-mentioned standards and amendments on the financial statements and has come to the opinion that the amendments do not have a significant impact other than the effects of the TFRS 17 standard. The company has established the necessary accounting policies within the scope of TFRS 17, and analyzes and evaluations regarding the effects of TFRS 17 standard on financial statements are continuing.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.2 Functional and presentation currency

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

2.1.3 Rounding of the amounts presented in the financial statements

The financial information presented in TRY has been rounded to the nearest TRY values.

2.1.4 Basis of measurement used in the preparation of the financial statements

The accompanying financial statements are prepared on the historical cost basis as adjusted except for the financial assets held for trading, available for sale financial assets, investment property, owner occupied property of the Company and investments in associates which are stated at their fair values.

2.1.5 Accounting policies, changes in accounting estimates and errors

There is no change or misstatement in the current period accounting policies and estimates. Accounting estimates are stated in Note 3.

2.1.6 Comparative information

Where necessary, comparative information has been reclassified so that provide the compatibility to the presentation of financial statements for the current period.

2.1.7 Business combinations

It is explained in Note 2.1.1.

2.2 Consolidation

'Circular on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies' issued by Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ('the Circular for Consolidation') requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009.

2.3 Segment Reporting

The Company does not perform segment reporting in the scope of "TFRS 8 - Segment Reporting", since it is not a listed company.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.4 Foreign Currency Transactions**

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

Changes in the fair value of financial assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortized cost of the asset and other changes in the carrying amount of the asset. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes are accounted for.

2.5 Tangible Assets

All tangible assets except for buildings for operational use are carried at cost by deducting accumulated depreciation. Properties for operational use are recorded at their fair value on the basis of a valuation made by an independent valuation expert less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net carrying amount is restated to the revalued amount.

Increases in the carrying amounts arising on revaluation of property, net of tax effects, are credited to 'Other Capital Reserves' under shareholders' equity. Any subsequent decrease in value offsetting previous increases in the carrying amount of the same asset is charged against the funds in the equity; and all other decreases are charged to profit or loss. At each reporting date, the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from 'Other Capital Reserves' to retained earnings.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price 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. Depreciation is calculated on a straight-line basis over the estimated useful lives of the costs or revalued amounts of tangible assets. Depreciation rates and estimated useful lives are below:

Buildings (Land and buildings held for utilisation)	40 years
Furniture and fixtures	3-15 years
Motor vehicles	5 years
Other tangible assets, Including leasehold improvements	5 years
Leased tangible assets	2-12 years

If there are indicators of impairment on tangible assets, a review is made in order to determine possible impairment and as a result of this review, if an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down immediately to its recoverable amount by accounting for an impairment provision. Gains and losses on disposals of property and equipment are included in other non-operational income and expenses accounts (Note 6).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible Assets (Continued)

Right of Use Assets

The Company accounts for its rights-to-use assets on the date the financial lease contract commences (for example, as of the date the relevant asset is available for use). The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure will be corrected.

Right of use assets are measured at cost comprising the following:

- (a) The amount of the initial measurement of lease liability,
- (b) Any lease payments made at or before the commencement date less any lease incentives received and
- (c) Any initial direct costs and restoration costs.

Unless the transfer of ownership of the asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset. Right of use assets are subject to impairment assessment.

Lease Liability

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 31, 2022. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 31, 2022 was 17% for local currency liabilities.

2.6 Investment Property

The lands and buildings, which are obtained either to earn income or for capital appreciation or for both, instead of either for the Company's operations or for management purposes or for sale during the regular operations, are classified under investment properties. Investment properties are reflected in the financial statement at fair value. Fair value changes in investment properties are recognized under "Income from Land, Land and Buildings" under investment income in the income statement(Note 7).

2.7 Intangible Assets

Intangible fixed assets include the computer software acquired. Intangible fixed assets are recorded at their acquisition cost and are subjected to depreciation with the straight-line depreciation method over their estimated useful lives after the date of acquisition. In case of impairment, the registered value of intangible fixed assets is brought to their recoverable value. The depreciation periods of intangible fixed assets vary between 1 and 3 years (Note 8).

2.8 Financial Assets

The Company classifies and accounts for its financial assets as "financial assets held to maturity", "Available-for-sale financial assets", "Financial assets at fair value through profit or loss", and "Loans and receivables (Receivables from main operations)". Receivables from main operations are the receivables arising from insurance and pension operations and they are classified as financial assets in the financial statements.

Purchases and sales of the financial assets are recognized and derecognized based on "Settlement date". The classification of the financial assets is determined by the Company management at inception by considering the purpose for which the financial assets are acquired.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.8 Financial Assets (Continued)*****Available for sale financial assets***

With financial assets and securities available for sale; It consists of the investments that the company has no significant influence on and classified under the "Linked Securities" item in the balance sheet (Notes 9 and 11).

The said assets are valued at their fair values in the periods following their recording. In case the price formations that constitute the basis of fair value do not occur within active market conditions, it is accepted that the fair value cannot be determined reliably and the discounted value calculated according to the effective interest method is considered as the fair value. In case the securities representing a share in the capital classified as available-for-sale financial assets are traded in organized markets and/or their fair value can be determined reliably, such as valuation studies carried out by independent valuation companies, they are reflected in the records with their fair values. In cases where the assets in question are not traded in the organized markets and their fair values cannot be determined reliably, they are reflected in the financial statements at their cost after the provision for impairment is deducted.

Unrealized gains and losses arising from changes in the fair values of available-for-sale financial assets and representing the differences between the amortized cost of the relevant financial assets calculated with the effective interest method and their fair values are shown in the "Valuation of Financial Assets" account under equity items. In case of disposal of financial assets available for sale, the said amount is transferred to the income statement.

At each balance sheet date, the company evaluates whether there is objective evidence about the impairment of its financial assets. The significant and long-term decrease in the fair value of stocks classified as available for sale below their cost is considered as an indicator of impairment. The depreciation expenses recorded in the income statement regarding capital instruments cannot be reversed from the income statement in the following periods.

Held-to-maturity financial assets

Held-to-maturity financial assets are intended to be held until their maturities and including ability to funding, provided the circumstances to be held to maturity, with fixed or determinable payments and with fixed maturity, and apart from loans and receivables, when recognized, not recognized as financial assets at fair value through profit or loss and not available for sale financial assets. These financial assets initially recognized at the acquisition cost and is considered fair value. The fair value of held-to-maturity financial assets is determined on transaction cost of these financial assets or market price of similar financial instruments. Held-to-maturity financial assets are carried at amortized cost. Contribution income related to held-to-maturity financial assets is reflected in the income statement.

The Company does not allocate any impairment on short-term market fluctuations, provided that there is no risk of collection of the securities representing the borrowings classified as held-to-maturity financial assets. If there is a risk of collection, the amount of the impairment is the difference between the book value of the financial asset and the value of the cash flows expected from the financial asset, if any, amortized based on the original effective rate of return.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

Available for sale financial assets (Continued)

Loans and receivables (Receivables from main operations)

Loans and receivables are financial assets which are generated by providing money or service to the debtor. Loans and receivables are initially recognized at acquisition value and subsequently measured at cost. Fees and other charges paid in relation to assets obtained as guarantee for the above mentioned receivables are not deemed as transaction costs and charged as expenses to the income statement.

The Company accounts for a provision for its receivables based on evaluations and estimations of the management. The mentioned provision is classified under "Provision for due from insurance operations" on the balance sheet. The Company sets its estimations in accordance with the risk policies and the principle of prudence by considering the structure of current receivable portfolio, financial structure of policyholders and intermediaries, non-financial data and economic conditions.

Law article No: 323, the Company accounts for a "Provision for doubtful receivables under legal follow-up" regarding its doubtful receivables which are not included in provision for due from insurance operations stated above, by considering the amount and nature of these receivables. This provision is classified as "Doubtful receivables from main operations" on the balance sheet under non-current asset group.

Provision for doubtful receivables is deducted from the related year's income. Recoveries from doubtful receivables previously provided for are treated as a reduction from related provision and accounted for in the "Other provision expense" account. Such receivables are written off after all necessary legal proceedings have been completed (Note 12).

Financial assets whose fair value difference is reflected in the income statement (Financial assets held for trading)

Financial assets measured by the Company with their fair values and reflected in the income statement are classified under the account items "Financial assets for trading" and "Financial investments whose risks belong to life policyholders" in the financial statements.

Financial assets measured at their fair value and associated with the income statement are acquired to profit from short-term fluctuations in prices and similar factors in the market, or regardless of the reason for the acquisition, part of a portfolio that aims to generate profit in the short term is based on financial instruments and the Company's performance according to its fair value. It consists of financial instruments that it evaluates and classified in this category at the time of purchase for this purpose.

Financial assets whose fair value difference is reflected in the income statement are initially recorded at their fair values and are valued with their fair values in the following periods. If the price formations that constitute the basis of fair value do not occur under active market conditions, it is accepted that the fair value is not determined reliably and the "discounted value" calculated according to the effective interest method is considered as the fair value. Gains and losses resulting from the valuation are included in the income statement. The fair value, interest or sales income and exchange difference income and expenses obtained from the trading financial assets in the Company portfolio are shown in "Investment Income".

Fair value, interest or sales income and exchange difference income and expenses related to the financial assets whose risks are included in the portfolio of the insured are recognized in the account item "Life Branch Investment Income" (Notes 11 and 26).

2.9 Impairment of Assets

Subjects related to impairments of assets are included in the notes of the accounting policies for the related assets.

Total mortgage or collateral amounts on assets are explained in Note 43, doubtful receivables provision for overdue and not yet due receivables in Note 12.1, rediscount and provision expenses for the period are explained in Note 47.5.

2.10 Derivative Financial Instruments

Derivative financial instruments of the period are detailed in Note 13.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.11 Offsetting of Financial Assets**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset 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 Turkish Financial Reporting Standards, or for gains and losses arising from a group of similar transactions included in the Company's trading activities.

2.12 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits held at banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents included in the statements of cash flows are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Banks (Note 14)	4,871,074,935	4,408,906,703
Bank guaranteed credit card receivables with maturities less than three months (Note 14)	262,281,065	145,640,997
Less - Interest accrual	(91,899,210)	(54,788,050)
Less - Blocked bank deposits (Notes 14 and 43) ⁽¹⁾	(2,753,178,291)	(2,433,420,754)
Total cash and cash equivalents	2,288,278,499	2,066,338,896

⁽¹⁾ The change in the said blocked bank deposits is included in the other cash inflows/outflows from operating activities in the cash flow statement.

2.13 Share Capital

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

Name of Shareholders	<u>31 December 2022</u>		<u>31 December 2021</u>	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	700,102,390	92.64	700,102,390	92.64
Türkiye Sigorta A.Ş.	55,650,000	7.36	55,650,000	7.36
	755,752,390	100.00	755,752,390	100.00

The company is not subject to the registered capital system.

Other information about the capital of the company is explained in Note 15.

2.14 Insurance and Investments Contracts - Classification

The insurance contracts are those contracts that transfer insurance risk. The insurance contracts protect the insured against the adverse economic consequences of loss event under the terms and conditions stipulated in the insurance policy.

The Company mainly issues policies under personal accident, risk and saving life insurance branches and individual pension contracts.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and Investments Contracts – Classification (Continued)

i) Risk policies:

Annual life insurance

Annual life insurance provides one year guarantee for the risks that the policyholder can be faced with. This insurance covers all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability and critical disease during the policy term. Annual life insurance policies cover risks, it does not include savings and does not include right of surrender and policy loans. It can be sold as a group or individual. The age limit is between 18 and 65, premium amount changes according to the risk assessment based on age, sex and health.

Credit life insurance

Long-term life insurance provides long-term guarantee for all risks that the policyholder can be exposed to by providing natural death coverage along with the additional coverage such as accidental death, permanent or temporary disability during the policy term. The insurance term can be set between 1 and 30 years. Long-term life insurance provides protection and covers risks, it does not include savings. It is sold individually. The age limit is between 18 and 70 and premium amount changes according to the risk assessment based on age, sex and health.

Personal accident insurance

Personal accident insurance provides guarantee against risks arising as a result of accidents. It provides accidental death coverage along with the additional coverage such as accidental disability, unemployment or temporary disability and medical expenses.

ii) Private Pension Operations:

of 31 December 2022, there are 47 pension investment funds founded by the Company. (31 December 2021: 47 units).

Private pension system receivables mainly consist of capital advances made to pension funds, fund management fee receivables from pension funds, and receivables from participants and the custodian company. In the “fund operating deductions receivables from funds” account; the Company keeps funds operating expense deductions receivables deriving from funds management that could not be collected on the same day. Advances allocated to pension investment funds established by the Company are kept in “capital advances made to pension investment funds” account and all of the advances were collected. Receivables based on funds from the custodian company on behalf of participants are kept in “receivables from Custodian Company” account. At the same time, this amount is disclosed in private pension system payables account as “payables to participants for sold funds”.

As of 31 December 2022, and 2021 the amounts mentioned above are as follows:

	31 December 2022	31 December 2021
Receivables from the Custodian Firm	96,575,345,722	52,756,011,537
Payables to participants	96,575,345,722	52,756,011,537

In addition to debts to participants account explained in the prior paragraph, private pension system payables also include accruals calculated for management expenses of pension funds, temporary account of participants and payables to private pension intermediaries. Accruals calculated for management expenses of pension funds consists of accruals of payables to portfolio management company due to the pension investment funds established by the company. Temporary account of participants includes the contributions of participants that have not yet been transferred to investment and the amount that will be transferred to other companies or paid to participants after making certain deductions following the sales of the funds of the participants in the cases of transfers to other companies or departs from the system.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.14 Insurance and Investments Contracts - Classification (Continued)**

Fund management fee, which is taken in return for the management and representation of funds and hardware, personnel and accounting services devoted to funds, is recorded as income in the Company's accounts and is shared between the Company and the portfolio management company according to the ratios in the agreement or as a fixed expense. The total fee is recorded to the Company's technical income as fund management fee and the fee which belongs to the fund manager is recorded in the Company's technical expense as balance paid in return for fund management.

Not to exceed the monthly amount of the minimum wage in the account of entrance fee income, in cash or in instalments depending on the terms of the individual pension contract of the participants, or before 5 years if the participant logged into the system before 2013, before 10 years if the participant logged into the system after 2013, if the pension contract is canceled or transferred. on condition that it consists of the amounts collected from the participant. If the participant has their private pension account in the Company for 5 years if they have logged into the system before 2013, and for 10 years if they have logged into the system after 2013, no login fee will be charged.

Expense deductions, provided that they do not exceed a maximum of two percent over the contributions made to the participants' private pension account depending on the terms of the contract, are followed under the management expense deduction account.

The "Regulation Amending the Regulation on the Private Pension System" published in the Official Gazette dated 25 May 2015 and numbered 29366 entered into force on January 1, 2016. With this regulation, irregular payment and mandatory expenses related to the fund were defined and it was stated that the management expense deduction could be collected from the participant's savings with the contributions paid to the private pension account, and also, if the payment was suspended, an additional management expense deduction could be taken from the participant's savings during the interruption period. Limitations were imposed on deductions according to the years the contract was in the system.

With the summarizing provisions of the said regulation regarding deductions, the final state of the deductions is as follows:

In the first five years of the contract, the total amount of deduction that can be made within the scope of the entrance fee and management expense deduction cannot exceed the fixed amount corresponding to 8.5% of the Monthly Gross Minimum Wage valid in the first six months for each year. After the fifth year of a contract is completed, no management expense deduction, including interruption deduction, can be made and entry fee is collected within the scope of the relevant contract. Since the regulation does not affect the Company receivables accrued before the effective date, the Company reserves its rights regarding the receivables accrued but not collected prior to January 1, 2016. In the calculation of the time spent in the contract, all the periods spent in the relevant contract starting from the date of the first contract's entry into the system according to the transfer data regarding the contract information are taken into account. If it is established by transfer before January 1, 2016, the deduction upper limits are calculated regardless of the deduction amounts in the previous companies. If it is established by transfer after this date, it will be subject to calculation by taking into account the deduction amounts in the previous companies.

In case of leaving the Company before the expiry of the 5-year contract, except for the exercise of the pension right or the cases of leaving the company due to obligatory reasons such as death, disability or liquidation of the company, the part of this fixed amount that corresponds to the period until the end of the fifth year of the relevant contract and has not been collected by the company until the date of departure. Can be deducted by the company from the participants' savings in their private pension account as a deferred entrance fee. In this context, the deferred entrance fee should reflect the minimum amount defined in the plan by deducting all deductions from the total deduction upper limit that can be made over a 5-year period, until the date of departure from the participant.

The provisions regarding the entrance fee included in the contracts that entered into force before January 1, 2016 and are still in effect as of this date remain valid until the termination of the contract, limited to the amount of the deferred entrance fee in the above statement. However, the deferred entrance fee applied within the scope of the relevant contracts cannot exceed the time and amount limit specified above. According to the provisions of the Regulation, after the completion of the fifth year of the contract, the entrance fee cannot be deducted for the relevant contract. The same provisions are also valid for contracts that have no deferred entry fee and entered into force after January 1, 2016.

The Company reserves the right to collect a deduction amount in the contract, provided that it is in accordance with the collection method defined in the contract, as long as the contract remains in force, provided that it is clearly stated in the information and documents regarding the pension contract and the pension contract. In this context, if there is an amount that cannot be deducted from the savings related to the amount of management expense deduction defined in the plan in a five-year period, as long as the contract remains in effect after five years, these deductions will be deducted from the savings as cumulative when the savings are sufficient

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Insurance and Investments Contracts - Classification (Continued)

The total deduction rates from pension mutual funds were redefined according to the types of funds with the Regulation No. 28462 on the Private Pension System and put into effect as of January 1, 2013.

The total amount of the deductions to be made by the Company from the effective date of the contract to the termination date, within the scope of the entrance fee, management expense deduction and fund total expense deduction, cannot exceed the amount corresponding to a certain proportion of the amount in the State Contribution account within the scope of the contract on the termination date for the sixth year of the contract and thereafter. In this control, deductions made until the date of control over existing savings and their returns as of January 1, 2016 are not taken into account. The upper limit control for the deduction associated with the state contribution will be applied from 1 January 2022.

The "Law Amending the Private Pension Savings and Investment System Law", published in the Official Gazette dated 25 August 2016 and numbered 29812, entered into force on January 1, 2017. Accordingly, employees who meet the conditions stipulated in this law are automatically included in the private pension system.

Those who are Turkish citizens or who are within the scope of Article 28 of the Turkish Citizenship Law No,5901 of 29 May 2009 and have not completed the age of forty-five, the first paragraph of Article 4 of the Social Insurance and General Health Insurance Law No. Those who start to work in accordance with subparagraphs (c) are within the scope of this law and enter the pension system with a pension contract arranged by the employer in accordance with the provisions of this law.

iii) Reinsurance agreements:

Reinsurance agreements are the agreements the agreed by the Company and Reinsurance Company for the loss which may occur in one or more insurance agreement signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

2.15 Insurance contracts and investment contracts with discretionary participation feature

None (31 December 2021: None).

2.16 Investment Contracts Without DPF

None (31 December 2021: None).

2.17 Loans

None (31 December 2021: None).

2.18 Taxes

Corporate tax

With the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, 20% for corporate earnings has been determined to be effective as of 1 January 2006. The Corporate Tax rate which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the Law on the Amendment of Certain Laws and the Law on Collection of Public Claims No. 7316 published in the Official Gazette on April 22, 2021, It has been determined as 25% to be applied to the corporate earnings for the period of 2022 and 23% to be applied to the corporate earnings of the 2022 taxation period. However, Article 26 of the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which came into force after being published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amending Some Laws and Decrees. With the paragraph added to the temporary article 13 of the Corporate Tax Law no. With this amendment, 25% rate will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of July 1, 2022.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.18 Taxes (Continued)****Corporate tax (Continued)**

Corporate tax rate is applied on tax base which the net income for the periods, that is 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. Otherwise, dividends paid are subject to withholding tax at the rate of 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 retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. 75% of the earnings arising from the sale of the founding bills, usufruct bills and pre-emptive rights of the Institutions for at least two full years arising from the sale of immovables in their assets 50% of earnings will be exempt from the tax provided that it is added to the capital as required by the Corporate Tax Law or kept in equity for 5 years.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income provided unless they do not exceed 5 years. However, financial losses cannot be offset against previous years' profits.

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.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized (Note 21).

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to "Turkish Accounting Standards Regarding Employee Benefits" ("TAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits".

According to the Turkish Labour Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee Benefits (Continued)

The actuarial gains and losses identified in the calculations regarding the liabilities for employee benefits shall be recognized directly in equity. In this context, the service and interest costs are recognized in the statement of income whereas the actuarial gains and losses are recognized in "Other Profit Reserves" under shareholders' equity (Notes 15 and 22).

2.20 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provision amounts are estimated over expenditures expected to be required to settle the obligation at the balance sheet date by considering the risks and uncertainties related to the obligation. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to the present value of the related cash outflows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

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 (Note 23).

2.21 Revenue Recognition

Written Premiums

Written premiums represent premiums on policies written during the year, net of cancellations. As disclosed in Note 2.24, premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written risk premiums. The premium written for life insurance policies with maturities over one year consists of income accrued for payments with maturities within the current year. The premium written for policies with maturities less than one year covers the total premium of the relevant period.

Reinsurance Commissions

Commissions received for premiums ceded to reinsurance companies are accrued in the current year and are included in the operating expenses in the technical section of the income statement. As explained in the Note 2.24, the reinsurance commission income is reflected in the financial statements on an accrual basis by separating the deferred commission income from the commissions received (Note 32).

Dividend Income

Dividend income is recognized as income in the financial statements when it is entitled to receive.

Fee Income

Explained in Notes 2.14 and 25.

2.22 Leases

Leases are accounted according to IFRS 16 as explained in Note 2.5.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.23 Dividend Distribution**

Dividend liabilities are recognized as a liability in the financial statements in the period in which the dividends are declared as a component of dividend distribution.

2.24 Technical Provisions***Mathematical Provisions***

Companies operating in the life and non-life branches set aside adequate mathematical reserves in accordance with actuarial principles to meet their liabilities to policyholders and beneficiaries for life and personal accident insurance contracts longer than one year. In addition to life insurances for more than one year, personal accident, health, disability due to illness and dangerous diseases coverage for more than one year are given; Life insurance mathematical reserve amount is calculated in a way to include the mathematical reserve amount calculated according to actuarial principles regarding additional guarantees. Mathematical provisions consist of actuarial mathematical reserves calculated separately for each contract in force according to the technical principles in the tariff and explained below.

Actuarial mathematical reserves are the difference between the premiums received for the risks undertaken by the companies and the cash value of liabilities to policyholders and beneficiaries. Actuarial mathematical reserves are separated according to the formulas and principles specified in the approved technical principles of the tariffs for life insurances with a term of more than one year. Actuarial mathematical reserves are calculated as the difference between the cash value of the insurer's future liabilities and the present value of the future premiums to be paid by the policyholder (prospective method). Profit share provision is set aside for the income obtained as a result of the conversion of these provisions into investments. However, the actuarial mathematical reserves total cannot be less than this total, if actuarial mathematical reserves are calculated as the difference between the result value of the premiums paid by the insurer and the resulting value of the risk undertaken by the insurer (retrospective method) or according to the generally accepted actuarial methods accepted by the Ministry of Treasury and Finance. In cases where the actuarial mathematical reserve is calculated as negative, this value is accepted as zero.

As of the effective date stated in the company tariffs, in addition to the participation value (actuarial mathematical reserve) on the date of participation in long-term life insurances related to the loan, the company has committed to calculate and refund the commission and expense share (or expense) falling on the participation value. In this context, the Company calculated the probability of participation with the best estimation method on the affiliates that were determined on a product basis and covering the last 5 years, and for the products determined within this scope, the additional mathematical reserves were allocated according to the results obtained by calculating the calculated probability for the current policies (Note 17).

Reserve for Unearned Premiums

Reserve for unearned premiums, effective insurance contracts premiums occur from gross amounts without any commission or other discount and based on daily premium calculations for the following period or periods. For the goods marine insurance contracts without a specific expire date, the premiums accrued from the last three months, 50% of the remaining amount is allocated as reserve for unearned premium. The reserve for unearned premiums during the day basis evaluation while following sections of the extended periods are being evaluated it is assumed that in general implementation, the policy starts at noon 12:00 and ends again at noon 12:00. Pursuant to the Regulation on Technical Reserves, the unearned premium reserves of the policies issued and the reinsurance share of this provision, the premiums accrued for the insurance contracts in force and the premiums transferred to the reinsurers grossly on a daily basis, without any commission or other deduction, for the next accounting period or calculated and reflected in the records as the portion overlapping the accounting periods.(Note 17).

Deferred Commission Expenses and Deferred Commission Incomes

Within the framework of the Circular numbered 2007/25 and dated 28 December 2007 published by the Republic of Turkey Ministry of Treasury and Finance, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred expenses and deferred commission income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement (Note 17).

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Technical Provisions (Continued)

Provision for outstanding claims

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim provisions, claim recoveries, salvage and similar gains are not deducted.

As of 31 December 2021, for the non-life personal accident branch, with the outstanding claims reserve accrued and determined on account; The difference between the content and application principles, the Technical Reserves Regulation and the "Circular on Outstanding Claims Provision" dated 5 December 2014 and numbered 2014/16 and the actuarial chain ladder method determined in the relevant regulations was realized but not reported. accounted as compensation amount.

In accordance with the "Circular on Provision for Outstanding Claims" dated 5 December 2014 and numbered 2014/16, published by the Ministry of Treasury and Finance and entered into force on January 1, 2015, the Circular on the Actuarial Chain Ladder Method, numbered 2010/12, valid until 31 December 2014. "Has been repealed except for Articles 9 and 10, and it has been stipulated that the indemnity provision that has been realized but not reported since January 1, 2015, is calculated in line with the best estimates determined within the framework of the opinions of the Company actuary. According to the aforementioned circular, the selection of the data used in the calculations regarding the incurred but not reported compensation amounts, the correction procedures, the selection of the most appropriate method and development factors and the intervention to the development factors are made by the Company's actuarial methods. In the relevant circular, it was stated that the Standard Chain, Claim/Premium, Cape Cod, Frequency Intensity, Munich Chain or Bornhuetter-Ferguson actuarial chain ladder methods ("ACLM") will be used in the calculation of the realized but not reported claim provision and companies have been given the right to choose one of these methods for each branch.

In this context, the Company has chosen the Standard chain method over the incurred claims in the calculation of the incurred but not reported compensation provisions for the non-life personal accident and health branch as of December 31, 2022 and December 31, 2021. In the calculations, the improvement coefficients were not interfered with. And did not perform major claim elimination. The company actuary has examined the claims realizations for the personal accident branch and it has been observed that the past realizations are in line with the future claim expectations; In the AZMM calculation, it was not deemed necessary to intervene in the development coefficients in the relevant period. In order to find the net realized but unreported compensation provision amounts over the gross AZMM calculations; The share ratios of the collaterals in the effective portfolio in reinsurance have been used. Accordingly, as of 31 December 2022, the incurred but not reported claims provision for non-life branches, respectively, is TRY4,507,262 gross negatively (31 December 2021: negative TRY3,312,103) and net negatively TRY3,126,291 (31 December 2021: negative TRY3,222,517).

In the calculation of the incurred but not reported compensation amount made by the company for the life branch, a calculation was made only on the policies for which death guarantee was provided, and in the last 5 periods, the compensation amounts that occurred before the end of the said period but were reported after the end of the period, are calculated based on the life insurance coverage of the said periods. The ratio found by dividing the average death coverage given in the branch of the insurance branch has been taken into account. The company calculated the amount of indemnity incurred but not reported for the current fiscal period by multiplying the rate determined by taking into account the data of the last 5 periods and the collaterals given for the policies produced in the life branch in the period 1 January - 31 December 2022, and as of 31 December 2022, TRY198,597,166 (31 December 2021: TRY144,723,774) gross realized but not reported compensation provision was reflected in its records. Since the policies for which without death coverages are provided have a low weight in the portfolio, they are not included in the calculation. The incurred but not reported indemnity reinsurance share amount is calculated using the reinsurance rates in the outstanding claims subject to calculation and the net incurred but not reported indemnity amount is reached by deducting from the gross amount calculated. Accordingly, a net realized but not reported compensation provision for the life branch was recorded TRY196,192,643 (31 December 2021: TRY142,089,039).

Pursuant to the Circular No. 2011/23, insurance companies calculate a winning rate over the amounts of the lawsuits filed against the company according to the realizations of the last five years according to the realizations of the last five years and according to the calculated win rate, deduction from the outstanding claims reserves accrued for the files in the litigation process. are possible. As of 31 December 2022, the company calculated the winning ratio over the amount of the lawsuits filed against the Company, and net TRY63,298,705 (31 December 2021: TRY44,296,554) (Note 17).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.24 Technical Provisions (Continued)*****Equalization provision***

According to "Regulation of technical provisions", companies should book equalization provision for guarantees of loan and earthquakes in order to offset fluctuations in the rate of indemnification and to meet catastrophic risks in the accounting period. Pursuant to the sector announcement numbered 2009/9 "Regarding the Implementation of Legislation Regarding Technical Reserves", life and pension companies are obliged to set aside equalization provision as of January 1, 2009 for the insurance contracts for which they provide earthquake additional coverage in the life and accident branches that may occur due to the earthquake. In this context, the company has calculated an equalization reserve at the rate of 12% of this amount by accepting 11% of the death net premium, including the expense share, as earthquake premium. As of 31 December 2022, the Company has made provision TRY385,505,332 equalization provision. (31 December 2021: TRY299,117,681) (Note 17).

Provision for Bonuses and Discounts

Pursuant to the Regulation on Technical Provisions, in case insurance companies apply bonuses and discounts, they are obliged to reflect the bonuses and discounts allocated for the insured and beneficiaries in their financial statements according to the technical results of the current year. As of 31 December 2022, the company has calculated the provision for bonuses and discounts in the amount of TRY74,109,731 in line with the technical principles of profit share and participation in life and non-life branches (31 December 2021: TRY45,427,825).

3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

One of the most important accounting estimates for the Company is to estimate the final net liabilities relating to the expenses to arise from the effective policies. As per its nature, estimating liabilities regarding the insurance business includes the evaluation of many uncertainties.

4. Management of insurance and financial risk***Insurance risk***

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of the insurance contracts, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. The Company determines its insurance underwriting strategy based on the type of insurance risk accepted and the claims incurred.

Pricing of the company is made by looking at statistical analysis, past data and mortality tables appropriate to the relevant product. The company manages these risks with the policy writing strategy it has shaped and the reinsurance agreements it is a party to.

The following factors are taken into account in the risk acceptance policy in Life and Personal Accident branches:

- In individual insurances, health claims and reports taking into account the age of the insured and the insurance amount,
- Health claims and reports according to the number of people in the group in group insurances and whether the insurance is mandatory or voluntary,
- In pricing, information on the application of premium, additional conditions or deduction or rejection of the coverage, depending on the health status of the insured,
- In high-value guarantees, along with the health documents, documents related to the financial situation of the insured.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)

The concentration of insurance risk (maximum insured loss) under each branch is summarized below:

	31 December 2022	31 December 2021
Life	1,032,995,951,284	629,393,286,226
Non-Life	8,170,773,986	11,932,126,131
Total	1,041,166,725,270	641,325,412,357

The Company is subject to the following risks in relation to the pricing of policies:

Mortality risk:

The Company is subject to mortality risk if the actual death claims are higher than expected death rates in the mortality tables used for pricing of the policies. The Company uses the appropriate mortality table for each product. The Company uses the CSO 53-58, CSO 80 or CSO 2001 mortality tables while pricing the life insurance agreements.

Technical interest rate risk:

In saving life products, the policyholders are guaranteed an income that is equal to "technical interest rate" at a minimum. The Company is subject to the technical interest rate risk if the market interest rate is lower than the guaranteed interest rate. The Company's current saving life portfolio is continuously reviewed by considering the possible technical interest rate risk to which may arise in the following years.

The company's current financial assets, yield rates and related mathematical provisions are as follows:

	31 December 2022		31 December 2021	
	Carrying value	Weighted average yearly int. rate (%)	Carrying value	Weighted average yearly int.rate (%)
Financial Assets				
Time Deposit - TRY	4,892,603,876	24.83	4,503,613,451	18.22
Private Sector/Government Bond	4,032,274,009	25.48	2,240,220,098	19.43
Investment Fund	3,105,018,370	-	6,205,474	-
Stock	303,457,655	-	19,598,389	-
Lease Certificate-TRY	154,374,991	25.40	90,305,295	19.27
Repo	93,228,014	31.20	369,084,313	20.07
Time Deposit - EUR	53,130,560	2.98	32,080,504	0.52
Time Deposit - USD	22,925,906	2.84	266,755	0.75
Eurobond - USD	21,955,687	11.88	16,377,461	5.94
Lease Certificate-USD	-	-	4,940,724	3.54
	12,678,969,068		7,282,692,464	

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)*Technical interest rate risk: (Continued)*

	31 December 2022		31 December 2021	
	Mathematical reserves TRY	Guaranteed interest rates (%)	Mathematical reserves TRY	Guaranteed interest rates (%)
Financial Liabilities				
Classic Cumulative - TRY	57,944,631	9.00	65,892,352	9.00
Probable Life - USD	17,529,144	1.50	11,991,370	1.50
Probable Life - TRY	10,362,173	6.00	22,393,571	6.00
Probable Life - EUR	3,950,816	1.50	2,864,634	1.50
Classic Cumulative - USD	2,973,581	2.50	2,636,606	2.50
Income - TRY	1,309,381	9.00	1,201,353	9.00
Income - TRY	1,010,031	4.00	900,400	4.00
Classic Cumulative - TRY	552,191	5.00	504,377	5.00
Classic Cumulative - EUR	157,823	2.50	113,853	2.50
Probable Life - EUR	83,203	2.50	59,798	2.50
Classic Cumulative - EUR	41,680	1.50	30,264	2.50
Total Mathematical Reserves for Cumulative Life Policies	95,914,654		108,588,578	
Total Mathematical Reserves for Life Policies without Savings	2,125,726,701		1,780,146,162	
Total (Note 17.2)	2,221,641,355		1,888,734,740	

*Sensitivity analysis**Financial risk*

The company is exposed to financial risks due to its financial assets, reinsurance assets and insurance liabilities. In summary, the main financial risk is that the revenues from financial assets are insufficient to meet the liabilities arising from insurance contracts. The most important components of financial risk are market risk (including currency risk, market value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the volatility of the financial markets and the minimization of its possible adverse effects on the financial performance of the Company. The company does not use any derivative financial instruments. Risk management is carried out by the Company management in line with the procedures approved by the Board of Directors.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)

(a) Market Risk

i. Cash flow and market value interest rate risk

The Company is exposed to the interest rate risk arising from the effect of changes in interest rates to which variable interest rate financial assets and liabilities are subject to. The company's variable and fixed interest financial assets are shown below.

	31 December 2022					
	Private sector and government bonds and bills	Eurobond	Lease certificate	Repo	Investment fund	Time deposit
Financial Assets at Insurees' Risk						
Fixed rate	-	-	-	-	-	179,224,309
	-	-	-	-	-	179,224,309
Company portfolio						
Fixed rate	3,601,087,516	21,955,687	154,374,991	93,228,014	-	4,789,436,033
Variable rate	431,186,493	-	-	-	-	-
	4,032,274,009	21,955,687	154,374,991	93,228,014	-	4,789,436,033
Total	4,032,274,009	21,955,687	154,374,991	93,228,014	-	4,968,660,342

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)**(a) Market Risk (Continued)****i. Cash flow and market value interest rate risk (Continued)**

	31 December 2021					
	Private sector and government bonds and bills	Eurobond	Lease certificate	Repo	Investment fund	Time deposit
Financial Assets at Insurees' Risk						
Fixed rate	-	12,162,918	4,940,724	-	-	156,904,296
	-	12,162,918	4,940,724	-	-	156,904,296
Company portfolio						
Fixed rate	1,555,226,709	4,214,543	85,252,733	369,084,313	-	4,379,056,414
Variable rate	684,993,389	-	5,052,562	-	-	-
	2,240,220,098	4,214,543	90,305,295	369,084,313	-	4,379,056,414
Total	2,240,220,098	16,377,461	95,246,019	369,084,313	-	4,535,960,710

	31 December 2022	31 December 2021
Fixed rate financial assets	8,839,306,549	6,566,842,650
Variable rate financial assets	431,186,493	690,045,951
Interest free	3,408,476,026	25,803,863
Total	12,678,969,068	7,282,692,464

ii. Currency Risk

The company is exposed to foreign exchange risk arising from exchange rate changes due to the conversion of foreign currency receivables and debts to Turkish Lira. These risks are monitored and limited by analyzing the foreign currency position.

As of 31 December 2022, if the EUR gained/lost 20% value against TRY and all other variables remained constant, the profit before tax as a result of the exchange difference profit/loss due to the conversion of assets and liabilities in EUR is TRY9,816,551 (31 December 2021: TRY6,114,715) would have been higher/lower.

As of 31 December 2022, if the USD gained/lost 20% value against TRY and all other variables remained constant, the profit before tax as a result of the foreign exchange loss/profit due to the conversion of assets and liabilities in USD is TRY9,273,720 (31 December 2021: TRY617,073) would be lower/higher.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)

Financial risk (Continued)

iii. Price Risk

The financial assets of the Company expose the Company to price risk. As of 31 December 2022, the Company has financial assets held at market value. If the market prices had increased/decreased by 5% and all other variables remained constant, the financial assets account would have been TRY366,465,501 (31 December 2021: TRY117,181,588)

(b) Credit (Receivable) risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company's exposure to credit risk arises mainly from cash and cash equivalents and bank deposits, financial assets, reinsurers' share of insurance liabilities, due from reinsurers and premium receivables from policyholders and intermediaries. The Company management deems these risks as total credit risk to the counterparty.

The Company follows and monitors the credit risk of financial assets classified as loans and receivables and receivables from insurance operations (including reinsurance receivables) by guarantees received and procedures applied for the selection of the counterparties. Other explanations in relation to these receivables are disclosed in Note 12.

The Company's loans and receivables outside the group, and loans of financial assets subject to risks largely government securities and private sector bonds and bills and rent certificates and held in banks and other financial institutions in Turkey consist of term and demand deposits. Government debt securities and bank deposits are not considered to have high credit risk. The private sector bonds held by the company consist of debt securities issued by banks and financial institutions subject to legal regulations and debt securities of holding and similar companies that are deemed to have no high risk.

(c) Liquidity risk

The Company uses its available cash resources to pay claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum portion of funds available to meet such liabilities.

The table below shows the distribution of the Company's financial and insurance liabilities according to the remaining terms arising from the contract or expected from the contract as of the balance sheet date:

31 December 2022	Contractual cash flows				Total
	Up to 3 months	3-12 months	1-5 years	5 years and above	
Financial payables	1,696,636,833	15,201,118	3,120,395	-	1,714,958,346
Payables from retirement activities	442,692,353	-	-	-	442,692,353
Payables to insurance and reinsurance companies	132,963,556	-	-	-	132,963,556
Payables from related parties	35,513,161	-	-	-	35,513,161
Deposits and guarantees received	732,118	-	-	-	732,118
Payables from other main activities	30,118,132	-	-	-	30,118,132
Other payables	55,294,938	-	-	-	55,294,938
	2,393,951,091	15,201,118	3,120,395	-	2,412,272,604

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)*Financial risk (Continued)*

31 December 2022	Expected cash flows				Total
	Up to 3 months	3-12 months	1-5 years	5 years and above	
Mathematical reserves ⁽¹⁾	2,324,228	65,068,510	1,437,993,811	716,254,806	2,221,641,355
Provision for unearned premiums ⁽²⁾	90,209,808	2,104,103,795	69	725	2,194,314,397
Provision for outstanding claims	1,001,192,824	-	-	-	1,001,192,824
Equalization provision ⁽³⁾	50,688,875	173,295,335	150,557,032	10,964,090	385,505,332
	1,144,415,735	2,342,467,640	1,588,550,912	727,219,621	5,802,653,908

31 December 2021	Contractual cash flows				Total
	Up to 3 months	3-12 months	1-5 years	5 years and above	
Financial payables	5,848,024	3,390,597	9,612,872	38,538	18,890,031
Payables from retirement activities	206,559,362	-	-	-	206,559,362
Payables to insurance and reinsurance companies	36,580,864	-	-	-	36,580,864
Payables from related parties	14,415,662	-	-	-	14,415,662
Deposits and guarantees received	444,775	-	-	-	444,775
Payables from other main activities	30,414,056	-	-	-	30,414,056
Other payables	24,805,079	-	-	-	24,805,079
	319,067,822	3,390,597	9,612,872	38,538	332,109,829

31 December 2021	Expected cash flows				Total
	Up to 3 months	3-12 months	1-5 years	5 years and above	
Mathematical reserves ⁽¹⁾	3,192,672	28,909,591	1,099,892,771	756,739,706	1,888,734,740
Provision for unearned premiums ⁽²⁾	63,722,980	1,058,385,256	-	-	1,122,108,236
Provision for outstanding claims	783,794,516	-	-	-	783,794,516
Equalization provision ⁽³⁾	40,482,661	126,610,103	122,436,376	9,588,541	299,117,681
	891,192,829	1,213,904,950	1,222,329,147	766,328,247	4,093,755,173

⁽¹⁾ It is classified under short and long-term mathematical provisions in the balance sheet.⁽²⁾ It is classified under short term technical provisions in the balance sheet.⁽³⁾ It is classified under other long term technical provisions in the balance sheet.

The company anticipates to meet the above-mentioned liabilities with financial assets and cash and cash equivalents included in its assets.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)

Financial risk (Continued)

Fair value of the financial assets

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Estimated market values of financial instruments are determined using available market data and, if possible, using appropriate valuation methods.

Financial assets available for sale and financial assets held for trading are presented over their fair values by using the prices on the stock exchanges. The cost of the financial assets that are not quoted in an active market, less impairment if any, are considered to approximate carrying value.

The fair values of balances denominated in foreign currencies, which are translated at period end exchange rates, are considered to approximate carrying values. The fair values of cash and cash equivalents are considered to approximate their respective carrying values due to their short-term nature. The carrying value of receivables from main operations along with related provision for overdue receivables is considered to approximate respective fair values.

Company management estimates that the fair values of other financial assets and liabilities are not significantly different from their book values due to their short-term nature.

Classification for fair value measurement

Financial Instruments: Disclosures requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification priorities observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Company. This sort of categorization generally results in the classifications below.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Data that is directly observable (through prices) or indirectly (derived from prices) in terms of assets or liabilities, excluding recorded prices at level 1;

Level 3 : Data on assets or liabilities that are not based on observable market data (non-observable data).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

4. Management of insurance and financial risk (Continued)*Financial risk (Continued)*

In this framework, the fair value classification of financial assets measured at their fair values is as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets available for sale (Note 11)	2,163,468,438	-	-	2,163,468,438
Financial assets held for trading (Note 11)	5,165,841,583	115,183,701	243,718,976	5,524,744,260
Properties held for use (Note 6)	-	-	29,110,000	29,110,000
Investment Properties (Note 7)	-	-	375,402,266	375,402,266
	7,329,310,021	115,183,701	648,231,242	8,092,724,964
31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets available for sale (Note 11)	986,192,361	-	-	986,192,361
Financial assets held for trading (Note 11)	1,339,640,948	373,298,856	-	1,712,939,804
Long term securities (Note 9)	13,583,898	-	-	13,583,898
Properties held for use (Note 6)	-	-	15,655,000	15,655,000
Investment Properties (Note 7)	-	-	271,880,000	271,880,000
	2,339,417,207	373,298,856	287,535,000	3,000,251,063

Capital management

The Company's objectives when managing the capital are:

- Fulfilling the capital adequacy requirements required in the relevant legislation, 25% rate will be applicable in the taxation of corporate earnings for the periods starting from January 1, 2022.
- to safeguard the Company's ability to continue as a going concern so that it can continue the operations.

The minimum required shareholders' equity amount calculated as of 31 December 2022 within the framework of the related regulations on capital adequacy is TRY1,896,426,585 (31 December 2021: TRY945,864,534). The company's equity capital is TRY4,694,780,507 more than the minimum required equity (31 December 2021: TRY3,267,146,102).

5. Segment information

Disclosed in Note 2.3.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

6. Property and equipment

Movement table of tangible assets:

	1 January 2022	Additions	Valuation Increase	Disposals	31 December 2022
Cost/Revalued amount:					
Lands for use	11,508,500	-	-	-	11,508,500
Buildings for use	4,146,500	-	13,455,000	-	17,601,500
Machinery and equipment	70,626,621	14,431,784	-	(254,801)	84,803,604
Motor vehicles	235,273	-	-	-	235,273
Other tangible assets	24,058,323	5,891,816	-	-	29,950,139
Tangible fixed assets acquired through lease	33,664,658	13,663,827	-	-	47,328,485
Total	144,239,875	33,987,427	13,455,000	(254,801)	191,427,501
Accumulated depreciation (-):					
Buildings for use	(104,482)	(158,446)	-	-	(262,928)
Machinery and equipment	(45,463,668)	(13,307,940)	-	334,525	(58,437,083)
Motor vehicles	(135,681)	-	-	-	(135,681)
Other tangible assets	(14,065,454)	(7,540,761)	-	-	(21,606,215)
Tangible fixed assets acquired through lease	(18,305,229)	(22,740,469)	-	-	(41,045,698)
Total	(78,074,514)	(43,747,616)	-	334,525	(121,487,605)
Net book value	66,165,361				69,939,896

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

6. Property and equipment (Continued)

	1 January 2021	Additions	Valuation Increase	Disposals	31 December 2021
Cost/Revalued amount:					
Lands for use	8,621,620	-	2,886,880	-	11,508,500
Buildings for use	3,313,380	-	833,120	-	4,146,500
Machinery and equipment	53,924,689	18,627,445	-	(1,925,513)	70,626,621
Motor vehicles	235,273	-	-	-	235,273
Other tangible assets	23,570,012	1,425,701	-	(937,390)	24,058,323
Tangible fixed assets acquired through lease	30,996,832	12,493,097	-	(9,825,271)	33,664,658
Total	120,661,806	32,546,243	3,720,000	(12,688,174)	144,239,875
Accumulated depreciation (-):					
Buildings for use	(54,286)	(50,196)	-	-	(104,482)
Machinery and equipment	(36,780,478)	(10,608,703)	-	1,925,513	(45,463,668)
Motor vehicles	(97,129)	(38,552)	-	-	(135,681)
Other tangible assets	(9,517,034)	(5,485,810)	-	937,390	(14,065,454)
Tangible fixed assets acquired through lease	(10,301,239)	(15,418,449)	-	7,414,459	(18,305,229)
Total	(56,750,166)	(31,601,710)	-	10,277,362	(78,074,514)
Net book value	63,911,640				66,165,361

There is no mortgage on real estates for use (31 December 2021: None).

As of 31 December 2022 and 31 December 2021, the land and buildings classified as real estate for use are reflected in the financial statements based on their fair values determined in the framework of the valuation reports prepared by an independent professional valuation company.

The revaluation increases resulting from the valuation of lands and buildings are recorded, free of deferred tax, by crediting the "Other Capital Reserves" account under equity. Revaluation decreases resulting from the valuation of lands and buildings are deducted from the "Other Capital Reserves" account of the relevant asset in the equity group. The revaluation decreases of the assets that do not have a balance in the "Other Capital Reserves" within the equity group are associated with the income statement. The movement of revaluation increases related to lands and buildings accounted for by revaluation method within the period is shown in Note 15.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

7. Investment Properties

	1 January 2022	Additions	Valuation Increase	Disposals	31 December 2022
Fair value:					
Lands	250,698,000	-	100,247,500	-	350,945,500
Buildings	21,182,000	-	3,274,766	-	24,456,766
	271,880,000	-	103,522,266	-	375,402,266

	1 January 2021	Additions	Valuation Increase	Disposals	31 December 2021
Fair value:					
Lands	178,136,000	-	72,562,000	-	250,698,000
Buildings	17,024,000	-	4,158,000	-	21,182,000
	195,160,000	-	76,720,000	-	271,880,000

The land and buildings kept for the purpose of obtaining rent or gaining value, or both, instead of being used in the activities of the Company or sold for administrative purposes or during the normal course of business, are classified as investment properties. Investment properties are reflected in the financial statements with their fair values determined within the framework of the expertise reports prepared by an independent professional valuation company.

31 December 2022	Land Value	Building Value
Ortaköy buildings ^(*)	337,947,500	22,052,500
İzmir region directorate ^(**)	12,998,000	2,404,266
	350,945,500	24,456,766

^(*) In the appraisal report dated 27 December 2022, it was valued with a peer comparison and cost approach.

^(**) In the appraisal report dated 30 November 2022, it has been valued using the peer comparison and income method.

31 December 2021	Land Value	Building Value
Ortaköy buildings ^(***)	240,600,000	19,400,000
İzmir region directorate ^(****)	10,098,000	1,782,000
	250,698,000	21,182,000

^(***) It was evaluated with the cost approach in the expertise report dated 31 December 2021.

^(****) Valued by market approach method in the appraisal report dated 14 January 2022.

The fair value increase incomes regarding the said real estates are recorded in the income statement under the account item "Income from Land, Land and Buildings"; The fair value increase income in the current period is TRY103,522,266 (1 January - 31 December 2021: TRY76,720,000). The Company has obtained a total of TRY3,300,364 (1 January - 31 December 2021: TRY2,806,320) of rental income in the current period from the said investment properties, and this amount has been accounted for under "Income from Land, Land and Buildings" in the income statement.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

8. Intangible Assets

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost:					
Rights and software	122,823,859	58,765,180	-	-	181,589,039
Other intangible assets	657	-	-	-	657
Development costs	9,469,845	-	-	-	9,469,845
Total	132,294,361	58,765,180	-	-	191,059,541
Accumulated depreciation:					
Rights and software	(69,690,216)	(22,215,923)	-	-	(91,906,139)
Other intangible assets	(630)	(31)	-	-	(661)
Total	(69,690,846)	(22,215,954)	-	-	(91,906,800)
Net book value	62,603,515		-	-	99,152,741
	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost:					
Rights and software	108,990,013	12,545,637	2,493,615	(1,205,406)	122,823,859
Other intangible assets	657	-	-	-	657
Development costs	9,469,845	-	-	-	9,469,845
Advances on intangible assets	2,493,615	-	(2,493,615)	-	-
Total	120,954,130	12,545,637	-	(1,205,406)	132,294,361
Accumulated depreciation:					
Rights and software	(50,860,530)	(20,035,092)	-	1,205,406	(69,690,216)
Other intangible assets	(564)	(66)	-	-	(630)
Total	(50,861,094)	(20,035,158)	-	1,205,406	(69,690,846)
Net book value	70,093,036				62,603,515

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

9. Investments in Associates

The Company has classified its long-term securities as financial assets available for sale under the item "Related Securities" in the balance sheet. The company does not have any activity in the management of these financial assets.

	31 December 2022			31 December 2021		
	Share (%)	Cost Value	Book Value	Share (%)	Cost Value	Book Value
Emeklilik Gözetim Merkezi A.Ş. ⁽¹⁾	6.25	435,662	435,662	6.25	435,662	435,662
Vakıf Menkul Kıym. Yat. Ort. A.Ş.		-	-	8.00	2,456,867	13,583,898
Other		-	-		1	1
Total		435,662	435,662		2,892,530	14,019,561

⁽¹⁾ It is carried over cost.

10. Reinsurance Assets

	31 December 2022	31 December 2021
Reinsurance Assets/(Liabilities)		
Reinsurers' share of outstanding claims provision (Note 17)	14,702,544	17,776,443
Reinsurers' share of unearned premiums reserve (Note 17)	3,491,975	3,491,975
Payables to reinsurance companies (Note 19)	(509,770)	(4,597)
Deferred reinsurance commissions (Note 19)	-	(54,674)
	1 January - 31 December 2022	1 January - 31 December 2021
Reinsurance Income/(Expense)		
Reinsurers' share in paid claims	5,334,065	22,750,312
Premiums ceded to reinsurers (Note 24)	(6,880,407)	3,110,149
Reinsurer's share in change of outstanding claims	(3,073,903)	(1,983,615)
Commission received from reinsurers (Note 32)	776,770	(1,023,293)
Reinsurers' share in change in outstanding claim provision (Note 17)	-	(24,334,982)

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets**11.1 Sub categorization of the items presented compatible to the Entity's operations:**

	31 December 2022		Total
	Insured portfolio	Company portfolio	
Financial Assets at Insurees' Risk			
Financial assets whose fair value differences reflected in the income statement:			
Time deposits	179,224,309	-	179,224,309
	179,224,309	-	179,224,309
Company portfolio			
Financial assets whose fair value differences reflected in the income statement:			
Investment fund	-	3,105,018,370	3,105,018,370
Private sector and government bonds and bills	-	1,906,448,222	1,906,448,222
Stock	-	243,718,976	243,718,976
Lease certificate	-	154,374,991	154,374,991
Takasbank money market	-	93,228,014	93,228,014
Eurobond	-	21,955,687	21,955,687
Available for sale financial assets:			
Government bonds	-	2,103,729,759	2,103,729,759
Stock	-	59,738,679	59,738,679
Financial assets held to maturity:			
Government bonds	-	22,096,028	22,096,028
	-	7,710,308,726	7,710,308,726
Total	179,224,309	7,710,308,726	7,889,533,035

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

11.1 Sub categorization of the items presented compatible to the Entity's operations (Continued):

	31 December 2021		Total
	Insured portfolio	Company portfolio	
Financial Assets at Insurees' Risk			
Financial assets whose fair value differences reflected in the income statement			
Time deposits	156,904,296	-	156,904,296
Eurobond	12,162,918	-	12,162,918
Lease certificate	4,940,724	-	4,940,724
	174,007,938	-	174,007,938
Company portfolio			
Financial assets whose fair value differences reflected in the income statement:			
Private sector and government bonds and bills	-	1,243,130,179	1,243,130,179
Takasbank money market	-	369,084,313	369,084,313
Lease certificate	-	90,305,295	90,305,295
Investment fund	-	6,205,474	6,205,474
Eurobond	-	4,214,543	4,214,543
Available for sale financial assets:			
Government bonds	-	966,593,972	966,593,972
Stock	-	19,598,389	19,598,389
Financial assets held to maturity:			
Government bonds	-	30,495,947	30,495,947
	-	2,729,628,112	2,729,628,112
Total	174,007,938	2,729,628,112	2,903,636,050

As of 31 December 2022, the financial assets of the Company amounting to TL 179.224.309 are blocked in favor of SEDDK (December 31, 2021: TL 174.007.938) (Note 43).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

11.1 Sub categorization of the items presented compatible to the Entity's operations (Continued):

The current financial assets of the Company and the weighted average interest rates and average maturity of these financial assets are shown in the table below.

31 December 2022	Weighted average annual interest rates (%)				Average terms (month)			
	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate
<i>Financial Assets at Insurees' Risk</i>								
TRY	-	-	23.98	-	-	-	1	-
EUR	-	-	3.00	-	-	-	1	-
USD	-	-	2.84	-	-	-	1	-

31 December 2022	Weighted average annual interest rates (%)					Average terms (month)				
	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Takasbank Money Market	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Takasbank Money Market
<i>Company portfolio</i>										
TRY	25.48	-	25.60	25.40	31.20	8	-	1	3	3
EUR	-	-	2.94	-	-	-	-	1	-	-
USD	-	11.88	-	-	-	-	86	-	-	-

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

11.1 Sub categorization of the items presented compatible to the Entity's operations (Continued):

31 December 2021	Weighted average annual interest rates (%)				Average terms (month)			
	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate
<i>Financial Assets at Insurees' Risk</i>								
TRY	-	-	16.55	-	-	-	1	-
EUR	-	-	0.40	-	-	-	2	-
USD	-	5.94	0.75	3.54	-	98	2	2

31 December 2021	Weighted average annual interest rates (%)					Average terms (month)				
	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Takasbank Money Market	Private sector and government bonds and bills	Eurobond	Time deposit	Rent certificate	Takasbank Money Market
<i>Company portfolio</i>										
TRY	19.43	-	18.52	19.27	20.07	9	-	1	9	4
EUR	-	-	0.55	-	-	-	-	1	-	-
USD	-	5.94	-	-	-	-	98	-	-	-

The breakdown of financial assets in the Company portfolio, whose risk belongs to life policy holders, in foreign currency is as follows:

	31 December 2022			
	Private sector and government bonds and bills	Eurobond	Rent certificate	Time deposit
<i>Financial Assets at Insurees' Risk</i>				
TRY	-	-	-	145,559,170
EUR	-	-	-	10,739,233
USD	-	-	-	22,925,906
	-	-	-	179,224,309

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

11.1 Sub categorization of the items presented compatible to the Entity's operations (Continued):

	31 December 2022						
	Private sector and government bonds and bills	Stock	Takasbank Money Market	Rent certificate	Eurobond	Investment Fund	FOM
<i>Company portfolio</i>							
TRY	4,032,274,009	303,457,655	93,228,014	154,374,991	-	3,105,018,370	-
USD	-	-	-	-	21,955,687	-	-
	4,032,274,009	303,457,655	93,228,014	154,374,991	21,955,687	3,105,018,370	-

	31 December 2021			
	Private sector and government bonds and bills	Eurobond	Rent certificate	Time deposit
<i>Financial Assets at Insurees' Risk</i>				
TRY	-	-	-	148,603,448
EUR	-	-	-	8,034,093
USD	-	12,162,918	4,940,724	266,755
	-	12,162,918	4,940,724	156,904,296

	31 December 2021					
	Private sector and government bonds and bills	Stock	Takasbank Money Market	Rent certificate	Eurobond	Investment fund
<i>Company portfolio</i>						
TRY	2,240,220,098	19,598,389	369,084,313	90,305,295	-	6,205,474
USD	-	-	-	-	4,214,543	-
	2,240,220,098	19,598,389	369,084,313	90,305,295	4,214,543	6,205,474

11.2 Marketable securities issued during the year other than share certificates None (31 December 2021: None.)

11.3 Securities representing debt redeemed during the year: None (31 December 2021: None.)

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

11.4 Information showing the cost values of the securities and financial fixed assets shown at their cost in the balance sheet according to the stock market values, and the securities and financial fixed assets shown on the stock exchange market values: The Company's affiliated security, Emeklilik Gözetim Merkezi A.Ş. It carries its shares at a cost of TRY435,662 (31 December 2021: TRY435,662) since the shares do not have a market price determined in an actively traded market (Note 9). In addition, the details of the affiliated securities that the Company classified as available-for-sale financial assets and carried at fair value are explained in Note 9.

Company portfolio

<i>Securities for trading</i>	31 December 2022	
	Cost Value	Book Value (Reasonable Value)
Investment fund	2,811,690,986	3,105,018,370
Private sector and government bonds and bills	1,794,830,587	1,906,448,222
Stock	144,625,659	243,718,976
Lease certificate	149,800,000	154,374,991
Takasbank Money Market	85,650,000	93,228,014
Eurobond	1,848,263	21,955,687
	4,988,445,495	5,524,744,260

<i>Securities for trading</i>	31 December 2021	
	Cost Value	Book Value (Reasonable Value)
Private sector and government bonds and bills	1,218,207,732	1,243,130,179
Takasbank Money Market	365,069,000	369,084,313
Lease certificate	88,500,000	90,305,295
Investment fund	3,239,100	6,205,474
Eurobond	806,430	4,214,543
	1,675,822,262	1,712,939,804

<i>Available for sale financial assets</i>	31 December 2022	
	Cost Value	Book Value (Reasonable Value)
Private sector and government bonds and bills	1,787,542,532	2,103,729,759
Stock	21,628,363	59,738,679
	1,809,170,895	2,163,468,438

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

<i>Available for sale financial assets</i>	31 December 2021	
	Cost Value	Book Value (Reasonable Value)
Private sector and government bonds and bills	983,338,274	966,593,972
Stock	16,938,216	19,598,389
	1,000,276,490	986,192,361
	31 December 2022	
<i>Financial assets held to maturity</i>	Cost Value	Book Value (Discounted Value)
Private sector and government bonds and bills	18,730,927	22,096,028
	18,730,927	22,096,028
	31 December 2021	
<i>Financial assets held to maturity</i>	Cost Value	Book Value (Discounted Value)
Private sector and government bonds and bills	26,971,765	30,495,947
	26,971,765	30,495,947
	31 December 2022	
<i>Securities for trading</i>	Cost Value	Book Value (Reasonable Value)
Time deposit	173,315,419	179,224,309
	173,315,419	179,224,309
	31 December 2021	
<i>Securities for trading</i>	Cost Value	Book Value (Reasonable Value)
Time deposit	153,605,855	156,904,296
Eurobond	1,041,833	12,162,918
Lease certificate	4,816,138	4,940,724
	159,463,826	174,007,938

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

The movement table of financial assets and financial investments whose risks belong to policyholders for the periods ending on December 31, 2022 and 2021 are as follows:

	2022	2021
1 January	2,903,636,050	1,125,894,163
Purchases during the period	6,824,076,196	3,804,158,926
Sales during the period	(2,801,321,703)	(1,861,014,164)
Valuation increase	963,142,492	(165,402,875)
31 December	7,889,533,035	2,903,636,050

11.5 Amounts of marketable securities classified under marketable securities and investment securities accounts issued by the Company's shareholders, associates and subsidiaries and the issuers: None (31 December 2021: None).

11.6 Value increase on financial assets in the last three years:

Value increase on financial assets disclosed under Notes 11.4 and 26.

11.7 Other information about financial assets:

Revenues obtained from financial assets during the period are explained in Notes 26.

Maturity analysis of financial assets:

	31 December 2022						Total
	At call	0 - 3 months	3 - 6 months	6 months - 1 year	1-3 years	More than 3 years	
Time deposit	-	179,224,309	-	-	-	-	179,224,309
Stock	303,457,655	-	-	-	-	-	303,457,655
Private sector and government, bonds and bills	-	-	-	4,032,274,009	-	-	4,032,274,009
Lease certificate	-	41,263,638	32,739,487	80,371,866	-	-	154,374,991
Takasbank money market	-	93,228,014	-	-	-	-	93,228,014
Eurobond	-	-	-	-	-	21,955,687	21,955,687
Investment fund	3,105,018,370	-	-	-	-	-	3,105,018,370
	3,408,476,025	313,715,961	32,739,487	4,112,645,875	21,955,687	7,889,533,035	

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

11. Financial Assets (Continued)

	31 December 2021						Total
	At call	0 - 3 months	3 - 6 months	6 months - 1 year	1-3 years	More than 3 years	
Time deposit	-	156,904,296	-	-	-	-	156,904,296
Stock	19,598,389	-	-	-	-	-	19,598,389
Private sector and government bonds and bills	-	1,243,130,179	-	966,593,972	-	30,495,947	2,240,220,098
Lease certificate	-	25,969,281	5,052,562	14,018,377	50,205,799	-	95,246,019
Takasbank money market	-	167,485,389	201,598,924	-	-	-	369,084,313
Eurobond	-	-	-	-	-	16,377,461	16,377,461
Investment fund	6,205,474	-	-	-	-	-	6,205,474
	25,803,863	1,593,489,145	206,651,486	980,612,349	50,205,799	46,873,408	2,903,636,050

12. Loans and Receivables**12.1 Classification of the receivables as receivables from customers, receivables from related parties, advance payments (short-term and long-term prepayments) and others:**

	31 December 2022	31 December 2021
Receivables from the insured and intermediaries	219,175,515	188,706,759
Receivables from intermediaries	11,000	-
Receivables from insurance activities	219,186,515	188,706,759
Receivables from pension operations (Note 47.1)	241,424,370	121,394,811
Loans	1,595	109,495
	460,612,480	310,211,065
Provision for receivables from insurance activities	(13,060,245)	(18,899,679)
Receivables from main activities short term	447,552,235	291,311,386

12.2 Due from/due to shareholders, associates and subsidiaries:

The transactions and balances with the related parties are disclosed in Note 45.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

12. Loans and Receivables (Continued)

12.3 Total mortgages and collaterals obtained for receivables:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Guarantees and collaterals received		
Guarantees, sureties and other guarantees received	21,980,532	18,441,878
Letters of guarantee	3,831,987	2,425,421
Mortgage obligations	655,450	655,450
Treasury bills pledged	5,000	21,237
Total	26,472,969	21,543,986

12.4 Receivables denominated in foreign currencies having no foreign exchange rate guarantees, assets in foreign currencies and conversion rates:

None (31 December 2021: None).

12.5 - 12.7 Other information about loans and receivables:

The aging of due from insurance operations is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Overdue receivables	63,196,624	46,527,548
Up to 3 months	70,038,009	45,319,877
3 - 6 months	51,452,304	46,739,326
6 months - 1 year	34,499,578	50,120,008
	219,186,515	188,706,759

As of December 31, 2022, the Company has a provision for receivables from insurance activities amounting to TRY13,060,245 (31 December 2021: TRY18,899,679).

The movement table of the provision for doubtful receivables arising from main activities is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Opening balance - 1 January	(18,899,679)	(7,503,451)
Net (discount)/additional during the period	5,839,434	(11,396,228)
Closing Balance	(13,060,245)	(18,899,679)

13. Derivative Financial Instruments

None (31 December 2021: None).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

14. Cash and Cash Equivalents

Cash and cash equivalents and the details of bank deposits of the Company are as follows:

	31 December 2022		31 December 2021	
	Closing balance	Opening balance	Closing balance	Opening balance
Banks	4,871,074,935	4,408,906,703	4,408,906,703	4,964,396,375
Bank guaranteed credit card receivables with maturities less than three months	262,281,065	145,640,997	145,640,997	122,660,648
	5,133,356,000	4,554,547,700	4,554,547,700	5,087,057,023
<i>Time Deposits</i>				
Foreign Deposits				
- Time deposits	42,391,327	24,046,411	24,046,411	12,279,655
- Demand deposits	2,080,824	4,878,285	4,878,285	324,360
	44,472,151	28,924,696	28,924,696	12,604,015
TRY Deposits				
- Time deposits	4,747,044,706	4,355,010,003	4,355,010,003	4,882,202,169
- Demand deposits	79,558,078	24,972,004	24,972,004	69,590,191
	4,826,602,784	4,379,982,007	4,379,982,007	4,951,792,360
	4,871,074,935	4,408,906,703	4,408,906,703	4,964,396,375

As of 31 December 2022, the Company's time deposits of TRY2,753,178,291 are blocked in favor of SEDDK (31 December 2021: TRY 2,433,420,754) (Note 43)

As of December 31, 2022, the average maturity of time deposits is 1 month (31 December 2021: 1 month). The weighted average interest rates of the time deposits are as follows:

	31 December 2022 (%)	31 December 2021 (%)
TRY	25.60	18.52
EUR	2.94	0.55

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

14. Cash and Cash Equivalents (Continued)

Foreign currency bank deposits:

	31 December 2022			
	Foreign currency		TRY	
	Demand	Term	Demand	Term
EUR	95,512	2,126,488	1,904,016	42,391,327
USD	9,310	-	174,082	-
GBP	121	-	2,726	-
			2,080,824	42,391,327

	31 December 2021			
	Foreign currency		TRY	
	Demand	Term	Demand	Term
EUR	145,026	1,593,881	2,187,957	24,046,411
USD	201,677	-	2,688,151	-
GBP	121	-	2,177	-
			4,878,285	24,046,411

15. Capital

Paid-in capital

As of December 31, 2022 and 2021, the registered capital of the Company is TRY755,752,390 and the capital of the Company has been issued and consists of 755,752,390 shares, each with a nominal value of TRY1. There are no privileges given to stocks representing the capital. The Company does not have its own stock held by the company or its affiliate. Information on financiers is explained in Note 2.13.

Legal Reserves:

Retained earnings as per the statutory financial statements, other than legal reserve requirements as referred below, are available for distribution. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, 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% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the Turkish Commercial Code, the legal reserves can only be used to offset losses unless they exceed 50% of paid-in share capital and are not available for any other usage. There is no movement in the legal reserves in the current period:

	2022	2021
Opening balance - 1 January	591,339,180	488,707,049
Transfer from net profit	118,499,999	102,632,131
Closing Balance - 31 December	709,839,179	591,339,180

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

15. Capital (Continued)**Valuation of Financial Assets:**

The unrealized gains and losses that result from the changes in the fair values of available-for-sale financial assets related securities are directly recognized in the balance sheet as "Valuation of Financial Assets". The movement of the valuation of financial assets is as follows:

	<u>2022</u>	<u>2021</u>
Opening balance - 1 January	(43,792,286)	20,750,698
Financial asset valuation (decrease)/increase after tax	162,238,053	(64,542,984)
Closing Balance - 31 December	118,445,767	(43,792,286)

Other Capital Reserves:

	<u>2022</u>	<u>2021</u>
Opening balance - 1 January	78,564,528	75,216,528
Tangible fixed asset revaluation fund	17,280,441	3,348,000
Closing Balance - 31 December	95,844,969	78,564,528

The Company accounts for its real estates for use (land and buildings) by revaluation method within the framework of "TAS 16 - Tangible Fixed Assets". Increases in the carried values of lands and buildings as a result of revaluation are accounted for in the "Other capital reserves" account, net of tax effects. Revaluation increases related to real estates for use, which are accounted for with a revaluation model within the framework of the current legislation, cannot be used in capital increase.

Value increase/decrease in assets

As explained above, unrealized gains and losses resulting from changes in the fair values of available-for-sale financial assets and related securities, and increases resulting from the revaluation of real estate for use, are shown under the item "increase/decrease in assets" in the statement of changes in shareholders' equity. The movement table of the relevant account is presented below:

	<u>2022</u>	<u>2021</u>
Opening balance - 1 January	34,772,242	95,967,226
Financial asset valuation (decrease)/increase, after tax	162,238,053	(64,542,984)
Tangible fixed asset revaluation fund	17,280,441	3,348,000
Total Change	179,518,494	(61,194,984)
Closing Balance - 31 December	214,290,736	34,772,242

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

15. Capital (Continued)

Other Profit Reserves:

	2022	2021
Opening balance - 1 January	(18,192,188)	(14,456,947)
Changes in actuary gains/(losses), net	(56,980,148)	(3,735,241)
Closing Balance - 31 December	(75,172,336)	(18,192,188)

Actuarial losses related to employment termination benefits are accounted for in "Other Profit Reserves" in equity, net of tax effects.

Extraordinary Reserves

	31 December 2022	31 December 2021
Extraordinary Reserves	1,118,701,370	775,195,924
Revaluation fund allocated according to tax legislation ⁽¹⁾	51,270,678	-
Total	1,169,972,048	775,195,924

⁽¹⁾ The mentioned fund has been reserved in accordance with the relevant tax legislation and cannot be subject to profit distribution.

Dividends

The Company decided to distribute a dividend amounting to TRY1,222,787,620 to its partners on the said date in its General Assembly dated March 28, 2022(2021:TRY 648,000,000).

16. Other Reserves and Equity Component of Discretionary Participation Feature

Information about other reserves classified under the equity is explained in Note 15.

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be provided and guarantees provided for life and non-life branches:

	31 December 2022	31 December 2021
Required guarantee amount to be provided for life branch ⁽¹⁾	2,891,361,823	2,225,524,508
Guarantee amount provided for life branch	2,900,169,100	2,461,662,192
Required guarantee amount to be provided for non-life branch ⁽¹⁾	12,010,494	4,606,635
Guarantee amount provided for non-life branch	32,233,499	145,766,499

⁽¹⁾ Under the article 4 of the 'The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies', published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.2 Number of life policies, the number and mathematical reserve amount of the life policies that enter and exit during the year and current status:**

	31 December 2022	31 December 2021
Mathematical reserves - short term	67,392,738	32,102,263
Mathematical reserves - long term	2,154,248,617	1,856,632,477
Total	2,221,641,355	1,888,734,740

	2022		2021	
	Number of Policies	Mathematical Reserves	Number of Policies	Mathematical Reserves
Opening balance - 1 January	5,165,082	1,888,734,740	4,711,719	1,915,963,458
Addition	2,882,353	918,808,651	2,102,407	541,778,708
Disposal	(1,795,420)	(215,223,466)	(1,649,044)	(201,247,067)
Increase/decrease during the period	-	(370,678,570)	-	(367,760,359)
Closing Balance - 31 December	6,252,015	2,221,641,355	5,165,082	1,888,734,740

17.3 Insurance guarantees given for non-life branches:

Disclosed in Note 4.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.4 Unit prices of pension funds established by the Company:**

Pension Funds	Unit Prices	Unit Prices
	31 December 2022	31 December 2021
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	0,229582	0,173858
Türkiye Hayat ve Emeklilik A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	0,162421	0,138367
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	0,239418	0,096080
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Kira Sertifikaları Katılım Emeklilik Yatırım Fonu	0,115911	0,090695
Türkiye Hayat ve Emeklilik A.Ş. Altın Katılım Emeklilik Yatırım Fonu	0,135587	0,086894
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları (ABD Doları 0-5 Yıl Vadeli) Emeklilik Yatırım Fonu	0,130392	0,085587
Türkiye Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu	0,092007	0,079913
Türkiye Hayat ve Emeklilik A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	0,097041	0,073794
Türkiye Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu	0,126470	0,070864
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Grup Emeklilik Yatırım Fonu	0,209230	0,068767
Türkiye Hayat ve Emeklilik A.Ş. Katılım Agresif Değişken Emeklilik Yatırım Fonu	0,260643	0,049860
Türkiye Hayat ve Emeklilik A.Ş. Kıymetli Madenler Katılım Emeklilik Yatırım Fonu	0,107935	0,048253
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Grup Emeklilik Yatırım Fonu	0,114368	0,047474
Türkiye Hayat ve Emeklilik A.Ş. Katılım Standart Emeklilik Yatırım Fonu	0,065491	0,038318
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Emeklilik Yatırım Fonu	0,107240	0,037928
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dengeli Değişken Emeklilik Yatırım Fonu	0,068284	0,037017
Türkiye Hayat ve Emeklilik A.Ş. Sürdürülebilirlik Hisse Senedi Emeklilik Yatırım Fonu	0,109159	0,036549
Türkiye Hayat ve Emeklilik A.Ş. Temkinli Değişken Emeklilik Yatırım Fonu	0,045603	0,036371
Türkiye Hayat ve Emeklilik A.Ş. BİST-30 Dışı Şirketler Hisse Senedi Emeklilik Yatırım Fonu	0,155068	0,035967
Türkiye Hayat ve Emeklilik A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	0,162421	0,034335
Türkiye Hayat ve Emeklilik A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	0,069420	0,032953
Türkiye Hayat ve Emeklilik A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	0,103153	0,032730
Türkiye Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	0,058647	0,029916
Türkiye Hayat ve Emeklilik A.Ş. Pera 3 Değişken Grup Emeklilik Yatırım Fonu	0,043941	0,028366
Türkiye Hayat ve Emeklilik A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	0,085080	0,027621
Türkiye Hayat ve Emeklilik A.Ş. Pera 2 Değişken Grup Emeklilik Yatırım Fonu	0,038414	0,026827
Türkiye Hayat ve Emeklilik A.Ş. Turkcell Grubu Çalışanlarına Yönelik Pera 1 Değişken Grup Emeklilik Yatırım Fonu	0,042745	0,026280
Türkiye Hayat ve Emeklilik A.Ş. Katılım Temkinli Değişken Emeklilik Yatırım Fonu	0,044965	0,025853
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Katılım Değişken Emeklilik Yatırım Fonu	0,079282	0,024007
Türkiye Hayat ve Emeklilik A.Ş. Oks Atak Katılım Değişken Emeklilik Yatırım Fonu	0,056271	0,022400
Türkiye Hayat ve Emeklilik A.Ş. Oks Dinamik Değişken Emeklilik Yatırım Fonu	0,062071	0,022122
Türkiye Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	0,032903	0,021591
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Değişken Emeklilik Yatırım Fonu	0,047461	0,020728
Türkiye Hayat ve Emeklilik A.Ş. Karma Emeklilik Yatırım Fonu	0,039389	0,020592
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu	0,021058	0,020588
Türkiye Hayat ve Emeklilik A.Ş. Oks Katılım Standart Emeklilik Yatırım Fonu	0,037943	0,020431
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Katılım Değişken Emeklilik Yatırım Fonu	0,035263	0,020264
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	0,022055	0,020010
Türkiye Hayat ve Emeklilik A.Ş. Oks Standart Emeklilik Yatırım Fonu	0,037762	0,019926
Türkiye Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu	0,038789	0,018861
Türkiye Hayat ve Emeklilik A.Ş. Oks Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	0,028105	0,018624
Türkiye Hayat ve Emeklilik A.Ş. Oks Temkinli Değişken Emeklilik Yatırım Fonu	0,023861	0,018607
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Değişken Emeklilik Yatırım Fonu	0,068540	0,018478
Türkiye Hayat ve Emeklilik A.Ş. Teknoloji Sektörü Hisse Senedi Emeklilik Yatırım Fonu	0,035629	0,010245
Türkiye Hayat ve Emeklilik A.Ş. İkinci Yaşam Döngüsü Emeklilik Yatırım Fonu	0,099235	0,010017
Türkiye Hayat ve Emeklilik A.Ş. Birinci Yaşam Döngüsü Emeklilik Yatırım Fonu	0,119929	0,010016
Türkiye Hayat ve Emeklilik A.Ş. Üçüncü Yaşam Döngüsü Emeklilik Yatırım Fonu	0,044789	0,010015

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.5 Units and amounts of share certificates in portfolio and in circulation:*****Circulating private pension funds:***

	31 December 2022	
	in Circulation Unit	Amount TRY
Türkiye Hayat ve Emeklilik A.Ş. Altın Katılım Emeklilik Yatırım Fonu	208,734,504,602	28,301,696,680
Türkiye Hayat ve Emeklilik A.Ş. Oks Katılım Standart Emeklilik Yatırım Fonu	277,936,621,285	10,545,720,667
Türkiye Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu	255,166,934,558	9,897,698,964
Türkiye Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu	38,957,696,807	3,584,385,884
Türkiye Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu	39,789,669,130	5,032,209,934
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	16,475,276,988	3,782,431,421
Türkiye Hayat ve Emeklilik A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	57,913,912,970	4,020,358,702
Türkiye Hayat ve Emeklilik A.Ş. Oks Standart Emeklilik Yatırım Fonu	84,126,882,785	3,176,762,103
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları (ABD Doları 0-5 Yıl Vadeli) Emeklilik Yatırım Fonu	18,668,100,567	2,434,170,985
Türkiye Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	39,883,624,587	2,339,058,112
Türkiye Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	61,058,217,963	2,009,000,498
Türkiye Hayat ve Emeklilik A.Ş. Katılım Standart Emeklilik Yatırım Fonu	32,520,428,813	2,129,780,327
Türkiye Hayat ve Emeklilik A.Ş. Temkinli Değişken Emeklilik Yatırım Fonu	29,345,769,305	1,338,256,435
Türkiye Hayat ve Emeklilik A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	25,249,120,199	2,604,511,794
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Kira Sertifikaları Katılım Emeklilik Yatırım Fonu	8,459,195,083	980,509,842
Türkiye Hayat ve Emeklilik A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	5,046,258,353	3,247,640,361
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	6,234,451,097	1,492,639,295
Türkiye Hayat ve Emeklilik A.Ş. Sürdürülebilirlik Hisse Senedi Emeklilik Yatırım Fonu	14,916,176,383	1,628,235,293
Türkiye Hayat ve Emeklilik A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	7,632,147,708	740,630,075
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	29,201,606,486	644,043,534
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dengeli Değişken Emeklilik Yatırım Fonu	10,691,226,260	730,037,825
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu	16,816,962,888	354,126,263
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Katılım Değişken Emeklilik Yatırım Fonu	9,622,971,733	762,927,194
Türkiye Hayat ve Emeklilik A.Ş. Katılım Temkinli Değişken Emeklilik Yatırım Fonu	9,219,021,732	414,531,308
Türkiye Hayat ve Emeklilik A.Ş. BİST-30 Dışı Şirketler Hisse Senedi Emeklilik Yatırım Fonu	6,250,734,855	969,290,827
Türkiye Hayat ve Emeklilik A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	3,796,786,656	616,678,924
Türkiye Hayat ve Emeklilik A.Ş. Oks Atak Katılım Değişken Emeklilik Yatırım Fonu	5,642,840,722	317,530,421
Türkiye Hayat ve Emeklilik A.Ş. Kıymetli Madenler Katılım Emeklilik Yatırım Fonu	2,694,255,463	290,803,438
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Grup Emeklilik Yatırım Fonu	1,680,960,094	351,707,847
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Değişken Emeklilik Yatırım Fonu	5,191,425,767	355,819,411
Türkiye Hayat ve Emeklilik A.Ş. Karma Emeklilik Yatırım Fonu	5,232,083,207	206,087,360
Türkiye Hayat ve Emeklilik A.Ş. Teknoloji Sektörü Hisse Senedi Emeklilik Yatırım Fonu	9,067,588,146	323,067,805
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Grup Emeklilik Yatırım Fonu	1,524,285,006	174,329,236
Türkiye Hayat ve Emeklilik A.Ş. Oks Dinamik Değişken Emeklilik Yatırım Fonu	2,922,997,928	181,432,256
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Değişken Emeklilik Yatırım Fonu	1,934,700,367	91,822,571
Türkiye Hayat ve Emeklilik A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	1,456,988,753	123,960,365
Türkiye Hayat ve Emeklilik A.Ş. Pera 2 Değişken Grup Emeklilik Yatırım Fonu	1,133,220,409	43,531,557
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Emeklilik Yatırım Fonu	733,782,129	78,690,758
Türkiye Hayat ve Emeklilik A.Ş. Turkoell Grubu Çalışanlarına Yönelik Pera 1 Değişken Grup Emeklilik Yatırım Fonu	1,238,487,593	52,938,687
Türkiye Hayat ve Emeklilik A.Ş. Pera 3 Değişken Grup Emeklilik Yatırım Fonu	779,423,566	34,248,600
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Katılım Değişken Emeklilik Yatırım Fonu	1,095,584,038	38,634,123
Türkiye Hayat ve Emeklilik A.Ş. Katılım Agresif Değişken Emeklilik Yatırım Fonu	398,577,730	103,886,348
Türkiye Hayat ve Emeklilik A.Ş. Oks Temkinli Değişken Emeklilik Yatırım Fonu	819,486,168	19,553,358
Türkiye Hayat ve Emeklilik A.Ş. Oks Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	287,599,212	8,083,087
Türkiye Hayat ve Emeklilik A.Ş. Üçüncü Yaşam Döngüsü Emeklilik Yatırım Fonu	12,293,946	550,631
Türkiye Hayat ve Emeklilik A.Ş. Birinci Yaşam Döngüsü Emeklilik Yatırım Fonu	6,897,669	827,229
Türkiye Hayat ve Emeklilik A.Ş. İkinci Yaşam Döngüsü Emeklilik Yatırım Fonu	5,112,995	507,387
Total	1,357,572,890,701	96,575,345,722

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.5 Units and amounts of share certificates in portfolio and in circulation (Continued):**

	31 December 2021	
	in Circulation Unit	Amount TRY
Türkiye Hayat ve Emeklilik A.Ş. Altın Katılım Emeklilik Yatırım Fonu	190,646,498,279	16,566,003,674
Türkiye Hayat ve Emeklilik A.Ş. Oks Katılım Standart Emeklilik Yatırım Fonu	280,105,617,189	5,722,837,865
Türkiye Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu	230,600,093,650	4,349,348,366
Türkiye Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu	42,771,870,035	3,418,019,820
Türkiye Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu	41,718,819,102	2,956,362,397
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu	15,027,901,679	2,612,727,209
Türkiye Hayat ve Emeklilik A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu	58,746,651,655	1,935,878,412
Türkiye Hayat ve Emeklilik A.Ş. Oks Standart Emeklilik Yatırım Fonu	84,348,192,264	1,680,722,079
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları (ABD Doları 0-5 Yıl Vadeli) Emeklilik Yatırım Fonu	18,296,734,345	1,565,962,602
Türkiye Hayat ve Emeklilik A.Ş. Katılım Standart Emeklilik Yatırım Fonu	34,701,875,560	1,329,698,073
Türkiye Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu	60,742,912,646	1,311,500,227
Türkiye Hayat ve Emeklilik A.Ş. Temkinli Değişken Emeklilik Yatırım Fonu	32,062,668,370	1,166,163,169
Türkiye Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu	37,168,348,713	1,111,928,320
Türkiye Hayat ve Emeklilik A.Ş. Agresif Değişken Emeklilik Yatırım Fonu	26,849,924,428	878,798,027
Türkiye Hayat ve Emeklilik A.Ş. Kamu Dış Kira Sertifikaları Katılım Emeklilik Yatırım Fonu	8,885,895,194	805,906,265
Türkiye Hayat ve Emeklilik A.Ş. Hisse Senedi Emeklilik Yatırım Fonu	4,968,935,913	687,534,454
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu	6,496,320,984	624,164,370
Türkiye Hayat ve Emeklilik A.Ş. Sürdürülebilirlik Hisse Senedi Emeklilik Yatırım Fonu	15,999,183,433	584,754,155
Türkiye Hayat ve Emeklilik A.Ş. Birinci Değişken Emeklilik Yatırım Fonu	7,744,211,706	571,475,223
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dengeli Değişken Emeklilik Yatırım Fonu	10,821,507,536	400,580,504
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu	17,827,449,746	356,727,269
Türkiye Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu	14,365,387,098	295,754,590
Türkiye Hayat ve Emeklilik A.Ş. BİST-30 Dışı Şirketler Hisse Senedi Emeklilik Yatırım Fonu	7,940,134,205	285,582,807
Türkiye Hayat ve Emeklilik A.Ş. Katılım Temkinli Değişken Emeklilik Yatırım Fonu	9,400,086,886	243,020,446
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Katılım Değişken Emeklilik Yatırım Fonu	8,609,283,333	206,683,065
Türkiye Hayat ve Emeklilik A.Ş. Oks Atak Katılım Değişken Emeklilik Yatırım Fonu	5,475,951,692	122,661,318
Türkiye Hayat ve Emeklilik A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu	3,487,266,763	119,733,725
Türkiye Hayat ve Emeklilik A.Ş. Karma Emeklilik Yatırım Fonu	5,714,498,321	117,672,949
Türkiye Hayat ve Emeklilik A.Ş. Dinamik Değişken Grup Emeklilik Yatırım Fonu	1,710,800,635	117,646,627
Türkiye Hayat ve Emeklilik A.Ş. Kıymetli Madenler Katılım Emeklilik Yatırım Fonu	2,230,598,746	107,633,081
Türkiye Hayat ve Emeklilik A.Ş. Oks Agresif Değişken Emeklilik Yatırım Fonu	4,655,764,197	86,029,211
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Grup Emeklilik Yatırım Fonu	1,679,631,993	79,738,849
Türkiye Hayat ve Emeklilik A.Ş. Oks Dinamik Değişken Emeklilik Yatırım Fonu	2,927,026,368	64,751,677
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Değişken Emeklilik Yatırım Fonu	1,955,180,994	40,526,992
Türkiye Hayat ve Emeklilik A.Ş. Turkcell Grubu Çalışanlarına Yönelik Pera 1 Değişken Grup Emeklilik Yatırım Fonu	1,460,545,634	38,383,139
Türkiye Hayat ve Emeklilik A.Ş. Pera 2 Değişken Grup Emeklilik Yatırım Fonu	1,328,539,036	35,640,717
Türkiye Hayat ve Emeklilik A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu	1,282,428,508	35,422,465
Türkiye Hayat ve Emeklilik A.Ş. Katılım Dinamik Değişken Emeklilik Yatırım Fonu	768,377,420	29,143,019
Türkiye Hayat ve Emeklilik A.Ş. Pera 3 Değişken Grup Emeklilik Yatırım Fonu	901,737,449	25,578,684
Türkiye Hayat ve Emeklilik A.Ş. Katılım Agresif Değişken Emeklilik Yatırım Fonu	456,586,866	22,765,421
Türkiye Hayat ve Emeklilik A.Ş. Oks Temkinli Değişken Emeklilik Yatırım Fonu	865,905,735	16,111,908
Türkiye Hayat ve Emeklilik A.Ş. Oks Dengeli Katılım Değişken Emeklilik Yatırım Fonu	788,977,386	15,987,838
Türkiye Hayat ve Emeklilik A.Ş. Teknoloji Sektörü Hisse Senedi Emeklilik Yatırım Fonu	619,686,842	6,348,692
Türkiye Hayat ve Emeklilik A.Ş. Oks Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu	324,198,314	6,037,869
Türkiye Hayat ve Emeklilik A.Ş. Birinci Yaşam Döngüsü Emeklilik Yatırım Fonu	2,711,328	27,157
Türkiye Hayat ve Emeklilik A.Ş. İkinci Yaşam Döngüsü Emeklilik Yatırım Fonu	2,650,267	26,548
Türkiye Hayat ve Emeklilik A.Ş. Üçüncü Yaşam Döngüsü Emeklilik Yatırım Fonu	1,024,742	10,263
Total	1,305,486,593,185	52,756,011,537

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.6 Numbers and portfolio amounts of the individual and group pension funds' participants (entered, left, cancelled during the period and the current participants):

	1 January - 31 December 2022					
	Additions in period unit	Additions in period TRY	Additions in period unit	Additions in period TRY	Current unit	Current TRY
Individual	1,879,238	4,491,725,954	1,617,869	9,004,121,908	4,895,295	77,792,827,204
Group	25,559	94,276,947	20,638	440,971,370	194,023	3,834,930,634
Total	1,904,797	4,586,002,901	1,638,507	9,445,093,278	5,089,318	81,627,757,838

	1 January - 31 December 2021					
	Additions in period unit	Additions in period TRY	Additions in period unit	Additions in period TRY	Current unit	Current TRY
Individual	1,578,857	2,526,322,164	1,631,821	5,808,788,006	4,633,953	43,130,687,844
Group	61,271	81,256,684	15,999	219,002,155	189,075	2,161,194,850
Total	1,640,128	2,607,578,848	1,647,820	6,027,790,161	4,823,028	45,291,882,694

17.7 Valuation methods of profit share calculation for life insurance:

The financial assets of the company, whose risk belongs to the life policy holders, have been evaluated in line with the principles stated in the Note 2.8.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.8 Distribution of the number of new private pension participants and their gross and net contribution shares, individually and institutionally, during the period:

	1 January - 31 December 2022			1 January - 31 December 2021		
	Number of Contract	Gross Contribution Amount	Net Contribution Amount	Number of Contract	Gross Contribution Amount	Net Contribution Amount
Individual	1,255,241	2,345,894,071	2,343,852,835	1,051,877	1,032,172,893	1,030,078,039
Corporate	24,819	70,985,489	70,977,327	58,731	60,599,061	60,595,538
Total	1,280,060	2,416,879,560	2,414,830,162	1,110,608	1,092,771,954	1,090,673,577

17.9 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from another Companies during the period:

	1 January - 31 December 2022			1 January - 31 December 2021		
	Number of Contract	Gross Contribution Amount	Net Contribution Amount	Number of Contract	Gross Contribution Amount	Net Contribution Amount
Individual	17,328	1,199,758,338	1,199,739,757	22,145	772,153,517	772,076,381
Corporate	13	187,747	187,747	1,110	8,647,436	8,647,436
Total	17,341	1,199,946,085	1,199,927,504	23,255	780,800,953	780,723,817

17.10 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants transferred from the life insurance portfolio to the private pension fund portfolio during the period: None (31 December 2021: None).

17.11 Number of units and individual/group allocation of gross/net contribution amounts of the private pension fund participants that left the Company and transferred to another Company or that left the Company but did not transfer to another Company:

	1 January - 31 December 2022			1 January - 31 December 2021		
	Number of Contract	Gross Contribution Amount	Net Contribution Amount	Number of Contract	Gross Contribution Amount	Net Contribution Amount
Individual	1,337,114	9,004,121,908	6,573,008,993	1,631,821	5,808,788,006	4,240,415,245
Corporate	20,638	440,971,370	339,547,955	15,999	219,002,155	168,631,659
Total	1,357,752	9,445,093,278	6,912,556,948	1,647,820	6,027,790,161	4,409,046,904

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.12 Number of units, gross/net premiums and individual/group allocation for life policyholders that joined the portfolio during the period:

	1 January - 31 December 2022			1 January - 31 December 2021		
	Number of Policies	Gross Premium	Net Premium	Number of Policies	Gross Premium	Net Premium
Individual	163,404	568,160,323	562,021,232	184,344	237,369,144	237,079,750
Group	2,718,949	6,780,489,916	6,780,416,622	1,918,063	2,642,448,587	2,639,503,213
Total	2,882,353	7,348,650,239	7,342,437,854	2,102,407	2,879,817,731	2,876,582,963

17.13 Number of units, gross/net premiums and individual/group allocation of mathematical reserves for life and individual policyholders that left the portfolio during the period:

	1 January - 31 December 2022				1 January - 31 December 2021			
	Number of Policies	Gross Premium	Net Premium	TRY Provision	Number of Policies	Gross Premium	Net Premium	TRY Provision
Individual	114,834	48,857,141	48,379,444	7,529,352	94,701	5,929,371	5,922,107	12,134,387
Group	1,678,183	444,916,036	444,898,791	180,602,257	1,554,343	235,491,018	235,207,835	189,112,680
Total	1,793,017	493,773,177	493,278,235	188,131,609	1,649,044	241,420,389	241,129,942	201,247,067

17.14 Profit share distribution rate to the life policyholders:

Currency	31 December 2022		
	95%	90%	85%
TRY	19.98	18.93	17.88
USD	1.08	1.02	0.96
EUR	1.48	1.40	1.32

Currency	31 December 2021		
	95%	90%	85%
TRY	17.68	16.75	15.82
USD	6.31	5.97	5.64
EUR	0.84	0.80	0.75

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 Other required information about liabilities from insurance agreements:

Outstanding Claims Provision:

	2022		
	Gross	Reinsurer's share	Net
Opening balance - 1 January	706,327,633	(17,103,086)	689,224,547
Compensations paid	(595,250,917)	10,068,147	(585,182,770)
Change			
- Current period claims	399,752,589	-	399,752,589
- Prior period claims	376,489,464	(8,858,653)	367,630,811
Closing Balance - 31 December	887,318,769	(15,893,592)	871,425,177
Claims incurred but not reported	194,089,904	(1,023,552)	193,066,352
Calculated discount amount according to winning ratio (Note 2.24)	(65,513,305)	2,214,600	(63,298,705)
Total	1,015,895,368	(14,702,544)	1,001,192,824
	2021		
	Gross	Reinsurer's share	Net
Opening balance - 1 January	573,446,834	(20,110,921)	553,335,913
Compensations paid	(399,861,588)	16,695,056	(383,166,532)
Change			
- Current period claims	447,591,237	(7,735,264)	439,855,973
- Prior period claims	85,151,150	(5,951,957)	79,199,193
Closing Balance - 31 December	706,327,633	(17,103,086)	689,224,547
Claims incurred but not reported	141,411,671	(2,545,148)	138,866,523
Calculated discount amount according to winning ratio (Note 2.24)	(46,168,345)	1,871,791	(44,296,554)
Total	801,570,959	(17,776,443)	783,794,516

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 Other required information about liabilities from insurance agreements (Continued):

Unearned Premium Reserve Movement Table:

	2022					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	1,114,439,251	(292,613)	1,114,146,638	11,160,960	(3,199,362)	7,961,598
Change	1,075,954,833	-	1,075,954,833	(3,748,672)	-	(3,748,672)
Closing Balance - 31 December	2,190,394,084	(292,613)	2,190,101,471	7,412,288	(3,199,362)	4,212,926

	2021					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	751,721,922	(13,607,284)	738,114,638	80,928,404	(14,219,673)	66,708,731
Change	362,717,329	13,314,671	376,032,000	(69,767,444)	11,020,311	(58,747,133)
Closing Balance - 31 December	1,114,439,251	(292,613)	1,114,146,638	11,160,960	(3,199,362)	7,961,598

As of 31 December 2022, deferred commission expenses are TRY956,350,970 (31 December 2021: TRY474,811,734) respectively are included under the account items "Deferred Acquisition Cost" in the balance sheet.

Equalisation Reserve Movement Table:

	31 December 2022					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	302,626,374	(3,772,604)	298,853,770	269,907	(5,996)	263,911
Change	83,480,913	2,895,685	86,376,598	11,146	(93)	11,053
Closing Balance - 31 December	386,107,287	(876,919)	385,230,368	281,053	(6,089)	274,964

	31 December 2021					
	Life			Non-life		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
Opening Balance - 1 January	252,797,458	(2,382,316)	250,415,142	255,722	(5,757)	249,965
Change	49,828,916	(1,390,288)	48,438,628	14,185	(239)	13,946
Closing Balance - 31 December	302,626,374	(3,772,604)	298,853,770	269,907	(5,996)	263,911

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 Other required information about liabilities from insurance agreements (Continued):

Mathematical Reserves:

	Gross Mathematical Reserves (TRY) 31 December 2022	Gross Mathematical Reserves (TRY) 31 December 2021
Portfolio increase		
New policies	918,808,651	541,778,708
Portfolio increase total	918,808,651	541,778,708
Portfolio decrease		
Termination and cancellations (-)	(171,706,595)	(143,103,825)
What ends with the occurrence of the risk (-)	(13,557,438)	(17,696,266)
Expired (-)	(29,959,433)	(40,446,976)
Decrease during the period (-)	(370,678,570)	(367,760,359)
Portfolio decrease total (-)	(585,902,036)	(569,007,426)

Mathematical equivalents expressed in foreign currency:

Currency	31 December 2022		
	Currency Amount	Exchange Rate	Amount TRY
USD	1,092,890	18,7601	20,502,726
EUR	211,669	20,0007	4,233,528
			24,736,254

Currency	31 December 2021		
	Currency Amount	Exchange Rate	Amount TRY
USD	1,122,742	13,0204	14,618,550
EUR	208,174	14,7308	3,066,570
			17,685,120

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)**17.15 Other required information about liabilities from insurance agreements (Continued):**

Outstanding claims and compensation provisions expressed in foreign currency and notified are as follows:

Outstanding reserves expressed in foreign currency:

Currency	31 December 2022		
	Currency Amount	Exchange Rate	Amount TRY
USD	20,649	18,7601	387,377
			387,377
Currency	31 December 2021		
	Currency Amount	Exchange Rate	Amount TRY
EUR	35,075	14,7308	516,679
USD	23,114	13,0204	300,954
			817,633

Win Ratio Calculations for Outstanding Claims:

In accordance with the Circular numbered 2011/23, the Company calculated the winning rates in terms of sub-branches by proportioning the amount of the files, which were concluded in favor of the Company, among the claims files whose all judicial stages were completed in the last five years as of December 31, 2022 and 2021. and made a discount from the outstanding claims reserves by using 25% in accordance with Article 6 of Circular No. 2011/23 for individual accident sub-branches (Note 2.24).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 Other required information about liabilities from insurance agreements (Continued):

The claim development tables used in ACLM calculations made in accordance with the Technical Provisions Regulation are as follows:

Claim development table on gross incurred claims as of 31 December 2022:

Period of the accident	1 January 2016 - 31 December 2016	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	1 January 2019 - 31 December 2019	1 January 2020 - 31 December 2020	1 January 2021 - 31 December 2021	1 January 2022 - 31 December 2022	Total Incurred Gross Claims
Claims incurred in the year of the accident	684,371,540	683,582,468	678,150,321	702,720,819	1,073,136,523	1,126,843,779	1,229,570,555	6,178,376,005
1 year later	9,597,758	8,179,928	8,008,039	11,479,737	30,097,986	233,340,566	-	300,704,014
2 years later	5,278,046	3,798,725	5,069,721	2,928,686	128,449,910	-	-	145,525,088
3 years later	4,568,657	4,952,664	4,454,605	66,613,182	760,187	-	-	81,349,295
4 years later	1,834,696	1,106,997	36,476,195	9,689	-	-	-	39,427,577
5 years later	572,701	21,199,873	63,903	-	-	-	-	21,836,477
6 years later	18,967,920	-	-	-	-	-	-	18,967,920
Total incurred gross claims	725,191,318	722,820,655	732,222,784	783,752,113	1,232,444,606	1,360,184,345	1,229,570,555	6,786,186,376

Claim development table on gross incurred claims as of 31 December 2021:

Period of the accident	1 January 2015 - 31 December 2015	1 January 2016 - 31 December 2016	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	1 January 2019 - 31 December 2019	1 January 2020 - 31 December 2020	1 January 2021 - 31 December 2021	Total Incurred Gross Claims
Claims incurred in the year of the accident	672,951,068	684,428,172	683,854,992	679,471,802	714,143,609	1,138,012,058	1,244,376,759	5,817,238,460
1 year later	8,302,618	9,744,880	8,247,239	8,521,524	14,072,606	66,309,932	-	115,198,799
2 years later	4,670,600	5,349,471	3,972,140	5,882,553	35,601,583	-	-	55,476,347
3 years later	4,041,836	4,764,306	5,390,190	31,169,475	-	-	-	45,365,807
4 years later	1,398,092	2,165,899	18,716,190	-	-	-	-	22,280,181
5 years later	680,201	16,587,782	-	-	-	-	-	17,267,983
6 years later	11,433,685	-	-	-	-	-	-	11,433,685
Total incurred gross claims	703,478,100	723,040,510	720,180,751	725,045,354	763,817,798	1,204,321,990	1,244,376,759	6,084,261,262

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

18. Investment Contract Liabilities

None (31 December 2021: None).

19. Trade and Other Payables and Deferred Income

	31 December 2022	31 December 2021
Payables from private pension operations (Note 47.1)	442,692,353	206,559,362
Payables to intermediaries and insurance holders	132,958,959	36,576,267
Payables from reinsurance activities	505,173	-
Payables to reinsurance companies	4,597	4,597
Payables from other main activities (Note 47.1)	30,118,132	30,414,056
Payables from main activities - short term	606,279,214	273,554,282
Deferred commission income (Note 10)	-	54,674
Other income and expense accruals for the next months	-	54,674
Deposits and guarantees received	732,118	444,775
Other payables (Note 47.1)	55,294,938	24,805,079
Other payables	56,027,056	25,249,854

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

20. Borrowings

Lease Liabilities

	31 December 2022	31 December 2021
Short-term lease liabilities	21,672,901	11,336,294
Long-term lease liabilities	6,300,022	11,235,853
Discount amount with alternative borrowing rate	(6,531,015)	(3,682,116)
Total Lease Liabilities	21,441,908	18,890,031
	2022	2021
Total lease liability as of 1 January	18,890,031	21,860,868
Interest cost	8,625,546	3,760,496
Additions	13,663,827	12,493,097
Disposals	-	(7,938,023)
Lease payments	(19,737,496)	(11,286,407)
Closing Balance - 31 December	21,441,908	18,890,031

Other Borrowings

	31 December 2022		
	Annual interest rates (%)	Time (Day)	Amount TRY
Halk Yatırım A.Ş.	12	23	1,243,230,135
Ziraat Yatırım A.Ş.	11	7	450,286,303
Total			1,693,516,438

As of 31 December 2022, funds obtained from other financial debts are used in investment activities (31 December 2021: None).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

21. Deferred Income Tax

The Company calculates deferred income tax for the temporary differences in the balance sheet items arising due to measurement in the financial statements and measurement in accordance with Tax Law. The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method.

As of 31 December 2022 and 31 December 2021, the details of the temporary differences, deferred income tax assets and liabilities calculated using enacted tax rates are as follows:

Deferred tax assets	Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Equalization reserve	385,505,332	299,117,681	96,376,333	59,823,536
Employment termination benefits	97,630,573	24,562,205	24,407,643	4,912,441
Provision for bonus and discount	74,109,730	45,427,825	18,527,432	11,356,956
Other			(28,659,224)	(623,496)
Net deferred tax assets (Note 35)			110,652,184	75,469,437

The movement of the deferred tax asset during the year is as follows:

	2022	2021
Opening balance - 1 January	75,469,437	56,015,487
Deferred tax (expense)/income (Note 35)	71,419,153	(367,413)
Deferred tax accounted under equity	(36,236,406)	19,821,363
Closing Balance - 31 December	110,652,184	75,469,437

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax legislation that has been enacted at the balance sheet date and is expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are reflected in the records provided that it is highly likely to benefit from temporary differences by obtaining taxable profit in the future.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

22. Retirement Benefit Obligations

	<u>31 December 2022</u>	<u>31 December 2021</u>
Provision for employment termination benefits	97,630,573	24,562,205
	97,630,573	24,562,205

According to the Turkish Labor Law, the Company is obliged to pay severance pay for its personnel who have completed one year and are dismissed from the Company for reasons other than resignation or bad behavior or who have completed their service year and retired, recruited or died. The compensation to be paid is equal to the monthly salary for each service year and this amount is limited to TRY15,371.40 (31 December 2021: TRY8,284.51) determined by the government as of 31 December 2022.

Liability of provision employee termination benefits is not funded, as there is no funding requirement.

The provision for severance pay is calculated by estimating the value at the balance sheet date of the probable obligation to be paid in case of retirement of the employees.

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Discount rate (%)	(0.93)	3.67
Probability of retirement (%)	91.80	92.18

The principal assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The severance pay provision of the company is calculated on the basis of TRY19,982.83 (1 January 2022: TRY10,848.59), which is valid as of January 1, 2023, since the severance pay ceiling is adjusted every year.

The movement of the provision for employment termination benefits is as follows:

	<u>2022</u>	<u>2021</u>
Opening balance - 1 January	24,562,205	21,233,599
Current service cost	2,987,715	2,167,612
Interest cost	3,251,787	2,195,356
Paid during the period	(9,144,664)	(5,703,413)
Actuarial gain/(loss) ^(*)	75,973,530	4,669,051
Closing balance - 31 December	97,630,573	24,562,205

^(*) Actuarial losses amounting to TL 75,973,530 (31 December 2021: TL 5,351,592) for the period ended 31 December 2022, net of tax effects, were accounted for in "Other Profit Reserves" in equity (Note 15).

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

23. Provisions for Other Liabilities and Charges

Commitments and contingent liabilities not recognized as liabilities are disclosed in Note 43. Guarantees and pledges received are disclosed in Note 12.3.

The details of balances that are classified under expense accruals on the balance sheet are as follows:

	31 December 2022	31 December 2021
Agency commission provision	90,132,978	93,904,353
Personnel bonus provision	50,000,000	25,549,101
Personnel unused vacation provision	19,750,740	11,421,115
Lawsuit provision (Note 42)	14,715,234	7,731,842
Other	15,565,101	11,927,942
Total	190,164,053	150,534,353

	Agency commission provision	Personnel bonus	Other	Total
Opening balance 1 January 2022	93,904,353	25,549,101	31,080,899	150,534,353
Change during the period	(3,771,375)	24,450,899	18,950,176	39,629,700
Closing balance 31 December 2022	90,132,978	50,000,000	50,031,075	190,164,053
Opening balance 1 January 2021	100,665,542	32,015,155	26,998,894	159,679,591
Change during the period	(6,761,189)	(6,466,054)	4,082,005	(9,145,238)
Closing balance 31 December 2021	93,904,353	25,549,101	31,080,899	150,534,353

24. Net Insurance Premium Revenue

	1 January - 31 December 2022			1 January - 31 December 2021		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Life	6,861,888,430	(6,870,209)	6,855,018,221	3,926,486,616	3,340,631	3,929,827,247
Non-Life	16,553,323	(10,198)	16,543,125	21,959,817	(230,482)	21,729,335
Total						
Premium Income	6,878,441,753	(6,880,407)	6,871,561,346	3,948,446,433	3,110,149	3,951,556,582

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

25. Fee Income

For the period ended 31 December 2022, the Company generated entrance fee income amount of TRY105,507,192 (1 January - 31 December 2021: TRY102,163,575) from pension branch.

26. Investment Income and Expense

	1 January - 31 December 2022	1 January - 31 December 2021
<i>Financial assets</i>		
Sales, dividend and fair value change income, net	1,275,426,787	242,449,532
Interest income	51,825,320	78,358,261
<i>Cash and cash equivalents</i>		
Interest income	1,073,153,122	838,745,276
Other investment income	17,919,308	-
BSMV on investment income (-)	(64,887,109)	(52,555,818)
Total	2,353,437,428	1,106,997,251

27. Net Realized Gains on Financial Assets

Information about realized gain/loss on financial assets is disclosed in Notes 11 and 26.

28. Net Fair Value Gains on Assets at Fair Value Through Income

Disclosed in Notes 2.7, 11 and 26.

29. Insurance Benefits and Claims

Disclosed in Note 17.

30. Investment Contract Rights

None (31 December 2021: None).

31. Other Expenses

Operating expenses classified under technical segment.

	1 January - 31 December 2022	1 January - 31 December 2021
Operating expenses classified under technical segment		
- Life	2,113,505,702	1,131,753,414
- Pension	426,048,235	291,530,962
- Non-life	33,255,672	57,338,848
Total (Note 32)	2,572,809,609	1,480,623,224

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

32. Expenses by Nature

	1 January - 31 December 2022	1 January - 31 December 2021
Commission expenses	1,857,722,118	1,073,637,330
Personnel expenses (Note 33)	444,859,490	235,316,644
Outsourced service expenses	65,773,191	52,141,748
Information technology expenses	46,749,796	37,269,322
Advertising and marketing expenses	39,540,988	32,965,956
Office expenses	23,913,616	13,070,240
Tax and fee expenses	459,029	875,448
Reinsurance commission income	(776,770)	1,023,293
Other	94,568,151	34,323,243
Total (Note 31)	2,572,809,609	1,480,623,224

33. Employee Benefit Expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Salaries	255,930,879	122,809,979
SSI premium employer share	80,821,269	52,229,656
Bonus	56,537,076	31,144,946
Meal and travel allowance	35,307,921	18,377,089
Termination benefits	10,409,709	8,217,316
Other	5,852,636	2,537,658
Total (Note 32)	444,859,490	235,316,644

Total amount of the salaries and the benefits paid to top management such as the chairman and the members of the Board of Directors, General Manager, General Coordinator, Assistant General Manager and other executive management in the current period are disclosed in Note 1.6.

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

34. Financial Costs

34.1 Total financial expenses for the period:

34.1.1 Production cost related expenses: None (2021: None)

34.1.2 Given to the cost of fixed assets: None (2021: None).

34.1.3 Direct expenses: TRY8,625,546 (2021: TRY3,760,496).

34.2 Financial expenses related to shareholders, subsidiaries and investments (any amount exceeding 20% of total will be illustrated separately): None (2021: None).

34.3 Sales to/purchases from shareholders, subsidiaries and investments (any amount exceeding 20% of total will be illustrated separately.): Disclosed in Note 45.

34.4 Interest, rent or other charges received from or paid to shareholders, subsidiaries and investments (any amount exceeding 20% of total will be illustrated separately.): Disclosed in Note 45.

35. Income Taxes

The tax income and expenses included in the financial statements for the fiscal periods 1 January - 31 December 2022 and 2021 and the tax assets and liabilities included in the balance sheets prepared as of 31 December 2022 and 2021 are summarized below:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense (-)	(1,099,623,620)	(554,925,352)
Deferred tax income/(expense) (Note 21)	71,419,153	(367,413)
Total tax expense (-)	(1,028,204,467)	(555,292,765)
	31 December 2022	31 December 2021
Current period provision for income taxes (-)	(1,098,598,207)	(554,925,352)
Prepaid taxes	835,303,450	427,503,675
Corporate tax provision, net (-)	(263,294,757)	(127,421,677)
	31 December 2022	31 December 2021
Deferred tax assets/(liabilities), net (Note 21)	110,652,184	75,469,437

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

35. Income Taxes (Continued)

The realized tax expense reconciliation is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before current and deferred taxes	4,420,262,545	2,291,356,508
Enacted tax rate	25%	25%
Provision taxes	(1,105,065,636)	(572,839,127)
Effect of non-taxable income and expenses, net	76,861,169	17,546,362
Total tax expense (-)	(1,028,204,467)	(555,292,765)

36. Net Foreign Exchange Gains

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange profits	9,963,754	11,535,395
Foreign exchange losses (-)	(6,715,800)	(9,085,256)
Foreign currency income, net	3,247,954	2,450,139

37. Earnings per Share

	1 January - 31 December 2022	1 January - 31 December 2021
Net profit for the period	3,392,058,078	1,736,063,743
Weighted average number of shares with nominal value of TRY1 per share	755,752,390	755,752.390
Profit per shares (TRY)	4.49	2.30

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

38. Dividends per Share

Information on dividend distribution is explained in notes 15 and 45. Profit share per share for the accounting period of 1 January - 31 December 2022 has been calculated as TRY1.62 (2021: TRY0.86.)

39. Cash Generated from Operations: Disclosed in the statement of cash flows.

40. Convertible Bonds: None (31 December 2021: None).

41. Redeemable Preference Shares: None (31 December 2021: None).

42. Contingencies

	<u>31 December 2022</u>	<u>31 December 2021</u>
Compensation litigations against the Company - gross ⁽¹⁾	22,268,622	98,525,790
Other litigations against the Company (Note 23)	14,715,234	7,531,842
Compensation provision not yet at the litigation state	-	200,000
Total	36,983,856	106,257,632

⁽¹⁾ The provision for the lawsuits against the Company is accounted for under related provision accounts in the accompanying financial statements. Followed under outstanding claims and movement of outstanding claims is presented in Note 17.

43. Commitments***Total amount of mortgages or restrictions on assets:***

	<u>31 December 2022</u>	<u>31 December 2021</u>
Bank deposits (Notes 2.12 and 14)	2,753,178,291	2,433,420,754
Financial investments at the risk of life policy holders and in the company portfolio (Note 11)	179,224,309	174,007,938
Total	2,932,402,600	2,607,428,692

44. Business Combinations

None.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

45. Related-party Transactions

Turkey Wealth Funds group companies and senior management of the Company has been identified as associated companies in terms of these financial statements.

The total amount of wages and similar benefits provided in the current period to top managers such as the chairman and members of the board of directors, general manager, general coordinator, assistant general managers are explained in Note 1.6.

Related party balances are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
a) Bank deposits		
Vakıfbank	1,789,447,287	1,121,498,306
T.C. Ziraat Bankası A.Ş.	1,049,656,656	723,355,446
T. Halk Bankası A.Ş.	913,166,640	1,574,049,417
Ziraat Katılım Bankası A.Ş.	-	248,574,891
	3,752,270,583	3,667,478,060
b) Credit card receivables		
Vakıfbank	119,854,353	65,289,533
T. Halk Bankası A.Ş.	85,476,434	32,833,026
T.C. Ziraat Bankası A.Ş.	56,719,223	47,290,988
	262,050,010	145,413,547
c) Receivables from main activities		
Ziraat Portföy Yönetimi A.Ş.	48,601,217	2,321,555
	48,601,217	2,321,555
d) Payables from main activities		
Vakıfbank	13,674,519	8,339,318
T. Halk Bankası A.Ş.	10,778,413	9,108,355
Other	6,516,983	4,894,108
	30,969,915	22,341,781
e) Payables to shareholder		
Türkiye Sigorta A.Ş.	32,965,882	13,394,187
	32,965,882	13,394,187

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

45. Related-party Transactions (Continued)

Related party transactions are as follows:

a) Intermediated premiums

	1 January - 31 December 2022	1 January - 31 December 2021
T.C. Ziraat Bankası A.Ş.	3,376,255,971	2,013,978,574
Vakıfbank	1,719,241,010	1,147,456,630
T. Halk Bankası A.Ş.	1,549,916,323	656,586,520
Ziraat Katılım Bankası A.Ş.	-	17,341,134
Total	6,645,413,304	3,835,362,858

b) Premium productions to related parties

T. Halk Bankası A.Ş.	28,519,007	20,769,823
T.C. Ziraat Bankası A.Ş.	16,957,629	14,602,262
Türkiye Sigorta	1,237,091	45,001
Other	7,178,988	6,890,890
Other	53,892,715	42,307,976

c) Investment income

T. Halk Bankası A.Ş.	268,457,235	272,396,106
Vakıfbank	266,725,585	179,006,617
T.C. Ziraat Bankası A.Ş.	102,251,106	253,887,131
Ziraat Katılım Bankası A.Ş.	-	47,312,122
Total	637,433,926	752,601,976

d) Rent income

Türkiye Varlık Fonu Yönetim A.Ş.	2,870,400	2,400,000
Türkiye Sigorta A.Ş.	223,526	199,882
Total	3,093,926	2,599,882

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

45. Related-party Transactions (Continued)

	1 January - 31 December 2022	1 January - 31 December 2021
e) Commissions paid		
T.C. Ziraat Bankası A.Ş.	1,090,006,196	616,737,799
Vakıfbank	597,882,796	374,647,371
T. Halk Bankası A.Ş.	516,304,078	173,606,749
Other	12,704,319	3,510,748
Total	2,216,897,389	1,168,502,667
f) Rent expenses		
Ziraat GYO A.Ş.	-	1,927,534
Total	-	1,927,534
g) Operating expenses		
Ziraat Portföy Yönetimi A.Ş.	48,601,217	17,560,315
İstanbul Takas ve Saklama Bankası A.Ş.	20,277,469	10,390,178
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	12,324,895	11,195,625
Bileşim Alternatif Dağıtım Kanalları A.Ş.	9,369,994	11,414,746
Superonline İletişim Hizmetleri A.Ş.	6,260,112	4,994,764
Ziraat Teknoloji A.Ş.	977,121	5,146,744
Other	-	5,867,494
Total	97,810,808	66,569,866
h) Dividends decided to be distributed		
TVF Finansal Yatırımlar	1,132,747,374	600,284,372
Türkiye Sigorta A.Ş.	90,040,246	47,715,628
Total	1,222,787,620	648,000,000

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

45.1 Doubtful receivables from shareholders, investments and subsidiaries: None (31 December 2021: None).

45.2 Breakdown of investments and subsidiaries having an indirect shareholding and management relationship with the company, participation rates and amounts of these investments and subsidiaries; profit/loss, net profit/loss in the latest financials, the period of these financials and the opinion type of the independent audit report if the company is independently audited:

	31 December 2022					
	Carrying Value	Audit Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Profit
Emeklilik Gözetim Merkezi A.Ş.	435,662	-	31.12,2022	37,959,281	23,956,633	189,152

	31 December 2021					
	Carrying Value	Audit Opinion	Financial Statement Period	Total Assets	Total Liabilities	Net Profit
Vakıf Menkul Kıy. Yat. Ort. A.Ş.	13,583,898	Positive	31.12,2021	32,529,498	364,657	3,067,485
Emeklilik Gözetim Merkezi A.Ş.	435,662	-	31.12,2021	21,855,845	10,875,143	455,190

45.3 Bonus shares obtained through internally funded capital increases of associates and subsidiaries: None (31 December 2021: None).

45.4 Rights on properties and their value: None (31 December 2021: None).

45.5 Guarantees, commitments and securities given for shareholders, investments and subsidiaries: None (31 December 2021: None).

46. Subsequent events

The effects of the earthquakes that occurred in Kahramanmaraş on February 6, 2023 and were effective in a wide area, on the financial statements to be prepared in the following periods of the Company continue to be evaluated as of the preparation date of the financial statements. The Company donated TL 1,950,000,000 on 28 February 2023 to aid the regions affected by the earthquakes.

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

47. Other**47.1 Details of “other” items on the balance sheet which exceeds 20% of its respective account group or 5% of total assets:**

	<u>31 December 2022</u>	<u>31 December 2021</u>
a) Receivables from retirement activities		
Fund management fee deduction receivables	187,276,318	83,066,843
Receivables from participants	54,148,052	38,327,968
Total	241,424,370	121,394,811
b) Other receivables		
Other doubtful receivables	545,886	548,186
Minimum living allowance	24,697	639,586
Deposits and guarantees given	22,585	18,126
Provision for other doubtful receivables (-)	(545,886)	(548,186)
Total	47,282	657,712
c) Expenses and income accruals for the next months		
Insurance expenses	22,697,846	11,001,151
Maintenance and repair expenses	14,681,361	4,790,562
Subscription expenses	14,630,225	6,446,350
Other	2,742,122	8,366,918
Total	54,751,554	30,604,981
d) Other assets		
Financell escrow account	8,071,056	6,870,434
Other	10,558	8,387
Total	8,081,614	6,878,821
e) Payables from retirement activity		
Participants temporary account	378,184,467	185,111,881
Payables to portfolio management companies	50,780,265	17,719,898
Other	13,727,621	3,727,583
Total	442,692,353	206,559,362

CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

47. Other (Continued)

47.1 Details of “other” items on the balance sheet which exceeds 20% of its respective account group or 5% of total assets (Continued):

f) Payables from other operating activities

	31 December 2022	31 December 2021
Payments to participants	16,201,501	15,858,242
Other	13,916,631	14,555,814
Total	30,118,132	30,414,056

g) Other payables

Payables to vendors and contracted institutions	54,940,518	24,731,749
Credit card debts	354,420	73,330
Total	55,294,938	24,805,079

h) Other short-term liabilities

Temporary collections of life policies on credit	2,027,930	2,840,502
Total	2,027,930	2,840,502

47.2 Due from and due to personnel classified in other receivables” and “other short-term or long-term payables” that exceeds 1% of total assets: None (31 December 2021: None).

47.3 Receivables from salvage and subrogation followed under off-balance sheet items: None (31 December 2021: None).

47.4 Income and expenses related to prior periods and the amounts and sources of expenses and losses:

	1 January - 31 December 2022	1 January - 31 December 2021
Previous year’s income and profits	213,047	611,020
Previous year expenses and losses	-	(12,508)
Total	213,047	598,512

TÜRKİYE HAYAT VE EMEKLİLİK A.Ş.**CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

47. Other (Continued)

47.5 Other mandatory information:

Provision and discount income/(expenses) for the period:

	1 January - 31 December 2022	1 January - 31 December 2021
Provision for litigation	(4,733,464)	1,675,823
Provision for doubtful receivables	5,839,434	(11,396,228)
Other	(7,672,242)	6,332,660
Total	(6,566,272)	(3,387,745)

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

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period	1,950,000	1,676,734
Total ^(*)	1,950,000	1,676,734

(*) Fee excluding VAT.