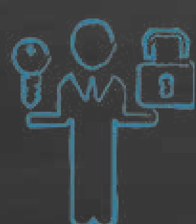
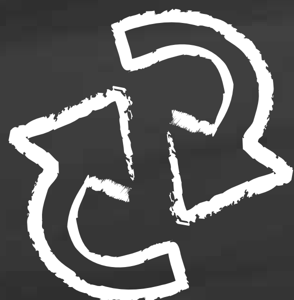
AKSigorta

2014 ANNUAL REPORT

WE HAVE BEEN RENEWED BECAUSE...



WE RECHARGE BECAUSE:



EXPECTATIONS ARE CONSTANTLY CHANGING.

COMMUNICATION NEEDS ARE GROWING.

THE WORLD IS GETTING MORE DIGITALIZED.

SUSTAINABLE GROWTH IS NEEDED.

IT IS IMPORTANT TO BE AHEAD OF THE TIMES.

NEED FOR TRUST IS GROWING.

Established in 1960,
yet always current with its innovative vision, Aksigorta recharged itself in 2014. We now have bigger and brand new targets, new achievements that motivate us to accomplish these goals and many reasons to make our customers happy.

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AGENDA FOR THE ANNUAL GENERAL MEETING

AKSİGORTA A.Ş.
20 MARCH 2015
TIME: 14:00

RESOLUTION

The Board of Directors of our Company has decided; that the 2014 Ordinary General Assembly meeting shall be held on the 20th of March 2015 at 14:00 o'clock, at the address "Beşiktaş, 4. Levent, Sabancı Center"and; that the agenda shall be as follows:

Agenda

1. Opening and formation of Meeting Chairmanship,
2. Reading and discussion of the Board of Directors' Annual Report for 2014,
3. Reading and discussion of the Auditors' Reports for 2014,
4. Review and approval of Financial Statements for 2014,
5. Release of the Board of Directors regarding their activities in 2014,
6. Determination of usage of 2014 Year End Profit and share rate of Profit and Earnings,
7. Election and determination of duty period of the members of the Board of Directors,
8. Determining the compensation of the members of the Board of Directors
9. Approval of the Donation and Aid Policy,
10. Informing the General Assembly regarding the Donations made in 2014,
11. Determination of donation limits of the company for the year 2015,
12. Election of the Auditors for the Financial Statements of the year 2015 in accordance with the Turkish Commercial code numbered 6102 and Capital Markets Law numbered 6362 and Insurance legislation,
13. Approval of Disclosure Policy,
14. Granting permission to the Chairman and members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of Turkish Commercial Code.

16
REGIONAL DIRECTORATES

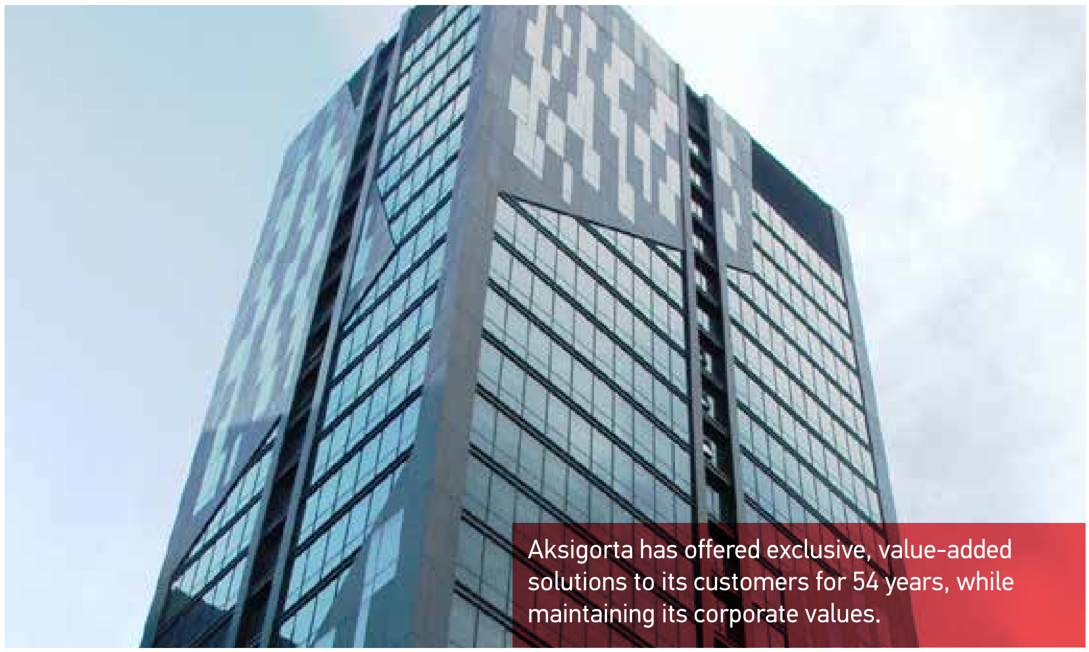
MORE THAN
2.000
INDEPENDENT AGENCIES

990
AKBANK BRANCHES

69
BROKERS

3,600
CONTRACTED INSTITUTIONS

DIVERSE PRODUCT PORTFOLIO AND PROACTIVE INSURANCE



Aksigorta has offered exclusive, value-added solutions to its customers for 54 years, while maintaining its corporate values.

With modern, sustainable steps, Aksigorta has worked towards an innovative, customer oriented vision since its establishment in 1960.

Following its partnership with Ageas and Sabancı Holding, Aksigorta continued to build upon its strong brand recognition and high market value, providing service to individual and corporate clients across Turkey through 16 regional directorates, more than 2,000 independent agencies, 990 Akbank branches, 69 brokers and 3,600 contracted institutions.

Ranked 55th in the "Turkey's Most Valuable 100 Brands" survey conducted by the British consultancy firm, Brand Finance, for Capital Magazine in 2014, Aksigorta aims to increase its market share while contributing to the development of the sector and the national economy, and at the same time continuing its growth. Aksigorta focuses on providing an exponential contribution to the growth and development of the insurance sector in Turkey, improving public insurance awareness in every way possible, rendering insurance products and services accessible to every segment of society, and becoming the insurance company of the masses.

Taking firm steps forward, Aksigorta is a brand that is constantly developing to achieve the best. Aksigorta utilizes its experience, knowledge and resources to provide the right solutions to its customers and ensure that they have a positive experience and, together with their families, look to the future with confidence.

The major shareholders of Aksigorta, whose shares are publicly traded on the BIST National Market under the AKGRT ticker, are H.Ö. Sabancı Holding (with a 36% stake) and Ageas Insurance International N.V. (also with a 36% stake). According to the independent audit of 31 December 2014 unconsolidated financial statements, Aksigorta's asset volume reached TL 1, 641 million.

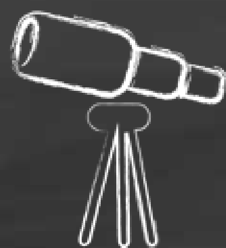
PLANNED, LONG TERM, RESULTS-BASED FINANCIAL STRATEGY

FINANCIAL INDICATORS (TL MILLION)	2013	2014
Gross Written Premiums	1,526	1,714
Incurred Claims	661	863
Technical Results	101	42
Profit Before Tax	186	38
Net Income	160	31
Paid in Capital	306	306
Shareholders' Equity	533	508
Total Assets	1, 547	1,641
CAPITAL SOLVENCY RATIOS		
Gross Written Premiums / Shareholders' Equity	286.5%	337.3%
Shareholders' Equity / Total Assets	34.4%	31.0%
Solvency Ratio	171.8%	145.6%
OPERATIONAL RATIOS (NON-LIFE)		
Retention Ratio	73.0%	71.1%
Loss Ratio (Net)	63.8%	72.5%
Combined Ratio (Net)	95.2%	102.7%
PROFITABILITY RATIOS		
Technical Result / Gross Written Premiums	6.6%	2.4%
Profit Before Tax / Gross Written Premiums	12.2%	2.2%
Net Income / Gross Written Premiums	10.5%	1.8%
Return On Equity (ROE)	33.4%	5.9%

WE RENEWED OUR CORPORATE CULTURE

OUR VISION

To make insurance easy, lean and accessible for everyone.



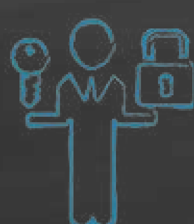
OUR MISSION

We create a unique insurance experience for our customers to support the continuity and ease of life while creating value for all stakeholders."

OUR VALUES

RESPECTFUL

We are a trusted company where respect is key.

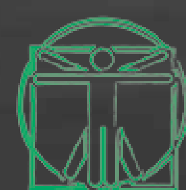


SOLUTION DRIVEN

We are always ready to provide appropriate solutions to make people happier.

SUCCESSDRIVEN

We develop ourselves continuously to achieve the best in everything we do.



PEOPLE FOCUSED

We understand the needs of people and provide the right product with lean services and up to date technology.

700
EMPLOYEES

OUR STRATEGY AND CUSTOMER RELATIONS POLICY

Our Strategies

Achieve and maintain a balanced product portfolio that is attentive to profitability,
Grow faster in profitable channels while improving productivity in all channels,
Increase productivity and effectiveness by achieving operational excellence in all claims processes,
Improve the corporate performance management system by further improving human resources practices,
Improve the IT infrastructure and complete the IT transformation process,
Support the promotion of a culture of innovation in the Company to achieve service excellence,
Understand agents and customers better and increase customer loyalty, thus distinguishing ourselves in the sector with high-quality service.

Our Customer Relations Policy

- Transparency
- Accessibility
- Responsiveness
- Objectivity
- Fee-Free
- Confidentiality
- Customer Focus
- Accountability
- Ongoing Improvement
- Fast and Effective Solutions
- Professionalism

1961
FIRST POLICY

1980
FIRST
BANKASSURANCE

1998
FIRST ONLINE
POLICY

2002
FIRST
POLICY IN
HEALTH BRANCH

AN ADVENTURE THAT DATES BACK TO 1960...

SUPPORTER OF SUSTAINABLE GROWTH WITH A CUSTOMER-ORIENTED APPROACH

1960s

First policy
The first policy was issued by Aksigorta in 1961.

First insurance agency
Lami Teymen opened the first Aksigorta agency in Adana.

1980s

Beginning of bankassurance
Aksigorta brought the bankassurance concept to insurance literature in the early 1980s. Aksigorta issued the first insurance policy through an online connection in 1983. In a short period of time, all regional directorates started to work online. By 1989, the Company has started to provide faster services through utilizing technological platforms.

1990s

Public offering of Aksigorta
Aksigorta shares were offered to the public in 1994, and the shareholder base of the Company was broadened. Aksigorta moved its headquarters from the historic Minerva Han building in Karaköy to a new building located in Fındıklı, Istanbul in 1995.

Opening of the Fire and Earthquake Training Center
In 1996, Aksigorta signed up for a unique project and opened the Fire and Earthquake Training Center, which was built entirely with technological infrastructure developed in Turkey. The project proved its success, making an impression worldwide.

Aksigorta gradually restructured its regional directorates across the country in 1996. During the same year, the Company initiated the implementation of the Human Resources project, through which the transition to the performance management and career planning system was completed, paving the way for a more deeply rooted and solid corporate foundation. Furthermore, Aksigorta's first website was launched in line with its objective of serving customers more rapidly and effectively.

First online policy in Turkey's bankassurance business
Through the completion of the Bankassurance project in 1998, Aksigorta started cooperation with Akbank's nationwide branch network. Accordingly, the first online policy in Turkey was issued by Aksigorta. Online connections were set up with approximately 150 agencies in the same year, and Aksigorta reinforced its customer satisfaction by improving speed and efficiency within the scope of service cycle.

Considering quality systems to be very significant, Aksigorta established the quality assurance system modeled on ISO 9001:1994 standards, and was also awarded BS EN 9001:1994 Quality Standard Certification.

2000s

Awarded the certificate of authorization in the health branch
Aiming to increase diversity in its service portfolio, Aksigorta obtained a certificate of authorization for the health branch and began to issue health insurance policies in 2002, extending its line of business.

Opening of the Aksigorta Service Center
Also in 2002, in an effort to be more efficient for its customers and to communicate more actively with its agencies, the Aksigorta Service Center was opened, providing services for a complete range of fields from claim file notices to other insurance procedures on a 24/7 basis.

New restructuring concept
The Company undertook a restructuring process in 2004 to improve its customer service quality with its growing and developing portfolio. The Istanbul region was restructured under four regional directorates - Istanbul 1, Istanbul 2, Istanbul 3 and Corporate Regional Directorates. Operational and sales transactions were transferred to these directorates.

Transition to regional management
Renewing itself constantly in line with market conditions and demand, Aksigorta shifted its management strategy from central management to regional management in 2006 through revising its business and decision making processes. Within this framework, Aksigorta created a widespread regional organization by strengthening the competency and capacity of the regional directorates, given that they are the Company's initial contact points with its customers and agencies.

2004
THE NUMBER OF REGIONAL DIRECTORATES INCREASED TO 4.

2009
AKSIGORTA WAS CHOSEN AS "MOST RELIABLE INSURANCE COMPANY"

2012
JOINED FORCES WITH AGEAS

2014
AKSIGORTA MOVED ITS NEW OFFICE

Merger between “Ak Emeklilik” and “Aviva Hayat ve Emeklilik”
Ak Emeklilik A.Ş., a subsidiary of Aksigorta, merged with Aviva Hayat ve Emeklilik A.Ş. in 2007 and carried out its operations under the name of AvivaSA Emeklilik ve Hayat A.Ş. following the merger.

Harmonization with new legislation
In 2008, Aksigorta rapidly completed its efforts to bring itself in line with the newly implemented insurance business laws and regulations in Turkey. Renowned for its efforts to comply with new legislation, Aksigorta became the leading company on KalDer’s Turkish Customer Satisfaction List and in the same year was elected by Tüketici Dergisi (Consumer Magazine) as the “Most Reliable Insurance Company for Quality” for four years in a row.

“Most Reliable Insurance Company”
As a testament to its success, Aksigorta was chosen by consumers as the “Most Reliable Insurance Company” in a research study conducted by AC Nielsen in 2009.

In a bid to achieve capital optimization and unlock the hidden value of its core insurance business, Aksigorta entered a spinoff process and transferred its participation portfolio to Sabancı Holding in 2010. Following the revisions to the Turkish Commercial Code, the transfer of Aksigorta’s participations to Sabancı Holding was initiated and the process completed as of 14 January 2010 following the Extraordinary General Meeting held on 4 January 2010.

50th Year Anniversary

Hosted by the Chairman of the Board of Directors, Güler Sabancı, and managers at Sabancı Holding, Aksigorta celebrated its 50-year anniversary with an event attended by members of leading circles in business life and society. At this event, artists who contributed to Aksigorta’s “Risk and Trust”-themed art project were presented their awards and the “Keep Living Turkey” project, initiated in cooperation with AKUT to raise awareness about natural disasters such as earthquakes, floods or fires across Turkey among five million people in five years, was also introduced.

Joining forces with Ageas
Ageas, a Belgium based international insurance company, became a strategic shareholder of Aksigorta in July 2011 as Sabancı Holding, which held a 62% stake in Aksigorta at the time, sold 31% of the shares to Ageas for USD 220 million to forge a strategic alliance for Aksigorta. The company has reinforced its strengths by including a global dimension, thanks to its new ownership structure.

Ageas is an international insurance group with a heritage spanning 190 years. Ranked among the top 20 insurance companies in Europe, Ageas has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia and served through a combination of wholly owned subsidiaries and partnerships with strong financial institutions and key distributors around the world. Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. In the UK, Ageas is the sixth largest Non-Life insurer with a number 3 position in cars insured and has a strong presence in the over 50’s market. Ageas employs more than 13,000 people in the consolidated entities and over 30,000 in the non-consolidated partnerships, and has annual inflows of more than EUR 23 billion.

New Regional Structure
Aksigorta made changes in the regional structure to decrease the operational load and responsibility of agency sales teams and to help them focus more on sales. With the new structuring and organization, the existing nine regional directorates and two representative offices became 16 in total, with the Denizli and Trabzon Representative offices turning into regional directorates and with the opening of regional directorates in Kocaeli, Çorlu, Gaziantep, Kayseri and Eskişehir.

Aksigorta’s New Office
Having decided to relocate in consideration of the expanding staff and technological infrastructure, Aksigorta left its headquarters in Fındıklı, Istanbul, in use since 1995; as of October 20, 2014, Aksigorta continues its services at its new office, Buyaka Ofis Kuleleri, located in Ümraniye Tepeüstü.

Aksigorta won prestigious awards within the sector as well for its human resources practices

FIVE INTERNATIONAL AWARDS IN 2014

AKSIGORTA WINS THE MOST PRESTIGIOUS AWARDS IN THE SECTOR IN 2014

Having won the best project award in the Corporate Responsibility - Education category at the Altın Pusula Ödülleri 2011 (Golden Compass Awards) held by Türkiye Halkla İlişkiler Derneği (Turkish Public Relations Association) with its project “Keep Living Turkey,” Aksigorta was also awarded one of the sector’s most prestigious awards: the European SABRE Award in 2013. As well, Aksigorta won the “Bronze Award” at Stevie 2013 International Business Awards.

In 2014, the “Keep Living Turkey” project won the golden award at the International CSR Excellence Awards in the International-General category. The “Survey on Disaster Awareness,” within the scope of the project, was awarded the Silver Award in the Social Owl category at the Owl Awards organized by the Turkish Researchers’ Association.

Aksigorta won prestigious awards within the sector for its human resources practices. Selected as one of “The 12 Best Employers in Turkey” at The Best Employers 2013 Competition organized by Great Places to Work®, Aksigorta was also awarded “Success in Talent Management Award” at the PERYÖN Human Management Awards 2013. Aksigorta Academy, established with the mission of developing employees and stakeholders who will create a difference in the workplace and constantly improve, won the “Success Award” at the Human Management Awards 2014organized by PERYÖN, within the “Education and Development” category.

At the 5th Sabancı Golden Collar Awards, organized by the Sabancı Group to recognize the achievements of Sabancı Group companies and employees and encourage mutual sharing of best practices, Aksigorta won three awards, including the Grand Prize. Aksigorta received First Prize within the Value Adding category for its contribution to Sabancı Holding shareholder value. With its “AFUS Online Internal Audit Java-based System” project, the Aksigorta team received the winner’s prize in the individual subcategory of Synergy. This prize is awarded when a team in the company or society, under its own initiative, contributes to each other’s success or to the achievement of a third party through collaboration, regardless of their job description or without instruction or guidance. The same team also received the “Honorable Mention” award in the “Human Investment” category.

In addition to these achievements, Aksigorta won numerous awards for many other projects.

- The Aksigorta 2013 Annual Report won the Bronze Award at the LACP Vision Awards, organized by the League of American Communications Professionals (LACP) and considered one of the most prominent annual report competitions in the world.
- Aksigorta was chosen as the most valuable brand in the insurance sector in QUDAL - QUality medal research conducted by the Switzerland-based International Certification Association GmbH (ICERTIAS) to assess the experiences, opinions and perceptions of Turkish consumers regarding the best service and product providers in the market.
- Declaring 2014 as the “Customer Year,” Aksigorta also received a very significant honor at the A.L.F.A. Awards. In the survey conducted by Marketing Turkey Magazine in collaboration with the Marketing Management Institute, Sikayetvar.com and Method Research Company, Aksigorta was chosen as the “Best Company in Online Complaint Management” within the insurance sector.

POWERFUL PARTNERSHIP BETWEEN SABANCI HOLDING AND AGEAS

Registered Capital

Aksigorta A.Ş. changed to the registered (authorized) capital system pursuant to the provisions of Turkey's Capital Market Law (Statute 2499) as of 9 March 1995 and holds license number 301 from the Capital Markets Board. The Company's authorized capital ceiling is TL 500 million, and its paid-in capital is TL 306 million.

Capital Structure

No material changes have taken place in the capital structure of Aksigorta A.Ş., as shown in the table below. Both of the Company's major shareholders have purchased the same volume of Aksigorta shares traded on the Istanbul Stock Exchange, and as a result their stake in the Company increased from 33.11% to 36.00%. There are no privileged shares holding special rights.

Neither Board members nor senior executives hold any stake in the Company.

Management Methodology

Sabancı Holding and Ageas Insurance International N.V. retain control of the Company management on an equal basis.

Shareholders that control more than a 10% stake in the Company's issued capital

The names and shareholding interests of shareholders who hold more than a 10% stake in the Company's issued capital are shown in the following chart.

SHAREHOLDERS NAME	SHAREHOLDING RATIO SHARE (%)	AMOUNT (TL)
Hacı Ömer Sabancı Holding A.Ş.	36	110,160,000
Ageas Insurance International N.V.	36	110,160,000
Publicly Held Shares	28	85,680,000

WE BECAME THE MOST EFFECTIVE COMPANY IN MANAGING CONSUMER COMPLAINTS.

Competition within the sector is shifting from a price focus to a service focus: now, only the companies that differ in service stand out among others. With this in mind, we declared 2014 as the “Customer year” and, accordingly, reviewed all of our business conduct methods to ensure that our policy holders can take the necessary steps to live life as they prefer. We were chosen as the company that is the most effective at managing online consumer complaints.

7/24

NON-STOP COMMUNICATION

20%

APPROXIMATELY 20% OF ALL COMPLAINTS AND REQUESTS ARE RECEIVED VIA ONLINE CHANNELS.

As well as achieving successful financial and operational results in 2014, declared as the "Customer Year," we restructured all of our business processes within the basis of positive customer experience.

MANAGEMENT'S ASSESSMENT

To the Shareholders, Business Partners and Stakeholders of Aksigorta,

The year 2014 is on record as one where growth in the global economy fell short of expectations. The ending in October 2014 of the expansionary monetary policies - based on bond purchases initiated by the FED following the global financial crisis - and the upward trend of interest rates observed in USA capital markets have been the primary determining developments with regard to the global economy. With these developments, external financing processes have become more costly for emerging economies; economies that were the driving force behind economic growth during the financial crisis period. Still enduring the aftershocks of the crisis' devastating effects in 2008, the growth performance in these countries has slackened.

Despite a rising growth trend in the USA economy, the Eurozone's ongoing recession, led by France and Germany, resulted in an inclination towards expansionary monetary policies led by the European Central Bank (ECB).

Turkey maintained its stability with strict fiscal discipline.

Despite the uncertainties in the global economy and the recession in the Eurozone – Turkey's largest export market – the Turkish economy saw growth of 3% in 2014. Faced with vulnerabilities such as global uncertainty and a current account deficit caused by the long term growth process, our Government announced the Economic Transformation Program, focusing on savings and innovation, and set new targets to be shared by us as private sector representatives. With the positive impact of the decrease in energy prices in international markets, we expect that Turkey will maintain its growth performance in the upcoming period, under the guidance of an economic program that focuses on increasing its savings rates and competitive edge in exports. We believe that vulnerabilities caused by fluctuating exchange rates against the Turkish Lira, and the relative increase in inflation, will be easily surmounted over the duration.

Premium production in the sector and stable growth in profitability

One of the fastest growing markets in Europe due to our country's stable economic growth, the Turkish insurance sector recorded premiums written worth TL 25,989 million, a 7.3% increase compared to last year.

Approximately TL 22,709 million of the premium production across the entire sector came from elementary branches, while the remaining TL 3,280 million is life insurance-related. Production in non-life branches recorded 8% while growth in life insurance reached 3.4%. The most important category of the sector for premium production, Motor Own Damage, witnessed a 1.2% drop in premium production while Motor Own liability branch (traffic) increased 2.7% at December 2014.

With strong demand continuing in the sector throughout the year, non- life technical profit increased by 140%, reaching TL 535 million. The life branch technical profit was recorded at TL 225 million with a 6% increase. The Individual Pension System (IPS) showed a new growth momentum, with the 25% state premium support reaching participants worth TL 4.9 million at end-2014, attaining a total fund amount worth TL 33.7 billion.

We renewed our business processes in line with the expectations of our customers...

Continuing operations as Aksigorta in collaboration with the Sabancı Group, the Turkish private sector's pioneering establishment, and with Ageas, a reference name in the international insurance sector, we reinforced our brand prestige by maintaining our stable advance during the 2014 operation period. As well as achieving successful financial and operational results in 2014, which we declared the "Customer Year" we restructured all our business processes based upon positive customer experience. The restructuring process increased the quality of our products and services, made them more effective, and thus paved the way towards making our financial and operational success that much more sustainable.

We created a difference with our competitive products and services.

As one of the most prominent entities in the Turkish insurance sector, Aksigorta recorded a premium production of TL 1,714 million in the operation year 2014, showing 12% growth over the previous year as a result of successful operations in different branches. Aksigorta's asset volume reached TL 1,641 million, a 6% was compared to the previous year, and recorded net profit as TL 31 million. Regarded among the most important indications in the sector, the combined ratio of the Company, powered by competitive products and service policies, was 103%; its capital profitability increased 6% as a result of consistent growth performance in technical profitability. As the fourth biggest player in the sector, with effective products and service throughout all branches, Aksigorta proved that it is one of the sector's most dynamic players as well, with a 15% increase in the very competitive Motor Own Damage sector. Aksigorta also achieved 43% growth in the General Losses sector, which includes engineering products. In the fire which is another branch with high profitability, we increased our growth by 16%.With the adoption of the sustainable development principles to enhance our customer base and premium production volume, our Company continued to introduce innovative products for its customers in 2014.

Organizational structure focused on shared targets.

With 700 employees as of December 2014, Aksigorta is proud to effectively provide its products and services to

our customers throughout Turkey via a service network of 16 regional directorates, more than 2,000 independent agencies, 990 Akbank branches, 69 brokers and 3,600 contracted institutions. Shaping its operations within the framework of the principle of unconditional customer satisfaction, our Company successfully conducted training activities aimed at its employees and agencies during the year. While Aksigorta Academy functions as the main hub for our employees' trainings, we also reached our agencies across Turkey through events organized at national and regional levels.

Our successful path was recognized with awards we received.

Based on development in all areas, our corporate structure was honored with a number of awards in 2014. Within the framework of our corporate social responsibility approach, the "Keep Living Turkey" project, carried out in cooperation with AKUT since 2010, was awarded the Golden Prize at The International CSR Excellence Awards. Our Company received three awards at the Golden Collar Awards, organized to share "Best Practices" among Sabancı Group companies. In the survey conducted by Marketing Turkey Magazine in collaboration with Marketing Management Institute, Sikayetvar.com and Method Research Company, Aksigorta was chosen as the most effective company in online complaint management within the insurance sector. Aksigorta Academy, providing trainings mainly for our employees and stakeholders, won the First Prize at the Human Management Awards 2014 organized by PERYÖN within the "Education and Development" category.

We extend our gratitude to all of our shareholders, business partners and employees who supported our operations in 2014 for your contribution to Aksigorta's stable ascent. I look forward to celebrating continued success and innovation with all of you.

Best regards,

Haluk Dinçer
Chairman of the
Board of Directors

Uğur Gülen
General Manager and Member
of the Board of Directors

ALTHOUGH SLOWER THIS YEAR, GROWTH CONTINUES.

3,3%

Nonetheless, the global economy has gained momentum in growth compared to 2013, and saw 3.3% growth in 2014.

The FED's decision not to increase interest rates was seen as a positive development in the markets.

THE GLOBAL ECONOMY

In 2014, we continued to see some risks and uncertainties slowing down the pace of the global economic growth. The FED's normalization in monetary policies and its impact on some of the emerging markets; the ongoing vulnerable structure within the Eurozone; and declining oil prices hitting 5-year low levels, and the impact on the OPEC economies, increased fears that global economic outlook would be worse. Nonetheless, the global economy has gained momentum comparable to 2013 and recorded a 3.3% growth in 2014.

At the G20 Summit held in November 2014, a set of precautionary measurements were agreed upon in order to take the necessary steps to expand the global economy by approximately USD 2 trillion until 2018. Despite the upward revisions in data on growth in the USA, the FED's decision not to increase interest rates following the release of data that suggested a slower economic recovery was regarded as positive in the markets. Fears of low inflation continued to persist in the Eurozone, with annual inflation in 2014 at 0.3%. On the other hand, growth in the region surpassed expectations with an annual growth rate of 0.2%.

Emerging Economies

In 2014, China - the major player among emerging economies in driving global economic growth - experienced its lowest growth rate since 1990. The overall downward trend was reflected in potential growth, adversely affecting performance in the Asian and African economies that depend on China's economic development. On the other hand, oil prices - at their lowest since the crisis in 2008 - are expected to decrease import and production costs, supporting economic growth. While China has aimed to stimulate its post-crisis economy with low interest rates, Brazil and India have been gradually increasing interest rates in counteract against high interest rates. Meanwhile, Russia increased its benchmark interest rate to prevent the ruble's sharpest devaluation in 16 years and the increase in inflation. Following the failure of its most recent USD 80 billion currency exchange intervention to check the ruble's slide, the Central Bank of Russia increased interest rates for the sixth time in 2014. The ruble lost almost half of its value over the year, becoming 2014's most devalued currency on a global scale in 2014.

30,5

USD BILLION

Current account deficit as of year-end decreased by 37.2%, retreating to USD 30.9 billion.

Industrial production in 2014 increased by 3.6% compared to the same period last year.

THE TURKISH ECONOMY

Along with global economic developments, political uncertainty in Turkey adversely affected development in 2014. To restore some stability to the markets, the Central Bank of Turkey (CBT) increased interest rates, yet the outlook on the market remained pessimistic. Economic trends picked up in the third quarter of 2014 though, and the CBT did not make further adjustments to interest rates following the Monetary Policy Committee meeting held in November 2014.

While domestic political uncertainty subsided after August's successful presidential elections, risks to the Turkish economy and markets increased alongside both the upswing in US dollar value and soaring geopolitical risk with regard to the Middle East and tensions between Ukraine and Russia. However, even within this period, the 25% drop in oil prices and the accompanying drop in the current account deficit have been positive developments for the Turkish economy.

Industrial production in 2014 increased by 3.6% compared to the same period last year. Taking note of the 3.2% increase in the year's second quarter, industrial production gained more momentum by year-end. The positive trend in foreign trade data indicate that the balancing period in Turkish economy will continue. Despite ongoing issues in the main export markets, exports increased by 7.3 % on an annual basis. Imports declined by 1.5% compared to the previous year, due to the drop in oil prices as well as the unsatisfactory recovery expected in domestic demand against the increase in exports. Although recovery rates in the European Union economies fell short of expectations and demand conditions have seen a weak trend, Turkish export to the region in 2014 increased by 8.1% compared to 2013. The European Union's share in total export value rose to 43.8% in 2014 from 41.4% in 2013. Even as Russia and Iraq, important export markets for Turkey, experience ongoing uncertainty, foreign export data indicate that the increase in total exports has remained mostly stable due to an increase in exports to the EU and the USA. On the other hand, the current account deficit as of year-end slid by 37.2% to USD 30.9 billion. Contrary to expectations, the annual inflation rate (domestic PPI) hit a year-low rate of 8.36%.

With a strong performance following the first quarter of 2014, the BIST 100 index saw a six-month low at the beginning of October owing to fluctuations in the third quarter; however, it regained strength due to the drop in the current account deficit and, also, a more positive outlook for 2015 regarding inflation and growth. Unemployment declined to 8.8% with GDP growth in May 2014 and the Q1 figures; however, it was unable to sustain that level and ended the year at 10.1%.

Parallel to the delayed impact of reductions in interest rates by the CBT, recovery in domestic demand is expected to result in an increase in imports over the following months. As well, the recent drop in oil prices is expected to balance the potential increase in imports that may be a consequence of domestic recovery. An increase in foreign capital flow and exports can be regarded as indicators that the Turkish economy will expand in 2015 following some relief in the European markets, expectations that private consumption and investments will gradually increase and a shift in the geopolitical climate.

THE INSURANCE SECTOR

Aksigorta is on track to reach its 2023 target of ranking 16th globally in the insurance sector, from its current position at 28th. As of September 2014, the sector recorded TL 535 million in non-life, and TL 225 million in technical profit in the life sector according to year-end figures from the Insurance Association of Turkey (IAT). In the same period of the previous year, technical profit in non-life was TL 222 million, and TL 212 million in the life sector. According to TSB data again, technical profit in non-life increased by 140% compared to the same period last year while profit in the life sector increased by 6%. Technical loss for pension companies went down by 31% compared to the same period last year.

In the first four months of 2014, the number of participants in the Individual Pension System (IPS) reached 4.5 million, 27% more compared to the same period last year. According to the Pension Monitoring Center (PMC), the impact of state support at 25% continued throughout 2014 and the system maintained stable growth. While all IPS parameters experienced a considerable upturn compared to the same period last year, with state support, the total amount of the fund rose to TL 30 billion from TL 26.3 billion in the first four months. Should IPS become mandatory on behalf of the employer, the sector is expected to gain even more momentum.

THE ECONOMY AND THE SECTOR IN 2014

4.5

MILLION PEOPLE

In the first four months of 2014, the number of participants in the Individual Pension System (IPS) reached 4.5 million, a 27% increase over the same period last year.

9.3%

IN THE FIRST HALF OF 2014, THE TURKISH INSURANCE MARKET RECORDED GROWTH OF 9.3%.

Main Developments in 2014

- In 2014, a number of new regulations – from a decree on individual health insurance to the New Consumer Protection Act, from the Direct Compensation System to changes on the conditions for Motor Own Damage and Motor Third Liability Damage insurance - provided considerable momentum for the insurance sector.
- In the first half of 2014, the Turkish insurance market saw 9.3% growth; with insurance expenditures per capita at USD 166 and insurance market penetration at about 1.5%. These figures lag behind the average numbers in the European insurance sector but indicate that the Turkish market has potential to develop; taking into account Turkey's young population, the sector is expected to continue to grow every year.
- A milestone in 2014, the Regulation on Private Health Insurance came into effect in April. The Lifelong Renewability Guarantee was the most tangible change delivered by the regulation, which includes a general framework that aims "to protect the policyholder by informing them" through all critical steps, beginning from the start of the contractual relationship between insurance companies and policyholders.
- In 2014, the insurance sector saw the development of Complementary Health Insurance. Although the regulation is not yet in effect, a number of companies have launched their complementary-supportive products into the market. As these new products will cover the fees that are not included with SSI (SGK) for coverage in private hospitals, it is expected that these insurance products will gain more prominence across the Turkish market.
- In 2014, the new insurance obligation for foreign nationals was one of the year's main developments. In order to obtain a resident permit, foreign nationals are now required to provide proof that they carry an individual health insurance policy; and this policy must be issued from an insurance company that is operational in Turkey. Foreign nationals, who wish to remain in Turkey longer than the duration designated on their visa or visa exemption, or longer than a duration exceeding 90 days, are required to get a residence permit.
- Another main development of this year was the Direct Compensation System, to be implemented in 2015. The Direct Compensation System works on the principle that damage compensation following a traffic accident is made directly by the policyholders' own insurance company rather than by the other party's company. It is expected to increase customer satisfaction due to improvements in business processes, service quality and less time spent waiting for payments.
- The New Consumer Protection Law came into effect in 2014. Amendments on the New Consumer Protection Law were implemented as of 28 May 2014. With this new insurance agency regulation, certain changes were made on the basis and procedures related to the quality, authority, responsibilities and activities of persons who will act as insurance agencies; and the earlier Insurance Agencies Regulation was abolished.

Trends Shaping the Insurance Sector

Customer Profile

Today's youth is known as generations X, Y, and Z. Generation X, covering those born in 1965-1979, distinguish themselves with the tendency to adapt to innovations and to advance patiently, step by step in their careers. Born in 1980-1999, Generation Y is noted for its tendency to advance quickly in the business sector and to work directed to a consumption power. Generation Z, representing those born in 2000 and afterwards, are characterized by their tendency to socialize with their iPads rather than leaving home to play outside. Some 85% of the population of Turkey is comprised of these young people from generations X, Y and Z. This reality could bring about a change in customer profile in insurance sector and also the replacement of a traditional customer profile with a mixed one.

Compared to recent years, the insurance sector has a mixed customer profile that is more and more aware, more inquiring, more comparing, and open to technology, innovation and change. Studies on the future of the insurance sector emphasize that Generation Y will be the main customer group in the future. Taking this into account, it is vital that the sector renews and improves itself for this generation who closely follows technology, constantly change and enjoy these changes in their lives. For sector actors to be prepared for the future, it is essential that a focus on new products and solutions is required.

In Population

Demographic Changes: Increasing life expectancy is a result of a trend towards healthy living. This leads people to consider the need for insurance for their old age. Life insurance, health insurance and pensions are becoming more and more important as a result of demographic changesçıkmaktadır.

Middle Class: Due to the fast economic growth in developing countries, the middle classes have seen their incomes rise. As consumption among the middle classes has increased, low cost health insurance, Motor Own Damage insurance and home insurance have been top priorities. Brand recognition of insurance companies is a crucial factor in preferences among this group.

The phenomenon of "providing services" lies at the heart of the insurance sector, and this will create value for companies going forward as it reaches the "excellence" level.

Low Income Group: Those who need insurance most comprise the low income population group and especially those living in rural areas. Within the insurance sector, the need for the provision of basic and cheap products for this group of people who lack social security and are most affected by natural disasters is on the increase.

In Marketing

Digital Marketing: In parallel with the increasing number of mobile phone and internet users, there is a diverse range of application platforms. As a consequence of digital marketing, information belonging to customers is more accessible, and can be used easily by insurance companies. The digital world comes with huge amount of data. However, only the companies which process the data and transform it into information and "internalize" it can make a difference. Collected data is used to build efficient customer segmentation, building tailor-made campaigns and creating customer profiles, which enables firms to create the "Right products for the right customers."

Online Intermediaries: The online intermediaries enable customers to assess different companies; different products and different prices directly affect customer decisions and, indirectly, determine market shares.

Customer Segmentation: The insurance sector is expanding day by day and becoming more complicated. Only companies skilled at processing data and transforming it into information are able to seize the opportunities. The only way to sustain a competitive advantage is to know about customers and offer the most appropriate products according to customers' characteristics and their needs.

Direct Sales: Due to the emergence of alternative channels and the increase in their market shares, traditional distribution channels such as agencies and brokers are placed in a disadvantageous position. For that reason, insurance companies should reach customers through consulting services, customer segmentation and easily understandable and saleable products.

In Natural and Legal Conditions

Catastrophic Events: The frequency of such events, which result in high amounts of claim payments, is increasing. Thus, a rise in claim payments is expected in the upcoming years due to manmade events and natural disasters.

Legal Regulations: Especially after the global financial crisis, governments and other regulatory bodies have worked towards building a healthy insurance sector. These efforts are expected to gain pace in the coming years. The most significant regulation is solvency, and this implies that the market should reach a standardized level. Note that Solvency II brings high levels of responsibility for companies, especially in risk and capital management.

In Service

Customer Loyalty: Recent surveys in the insurance sector indicate that customer loyalty is gradually diminishing due to company and product variations. One of the most significant aims of the insurance sector will be to retain customers for the coming years. Surveys have found that half of customers might consider changing their insurance company in the coming period.

Multiple Distribution Channels: As a result of the diversification of sales channels, customers can receive services through their preferred channel. The share of the online channel is steadily increasing. Therefore, it is vital to focus on those channels that are preferred by customers, or is likely to be preferred, and then build a distribution infrastructure accordingly

Customer Service Quality: The phenomenon of "providing services" lies at the heart of the insurance sector, and this will create value for companies going forward if it reaches the "excellence" level. Providing fast and high quality service will be at the top of the agenda for companies going forward.

WE CONTINUED TO CREATE A DIFFERENCE IN SOCIAL MEDIA AS WELL

To stay relevant with an increasingly digitalized customer profile is one of our top priorities. To this end, we are constantly developing our presence on social media. Aksigorta continued to create a difference for its followers with projects for social media such as the "Your wish, Our Gift" competition and applications such as the "Risk Map of Love," "With My Father" and "My Wish for 2015."

130,590
FACEBOOK
AKSIGORTA
FOLLOWERS

12,511
TWITTER
AKSIGORTA
FOLLOWERS

6,876
LINKEDIN
AKSIGORTA
FOLLOWERS

A PROFITABLE YEAR WITH LONG-TERM TARGETS ACCOMPLISHED

Aksigorta attained net profit worth TL 31 million, recording a premium production of TRL 1,714 million in 2014. Aksigorta consolidated its position as number four in 2014.

Continuing to be the first choice for millions of individuals and corporations in 2014, Aksigorta insures what is valuable for its customers against various risks, and continues to offer high quality products and services in an innovative manner.

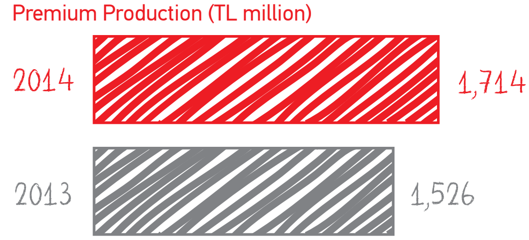
2014 was a successful year in which Aksigorta achieved its goals and recorded profitable growth in line with its long term plans. In line with the profitable growth strategy declared at the beginning of 2014, premium production has increased, while the share of more profitable branches in the portfolio has also increased.

According to year-end figures compiled by the Insurance Association of Turkey (IAT), Aksigorta's total premium production reached TL 1.7 billion, with the insurer commanding a 7.8% market share, and recording a 12% increase in total premium production. As a result, Aksigorta ranked as the Fourth largest company in the sector in terms of premium production.

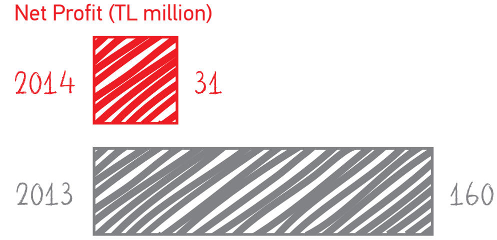
Aksigorta attained growth parallel with sector in the fire branch, far ahead of the 16% growth in the sector. The Company also notched up 43% growth in the general losses branch, which includes engineering and agriculture sub-branches, again far ahead of the sector growth rate of 11%.

Aksigorta considerably improved the profitability of its product portfolio and increased its market share in the non-motor insurance branch, a segment characterized by low penetration and high growth potential, to 45%.

Premium Production (TL million)



Net Profit (TL million)



2014 WAS A YEAR FULL OF LIFE FOR AKSIGORTA.

Founded by Aksigorta employees, the "Ekmek Arası Drama Club" performed "Out of Order," by English playwright Ray Cooney, for drama fans.

Aksigorta employees: "THE FUTURE IS WITH US".

"Out of Order" by the Aksigorta "Ekmek Arası Drama Club"

Founded by Aksigorta employees in 2008, the Ekmek Arası Drama Club performed "Out of Order," by the English playwright Ray Cooney, for drama fans.

With plays such as "Düdükçülerle Fırçacıların Savaşı (The Fight Between the Whistlers and the Brushers)" by Aziz Nesin, "A Midsummer Night's Dream" by Shakespeare, "Ay Işığında Şamata (Commotion under the Moonlight)" by Haldun Taner, "Amphytrion" by Haldun Dormen, "The Miser" by Moliere, and the musical "Nerede Kalmıştık? (Where were we?)" by Haldun Dormen, the Aksigorta Ekmek Arası Drama Club continued its work with the staging of "Out of Order," one of the finest examples of 20th-century British farce. "Out of Order" was performed for audiences at the Sabancı Center, İzmir Sabancı Kültür Sarayı (İzmir Sabancı Cultural Palace) and Ortaköy Afife Jale Sahnesi (Ortaköy Afife Jale Theatre).

With its Employees, Aksigorta declared: "THE FUTURE IS WITH US"

With the organization of its 2014 Employee Event, held between March 21 and 23 in Antalya, Aksigorta declared: "The future is with us." The event, held at the Cornelia Diamond Hotel, was attended by approximately 700 employees. It kicked off with a keynote speech by the Chairman of the Board of Directors of Aksigorta, Haluk Dinçer, in which he shared his assessment of the sector and Aksigorta in 2014, and his expectations for 2015. After Dinçer's speech, Steven Braekeveldt, the CEO of Ageas Continental Europe, expressed his gratitude with regard to Ageas's operations in Turkey and underlined the importance of Aksigorta for Ageas. Aksigorta's General Manager, Uğur Gülen, stated that customer satisfaction would be the focus for 2014 during his evaluation of a successful 2013.

Following the presentations, actor Ali Poyrazoğlu, whose speech on "Change" attracted great interest among the employees, added a magical touch to the meeting with his humorous remarks. At the afternoon panel, attended by Assistant General Managers, projects for "the change" to be undertaken by the departments were discussed.

Our dream is a villa with a garden and a swimming pool; the television is our most important household item.

With our research, we continued to take the pulse of Turkish society.

A New Agreement to Make Us More Powerful at Fronting

The Fronting Partnership Agreement in 2011 between Aksigorta and FM Global, the leading insurance company for large industrial risks, was the sector's most prominent partnership. Aksigorta has seen considerable benefits from the partnership and will further strengthen its agency channels through a frontier partnership agreement with XL Insurance Company, to be valid as of 1 January 2015. Aksigorta won several awards for campaigns conducted with agencies.

Aksigorta Adapted Its Insurance Services to Mobile

With its customer-based service outlook, Aksigorta accelerated development for digital projects and has adapted its recently renewed online presence, www.aksigorta.com.tr, for mobile. Anyone who accesses Aksigorta.com.tr via a smart phone will be redirected to the mobile site, specifically designed for viewing on a mobile device. Users will be able to obtain information on all products from vehicle insurance to residence insurance, from office insurance to health insurance; and request offers on specific products by clicking on a "Let Us Call You" link. Users will be able to access information on the nearest agency, contracted service point or health institution with just one click. Clients will be able to easily access a wide range of information, including actions to take in case of damage. They will also be able to view files, get information about necessary documents, and can access additional services.

One Out of Five Newly-Married Couples Will Go on a Honeymoon.

Research undertaken by Aksigorta to examine travel preferences in Turkey revealed that only 20% of newly-married couples intend to take a honeymoon. Of these, one out of three couples chooses Antalya as their honeymoon destination. When asked about honeymoon travel preferences - if finances or other issues were not a concern – a preference for international travel was evident. 14 % of the study's respondents stated that they would prefer to travel internationally, while this rate remained at 12% in married couples.

Our Dream of a Villa with a Garden and a Swimming Pool, The Television is Our Most Important Household Item

Aksigorta's research on the Turkish perspective on homes and household items uncovered some interesting findings. According to the study, a "dream house," for most respondents is a villa with a garden and swimming pool. The most valuable object in the home is the television. The same study also disclosed that the renewal period of household items exceeds 10 years, while nearly 50% of the respondents have "nazar boncuğu" (an evil eye talisman) in their homes.

Conducted within the scope of Aksigorta Sales Academy in cooperation with Bilgi University, the 21st Century Agency Management Certificate Program for Agencies had its first set of graduates.

Aksigorta strengthened its agency channels and won numerous invaluable awards for campaigns conducted with agencies.

Paris and Mardin Trips for Successful Aksigorta Agencies

Twenty Aksigorta agencies with the highest sales in a Home Content Insurance campaign directed towards customers with or without DASK (TCIP) were offered a chance for a three-day holiday in Paris, one of the world's leading capitals in science, culture and art. Within the same campaign, 40 Aksigorta agencies ranking among the top three in their respective regions in premium production won trips to poetic Mardin and Şanlıurfa. Şanlıurfa, home to numerous civilizations, is known as the City of Civilizations.

To enhance customer satisfaction, Aksigorta instituted a campaign to recognize agency customers. Agencies ranking among the top three in premium production across Turkey were offered an opportunity to award Life Plus Backup Service to a valued customer.

Aksigorta Took Its Successful Agencies to St. Petersburg

Within the scope of the Motor Own Damage campaign organized between 1 November and 31 December 2013, Aksigorta agencies ranked in the top three in premium production in their own regions were taken to St. Petersburg by Aksigorta.

Aksigorta's 21st Century Agency Management Certificate Program for Agencies

The Aksigorta Sales Academy was established to enhance sales power and support its development in cooperation with Bilgi University. Within this project, Aksigorta's 21st Century Agency Management Certificate Program for Agencies had its first set of graduates. Successful agencies in Ankara, Istanbul and Izmir qualified to attend the program by donating to the Turkish Education Foundation within the context of social responsibility. The program offered participants trainings on five important business topics, including Agency Management, Management Competences, Human Resources, Financial Planning and Legislation on Agencies. Seventeen Aksigorta agencies graduated from this program, which ran between April and November 2014. At the graduation ceremony, held on the Santral Istanbul Campus of Bilgi University, graduating agencies received their certificates from Aksigorta's upper management and Bilgi University faculty members.

Aksigorta is Now Even Closer to Its Agencies

Aksigorta completed changes in regional structures and organization to decrease the operational load and responsibility of agency sales teams and to help them focus more on sales. With the new structure and organization, the existing nine regional directorates and two representative offices were increased to 16 in total, with the Denizli and Trabzon Representative Offices evolving into regional directorates, and with the opening of regional directorates in Kocaeli, Çorlu, Gaziantep, Kayseri and Eskişehir.

We continued to develop innovative products in line with the needs of our customers.

UP TO 25% DISCOUNT WITH "FIVE IN ONE" SERVICE

Aksigorta's new motor own damage product, "Red Motor Own Damage Insurance," is exclusive to its Akbank customers and provides numerous unique advantages for policyholders.

With Aksigorta Home Content Insurance, You Are Safer Than Ever

With the addition of more coverage to its Home Content Insurance product according to customer demand, Aksigorta now covers all damage that may be caused by poor insulation or joint failures on floors, for the homes of both policy holders and their neighbors.

Securing policy holders' homes, their household items, families and neighbors; Aksigorta Home Content Insurance is one of the most preferred household content insurance products, covering the most number of household items. It also covers any physical and direct damage caused by poor insulation or joint failures on floors, for the homes of both policy holders and their neighbors, with a total amount of TL 500 per incident during the policy period.

"Five in One" Service

Aksigorta provides policyholders with "Five in One" services, consisting of a dental package, legal protection, dietitian, carpet cleaning and dry cleaning. With the advantageous dental package, policyholders can have a dental check, scaling treatment for upper and lower jaw or single tooth x-ray once a year - all free of charge. Policyholders can have a free or discounted first session with a specialized dietitian and up to 10% discount for other sessions, as well as consultant services. They can also benefit from carpet cleaning services with up to 10% discount, or dry cleaning services with up to 25% discount. The Consumer Consultancy Service within the scope of "Five in One" Service allows policyholders to utilize consultancy services, at no charge. Policyholders can use these consultancies to resolve issues they might have with government institutions or issues related to agreements in which they are a party due to their relationship with various institutions, at up to three times for written assistance, and unlimited times for verbal assistance.

Enjoy Driving With Aksigorta "Red Motor Own Damage Insurance"

Aksigorta's new motor own damage product, "Red Motor Own Damage Insurance," is exclusive to its Akbank customers and provides numerous unique advantages for policyholders. Meeting with drivers via Akbank branches and extensive coverage through "Red Motor Own Damage Insurance" covers vehicles and drivers for every possible scenario, easing the lives of policyholders with exclusive services provided at no charge to the policyholder.

5% Discount at TOTAL Gas Stations

Throughout the duration of the policy, "Red Motor Own Damage" will provide a 5% discount opportunity for fuel and LPG purchases with the "Red Motor Own Damage Corporate Card" at TOTAL gas stations. With no minimum amount for purchases, 5% of the purchase amount automatically deposited onto the cars and can be used for fuel purchases at any time.

Fast and Easy Vehicle Inspection Organization Service

Vehicle inspections for Red Motor Own Damage policyholders are conducted quickly and safely by

Aksigorta added three new services to its 4-4 (Perfect) Health Package, which covers emergency treatment expenses in case of a life-threatening disease, accident or injury.

Aksigorta's Health Support Insurance provides support to ensure that SME owners and employees can move freely towards a safe, healthy future with their families and loved ones.

dedicated Aksigorta teams. This service is provided for passenger and light commercial cars within the borders of İstanbul, Ankara, İzmir, Bursa, Antalya and Adana. Policyholders may hire a replacement car at reasonable cost while their own vehicle is undergoing inspection.

"Red Motor Own Damage" policyholders can also call our service center at 444 79 89 – whatever their location and on a 24/7 basis - and get fast, reliable, high quality service from expert insurance consultants on related topics.

During Breaks in Your Career, Your Credit Card Debt is Secure with Aksigorta

Aksigorta Credit Card Unemployment Insurance benefits public sector employees, civil servants, freelancers and pensioners who are still working. The policy covers the expenses on the last bank statement of all Akbank credit cards, pending and postponed installments and other potential risks. Available with the payment of premiums limited to the amount of credit card expenses, Aksigorta Credit Card Unemployment Insurance can benefit all Akbank customers between the ages of 18 and 64 who are healthy and have worked in the same job for the previous six months. With Aksigorta Credit Card Unemployment Insurance, for every month of spending, an amount of card debt is reflected on the bank statement of that same credit card as an insurance premium. If the card is not used or the balance is zero, a premium payment will not be incurred.

The security deposit for Aksigorta Credit Card Unemployment Insurance is comprised of the total sum of pending and postponed installments, together with the balance on the credit card statement.

For Unpleasant Surprises, the "4-4 (Perfect) Health Package" from Aksigorta.

Aksigorta added three new services to its 4-4 (Perfect) Health Package which covers in-patient or out-patient emergency treatment expenses in all domestic hospitals and health institutions in the case of a life-threatening disease, accident or injury. With these new services, Aksigorta provides health service for various life-threatening situations, from outpatient treatment to operations, intensive care treatments and ambulance service.

The 4-4 (Perfect) Health Package offers the possibility of advantages such as Urgent Medical Consultancy Service, Urgent Ambulance Service, Advantageous Dental Package, discounts at Contracted Health Institutions, dietitian and check-up services and flu shots.

SMEs Will Grow Healthily

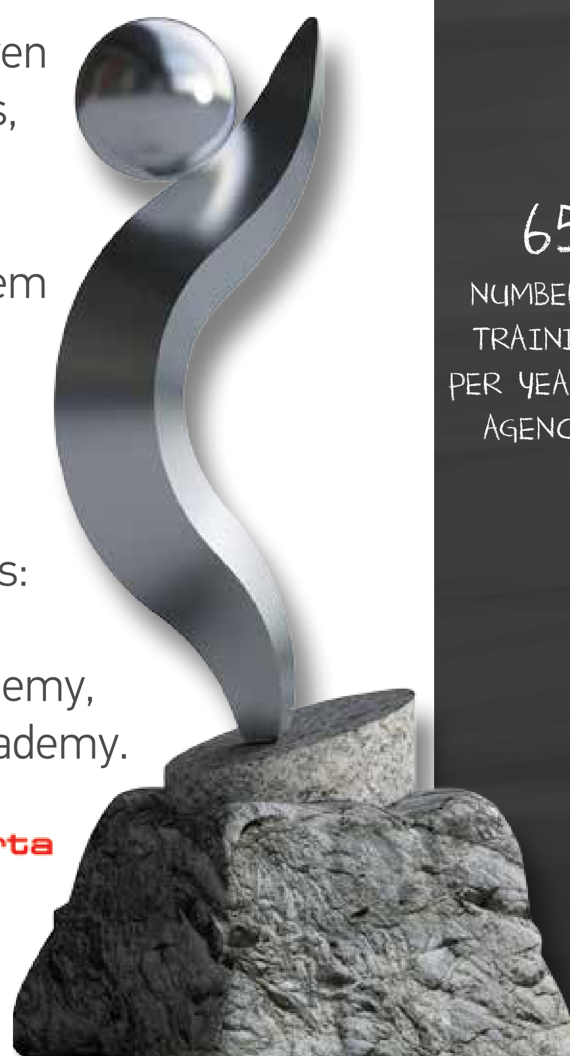
Aksigorta's Health Support Insurance safeguards SME owners and employees from health risks including life-threatening diseases or unexpected operations. An annual premium of TL 315 covers security deposits for life-threatening diseases, operations and ensuing physiotherapy, emergency treatment after an accident, urgent medical help services and Advantageous Dental Package.

Providing ambulance services in the case of emergency situations when transport to another location is required for treatment, Aksigorta's Health Support Insurance provides support to ensure that SME owners and employees can step freely towards a safe and healthy future with their families and loved ones.

7 WE WERE AWARDED FIRST PLACE AT THE HUMAN MANAGEMENT AWARDS 2013, ORGANIZED BY PERYÖN, WITHIN THE "EDUCATION AND DEVELOPMENT" CATEGORY.

Having ranked 7th in 2014 with Aksigorta Academy, established with the mission of developing employees and shareholders who will create a difference in the workplace and constantly improve, Aksigorta won the first prize "Success Award" at the Human Management Awards organized by PERYÖN, within the "Education and Development" category.

With an awareness of the necessity to provide training so that our stakeholders can carry Aksigorta even further by creating value in business, we support the development of our employees, agencies and other distribution channels by bringing them together on different platforms. Aksigorta Academy supports development activities for both its employees and sales channel stakeholders under five main groups: Development Academy, Leadership Academy, Talent Management Academy, Sales Academy and Aksigorta e-Academy.



89

NUMBER OF TRAININGS PER YEAR FOR EMPLOYEES

65

NUMBER OF TRAININGS PER YEAR FOR AGENCIES

Procedures for Aksigorta's recruitment processes are specified in accordance with our corporate strategies and targets.

HUMAN RESOURCES AT AKSİGORTA

Human Resources Policies At Aksigorta

A leading company that strives for continuous development, with its trust, dynamism, quality management and customer-oriented service approach, Aksigorta's most valuable asset is its employees enabling it to be a leader in the insurance sector where there is an on-going high level of competition.

Human Resources Management aims to establish a system which ensures the participation of all of its employees and which is based on cooperation and continuous development, and also supports the professional and personal development of our employees - Aksigorta's principal capital - within the framework of our corporate culture and main values.

Recruitment

All the criteria required by the positions are specified in accordance with our corporate strategies and targets. Candidates go through various processes in accordance with the criteria defined for the recruitment processes, and our Company ensures that the most suitable candidates are recruited for the most fitting posts through different kinds of processes (interviews, analyses, case studies and reference checks).

Performance Management

At the beginning of the year in the Performance Management System Success Path, employees discuss their own specific and measurable business targets with their managers, in connection with the Company's objectives and there areas of competence which they want to improve. At quarterly intervals during the year, each employee and their managers undergo an interim evaluation based on these goals. At the end of the year, a general evaluation is performed and the results of the evaluation play a key role in determining the employee's need for training, career opportunities, bonuses and their salaries.

Talent Management

Parallel with its corporate strategies, Aksigorta has a predefined and closely followed talent management process. In the approach to talent management, a segmented understanding is essential. Processes like attracting, recruiting, developing a talent, loyalty and reservation of a talent are considered as important parts of talent management. With the perception of "Development of the employees is the development of our Company," Aksigorta carries out talent management programs exclusive for various categories from long-term interns to top management. Along with these programs, the talent management process is continued with career opportunities and mentorship programs within the Company. Thanks to these programs, Aksigorta raises its own leaders within the company and efficiently uses its human resources, its most valuable asset.

Compensation

Aksigorta extends a competitive salary policy to its employees. In addition to annual pay rises based on performance, there is a continuous improvement in vested benefits such as bonus systems, job valuations, private pensions, life insurance and personal accident insurance.

AKSİGORTA ACADEMY

The Aksigorta Academy was founded with a mission to train employees to adapt to changing customer needs and expectations through a customer-oriented approach, and will ensure continuous growth by making the difference in their business in order to increase product and service quality. With this target in mind, Aksigorta Academy invests in the education and development of the insurance sector, acting in line with its vision to produce specialized skilled labor for the sector.

The Aksigorta Academy aims to bring its employees together on various platforms in order to support their development, focusing on improving their managerial, technical and personal knowledge and talents.

Development Programs make use of development methods such as classroom training, e-learning, master programs, English training, and seminar/conference, experience sharing meetings and reading materials. The Academy supports development activities in five main titles:

- Leadership Academy
- Talent Management Academy
- Development Academy
- Sales Academy
- Aksigorta E-Academy

Leadership Academy: It includes training and development activities which are prepared to develop upper and mid-level managers in line with the Company's vision and mission.

Talent Management Development: It consists of development and follow-up programs aiming to develop employee's administrative and business competence within the scope of talent management projects.

Development Academy: It includes all personnel development, technical, product training and conferences/seminars which are planned in accordance with training needs analysis for employees at all levels.

Sales Academy: Established in 2012 to standardize and add value to Aksigorta's sales force, in addition to increasing sales, the Sales Academy aims to bolster the relationship between all shareholders and Aksigorta, and to enhance loyalty. The Sales Academy encompasses training activities oriented to sales teams, agencies and our employees.

Aksigorta E-Academy: Established to introduce development activities combining with the possibilities provided by the current technology without time and space constraints, it includes all academies that are in operation within Aksigorta Academy.

Creation and maintenance of a fair working environment is one of the fundamental ethical values of the Company.

Internal Communication
Active use of internal communication channels is encouraged to ensure employees' loyalty and improve their performance. The Company's targets and strategies are explained and information on their performance is provided to employees through various communication channels:

- Functional Meetings
- Annual Personnel Event
- Breakfast Meetings with the Top Management

The Company organizes activities in which employees can come together for purposes other than work to support the development of communication between different departments. The most important objectives are to increase employees' satisfaction and loyalty, keep employees in the Company, maintain a balance between private life and business life and create a family atmosphere. The following activities are conducted for this purpose:

- Social Club Activities (theatre, music activities, diving, sports, photography etc)
- Happy Hours
- "Small breaks at work" activities (ice cream, salep, popcorn services etc.)
- Dinner organizations for special days (New Year's Eve, etc.)
- Sports Tournaments
- Motivation workshops for teams
- Sharing that raises awareness on health for employees
- Internal communication announcements and news sharing

Human Resources Policy of the Company
Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. In order to achieve the targets of the Company, an organizational planning congruent with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees. Behaviors expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees assessment, behavior-based interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this.

Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities. Creation and maintenance of a fair working environment is one of the fundamental ethical values of the Company.

Aksigorta's human resources policies are managed in accordance with the vision, mission and values of the Company.

AKSİGORTA ACADEMY

Aksigorta Leadership Academy

Leadership and Management Programs for Upper and Mid-level Management

- SALT
- Aksigorta Basic Leadership Program
- Mentorship
- SA-EXE
- Individual and Group Coaching
- Ageas Leadership Program (ALP)

Aksigorta Talent Management Academy

Programs designed for the employees involved in Talent Management Programs.

- Future Leaders
- Young Talents
- Young Talents Campus
- Young Sabancı

Aksigorta Development Academy

Programs designed in line with the needs of organizational and individual development

- General Training Programs
- Master Degree
- Orientation
- Foreign Language Training

Aksigorta Sales Academy

Programs designed to make sure that distribution channels work more actively effectively.

- Sales
- Product Training
- Technical

E-ACADEMY
Covers all programs designed for all employees and distribution channels without time and space constraints.

WE SUCCESSFULLY COMPLETED THE "KEEP LIVING TURKEY" PROJECT

Designed as a five-year corporate social responsibility project and initiated in 2010, in cooperation with AKUT, **"Keep Living Turkey"** was launched to raise awareness of natural disasters such as floods, fires and, especially, earthquakes. The fifth and final phase of the "Keep Living Turkey" project was completed, with events held at the Sakıp Sabancı Museum. The project has been recognized with awards five times in the last five years.

IN 5 YEARS
52 CITIES
174 TOWNS

NUMBER OF PEOPLE REACHED
5.4
MILLION

DISTANCE COVERED
60
THOUSAND KM

The "Keep Living Turkey" project:

- awarded the Golden Prize at The International CSR Excellence Awards in the International-General category,
- won the Golden SABRE award in 2013,
- won the "Bronze Award" at the Stevie 2013 International Business Awards in the Corporate Responsibility Program of the Year.
- "The Disaster Awareness Survey," conducted by Nielsen at the request of Aksigorta within the framework of the "Keep Living Turkey" project, won the Silver Award in the Social Owl category at the Owl Awards in 2013,
- won the "Best Project" prize in the Corporate Responsibility - Education category at Altın Pusula Ödülleri [Golden Compass Awards] in 2012.

THE INTERNATIONAL CSR EXCELLENCE AWARDS

SUSTAINABILITY

With the "Keep Living Turkey" project, Aksigorta was awarded the Golden Prize at The International CSR Excellence Awards in the International - General category.

Social Responsibility

"Keep Living Turkey" was implemented to inform the public on how to deal with natural disasters. It is believed that a lack of knowledge exacerbated the death toll in the 1999 Marmara earthquake, where thousands of lives were lost, and in subsequent earthquakes. By the conclusion of the fifth and final phase of the "Keep Living Turkey" project, 5.4 million people in total declared: "Keep Living Turkey."

Over five years in 52 cities and 174 towns, visitors to the "Keep Living Truck" experienced a simulation of the 7.4 magnitude Marmara earthquake of 1999 in the 3D G-Force Earthquake Simulator. The importance of the topic was underlined through this and through other sections in the earthquake simulator truck such as the "Safe Room" and "Unsafe Room." As well, the significance of simple precautions, like placing heavy objects in lower cabinets, was highlighted. Within the scope of the "Keep Living Turkey" project, 60 thousand kilometers were covered.

With the "Keep Living Turkey" project, Aksigorta was awarded the Golden Prize at The International CSR Excellence Awards in the International - General category. The project had already won the "Best Project" in the Corporate Responsibility - Education category under the organization of Altın Pusula Ödülleri 2012 [Golden Compass Awards] held by Türkiye Halkla İlişkiler Derneği [Turkey Public Relations Society]; in 2013 the Golden SABRE award, one of the most prestigious awards in the sector; and the "Bronze Award" at the Stevie 2013 International Business Awards in the Corporate Responsibility Program of the Year.

Aksigorta also undertook another social responsibility project, YADEM, which is the Fire and Earthquake Education Center. YADEM was built with the support of the late Sakıp Sabancı, entirely with Turkish technology. It was established in 1996 – before the 1999 Marmara earthquake – and worldwide is a rare example of its kind. In this center, with the most advanced technology of its time, fire and earthquake simulators are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children from age 7 to 14 receive training through simulations each year, to the Science Center of Şişli Municipality in 2006 to offer the services of the center to a wider public.

Aksigorta conducts its sustainability activities with awareness that it is a corporate citizen.

The Environment

The Aksigorta Headquarters offices were completed in 2014 in an environmentally aware manner:

- The building is situated to maximize daylight and natural light.
- Low-energy, high-efficiency lighting and equipment were utilized.
- Lighting is automated to save energy.
- Waste oil is collected and recycled rather than discarded into the sewage system.
- The number of bins to collect waste batteries and paper was increased in all working areas.
- In all wet surfaces (toilet etc.) photocell batteries and urinals were utilized.
- Energy loss is minimized with automated air conditioning,
- Heat recovery units were placed in the air conditioner center.
- Acoustic insulation was applied to prevent noise pollution. All materials used (carpets, furniture, ceiling etc.) and decorative arrangements were selected in accordance with the acoustic insulation.
- All windows are fitted with window films to save energy. (The film does not block the sunlight but minimizes radiation and thus conserves energy).
- Water purification systems (via reverse osmosis) were installed and city water was put into use after purification.
- Drip irrigation systems were utilized in landscaping projects to conserve water.
- Water based/eco-friendly paints were utilized.

All projects and applications in the New Headquarters building were checked by occupational health and safety consultants, and upon guidance were rendered compatible with regulations.

Occupational Health and Safety

All employees were trained in occupational health and safety procedures.

Following the trainings, all employees who had worked at the Company for five years were provided with routine health checks. Furthermore, employees' health reports were shared with the Company doctor and necessary checks were conducted. To ensure that Aksigorta employees can take necessary precautions for possible diseases, a "Bloodletting Room" was designed to conduct necessary blood tests as of 2014.

For the Doctor's Room, which will meet all health-related needs of employees, all the necessary equipment needed was purchased (e.g., a wheelchair and a stretcher were purchased and put into use for employees in case of an emergency). Evacuation drills were carried out to improve employees' response to emergency situations. For Claims Communication Center employees, hearing tests are planned.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Haluk Dinçer
Chairman of the Board of Directors
(since 29 July 2011)
Haluk Dinçer is President of the Retail and Insurance Group of Sabancı Holding, one of Turkey's largest industrial and financial conglomerates. Haluk Dinçer acts as the Chairman of the Group's six companies, of which four are publicly listed, and three are international joint ventures: the mass-merchant chain CarrefourSA, electronics superstore chain TeknoSA, online retailer KlikSA, information technology provider BimSA, pension and life insurance provider AvivaSA, and non-life insurer Aksigorta, a partnership with the Belgian insurance group Ageas. Since coming to Sabanci in 1995, Mr. Dinçer has held several leadership positions in automotive, food and retail businesses. Haluk Dinçer is a member of the Brookings International Advisory Council. Mr. Dinçer is also an Executive Committee Member of B20 Turkey. Previously, Haluk Dinçer was the President of TUSIAD – Turkish Industry & Business Association, and acted as the Chairman of DEIK / Turkish-American Business Council for three consecutive terms. Mr. Dinçer earned a B.S. degree in Mechanical Engineering in 1985 and an M.B.A. in 1988, both from the University of Michigan. Haluk Dinçer is married to Suzan Sabancı, and they have two children.

Barry Duncan Smith
Vice Chairman of the Board of Directors
(since 28 June 2013)
Barry Smith has spent his career in various jobs in the financial services sector. He assumed the role of Chief Executive for Fortis UK in 2001. In this role, he has been responsible for spearheading the business in its strategy to become a profitable manufacturer and retailer of insurance solutions in the UK, developing a range of award-winning customer-focused propositions that are unparalleled in the market. He has been appointed as President of the Chartered Insurance Institute. Barry Smith has been CEO of the segment "UK" of the Ageas group until 8 January 2013, when he became Chief Operating Officer of Ageas.

Steven Georges Leon Braekeveldt
Board Member
(Since 29 July 2011)
Mr. Braekeveldt had been in various international management functions before serving as Assistant General Manager in ING America and Mexico in 2001. He studied Economics at Catholic University in Belgium and then got his master's degree in Law in France and Belgium. He was commissioned in Board of Directors of Fortis Insurance between 2006 and 2009. He has been serving as CEO of Ageas Continental Europe since 2009. He is married and have three children.

Hayri Çulhacı
Board Member
(since 31 July 2010)
Hayri Çulhacı graduated from the Faculty of Political Sciences at Ankara University and took his MBA at Northeastern University in USA. Appointed as the Assistant General Manager at Akbank in 1990, Mr. Çulhacı served as an Assistant General Manager responsible for Corporate Communication, Investor Relations and Strategy, Consultant for the Chairman of Board of Directors, and an Executive Director at the Board of Directors, respectively. Before working for the private sector, Mr. Çulhacı was commissioned as an Account Expert and Department Chief at the Ministry of Finance. . He is currently a member of Board of Directors and chairman of the Audit Committee and Risk Committee in Akbank. Hayri Çulhacı is also a member of Board of Trustees in Sabancı Foundation and a member of Board of Directors in Avivasa.

Noyan Turunç
Independent Board Member
(Since 30 May 2012)
Noyan Turunç holds bachelor's and master's degrees from Ankara University (Faculty of Law). He began his career in the reinsurance department of Ray Sigorta and subsequently worked for Boeing and Coca-Cola. In 1990 Mr. Turunç set up his own law practice, Turunç Hukuk Bürosu, which provides a wide range of legal services in such areas as banking, finance, mergers & acquisitions, project finance, competition law, business and law, tax law from offices located in Istanbul and Izmir. Mr. Noyan Turunç is registered with the Izmir Bar Association and is a member of the American Bar Association and of the International Bar Association.

Muhterem Kaan Terzioğlu
Independent Board Member
(Since 30 May 2012)
Muhterem Kaan Terzioğlu is a graduate of Boğaziçi University (Faculty of Economic and Administrative Sciences, Department of Business Administration). He began his career as an auditor and financial consultant at Arthur Anderson & Company. In 1990-2000 he served as a management consultant in Chicago and Brussels in the areas of information technologies, information security, and information management. For the last twelve years he has been undertaking a variety of senior management positions and international responsibilities at Cisco Systems. Mr. Terzioğlu is a member of the İstanbul Chamber of Certified Public Accountants and is an accredited CPA. He is still a board member of Akbank, Teknosa and Neostratus.

Neriman Ülsever
Board Member
(Since 1 April 2014)
Ms Ülsever graduated in Business Administration from Bosphorus University in 1975. Neriman Ülsever started her career in 1973 at Turkish Airlines. Between 1986 and 1994, she respectively worked in Anadolu Bank, Emlak Bank, Group Sanfa and Impexbank, with increasing responsibilities in managerial roles. In 1994, Ms Ülsever decided to focus on human resources and management consultancy and set up IKE Ltd in 1995. She joined Indesit Company in Turkey and over the years she assumed diverse international assignments in Indesit Group. Between 1999 and 2002, she was the Human Resources Director, East Europe and International Markets, based in Switzerland and was appointed as the Human Resources Director, West Europe Markets based in France between 2001 and 2004. She assumed the role of Human Resources Director, Global Commercial in 2004 based in Italy. In 2006, she became the Global Human Resources Director of Indesit Group based in Italy. Ms Ülsever, an executive member of the Board of Directors of Indesit Company, Turkey since 1996, was appointed as the President of Indesit Turkey starting from 1 January, 2011.

Uğur Gülen
Board Member and General Manager
(Since 1 May 2009)
Uğur Gülen took his undergraduate and master degrees at the Department of Industrial Engineering at Middle East Technical University. He began his career in 1991 and worked at various positions at Interbank, Denizbank, Ak Internet and MNG Bank. During 2004-2009. He served at AK Emeklilik A.Ş. ve AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has been assigned as the General Manager and a Board member at Aksigorta since May 2009.

BOARD OF AUDITORS

Audit Committee:
The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, is in charge of the operations and capability of the internal systems and the accounting and reporting systems.

Noyan Turunç
Chairman
(Independent Member of Board of Directors)

Muhterem Kaan Terzioğlu
Member
(Independent Member of Board of Directors)

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been established in order for fulfillment of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a management process of Aksigorta A.Ş. which is based on ethical values, is responsible toward internal and external parties, is aware of risk, is transparent and responsible for its resolutions, protecting the interests of the stakeholders, targeting the sustainable success in a manner complying with the Corporate Governance Principles established by the Capital Markets Board.

The objective of the Corporate Governance Committee is to make recommendations to the Board of Directors of Aksigorta A.Ş. for the purpose of ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Markets Board and with any other internationally recognized corporate governance principles and make recommendations for the purpose of introduction and implementation of such principles, to monitor compliance of the Company with such principles and to carry out improvement works in these areas. The duties of the Nomination Committee, the Early Detection of Risk Committee and the remuneration Committee are also carried out by the Corporate Governance Committee.

Muhterem Kaan Terzioğlu
Chairman
(Independent Member of Board of Directors)

Neriman Ülsever
Member

Steven Georges Leon Braekeveldt
Member

Erkan Şahinler
Member

Early Detection of Risk Committee:
The Committee was formed by the Board of Directors to diagnose any kind of strategic, operational, financial risk which may endanger the existence, development and continuation of Aksigorta A.Ş, and to apply necessary measurements, corrective actions and risk management.

Muhterem Kaan Terzioğlu
Chairman

Steven Georges Leon Braekeveldt
Member

EXECUTIVE BOARD

Uğur Gülen
Board Member and General Manager
(Since 1 May 2009)
Uğur Gülen took his undergraduate and master degrees at the Department of Industrial Engineering at Middle East Technical University. He began his career in 1991 and worked at various positions at Interbank, Denizbank, Ak Internet and MNG Bank. During 2004-2009. He served at AK Emeklilik A.Ş. ve AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has been assigned as the General Manager and a Board member at Aksigorta since May 2009.

Ali Doğdu
Assistant General Manager - Underwriting
(Since 12 February 2007)
Ali Doğdu graduated from the Department of Business Administration, Faculty of Political Sciences at Ankara University. Working in the insurance sector since 1993, he joined Aksigorta in 2007 as the Assistant General Manager responsible for Underwriting. He has been serving as the Technical Assistant General Manager since November 2009. Until then, he worked at executive positions in various companies in the insurance sector.

Erkan Şahinler
Assistant General Manager -Finance
(Since 20 October 2008)
Erkan Şahinler graduated from the Department of Business Administration, Faculty of Economic and Administrative Sciences at Bosphorus University. Having begun his professional career in the field of independent external audit in 1990, he has been serving at executive positions in various companies under Sabancı Holding since 1993. Mr. Şahinler joined Aksigorta in 2008 as the Assistant General Manager responsible for Finance.

Çetin Kolukısa
Assistant General Manager - Agencies
(Since 18 April 2005)
Çetin Kolukısa graduated from the Faculty of Economy at İstanbul University. He holds a master's degree in Econometrics. He began his career in the insurance sector in 1989. He served as a Technical Manager at Aksigorta between 1994 and 1999. He rejoined Aksigorta in 2005 as the Assistant General Manager responsible for Agencies.

Fahri Altıngöz
Assistant General Manager - Corporate Relations, Reinsurance and Corporate Sales
(Since 1 December 2005)
Fahri Altıngöz graduated from the Department of Statistics at the Middle East Technical University and began his career at Aksigorta in 1988, Fahri Altıngöz served at various executive positions in a number of companies before he joined Aksigorta in 2005 as the Assistant General Manager responsible for Claims. Serving as the Assistant General Manager at Aksigorta responsible for Corporate Relations, Reinsurance and Corporate Sales.

M. Ayhan Dayoğlu
Assistant General Manager - Claims and Operations
(Since 1 October 2011)
M. Ayhan Dayoğlu is a graduate of Yıldız Technical University (Department of Mechanical Engineering), holds a master's degree from the same university's Institute of Sciences and Department of Manufacturing Processes, and has completed the Executive MBA program at Sabancı University. From 1992 to 1998, he served as an after-sales services manager at Boronkay responsible for the DAF Bus and Thermo King product lines. Mr. Dayoğlu joined the Sabancı Group (TemSA) in 1998. After serving in management positions with responsibilities for after-sales services and spare parts, he became the company's director of domestic bus marketing, sales, and after-sales services in 2007. Mr. Dayoğlu has been general manager of Tema's Egyptian operations since 2009 and Aksigorta's assistant general manager responsible for claims and operations since 2011.

Melis Aslanağı
Assistant General Manager - Human Resources
(Since 24 October 2011)
Melis Aslanağı received her bachelor's degree in psychology from Boğaziçi University. She holds a master's degree in the same discipline from New York University's Department of Organizational Psychology). Ms. Aslanağı served as a human resources specialist in Turkey at Arçelik (1996-1997) and at DHL (1997- 2001) before joining Avea as a human resources manager in 2001. She remained with that company until 2005, when she was hired into the same position at Abbott. Melis Aslanağı joined Sabancı in 2008 and served as human resources department manager at AvivaSA Emeklilik ve Hayat until 2011.

Tuncay Küçüktaş
Assistant General Manager- Information Technologies
(Since 21 January 2013)
Completing his undergraduate degree at Istanbul Technical University, Department of Computer Engineering, Tuncay Küçüktaş holds a master's degree from the same university on Control and Computational Science department. Then, he completed the Executive MBA program at Pfeiffer University. He started his professional career within Unilever in 1995. Between 1996 and 2001, he worked at SAP Turkey as a senior consultant and manager. Then in the US, he worked at different executive positions at Compass Group and SAP America respectively. Having served as CISO in charge of Global Information Security at Coca-Cola US, he also worked as Vice President and Chief Technology Officer (CTO) at Savantis Group.

Şenol Temel
Assistant General Manager - Bank Insurances
(Since 01 October 2009)
Having completed both bachelor's and master's degrees at the Department of Mining Engineering at Istanbul Technical University, he also completed the MBA program at the Department of Contemporary Management Techniques at Marmara University. Şenol Temel began his career in 1995 at Interbank. After having served at Garanti Bank and Akbank at various executive positions, he joined Aksigorta in October 2009 as the Assistant General Manager responsible for Bank Insurances.

Serdar Dinçaslan
Assistant General Manager – Marketing and Business Development
(Since 14 July 2014)
Serdar Dinçaslan began his career at Coca Cola and continued his career in USA since 1998. After he worked as a research assistant at New York Rensselaer Polytechnic Institute, he holds different managerial roles including individual marketing, individual credit, product development, business development, cross sales channels management and finance in Virginia Capitalone Bank. Mr. Dinçaslan served as a director in business development and marketing and strategic projects followed by senior director in company's different channels in Encore Capital Group, California. In 2011, he returned back to Turkey and giving consultancy in Banking and financial services at Oliver Wyman. In the last three years, he has been serving as a CEO of Sigortam.Net, giving consultancy to Hangikredi.com and Hangisi.net companies which compare the banking products. After having a degree from Tarsus American College, he studied engineering at Bosphorus University. He obtained his master degree from Management and Technology at New York Rensselaer Polytechnic Institute.

SECTION I – CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Aksigorta (Company) implements all mandatory principles of CMB Corporate Governance Principles.

Aksigorta, implements the non-mandatory principles of CMB Corporate Governance Principles in general terms. Below they are disclosed the principles which are not implemented, together with the reasons.

SECTION II – SHAREHOLDERS

2.1 Investor Relations Department

Their names, titles, tasks and charters of the managers and employees who are involved in investor relations in Aksigorta task are listed as below:

Erkan Şahinler, CFO
Osman Akkoca, Financial Control Department Manager, Investor Relations Manager (CMB Charter Level 3, Corporate Governance Rating Charter)
Necip Çakmakoğlu, Financial Control Division Manager, Investor Relations Manager
Nergiz Demirköprü, Financial Control Expert, Investor Relations Expert

Activities of Investor Relations team are as listed as below:
- releasing the investor relations presentation in which the investors could get summary information about Company's performance, strategies and the market,
- arranging conference calls at the end of each quarter to share the financial results of the Company,
- meeting with the investors in domestic and foreign conferences, roadshow organizations, one to one meetings to share the Company performance,
- respond to investors' questions and info requests which are received via phone, e-mail or one to one meeting,
- coordinating the investor information on the official web site,
- coordinating the statement of annual report and quarterly activity reports,
- publishing the financial announcement calendar of the Company,
- planning the annual activities of investor relations,
- coordinating the annual General Assembly Meeting,
- stating the compliance report for CMB Corporate Governance Principles,
- reviewing the research report about the Company,
- reporting the performance of the Company stock

Investor Relations team held face to face talks with institutional investors 26 times at the head office of the Company, 35 times at domestic conferences, 35 times at abroad conferences and 55 times on conference calls totaling 151 times in 2014 to share information about the Company and the insurance industry and to respond their questions.

Investor relations team report to Corporate Governance Committee each quarter about their activities.

2.2 Right to Obtain Information

Any information concerning the shareholders and investors, which has been already disclosed to public, is published on the official web site of the Company. Contact information of investor relations team is also available on official web site for using shareholders' and investors' rights to receive information. Requests of the shareholders and investors for information of any kind which is not in nature of a trade secret and which has been already disclosed to public are considered and fulfilled by the Investor Relations team carefully and unerringly in a manner so as to reflect the whole truth in a short time. They are invited via e-mail and by the announcement on the official web site for the conference calls at each quarter, who wants to follow the company closely and send an e-mail address.

The Articles of Association of the Company does not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2014.

2.3 General Assembly Meeting

One annual General Assembly Meeting was held in 2014. General Meeting was held on March 28th 2014 Friday at 17:00 at the address of Istanbul, Besiktas, 4. Levent, 34330, Sabanci Center, Sadika Ana 1 Meeting Hall. Attendees of the General Meeting represented 85.06% of the total shares. There were no attendees from the press. The shareholders didn't use their right to ask questions and no proposal was made apart from the items in the agenda during the General Meeting.

Board of Directors had invited the shareholders to the General Meeting as explained in the Turkish Commercial Code, CMB Communiques and Articles of Association. The decision of Board of Directors for holding the General Meeting was publicly disclosed on PDP (Public Disclosure Platform) and Central Registry Office. At least three weeks before, General Meeting invitation and information letter was disclosed on the official web site for the shareholders' and investors' information. The annual report also containing the audited financial statements of 2013 was submitted at the Head Office and on the official web site of the Company for the inspection of the shareholders, at least three weeks before General Meeting. It was possible for shareholders to attend the General Meeting both physically in the meeting hall and electronically on EKGS (electronic general meeting system).

In the General Meeting; Board of Directors' Annual Report, Auditor's report and Financial Statements were reviewed and discussed, brief information about the donations in 2013 was released and donation limits of the Company for the year 2014 was determined, Board's proposal for the Dividend Distribution Policy was approved, members of the Board of Directors and Auditors were released regarding their activities in 2013, changes in the Board of Directors were approved, Board's proposal for the dividend rate was approved, Board's proposal for auditor election in 2014 was approved, permission granted to the Chairman and members of the Board of Directors to execute the transactions noted in Articles 395 and 396 of Turkish Commercial Code,

Material decisions as referred in the Turkish Commercial Code are submitted to the approval of the shareholders during the General Meeting. Including the minutes of the General Meeting, all related document is published on Company's official web site, Public Disclosure Platform and Central Registry System.

2.4 Voting Right
The Articles of Association does not provide preemptive voting right. There isn't any regulation in the Articles of Association regarding the minority rights. There isn't a representative of the minority shareholders in the Board of Directors appointed by the General Meeting. Company cares about the minority rights as regulated in Commercial Code and CMB communiques and no complaint or critic is received in 2014 for that case.

2.5 Right to Profit Share
There isn't any privilege regarding participation in the profit of the Company.

The profit distribution policy of the Company is to distribute cash dividend at the minimum rate of 50% of the distributable profit. The dividend policy is reviewed by the Board of Directors every year according to the national and global economic conditions, the projects in the agenda and the standing of the funds.

The profit distribution policy explained above in this regard was submitted to the approval of the shareholders at the General Meeting in 2014 and it was approved. Afterwards the dividend policy is disclosed on the official web site.

The Company paid 51.6 million TL dividends in 2014 within the statutory times.

2.6 Transfer of Shares
Transfer of publicly held shares is possible (by blank endorsement). For transfer of non-publicly held shares, provisions of the Capital Market Law apply. Pursuant to the Regulation on the Principles Applicable to Establishment and Working of Insurance and Reinsurance Companies, direct or indirect acquisition of shares which will result in owning of ten percent, twenty percent, thirty percent, thirty three percent or fifty percent or more of the capital of an insurance company and a share transfer by which the rate of shares owned by one shareholder reaches or decreases below any of the aforesaid rates are subject to permission of the Undersecretaries of Treasury of the Prime Ministry of Turkey.

SECTION III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Official Web Site
The Company has the official web site at the following address: www.aksigorta.com.tr

Information for the shareholders and the investors is available under the "Investor Relations" heading on the official web site both in Turkish and in English. Under this heading, there are a number of pieces of information such as;

- Summary information about the company, mission, vision and values under the caption of "About Us"
- Trade Registration Details
- Shareholding Structure
- Privileged Shares
- Articles of Association
- Members of Board of Directors
- Board Committees
- Company Management
- Independent Auditor
- Public Disclosure Policy
- Dividend Policy
- Remuneration Policy
- Code of Ethics
- Corporate Governance Principles Report
- Financial Statements
- Annual Reports
- Financial Announcement Calendar
- Related Party Transaction Report
- General Assembly Meeting Documents and Related Information
- Material Event Disclosures
- Press Releases
- Investor Relations Team Contact Information
- Frequently Asked Questions

3.2 Annual Report
The Annual Report ensures that the public will have access to complete and accurate information about the operations of the Company. The Company submits the requirements of the Corporate Governance Principles in the Annual Report to the information of the shareholders.

SECTION IV – STAKEHOLDERS

4.1 Company's Policy on Stakeholders

Disclosure Policy, Dividend Policy, Remuneration Policy and Code of Business Ethics of the Company are available on the official web site for all stakeholders.

Employees of the Company are informed through meetings, seminars and training courses and with information sent via the portal application and the Internet in their fields of specialty and on the issues they are involved in general. Our distribution channels are informed about the practices and procedures of the Company through announcements made by means of circulars published on the web site of the Company at www.aksigorta.com.tr under the page of "Special to Agents", as well as traditional and regional agent meetings, preliminary and technical training sessions and via electronic mails periodically.

As being the Joint Venture of Sabancı and Ageas Insurance who are operating globally, Aksigorta respects and cares about laws and contracts. Company totally cares about the payment of rights and receivables of the employees from sign date to the resign date.

Stakeholders could directly contact to the Board Committees or the Ethic Rule Consultant by filling out the communication form on the official web site, in case Company has any operation or transaction which is contrary to laws or ethics.

4.2 Supporting Participation of Stakeholders in the Management of the Company

Participation of the employees in the management is ensured through periodic meetings. The monthly executive meeting is attended by executives from the regions and the departments. Meetings held at the departments tend to support the executive meetings. In addition, information about the practices, policies and targets is transmitted to all employees in groups and views of the employees are received through information exchange meetings, so that their participation and contribution needed for efficient management of the Company is ensured. Annual performance assessment meetings are held with the employees. In the meetings, the employees are given feedback about their performance and the opportunity to express their views and expectations. Through the regional agency meetings, developments in the insurance industry and the changing competition environment are shared with the agents. In these meetings, through the practice of Free Platform, the agents who come together with local and central executive units express their current problems. In this way, Aksigorta receives feedback about the current policies and takes into account the views of the agents in the establishment of the strategies of the Company.

4.3 Human Resources Policy of the Company

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. In order to achieve the targets of the Company, an organizational planning congruent with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees.

Behaviors expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees assessment, behavior-based interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this. Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities. Creation and maintenance of a fair working environment is one of the fundamental ethical values of the Company.

Employee representatives group supports both determining the action plan to improve the engagement of employees according to the results of Employee Survey and communicating the HR practices among the employees. 25 employees in 2012, 32 employees in 2013 and 30 employees in 2014 represented Aksigorta employees in the Employee Representatives Group, which was founded in 2012.

The duties of the employee representatives are, to support improvement of employee engagement, to establish the connection between their departments and HR as an ambassador, to support internal communication, to announce and spread the communication of their departments.

Creating and maintaining a fair working environment is one of the basic codes of ethics in Aksigorta. In 2014, there is no complaint from employees about discrimination in Aksigorta.

Including performance and rewarding rules, all Human Resources policies and practices are announced to all employees and they are all available for the employees on the company portal application.

3.5 Ethical Rules and Social Responsibility

At the Company, code of business ethics have been established and published. The employees are informed about the business ethic rules at the very beginning of their job, and refreshment training on business ethics is provided regularly every year. There is an Ethic Rule Consultant within the organization of the Company, and all stakeholders can apply to him about their recommendations, complaints and questions involving the ethical rules. The business ethic rules applicable to Sabancı Holding and its subsidiaries are disclosed to public via the Internet site of the Holding Company.

The fact that risk and insurance awareness is at very low level indicates that it is necessary to raise the awareness of the public about the insurance products in the first instance in order to develop the insurance industry. In all corporate social responsibility activities and all events conducted, Aksigorta focuses on raising the risk and insurance awareness in all segments of the society, primarily among children and women, against fatalistic mentality of the Turkish people. For Aksigorta, which has targeted to add plus value to the society by realizing many awareness rising and education projects since the very date of its establishment, Social Responsibility is one of the most important constituents of the corporate culture.

In cooperation with AKUT, the Search and Rescue Society, which is one of the most efficient non-governmental organizations of Turkey in the field of natural disasters and search and rescue operations, Aksigorta launched in 2010 the project called “Hayata Devam Türkiye” [Keep Living Turkey] which is a traveling educational project comprising Turkey’s first 3G-Force Earthquake Simulator which travels all over Turkey with the aim of creating and raising awareness of natural disasters. The project, which aims at creating and raising the awareness of Turkish people about the insurance and has been planned to last 5 years, was completed the fifth and the last step in 2014. The project “Keep Living Turkey” visited 52 provinces and 174 sub-provinces and met 5.4 million people in five years. During this valuable project; 60 thousand kilometers were driven, 700 thousand students were educated, 1 million 400 thousand people were informed with the simultaneous studies on the social media.

With “Keep Living Turkey” project, Aksigorta received the Gold Award in International - General category of International CSR Excellence Award in 2014. Prior to this award Aksigorta won; the best project prize in the Corporate Responsibility -Education category under which 18 projects competed under the organization of Altın Pusula Ödülleri 2011 [Golden Compass Awards] held by Türkiye Halkla İlişkiler Derneği [Turkey Public Relations Society], market’s most prestigious award Gold SABRE in 2013, the “Bronze Stevie” award in the category of corporate social responsibility in Stevie International Business Awards in 2013, all with “Keep Living Turkey” project.

Apart from the project “Keep Living Turkey”, another project of Aksigorta is YADEM, the Fire and Earthquake Education Center. YADEM, which has been built with the support of the late Sakıp Sabancı entirely with the Turkish technology and which is a rare example of its kind in the world, was established in 1996, before the Marmara Earthquake in 1999. In the center, which has the “best” quality according to the level of technology in those years, the fire and earthquake simulators built on advanced technology are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children at age 7-14 receive training by means of simulations each year, to the Science Center of Şişli Municipality in 2006 in order to offer the services of the center to a wider public.

While carrying its long-standing past to future, Aksigorta believes that its responsibility is great. Thinking that the priority is to realize sustainable projects which will cultivate risk awareness in education and society, Aksigorta has placed its current projects in this field, the essence of which is education, on a long term platform. Aksigorta will continue to realize different projects which will contribute to upbringing of generations with sound awareness about natural disasters and insurance.

SECTION V – BOARD OF DIRECTORS

5.1 Structure and the Formation of the Board of Directors

Aksigorta Board of Directors; monitor the compliance of the company activities with the legislation, articles of association, internal regulations and the policies, represent and chair the company with strategic decisions while taking into account the risk, growth and returns of the Company and the long term targets of the Company.

Members of the Board of Directors of the Company, with the breakdown in executive and non-executive, the breakdown in dependent and independent are as follows:

Haluk Dinçer
Chairman of the Board of Directors
(Since 29 July 2011)

Haluk Dinçer is President of the Retail and Insurance Group of Sabancı Holding, one of Turkey’s largest industrial and financial conglomerates. Haluk Dinçer acts as the Chairman of the Group’s six companies, of which four are publicly listed, and three are international joint ventures: the mass-merchant chain CarrefourSA, electronics superstore chain TeknoSA, online retailer KlikSA, information technology provider BimSA, pension and life insurance provider AvivaSA, and non-life insurer Aksigorta, a partnership with the Belgian insurance group Ageas. Since coming to Sabanci in 1995, Mr. Dinçer has held several leadership positions in automotive, food and retail businesses. Haluk Dinçer is a member of the Brookings International Advisory Council. Mr. Dinçer is also an Executive Committee Member of B20 Turkey. Previously, Haluk Dinçer was the President of TUSIAD – Turkish Industry & Business Association, and acted as the Chairman of DEIK / Turkish-American Business Council for three consecutive terms. Mr. Dinçer earned a B.S. degree in Mechanical Engineering in 1985 and an M.B.A. in 1988, both from the University of Michigan. Haluk Dinçer is married to Suzan Sabancı, and they have two children.

Barry Duncan Smith
Vice Chairman
(Since 28 the June 2013)

Born in 1954, Barry Duncan Smith is a British national. During his career, he has served at various positions in finance sector. In 2001, Mr. Smith took on the role of the Chief Executive for Fortis UK and in his role at Fortis, he spearheaded the business in its strategy to become a profitable manufacturer and retailer of insurance solutions in the UK, developing a range of award-winning customer-oriented propositions unparalleled in the market. Always advocating top-level professionalism in insurance sector, he has taken the role of Chairman at Chartered Insurance Institute (CII). Having been heavily involved with the CII for many years, Mr. Smith is ABI Motor Chairman of the Board of Directors and a member of Board of Directors at ABIGIC. Until 8 January 2013, Mr. Smith continued his professional career as CEO at Ageas UK.

Hayri Çulhacı
Board Member
(Since 30 May 2012)
Hayri Çulhacı graduated from the Faculty of Political Sciences at Ankara University and obtained an MBA at Northeastern University in USA. Appointed as the Assistant General Manager at Akbank in 1990, Mr. Çulhacı served as an Assistant General Manager responsible for Corporate Communication, Investor Relations and Strategy, Consultant for the Chairman of Board of Directors, and an Executive Director at the Board of Directors, respectively. Before working for the private sector, Mr. Çulhacı was commissioned as an Account Expert and Department Chief at the Ministry of Finance. He is currently a member of Board of Directors and chairman of the Audit Committee and Risk Committee in Akbank. Hayri Çulhacı is also a member of Board of Trustees in Sabancı Foundation and a member of Board of Directors in AvivaSa.

Steven Georges Leon Braekeveldt
Board Member
(Since 29 July 2011)
Steven Georges Leon Braekeveldt joined ING as an assistant general manager in the USA and Mexico in 2001 after having previously served in numerous international management positions. He holds a bachelor's degree in economics from Catholic University in Belgium and a master's degree in law in Belgium and France. Mr. Braekeveldt served as a member of the board of directors of Fortis Insurance from 2006 to 2009 and has been CEO of Ageas Europe since the latter year. Steven Georges Leon Braekeveldt is married and is the father of three children.

Neriman Ülsever
Board Member
(Since 1 April 2014)
Ms Ülsever graduated in Business Administration from Bosphorus University in 1975. Neriman Ülsever started her career in 1973 at Turkish Airlines. With different responsibilities in managerial roles, she respectively worked in Anadolu Bank, Emlak Bank, Group Sanfa and Impexbank. In 1995, Ms Ülsever set up IKE Ltd and specialized in human resources and management consultancy. She joined Indesit Company in Turkey and over the years she assumed diverse international assignments in Indesit Group. Between 1999 and 2002, she was the Human Resources Director, East Europe and International Markets, based in Switzerland and was appointed as the Human Resources Director, West Europe Markets based in France between 2001 and 2004. She assumed the role of Human Resources Director, Global Commercial in 2004 based in Italy. In 2006, she became the Global Human Resources Director of Indesit Group based in Italy. Ms Ülsever, an executive member of the Board of Directors of Indesit Company, Turkey since 1996, was appointed as the President of Indesit Turkey starting from 1 January, 2011.

Noyan Turunç
Board Member
(Since 30 May 2012)
Noyan Turunç holds bachelors and master's degrees from Ankara University (Faculty of Law). He began his career in the reinsurance department of Ray Sigorta and subsequently worked for Boeing and Coca-Cola. In 1990 Mr. Turunç set up his own law practice, Turunç Hukuk Bürosu, which provides a wide range of legal services in such areas as banking, finance, mergers & acquisitions, project finance, competition law, business and law, tax law from offices located in İstanbul and İzmir. Mr. Noyan Turunç is registered with the Izmir Bar Association and is a member of the American Bar Association and of the International Bar Association.

Muhterem Kaan Terzioğlu
Board Member
(Since 30 May 2012)
Muhterem Kaan Terzioğlu is a graduate of Boğaziçi University (Faculty of Economic and Administrative Sciences, Department of Business Administration). He began his career as an auditor and financial consultant at Arthur Andersen & Company. In 1990-2000 he served as a management consultant in Chicago and Brussels in the areas of information technologies, information security, and information management. For the last twelve years he has been undertaking a variety of senior management positions and international responsibilities at Cisco Systems. Mr. Terzioğlu is a member of the İstanbul Chamber of Certified Public Accountants and is an accredited CPA. He is still a board member of Akbank, Teknosa and Neostratus.

Uğur Gülen
Board Member and General Manager
(Since 01 May 2009)
Uğur Gülen obtained his undergraduate and master's degrees at the Department of Industrial Engineering at Middle East Technical University. He began his career in 1991 and worked at various positions at Interbank, Denizbank, Ak Internet and MNG Bank. During 2004-2009, he served at AK Emeklilik A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. as the Assistant General Manager. He has been assigned as the General Manager and a Board member at Aksigorta since May 2009.

In the Board of Directors we have one female member. The Board of Directors did not a target rate for female members.

5.2 Activity Principles of the Board of Directors
The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also take into account the long-term targets and interests of the Company. Board of Directors had totally 35 meetings in 2014; 4 times face to face meetings, 31 times by written approvals as released in Turkish Commercial Code and Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2014 was ensured.

Board members of the company, spend sufficient time to the Company's business. The Board of Directors did not set a rule or restriction for the board members for undertaking other duties or tasks outside the company, except spending sufficient time for Aksigorta business. Members' responsibilities outside the company are underlined in their resumes.

Activity principles, meeting and decision rules of the board are in pursuance of the provisions the Articles of Association. Each board member have single and equal vote right in the board meetings. Agenda of the meetings of the Board of Directors of the Company is established after discussion of the Chairman with the current Members of the Board of Directors. The established agenda and the contents of the issues in the agenda are sent by the General Manager to the Members of the Board of Directors 1 week before the meeting in order to enable them to make the necessary examinations and works.

At the meetings held in 2014, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and all the decisions were written consent.

5.3 Board Committees

Board of Directors benefits from committee studies for carrying out its responsibilities and running its duties. Committee decisions are presented as recommendations to the Board of Directors, and the Board takes the final decision.

The committees of the Board of Directors are as follows:

Audit Committee:

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, is in charge of operation and adequacy of the internal systems and the accounting and reporting systems. The committee had 4 meetings in 2014.

Members:
Noyan TURUNÇ - Chairman (Independent Member of the Board)
Muhterem Kaan TERZİOĞLU - Member (Independent Member of the Board)

Corporate Governance Committee:

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a governance process of Aksigorta A.Ş. targeting a sustainable success based on ethical rules, responsible toward internal and external parties, having risk awareness, being transparent and responsible in its decisions, observing the interest of its stakeholders in compliance with the Corporate Governance Principles established by the Capital Market Board. Objective of the Corporate Governance Committee is to propose recommendations to the Board of Directors with a view to ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Market Board and other internationally recognized corporate governance principles, ensuring implementation of these principles and monitoring the compliance of the Company with these principles and carrying out improvement works on such matters. Committee had 6 meetings in 2014.

Members:
Muhterem Kaan TERZİOĞLU - Chairman (Independent Member of the Board)
Neriman Ülsever, Member (Board Member)
Stefan Georges Leon Braekeveldt, Member (Board Member)
Erkan Şahinler, Member (CFO)

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

Early Detection of Risk Committee:

It conducts works for the purposes of early detection of risks which may endanger existence, growth and continuation of the Company, implementation of the necessary measures and remedies taken against the detected risks and management of the risk. The Committee evaluates the situation, points out to the dangers, if any, and indicates the remedies in the report to the Board of Directors. The report is sent to the auditor as well. It reviews the risk management systems at least once a year. Committee had 6 meetings in 2014.

Members:
Muhterem Kaan Terzioğlu - Chairman
Stefan Georges Leon BRAEKEVELDT – Member

It is sensitively cared about the Board Members not to take part in more than one committee. In order to both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members; Independent Board Member Mr. Muhterem Kaan Terzioğlu is involved in 3 committees and Board Member Mr. Stefan Georges Leon BRAEKEVELDT is involved in 2 committees.

5.4 Risk Management and Internal Control

Pursuant to Article 4 of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies issued as per Article 4 of the Insurance Law no. 5684, insurance companies are obliged to set up, operate and improve adequate and efficient internal systems within the frame work of principles and procedures stipulated by the regulations, which are aimed at the monitoring and control of their risk exposure, are aligned with the scope and nature of their activities, in harmony with changing conditions, and enforced across all regional offices and units.

The definition of internal systems mentioned in the said regulation includes risk management and internal control systems. Aksigorta risk management and internal control systems, which are intrinsic to the business of insurance and which have existed at the company since the day it was founded, were reorganized in 2008 by a Board of Directors resolution. As a result of this reorganization, an "Internal Systems & Actuarial Group" was set up and given responsibility for the Company's risk management, internal control, governance, compliance, and actuarial functions.

Internal Control

An internal control system has been set up to ensure that the Company's assets are protected; that its activities are conducted in accordance with the requirements of laws and regulations, with company policies and procedures, and with established insurance industry practices and in such a way as to be both effective and productive; and that the accounting and financial reporting system is secure, coherent, and capable of providing timely access to information. Internal control responsibility as the first line of defense, sits with each business unit: Business Units are individually responsible for the control of the transactions they are authorized to perform while the Internal Control Unit is responsible for overseeing the fulfillment of such responsibilities. The Internal Control Unit coordinates activities that are essential to the fulfillment of business units' responsibilities.

Risk Management
The Risk Management Unit was created to identify, quantify, monitor, and control all the risks to which the Company is exposed to. The unit ensures that every unit's risks are managed in coordination with other company units for which they may be matters of concern. The Risk Management Unit is also responsible for overseeing business continuity, information security, and capital adequacy. In addition, the key risks that identified together with business units are monitored closely, and the actions are reported to Early Detection of Risk Committee and Aksigorta Risk Committee.

The Committee of Early Detection of Risk was set up in accordance with the valid Corporate Governance Principles of the Capital Markets Board (CMB) and 6102 numbered Turkish Commercial Law's 378th article, has been founded upon 26.07.2013 dated resolution of Board of Directors at Aksigorta A.Ş. to be assigned and authorized. The committee gathers at least bimonthly to take necessary precautions and solutions and manage all kinds of strategic, operational, financial and other risks that may endanger existence, development and continuation of Aksigorta A.Ş. in advance.

Aksigorta Risk Committee is consisted of top management members and gathers at least bimonthly. The committee is responsible for making decision about risk appetite, risk policies, and action plans.

Governance
The Internal Systems and Actuarial Group is responsible for ensuring all processes, work flows, policies steadily written and are up to date.

Compliance
The Compliance Unit was set up and made responsible primarily for developing and implementing a risk-sensitive program to ensure the Company's compliance with the requirements of anti-money-laundering laws, regulations, and administrative provisions; for conducting activities required by such a compliance program; and for communicating and for coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is additionally responsible for ensuring that the Company is in compliance both with insurance-related and other laws and regulations to which the company is subject.

Actuarial
The Actuarial Unit was set up as part of the Internal Systems & Actuarial Group and given responsibility for managing risks that are directly related to the conduct of the Company's principal business activity: insurance. The duties of this unit include calculating the Company's technical reserves; providing technical support on risk-pricing issues and quantifying and managing associated risks in coordination with the Risk Management Unit; market monitoring and reporting actuarial figures; conducting simulations related to proposed strategies and making forecasts and predictions.

5.5 Strategic Targets
Management of the Company creates the long-term and medium-term strategic plans of the company, which are discussed and approved by the Board. Realization of long-term and mid-term strategic plan is reviewed and revised every year in the same period.

Short-term strategic plan is the Company's annual budget plan. Budget plan, as a part of the company's medium and long -term plan is created in accordance with these plans. Budget plan is created by the Company Management, which is discussed and approved by the Board. The company's budget realization is reviewed by the Board each quarter, also by the Company management every month with an assessment of past performance.

5.6 Financial Rights
The remuneration policy is approved by the General Assembly at the meeting on 2012 May 30th and it is available on the official web site of the company.

There is no Board Member or C-level Manager, having payable or credit account, receiving bail or collateral, either for themselves or on behalf of third parties.

INFORMATION ABOUT TRANSACTIONS THE COMPANY ENTERS INTO WITH MEMBERS OF ITS OWN RISK GROUP

Under article 199 of the Turkish Commercial Code (Statute 6102), which went into force on 1 July 2012, the Board of Directors of Aksigorta A.Ş. is required, within three months of the end of its fiscal year, to draw up a report about any dealings the Company had with its controlling shareholder or with any affiliates of its controlling shareholder during the fiscal year just ended and to include the conclusions of that report in its annual report. The required statements about Aksigorta A.Ş.'s related-party transactions are presented in footnote 45 to the financial statements.

The conclusion reached in the report dated 13 February 2015 prepared by the Board of Directors of Aksigorta A.Ş. is, to the best of the Board's knowledge of the circumstances and conditions at the time that a transaction took place or a measure was taken or refrained from, in each and every transaction which Aksigorta A.Ş. entered into with its controlling shareholder or with any of the affiliates of its controlling shareholder during 2014, that an appropriate mutual performance was achieved, that there were no measures taken or refrained from which might have caused the company to suffer a loss, and that there were no such transactions or measures whose consequences need to be offset.

FINANCIAL INFORMATION

FINANCIAL INFORMATION AND RISK MANAGEMENT

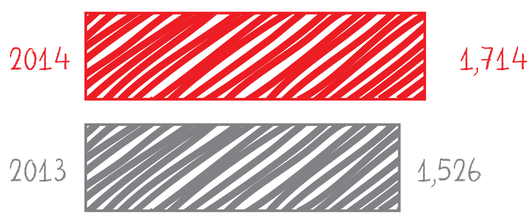
Financial Position, Profitability and Solvency

With a solid financial structure that included TL 508 million in shareholders' equity at end-2014, Aksigorta is one of the leading companies in the Turkish insurance sector.

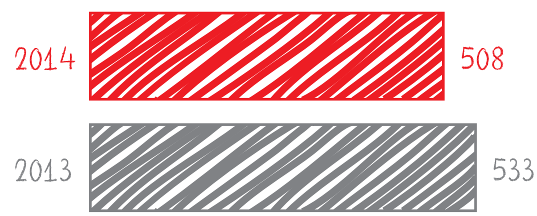
Continuing to grow upon sustainable profitability, Aksigorta completed the year successfully with TL 1,714 million in premium production and a net profit of TL 31 million.

Financial Indicators (TL million)

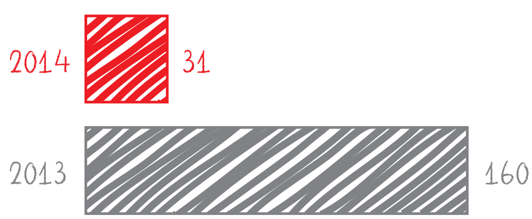
Written Premiums



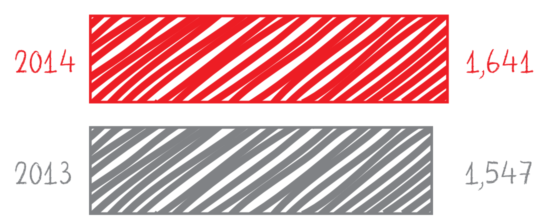
Shareholders' Equity



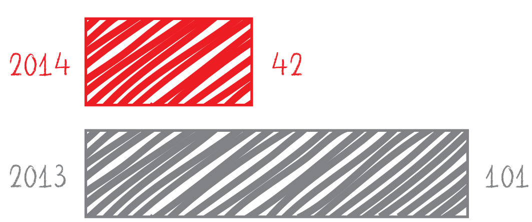
Net Profit



Total Assets

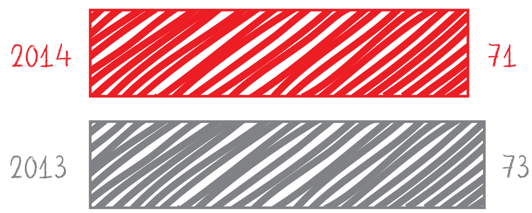


Technical Profit

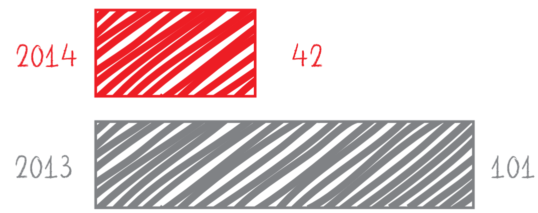


Financial Ratios (TL million)

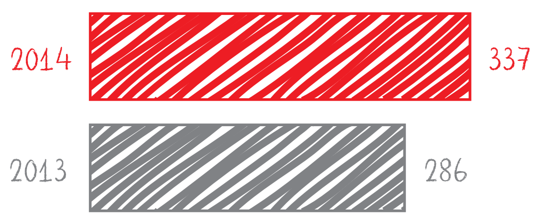
Retention Ratio (Non-life) (%)



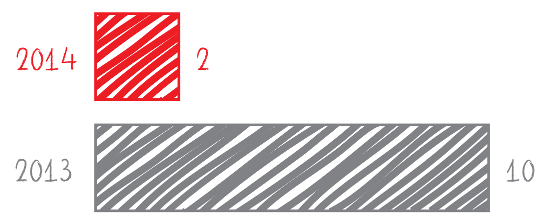
Technical Profit (%)



Written Premiums/Shareholders' Equity (%)



Net Income/Written Premiums (%)



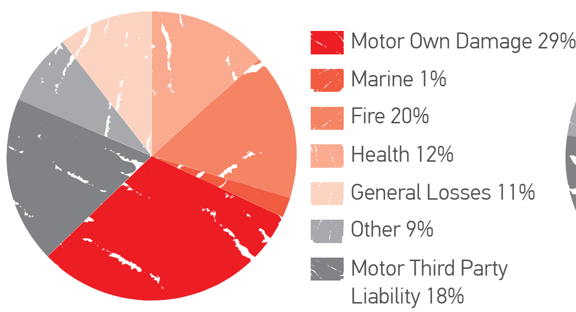
FINANCIAL INFORMATION AND RISK MANAGEMENT

In 2014, the Company increased its premium production from TL 1,526 million to TL 1,714 million. A breakdown of premiums by business lines during the most recent two years is shown below.

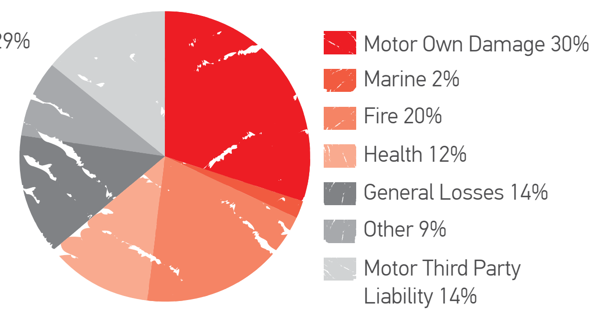
Breakdown of Premiums by Business Line

	PREMIUMS WRITTEN			DISTRIBUTION (%)	
(TL THOUSAND)	2013	2014	CHANGE 14/13	2013	2014
Fire	303,909	352,064	15.8	19.9	20.5
Marine	22,434	29,851	33.1	1.5	1.7
Motor Own Damage	441,700	507,902	15.0	28.9	29.6
Motor Third Party Liability	269,830	240,656	(10.8)	17.7	14.0
Other	140,044	148,225	5.8	9.2	8.6
General Losses	163,848	233,550	42.5	10.7	13.6
Health	184,337	201,345	9.2	12.1	11.7
Total	**1,526,102**	**1,713,594**	**12.3**	**100.0**	**100.0**

2013 Premium Portfolio Distribution



2014 Premium Portfolio Distribution



As of end-2014, 29% of generated premiums had been transferred undertreat and facultative reinsurance agreements while the remaining 71% (amounting to TL 1,217,962 thousand in value) were retained by the Company.

The charts below show the amounts and relative percentages of produced premiums that were retained by the Company during the most recent two years, broken down by business line.

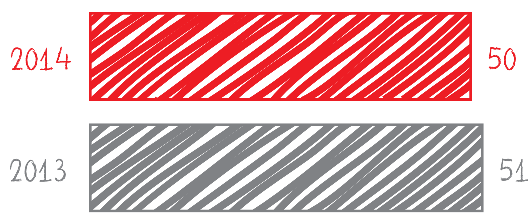
	RETAINED PREMIUMS		RETENTION RATIO (%)	
(TL THOUSAND)	2013	2014	2013	2014
Fire	111,362	127,657	37	36
Marine	11,484	14,910	51	50
Motor Own Damage	434,086	502,452	98	99
Motor Third Party Liability	239,041	218,658	89	91
Other	73,583	72,548	53	49
General Losses	60,706	81,993	37	35
Health	183,268	199,744	99	99
Total	**1,113,530**	**1,217,962**	**73**	**71**

Retention Ratio (%)

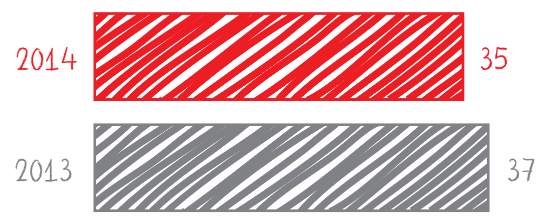
Fire

Other

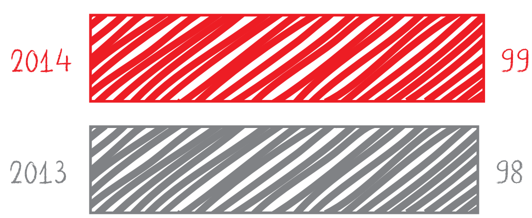
Marine



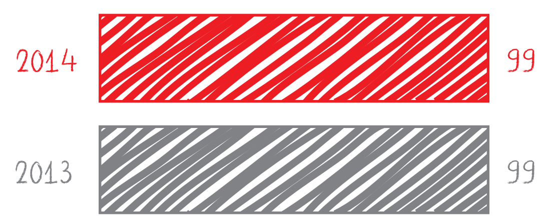
General Losses



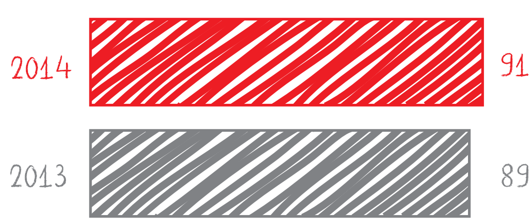
Motor Own Damage



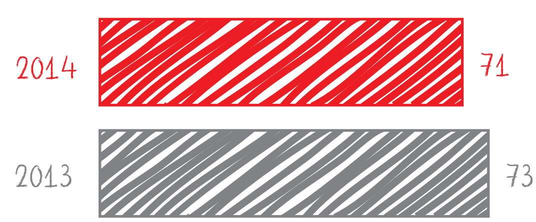
Health



Motor Third Party Liability



Total



FINANCIAL INFORMATION AND RISK MANAGEMENT

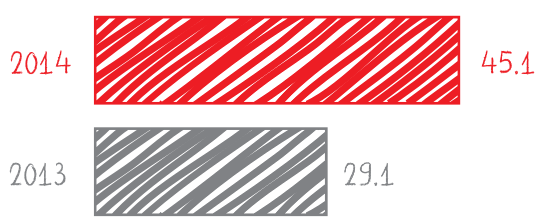
As of end-2014, Aksigorta retained TL 1,190 million in premiums which it had earned in the non-life branch while the Company's share of incurred non-life claims amounted to TL 863 million.

As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 73%. The charts below show the amounts and relative percentages of the Company's incurred claims and earned premiums during the most recent two years, broken down by business line.

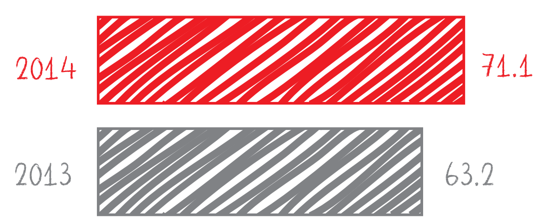
	CLAIMS INCURRED (NET)		EARNED PREMIUM (NET)		LOSS RATIO (NET) (%)	
(THOUSAND TL)	2013	2014	2013	2014	2013	2014
Fire	27,512	55,171	94,562	122,441	29.1	45.1
Marine	4,548	4,454	11,313	14,523	40.2	30.7
MOD	267,219	333,149	422,827	468,692	63.2	71.1
MTPL	168,770	258,988	215,296	241,632	78.4	107.2
Other	40,478	43,619	81,688	108,253	49.6	40.3
General Losses	24,284	28,544	34,901	41,276	69.6	69.2
Health	127,625	138,973	174,862	193,190	73.0	71.9
Non-Life Total	660,434	862,898	1,035,449	1,190,007	64	73

Claims Incurred/Earned Premiums (Net) (%)

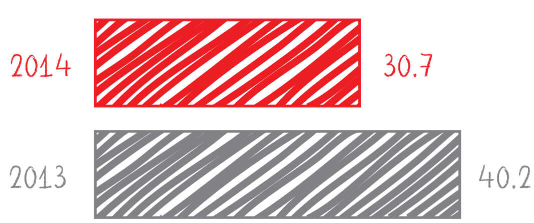
Fire



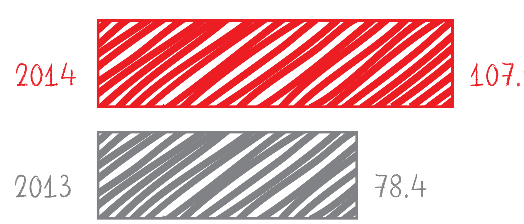
MOD



Marine



MTPL



Other

Health

General Losses

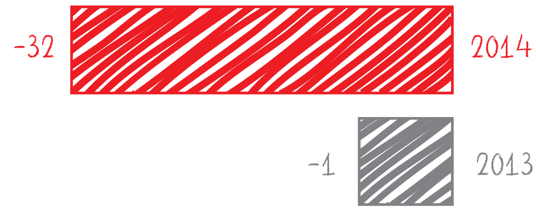
At end-2014, Aksigorta showed a total technical profit amounting to TL 42 million. The charts below show the amounts and relative percentages of the Company's technical profit during the most recent two years, broken down by business line.

(THOUSAND TL)	NON-LIFE TOTAL TECHNICAL PROFIT BALANCE 2013	2014
Fire	29,338	28,531
Marine	4,851	8,202
MOD	60,594	41,118
MTPL	(2,155)	(76,605)
Other	8,174	37,227
General Losses	1,496	1,476
Health	(1,019)	2,238
Total	**101,279**	**42,188**

	TOTAL TECHNICAL PROFIT BALANCE/PREMIUMS WRITTEN (%) 2013	2014
Fire	10	8
Marine	22	27
MOD	14	8
MTPL	(1)	(32)
Other	6	25
General Losses	1	1
Health	(1)	1
Total	**6.6**	**2.5**

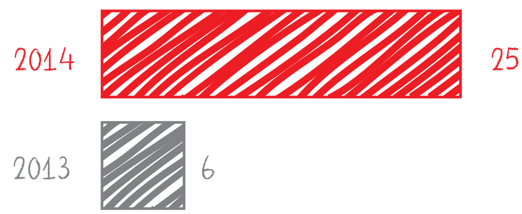
Fire

MTPL

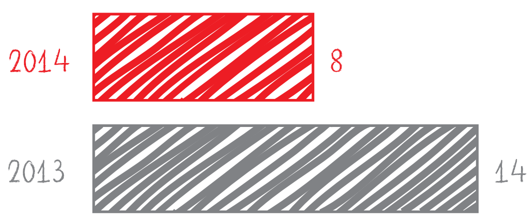


Marine

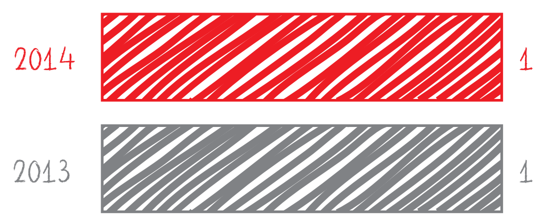
Other



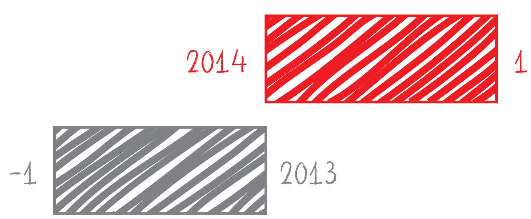
MOD



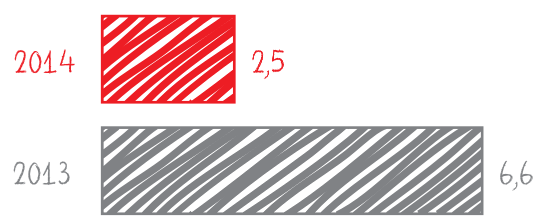
General Losses



Health



Total



In 2014, Aksigorta earned TL 128 million in investment income in addition to the earnings generated by its insurance business activities. The Company's investment income during the most recent two years is shown below.

	INVESTMENT INCOME		
(THOUSAND TL)	2013	2014	CHANGE (%)
Foreign Exchange Gain	46,515	43,808	(5.8)
Income from Financial Investment	50,934	74,533	46.3
Real Estate Income	297	156	(47.6)
Income from Derivatives	-	9,664	-
Other Investments' Income	1	8	885.5
Total	97,748	128,169	31.1

Based on all of these technical and financial results, Aksigorta booked a profit before tax of TL 38 million and a net profit less tax and other legal obligations in the amount of TL 31 million.

The Company's shareholders' equity amounted to TL 508 million at end-2014. The breakdown of shareholders' equity items during the most recent two years is shown below.

(MILLION TL)	2013	2014	CHANGE (%)
Paid in Capital	306	306	0.0
Nominal Capital	306	306	0.0
Profit and Capital Reserves	67	171	156.6
Net Profit of the Period	160	31	(80.8)
Total Shareholders' Equity	533	508	(4.7)

At end-2014, Aksigorta's principal investments amounted to TL 290 million in value. Developments in the Company's investments during the most recent two years are shown below.

	INVESTMENTS		
(TL THOUSAND)	2013	2014	CHANGE (%)
Financial Assets and Investments with Risks on Policy Holders	167,949	279,000	66.1
Affiliates	7,961	7,961	0.0
Properties	9,114	3,006	(67.0)
Total Investments	185,024	289,967	56.7

Aksigorta's financial statements at end-2014 showed a total of TL 8 million as equity participations. The Company's equity shares and their book values are shown below.

(TL THOUSAND)	EQUITY SHARE (%)	2014 YEAR-END
Merter BV	25,00	7.961

SUMMARY FINANCIAL INDICATORS

FINANCIAL FIGURES (TL MILLION)	2010	2011	2012	2013	2014
Written Premiums	886	1,137	1,311	1,526	1,714
Claims Incurred	449	540	608	661	863
Technical Profit	22	37	55	101	42
Profit before Tax	9	38	63	186	38
Net Profit	1	32	49	160	31
Paid in Capital	306	306	306	306	306
Shareholders' Equity	372	403	424	533	508
Total Assets	1,033	1,213	1,267	1,547	1,641

CAPITAL SOLVENCY RATIOS	2010	2011	2012	2013	2014
Written Premiums / Shareholders' Equity	238.5%	282.2 %	309.6%	286.5%	337.3%
Shareholders' Equity / Total Assets	36.0%	33.2%	33.4%	34.4%	31.0%
Solvency Ratio	159.1%	146.5 %	166.7%	171.8%	145.6%

OPERATIONAL RATIOS (NON-LIFE)	2010	2011	2012	2013	2014
Retention Ratio	71.7%	75.9%	72.9%	73.0%	71.1%
Loss Ratio (Net)	74.5%	69.9%	67.1%	63.8%	72.5%
Combined Ratio (Net)	101.6%	99.0%	98.1%	95.2%	102.7%

PROFITABILITY RATIOS	2010	2011	2012	2013	2014
Technical Profit / Written Premiums	2.5%	3.3%	4.2%	6.6%	2.4%
Profit Before Tax / Written Premiums	1.0%	3.3%	4.8%	12.2%	2.2%
Net Profit / Written Premiums	0.2%	2.8%	3.7%	10.5%	1.8%
Return On Equity (ROE)	0.1%	8.3%	11.8%	33.4%	5.9%

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Pursuant to Article 4 of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies issued as per Article 4 of the Insurance Law no. 5684, insurance and reinsurance companies are required to establish an effective internal control system, including internal auditing and risk management, in order to regularly control and audit the compliance of all their business and operations with insurance legislation and other relevant legislation, internal regulations of the company and its management strategy and policies, and to detect and prevent mistakes, frauds and unlawfulness.

The definition of internal systems mentioned in the Regulation includes Risk Management System and Internal Control System Aksigorta's risk management and internal control systems, which are intrinsic to the business of insurance and which have existed at the company since the day it was founded, were reorganized in 2008 by a Board of Directors resolution. As a result of this reorganization, an "Internal Systems & Actuarial Group" was set up and given responsibility for the company's risk management, internal control, quality control, compliance, and actuary functions.

Internal Control

An internal control system has been set up to ensure that the company's assets are protected; that its activities are conducted in accordance with the requirements of laws and regulations, with company policies and procedures, and with established insurance industry practices and in such a way as to be both effective and productive; and that the accounting and financial reporting system is secure, coherent, and capable of providing timely access to information. Each business unit is individually responsible for the transactions which it is authorized to perform while the Internal Control Unit is responsible for overseeing the fulfillment of such responsibilities. The unit also coordinates activities that are essential to the fulfillment of business units' responsibilities. In order to perform an efficient internal control throughout the company, key process and their control points are identified. The identified control points are detailed with risk – control matrixes to accomplish the Internal Control documentation.

Internal Control Unit conducts control activities within the approved Internal Control Plan framework, In 2014, internal control activities have continued and the efficiency of unit/process controls have been evaluated. The actions that taken to offset risks and deficiencies in controls are efficiently monitored by Internal Control Unit.

Risk Management

The Risk Management Unit was created to identify, quantify, monitor, and control all the risks to which the company is exposed. The unit ensures that every unit's risks are managed in coordination with other company units for which they may be matters of concern. Risk Management Unit is also responsible for overseeing business continuity, information security, and capital adequacy. In addition the key risk that identified together with business units are monitored closely, and the actions are reported to Early Dedection of Risk Committee and Aksigorta Risk Committee.

The Committee of Early Detection of Risk was set up in accordance with the valid Corporate Governance Principles of the Capital Markets Board (CMB) and 6102 numbered Turkish Commercial Law's 378th article, has been founded upon 26 / 07 / 2013 dated resolution of Board of Directors at Aksigorta A.Ş. to be assigned and authorized. The committee gathers regularly to take necessary precautions and solutions and manage all kinds of strategic, operational, financial and other risks that may endanger existence, development and continuation of Aksigorta A.Ş. in advance. Committee consists of at least two members including the Chairman appointed by the Board of Directors. The members are preferably selected among the nonexecutive members of Board of Directors.

Aksigorta Risk Committee consist of Top Management Members which is capable of making decision about Risk appetite, Risk policies, action plans.

Governance

The Internal Systems and Actuarial Group is responsible for ensuring all processes, business flows, policies steadily written and are up to date.

Compliance

The Compliance Unit was set up under Internal Systems and Actuarial Group in order to comply with the Insurance-related and other laws and regulations that the company is subject to. The unit is primarily responsible for ensuring the compliance with all related Laws and regulations. On the other hand announcing new/amended laws and regulations to company, determining and monitoring actions that need to be taken in order to comply with these laws and regulations are also under Compliance Unit's responsibility.

The developing and implementing a risk-sensitive program to ensure the company's compliance with the requirements of anti-money-laundering laws, regulations, and administrative provisions; for conducting activities required by such a compliance program; and for communicating and for coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is additionally responsible for ensuring that the company is in compliance both with insurance-related and other laws and regulations to which the company is subject. Compliance Unit is responsible for raising awareness throughout the company and all distribution channels about Anti-Money Laundering/Combating the Financing of Terrorism by providing trainings, and also informing The Financial Crimes Investigation Board about the suspicious transactions.

Actuarial

The Actuarial Unit was set up as part of the Internal Systems & Actuary Group and given responsibility for managing risks that are directly related to the conduct of the company's principal business activity: insurance. The duties of this unit include calculating the company's mandatory technical reserves; providing technical support on risk-pricing issues and quantifying and managing associated risks in coordination with the Risk Management Unit; sectoral monitoring and reporting actuarial figures; conducting simulations related to proposed strategies and making forecasts and predictions.

The general terms of Risk Management Unit that is establish to expeditiously identify, quantify, manage, report, and monitor any risks that might affect the company's future cash flows and operations are explained in the Aksigorta Risk Management Policy which aims to safeguard and manage the capital structure efficiently by integrating risk management culture and risk awareness to all functions and processes.

Aksigorta Risk Taxonomy

Aksigorta risk profile is classified as;

- Insurance Risks
- Financial Risks
- Operational Risks
- Strategic Risks

Insurance Risk

Insurance risks results from miscalculated premium charges, inaccurate cost and cancellation assumptions at underwriting phase and fluctuations in the amounts and timings of claims. For a non-life insurance company, the major insurance risk is being unable to meet expected claims by collected premiums. The sources of insurance risk can be categorized as Catastrophic events such as earthquakes and heavy storms that occurs all of a sudden with huge impacts and the events with long term effects and consequences that appeared in time like fluctuations in the inflation and changes in people's activities.

There are many different types of risks in Insurance activities. Therefore Aksigorta has established the required systems in order to manage company's core business risks effectively. The Company classifies its insurance risks in the following way:

- Underwriting Risk

- Catastrophic Events and Reinsurance Related Risks
- Concentration Risk
- Pricing Risk

Financial Risks

The assets in the company's portfolio are exposed to risks that arise from movements that occur in financial markets. These are defined as "financial risks" and they are separately classified as follows:

- Market Risks (interest rate, liquidity, investment, foreign exchange risk)
- Counter Party Default Risk

The company determines its free and blocked asset investment policy at the beginning of every year. Limits are set in line with this policy and these limits are approved by the Board of Directors. The Risk Management Unit applies stress tests according to different scenarios and whenever significant risks are identified, management is notified of them along with suggested remedies. The Risk Management Unit monitors specific limit compliance and non-compliance on a monthly basis and it reports limit overruns, along with the reasons why they occurred.

Credit risk implies the possibility of loss due to failure of the third parties such as policyholders, agents or other intermediaries, reinsurers, and other parties to partially or totally fulfil their obligations to the company.

In order to effective management of the credit risks; early detection of the possible risks is essential. For this reason, premium collection ratio, agency production performance and also credit ratings of reinsurers that have been determined by international rating agencies are also considered as early warning indicators and monitored closely by Risk Management Unit.

Operational Risks

Operational Risk is the risk that is not inherent in financial, underwriting or market-wide risk, but results from insufficient or failed processes, IT infrastructure, employee or management faults, frauds, occupational accidents or other management and business environment factors that can create loss to the company. Operational risks are among the risks which a company must identify, measure, and manage as part of its overall risk management activities. At Aksigorta, operational risks are managed by the appropriate units of the company in coordination with its internal audit, internal control, and risk management units.

Strategic Risks

Strategic risks arise from Aksigorta's strategy-planning, corporate governance activities and operating areas that might have an impact on the company's ability to carry out its existing business plans and/or to achieve its growth and value-creation targets. Strategic risks are identified, quantified, and managed by Top Management and Risk Management unit. In addition each unit has its own controls.

- Strategy and Planning Risk
- Regulation Risk
- Reputation Risk
- Economic Environment Risk
- Competition Risk
- Sectoral Risk
- Product Management Risk
- Country Risk (Politic, sociological)
- Channel and Business Mix Risk

The risk management unit has established to manage possible risk exposures and continued to perform its functions in 2014. Aksigorta deals with its risks through a comprehensive and systematic assessment process within the framework of risk management system. Risks are measured and analyzed both quantitatively and qualitatively to identify causes of the risks and priority of them. For key risks, risk appetite and limits are identified to determine the amount of risk that the company willing to take and then action plans are developed accordingly.

Aksigorta Risk Management Unit monitored the prioritized together with related units (risk owners) throughout the 2014 and reported to the Board and the Early Dedection of Risk Committee, action plans are applied to decrease the level of concern of risks when needed.

Consequently Aksigorta Risk Map is updated and risks were prioritized by Impact/Probability Scale for 2015. These risks will be monitored throughout 2015 and pre-defined actions plans will be implemented when necessary.

The reports that Risk Management Unit prepared in 2014

- "The Risk Report" that presents All Risks that can affect Aksgiorta
- Key Risk Report
- Incident Report
- Early Detection of Risk Committee Presentation
- Compliance Risks Report

The results of risk assessments and risk-related developments are reported regularly to senior management and Early Detection of Risk Committee and Aksigora Risk Committee.

External threats such as Natural disasters, fire, sabotage, war or terrorist attacks can distrupt the business activities and cause outages. In order to prevent from the disruption or reduce the affects and recover the business activities, a Business Continuity Management is in place on responsibility of Risk Management Unit. The Business Continuity Management covers Business Continuity Plan, Emergency Plan, Information Techonology Continuity Plan, and Crisis Management. The plans are updated and tested regularly.

The company is sufficiently prepared for possible developments in this direction in 2013 so as to continue creating value for its shareholders by managing its risks effectively.

2014 YEAR IMPORTANT REGULATION CHANGES

- Foreigners and International Protection Law: The Law numbered 6458 has entered into force in 12.04.2014. This law provides entrance of foreigners to Turkey, provisions on visas and residence permits, as well as provisions on international protection. In family residence permit application, submission of private health insurance has been provided. With such new law, the Law on Residence and Traveling of Foreigners in Turkey numbered 5683 is revoked.
- The Insurance Agents Regulation: The new regulation on insurance agents has been published in the Official Gazette dated 22.04.2014 numbered 28980 and entered into force at the same date. With this new regulation, the Regulation on Insurance Agents which published in the Official Gazette dated 14.04.2008 numbered 26847 is revoked. This new regulation provides the terms and conditions of establishment and operation of insurance agents in Turkey as well as the responsibilities of agents and insurance companies regarding with the agent's operations.
- Revision the Insurance Agents Regulation: Some required qualifications have been removed for authorized person for insurance in Legal Entities Agencies such as having technical staff title, being located in Turkey, no judicial punishment. Expression of follow-up on the basis of policy has been removed for reconciliation process. Insurance companies will be responsible to create the infrastructure which gives information about premium, claims and other information to the agencies. Leasing and finance companies must transmit the recognizance to the under secretariat to perform as an insurance agency activity.
- Change in IBNR calculation: Circular on Outstanding Claims Reserve came into force since 01.01.2015. IBNR calculation of insurance companies will be performed by the Actuaries based on best estimates with new regulation.

INTERNAL AUDIT ACTIVITIES

In our Company, internal audit activities are conducted by the Internal Audit Department reporting directly to the Board of Directors and it is organized to be independent in terms of administration. Although the ultimate responsibility lies with the Board of Directors, two non-executive members of the Board of Directors were elected and appointed as independent members of the Audit Committee. The Internal Audit Department reports to the Audit Committee. Additionally, in Board meetings there is a permanent agenda item concerning internal audit results and audit reports are put on the agenda by the Audit Committee.

The internal audit activities of 2014 were realized by the Internal Audit Department consisting of one Head of Internal Audit, one Division Manager, one Unit Manager and four Internal Auditors, in accordance with the "2014 Annual Audit Plan" approved by the Board of Directors. Within the context of the annual audit plan, auditing of 28 business processes were completed and the results were submitted in the form of a report to the Audit Committee.

The actions taken by the Company managers in connection with the internal control deficiencies observed within the framework of Audit Reports were subsequently followed up and the adequacy of the actions were questioned by monitoring their effect on the risk level and the results were reported to the Audit Committee.

DIVIDEND POLICY

The Board of Directors has decided to present the 2014 Annual Report within the prescribed principles and rules at Ordinary General Assembly to be held on March 20, 2015, to distribute 2014 year Balance Sheet profit of TL 38,149,185.00 after deducting First Legal Reserves, Tax and Legal Liabilities and 75% of gain on sale of real estate of TL 4,221,995.25 pursuant to 61st Articles of Association and Capital Markets Board communiqués, classified under Net Income Not Subject To Distribution Account to be benefited from tax-exempt noted in the Corporate Tax Code, to pay TL 23,959,800.00 as a dividend from the remaining net distributable profit of TL 24,855,112.19.

Dividend Distribution Table

AKSİGORTA A.Ş. 2014 STATEMENT OF PROFIT DISTRIBUTION (TL)		
1. Paid in Capital		306,000,000
2. Legal Reserves (According to the Law)		80,665,151
Information related with the privileged shares, if there is in accordance with Articles of Association		
	According to CMB	According to Legal Records
3. Period Profit	38,149,185	38,149,185
4. Taxes and Duties Payable (-)	7,541,703	7,541,703
5. Net Period Profit (=)	30,607,482	30,607,482
Gain on Sales of Real Estate and Subsidiaries Added to Capital	4,221,995	4,221,995
6. Previous Years' Loss (-)	-	-
7. First Legal Reserves (-)	1,530,374	1,530,374
8. Distributable Profit Amount of Subsidiary Including Consolidation That Was Not Made For Distribution (-)	-	-
9. Net Profit Available for Distribution (=)	24,855,112	24,855,112
10. Donations (+)	1,900,000	-
11. Donations Added Net Profit Available for Distribution	26,755,112	-
12. First Dividend to Shareholders	15,300,000	-
-Cash	15,300,000	-
-Free of Charge	-	-
-Total	15,300,000	-
13. Dividends to Holders of Preferred Shares	-	-
14. Dividends to Board Members, Employees, etc.	-	-
15. Dividend to Holders of Profit and Loss Sharing Certificates	-	-
16. Second Dividend to Shareholders	8,659,800	-
17. Second Legal Reserves	868,647	-
18. Statutory Reserves	-	-
19. Special Funds	-	-
20. Extraordinary Reserves	26,666	-
21. Estimated to be Distributed from Other Source	-	-
- Previous Years' Profits	-	-
- Extraordinary Reserves	-	-
- Other Reserves Available for Distribution	-	-

	TOTAL DIVIDEND DISTRIBUTED	DIVIDEND MARKED TO SHARE AMOUNTING TO TL 1 PER VALUE	
	AMOUNT (TL)	AMOUNT (TL)	RATIO (%)
GROSS	23,959,800.00	0.078300	7.8300
TOTAL	23,959,800.00	0.078300	7.8300
NET	20,365,830.00	0.066555	6.6555
TOTAL	20,365,830.00	0.066555	6.6555

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of
Aksigorta Anonim Şirketi

Report on the Independent Audit of the Annual Report of the Board of Directors in Accordance with the Independent Auditing Standards

We have audited the annual report of Aksigorta Anonim Şirketi for the period ended December 31, 2014.

Management's Responsibility for the Annual Report

The Company management is responsible for the preparation and issuance of the annual report, put into effect in accordance with article 514 of the Turkish Commercial Code 6102 ("TCC") and with the Insurance Law No 5684, consistently with the financial statements as per the procedures and principles for the preparation and issuance of the annual report and for the internal controls it considers necessary to ensure the preparation of an annual report of such nature.

Independent auditors' responsibility

Our responsibility is to express an opinion based on our audit conducted within the framework of the procedures and principles regarding the preparation and issuance of the annual report put into effect in accordance with article 397 of the TCC and with the Insurance Law No 5684 and regulations on independent auditing principles, on whether the financial information included in this annual report are consistent with the Company's financial statements which were the subject of the independent auditor's report dated February 13, 2015 and whether they are free from material misstatement

Our independent audit was conducted in accordance with the independent auditing standards issued by the insurance legislation and the Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is free from material misstatement. An independent audit involves performing independent audit procedures to obtain independent audit evidence on the historical financial information. The selection of these independent audit procedures is based on our professional judgment. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information included in the annual report of the board of directors is consistent with the audited financial statements and reflect the truth fairly in all material respects.

Reports on independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph 3 of Article 402 of the Turkish Commercial Code 6102 ("TCC"), nothing has come to our attention that causes us to believe that the Company will not be able to continue as a going concern in the foreseeable future in accordance with IAS 570 "Going Concern".

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

Seda Hacıoğlu, SMMM
Partner

February 20, 2015
Istanbul, Turkey

(Convenience translation of independent auditors' review report and financial statements originally issued in Turkish)

AKSİGORTA ANONİM ŞİRKETİ

Financial Statements as of December 31, 2014 together with the Independent Auditor's Report

EY
Building a better working world

Güney Bağımsız Denetim ve SMMM AŞ
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(Convenience translation of independent auditors' report originally issued in Turkish)
Aksigorta Anonim Şirketi

Independent auditors' report as of December 31, 2014

To the Board of Directors of Aksigorta A.Ş.

1. We have audited the accompanying balance sheet of Aksigorta A.Ş. ("the Company") as of December 31, 2014 and the related statement of income, statement of changes in equity, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Company Management's responsibility for the financial statements

2. The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with the prevailing accounting principles and standards set out as per the insurance legislation. This responsibility includes designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the regulations regarding auditing principles set by insurance legislation and the Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority (POA).Those standards require that the ethical principles are complied with and that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

4. Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the independent auditors consider internal systems relevant to the entity. However our purpose is not expressing an opinion on the effectiveness of the entity's internal control, but to consider the relation of the financial statements prepared by the Company management and the internal systems in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion, the accompanying financial statements present fairly the financial position of Aksigorta A.Ş. as of December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards (Note 2) set out as per the insurance legislation.

Emphasis of matter

6. As explained in Note 23.3, as of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1,8 million and tax penalty of TL 2,8 million for the year 2009 , tax of TL 2 million and tax penalty of TL 3 million for the year 2010 , tax of TL 3 million and tax penalty of TL 4,6 million for the year 2011 and tax of TL 4,3 million and tax penalty of TL 6,4 million for the year 2012 and in total tax and tax penalty of 27,9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request to the Large Taxpayers Office Commission of Reconciliation for the tax and tax penalty for the year 2009 and is currently preparing to file a similar reconciliation request regarding the tax and tax penalty for the years 2010, 2011 and 2012.

Additional paragraph for convenience translation to English:

7. As of December 31, 2014, the accounting principles described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The effects of differences between accounting principles and standards described in Note 2 and IFRS have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

Report on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

1) In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") 6102, the Independent Auditor's Report on the Early Identification of Risk System and Committee was submitted to the Board of Directors of the Company on February 13,2015.

2) In accordance with Article 402 TCC, no significant matter has come to our attention that leads us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with Article 402 of the TCC, the Board of Directors has provided us with the required explanations and documents.

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

T.C.

Seda Hacıoğlu, SMMM
Partner

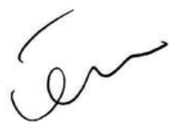
February 13, 2015
Istanbul, Turkey

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2014

We confirm that the accompanying financial statements and notes to these financial statements as of 31 December 2014 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" and our Company's accounting records.

İstanbul, 13 February 2015

Erkan ŞAHİNLER
Chief Financial Officer



Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŞI
Actuary
Licence No: 72

Gülnur KURT
Accounting Manager

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
ASSETS

I- CURRENT ASSETS	Note	Audited Current Period (31/12/2014)	Audited Previous Period (31/12/2013)
A- Cash and Cash Equivalents		**819.757.469**	**901.772.398**
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	623.405.482	732.774.746
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	196.351.987	168.997.652
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	**11.1**	**278.999.622**	**167.948.572**
1- Financial Assets Available for Sale	11.1	271.703.627	161.409.883
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading		-	-
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	7.295.995	6.538.689
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations	**12.1**	**324.806.900**	**295.482.821**
1- Receivables From Insurance Operations	12.1	327.843.304	298.597.419
2- Provision for Receivables From Insurance Operations (-)	12.1	(6.876.269)	(7.511.240)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)	12.1	-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	30.954	30.954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	12.1	64.075.809	55.089.273
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(60.266.898)	(50.723.585)
D- Due from Related Parties		**71.723**	**67.314**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties	45	71.723	67.314
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		**7.880.125**	**5.792.454**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		167.026	106.174
4- Other Receivables	47	7.713.099	5.686.280
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	**4.2.2**	**133.164.145**	**124.153.715**
1- Deferred Commission Expenses		128.065.399	122.435.253
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47	5.098.746	1.718.462
G- Other Current Assets		**6.510.652**	**2.189.899**
1- Inventories		22	22
2- Prepaid Taxes and Funds		6.284.761	2.189.877
3- Deferred Tax Assets		-	-
4- Business Advances		121.896	-
5- Advances Given to Personnel		103.973	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		**1.571.190.636**	**1.497.407.173**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
ASSETS

II- NON CURRENT ASSETS	Note	Audited Current Period (31/12/2014)	Audited Previous Period (31/12/2013)
A- Receivables From Main Operations		**-**	**-**
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10-Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties		**-**	**-**
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables		**-**	**-**
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets		**7.961.251**	**7.961.251**
1- Investments In Associates		-	-
2- Affiliates	9, 11.4	30.116.653	30.116.653
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)	4.2.2, 11.4	(22.155.402)	(22.155.402)
E- Tangible Fixed Assets		**25.369.620**	**11.374.660**
1- Investment Properties	7	541.121	844.152
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	2.465.348	8.270.093
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	14.476.330	21.364.536
6- Vehicles	6	-	-
7- Other Tangible Assets (Including Leasehold Improvements)	6	18.312.709	1.122.357
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(10.805.787)	(20.577.873)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		28.504	-
F- Intangible Fixed Assets		**25.850.207**	**19.986.929**
1- Rights	8	28.879.266	18.183.940
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(15.246.083)	(12.341.338)
8- Advances Regarding Intangible Assets	8	12.217.024	14.144.327
G- Prepaid Expenses and Income Accruals		**1.784.100**	**-**
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	1.784.100	-
H- Other Non-current Assets		**9.024.367**	**10.534.419**
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	9.024.367	10.534.419
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		**69.989.545**	**49.857.259**
TOTAL ASSETS (I+II)		**1.641.180.181**	**1.547.264.432**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET LIABILITIES			
III- SHORT TERM LIABILITIES	**Note**	**Audited Current Period (31/12/2014)**	**Audited Previous Period (31/12/2013)**
A- Borrowings		**-**	**-**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations	**19.1**	**108.035.614**	**104.789.191**
1- Payables Due to Insurance Operations	19.1	108.035.614	104.789.191
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		**344.736**	**527.168**
1- Due to Shareholders	12.2, 45	1.145	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		343.591	527.168
6- Due to Other Related Parties		-	-
D- Other Payables	**19.1**	**39.282.651**	**43.075.754**
1- Deposits and Guarantees Received	19.1	-	-
2- Due to SSI regarding Treatment Expenses	19.1	10.522.958	15.622.370
3- Other Payables	19.1	28.759.693	27.453.384
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**880.164.352**	**763.083.383**
1- Unearned Premiums Reserve - Net	20	566.154.357	539.546.893
2- Unexpired Risk Reserves - Net	20	10.218.793	9.189.638
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	303.791.202	214.346.852
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		**14.507.838**	**19.841.340**
1- Taxes and Dues Payable		11.494.317	11.030.542
2- Social Security Premiums Payable	23.1	1.327.563	1.347.006
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		4.977	7.734
5- Corporate Tax Liability Provision on Period Profit	35	7.541.703	25.734.660
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(5.860.722)	(18.278.602)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		**17.924.032**	**17.530.429**
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1, 23.4	17.924.032	17.530.429
H- Deferred Income and Expense Accruals	**19.1**	**29.577.467**	**28.724.910**
1- Deferred Commission Income	19.1	29.577.467	28.724.910
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Short Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	-
III - Total Short Term Liabilities		**1.089.836.690**	**977.572.175**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ DETAILED BALANCE SHEET LIABILITIES			
IV- LONG TERM LIABILITIES	**Note**	**Audited Current Period (31/12/2014)**	**Audited Previous Period (31/12/2013)**
A- Borrowings		**-**	**-**
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		**-**	**-**
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		**-**	**-**
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables	**19.1**	**-**	**1.867.930**
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses	19.1	-	1.867.930
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		**40.549.290**	**32.891.128**
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2, 20	1.972.202	2.167.174
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	38.577.088	30.723.954
F- Other Liabilities and Provisions		**-**	**-**
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		**2.813.302**	**2.244.706**
1- Provision for Employment Termination Benefits	22	2.813.302	2.244.706
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		**-**	**-**
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities		**-**	**-**
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		**43.362.592**	**37.003.764**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE BALANCE SHEET
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET
SHAREHOLDERS' EQUITY

V- SHAREHOLDERS' EQUITY	Note	Audited	Audited
		Current Period (31/12/2014)	Previous Period (31/12/2013)
A- Paid in Capital		**306.000.000**	**306.000.000**
1- (Nominal) Capital	15	306.000.000	306.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		**91.155.206**	**4.460.787**
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15.1	91.155.206	4.460.787
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		**80.205.060**	**62.313.603**
1- Legal Reserves		80.665.151	68.138.419
2- Statutory Reserves		62	62
3- Extraordinary Reserves		-	-
4- Special Funds (Reserves)	22, 34.5	377.964	(512.446)
5- Revaluation of Financial Assets	11.6, 16.1	(838.117)	(5.312.432)
6- Other Profit Reserves		-	-
D- Previous Years' Profits		**13.151**	**139.064**
1- Previous Years' Profits		13.151	139.064
E- Previous Years' Losses (-)		**-**	**-**
1- Previous Years' Losses		-	-
F- Net Profit of the Period		**30.607.482**	**159.775.039**
1- Net Profit of the Period		26.385.487	73.080.620
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution	37, 47	4.221.995	86.694.419
Total Shareholders' Equity		**507.980.899**	**532.688.493**
Total Liabilities and Shareholders' Equity (III+IV+V)		**1.641.180.181**	**1.547.264.432**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE INCOME STATEMENT
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

I-TECHNICAL PART	Note	Audited Current Period 01/01/2014-31/12/2014	Audited Previous Period 01/01/2013-31/12/2013
A- Non-Life Technical Income		**1.278.176.900**	**1.094.775.516**
1- Earned Premiums (Net of Reinsurer Share)		**1.190.007.305**	**1.035.449.376**
1.1 - Written Premiums (Net of Reinsurer Share)	24	1.217.961.897	1.113.502.913
1.1.1 - Gross Written Premiums (+)		1.713.593.950	1.526.101.954
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(476.015.245)	(387.880.439)
1.1.3 - Ceded Premiums to SSI (-)	17.16	(19.616.808)	(24.718.602)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(26.925.437)	(78.884.772)
1.2.1 - Unearned Premiums Reserve (-)		(69.380.417)	(129.678.297)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16	48.010.890	45.291.968
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16	(5.555.910)	5.501.557
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(1.029.155)	831.235
1.3.1 - Unexpired Risks Reserve (-)		11.732.578	(18.682.291)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16	(12.761.733)	19.513.526
2- Investment Income Transfered from Non-Technical Part		73.387.316	51.342.105
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1 - Gross Other Technical Income (+)		-	-
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		14.782.279	7.984.035
B- Non-Life Technical Expense (-)		**(1.235.988.616)**	**(993.496.771)**
1- Total Claims (Net of Reinsurer Share)		(862.897.957)	(660.434.361)
1.1- Claims Paid (Net of Reinsurer Share)		(774.772.082)	(641.667.703)
1.1.1 - Gross Claims Paid (-)		(883.985.433)	(767.103.899)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	109.213.351	125.436.196
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(88.125.875)	(18.766.658)
1.2.1 - Outstanding Claims Reserve (-)		(100.106.191)	8.011.460
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	11.980.316	(26.778.118)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(7.853.134)	(8.524.256)
4- Operating Expenses (-)	32	(324.707.086)	(287.013.182)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6.- Other Technical Expenses (-)		(40.530.439)	(37.524.972)
6.1.- Gross Other Technical Expenses (-)		(40.530.439)	(37.524.972)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)		**42.188.284**	**101.278.745**
D- Life Technical Income		**136.229**	**861.800**
1- Earned Premiums (Net of Reinsurer Share)		17.711	27.695
1.1 - Written Premiums (Net of Reinsurer Share)	24	17.722	27.110
1.1.1 - Gross Written Premiums (+)		21.536	36.031
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16	(3.814)	(8.921)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(11)	585
1.2.1- Unearned Premium Reserves (-)		860	2.128
1.2.2- Unearned Premium Reserves Reinsurer Share (+)	17.16	(871)	(1.543)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		285.658	806.691
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		(167.140)	27.414
4.1- Gross Other Technical Income (+/-)		(167.140)	27.414
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		**(698.321)**	**(843.745)**
1- Total Claims (Net of Reinsurer Share)		(454.219)	(869.420)
1.1- Claims Paid (Net of Reinsurer Share)		(498.001)	(837.920)
1.1.1- Gross Claims Paid (-)		(498.001)	(837.920)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	43.782	(31.500)
1.2.1 - Outstanding Claims Reserve (-)		43.829	(29.325)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(47)	(2.175)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		216.190	430.169
3.1- Mathematical Reserves (-)		216.017	430.502
3.1.1- Actuarial Mathematical Reserve (-)		422.767	673.571
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		(206.750)	(243.069)
3.2- Reinsurer Share of Mathematical Reserves (+)		173	(333)
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		173	(333)
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)	32	(451.935)	(403.646)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		(8.357)	(848)
F- Life Technical Profit (D-E)		**(562.092)**	**18.055**
G- Individual Retirement Technical Income		**-**	**-**
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Witholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense		**-**	**-**
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		**-**	**-**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE INCOME STATEMENT
AT DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

I-NON TECHNICAL PART	Note	Audited Current Period 01/01/2014-31/12/2014	Audited Previous Period 01/01/2013-31/12/2013
C- Non Life Technical Profit (A-B)		**42.188.284**	**101.278.745**
F- Life Technical Profit (D-E)		**(562.092)**	**18.055**
I - Individual Retirement Technical Profit (G-H)		**-**	**-**
J- Total Technical Profit (C+F+I)		**41.626.192**	**101.296.800**
K- Investment Income		**128.169.257**	**97.747.600**
1- Income From Financial Investment	26	51.891.237	41.249.211
2- Income from Sales of Financial Investments	26	2.152.607	1.427.773
3- Revaluation of Financial Investments	26	20.489.470	8.257.167
4- Foreign Exchange Gains	36	43.807.663	46.515.202
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	155.949	297.399
8- Income from Derivatives	13	9.663.974	-
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		8.357	848
L- Investment Expenses (-)		**(115.441.261)**	**(84.735.444)**
1- Investment Management Expenses (including interest) (-)		-	-
2- Valuation Allowance of Investments (-)		-	-
3- Losses On Sales of Investments (-)		-	-
4- Investment Income Transferred to Non-Life Technical Part (-)		(73.387.316)	(51.342.105)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(37.383.268)	(29.511.004)
7- Depreciation Expenses (-)		(4.670.677)	(3.882.335)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	**47**	**(16.205.003)**	**71.200.743**
1- Provisions Account (+/-)	47	(15.698.586)	(41.292.793)
2- Discount account (+/-)	47	-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	483.204	267.461
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	(168.869)	4.480.546
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	6.707.228	116.241.189
8- Other Expense and Losses (-)	47	(7.527.980)	(8.495.660)
9- Prior Period Income	47	-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		**30.607.482**	**159.775.039**
1- Profit /(Loss) Before Tax		38.149.185	185.509.699
2- Corporate Tax Liability Provision (-)	35	(7.541.703)	(25.734.660)
3- Net Profit (Loss)		30.607.482	159.775.039
4- Inflation Adjustment Account		-	-

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2013)	**306.000.000**	**-**	**(5.312.432)**	**-**	**-**	**68.138.419**	**62**	**3.948.341**	**159.775.039**	**139.064**	**532.688.493**
II - Amandements in Accounting Policy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III - Current Balance (I + II) (01/01/2014)	**306.000.000**	**-**	**(5.312.432)**	**-**	**-**	**68.138.419**	**62**	**3.948.341**	**159.775.039**	**139.064**	**532.688.493**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	890.410	-	-	890.410
D- Revaluation of financial assets (Note 16.1)	-	-	4.474.315	-	-	-	-	-	-	-	4.474.315
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	86.694.419	-	-	86.694.419
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	30.607.482	-	30.607.482
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(60.679.800)	(60.679.800)
J- Transfer	-	-	-	-	-	12.526.732	-	-	(159.775.039)	60.553.887	(86.694.420)
II- Closing Balance (31/12/2014) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	**-**	**(838.117)**	**-**	**-**	**80.665.151**	**62**	**91.533.170**	**30.607.482**	**13.151**	**507.980.899**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/ (Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2012)	**306.000.000**	**-**	**183.320**	**-**	**-**	**62.767.184**	**62**	**4.460.787**	**48.672.723**	**1.513.576**	**423.597.652**
II - Amandements in Accounting Policy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
III - Current Balance (I + II) (01/01/2013)	**306.000.000**	**-**	**183.320**	**-**	**-**	**62.767.184**	**62**	**4.460.787**	**48.672.723**	**1.513.576**	**423.597.652**
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income / (expense) recognized directly in the equity	-	-	-	-	-	-	-	(512.446)	-	-	(512.446)
D- Revaluation of financial assets (Note 16.1)	-	-	(5.495.752)	-	-	-	-	-	-	-	(5.495.752)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	159.775.039	-	159.775.039
I- Dividend distributed	-	-	-	-	-	-	-	-	-	(44.676.000)	(44.676.000)
J- Transfer	-	-	-	-	-	5.371.235	-	-	(48.672.723)	43.301.488	-
II- Closing Balance (31/12/2013) (I+ A+B+C+D+E+F+G+H+I+J)	**306.000.000**	**-**	**(5.312.432)**	**-**	**-**	**68.138.419**	**62**	**3.948.341**	**159.775.039**	**139.064**	**532.688.493**

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

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF THE STATEMENTSOF CASH FLOW
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ
CASH FLOW STATEMENT

	Note	Audited	Audited
		Current Period 31/12/2014	Previous Period 31/12/2013
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		1.338.513.033	1.306.412.498
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(1.198.782.141)	(1.052.154.816)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		**139.730.892**	**254.257.682**
8. Interest payments (-)		-	-
9. Income tax payments (-)		(7.965.742)	(20.926.741)
10. Other cash inflows		40.432.184	31.477.266
11. Other cash outflows (-)		(80.715.893)	(84.104.826)
12. Net cash generated from the operating activities	**39**	**91.481.441**	**180.703.381**
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		3.195.392	132.751.601
2. Purchase of tangible assets (-)		(17.190.352)	(170.747)
3. Acquisition of financial assets (-)		(121.286.342)	(110.106.705)
4. Sale of financial assets		(757.306)	(295.714)
5. Interest received		83.963.981	55.070.664
6. Dividends received		-	-
7. Other cash inflows		37.222.462	17.382.674
8. Other cash outflows (-)		(105.950.730)	(86.290.444)
9. Net cash generated from the investing activities	**39**	**(120.802.895)**	**8.341.329**
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)	38	(60.679.800)	(44.676.000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	**39**	**(60.679.800)**	**(44.676.000)**
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS		**6.424.395**	**17.004.198**
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		**(83.576.859)**	**161.372.908**
F. Cash and cash equivalents at the beginning of the period	**14**	**899.783.192**	**738.410.283**
G. Cash and cash equivalents at the end of the period (E+F)	**14**	**816.206.333**	**899.783.191**

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

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

1. General Information

1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of December 31, 2014. 38,02% (December 31, 2013: %38,02) of the Company is issued in Borsa İstanbul ("BİST") (Note 2.14).

Agreement about the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belongsto H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (exculuding the corrections) of USD 220.029.000

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at April 25, 1960. The Company is located at Poligon Cad. Buyaka Sitesi, No:8, Kule: 1 Kat: 0-6 Ümraniye/İstanbul

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily fire, marine, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has also 16 district offices of which three of them are in İstanbul (İstanbul 1, İstanbul 2 and İstanbul 3), and one each in Adana, Ankara, Antalya, Bursa, İzmir, Samsun, Denizli, Trabzon, Trakya, Gaziantep, Eskişehir, Kayseri and Kocaeli.

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

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

	January 1- December 31, 2014	January 1- December 31, 2013
Top executive	11	12
Manager and assistant manager	111	122
Specialist/responsible	538	541
Total	**660**	**675**

1.6 Remuneration and fringe benefits provided to top management

Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TL 6.035.293 in total for the period January 1 –December 31, 2014 (January 1- December 31, 2013: TL 5.543.206).

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

Within the framework of the Undersecretariat for the Treasury of the Prime Minister's Office of Republic of Turkey ("Undersecretariat for the Treasury") Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance No. 2008/1, dated January 4, 2008, revenues generated by the Company through investment of assets that provide non-life technical provisions were transferred from the non-technical division to technical division. Other investment revenues were classified under the non-technical division.While distributing to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements as of December31, 2014.

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

There has been no change in The Company's name and other company informations presented in Note 1.1, Note 1.2 and Note 1.3 as of the prior balance sheet date.

1.10 Subsequent Events

The Company's financial statements as of December 31, 2014 are approved and authorized for issuance as of February 13, 2015 by the Board of Directors and signed by Chief Executive Officer Uğur Gülen, Chief Financial Officer Erkan Şahinler, Accounting Manager Gülnur Kurt and Actuary Halil Kolbaşı. Detailed information about this issue is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company's financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the by T.C. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on June 14, 2007.

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 30 December 2004 (Insurance Accounting System Communiqué No:1). 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 18 June 2008 and the Communique 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 accounts and recognizes its insurance technical provisions in its financial statements in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated July 28, 2010 and published in official gazette numbered 27655 and published in Oficial Gazzette dated 17 July 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Undersecretariat of Treasury ("Treasury").

As of January 1, 2008, the Company accounts for its operations in accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on July 14, 2007 and effective from January 1, 2008 within the framework of this regulation a, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by Turkish Accounting Standards Board ("TASB") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were not included in the scope of this application for the year 2008. In addition, as of March 31, 2009, the companies are obliged to apply the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2009 and published in the Official Gazette numbered 27097. According to the temporary Article 2 of the above mentioned Communiqué, associations except insurance, reinsurance and pension companies are out of scope until March 31, 2010.

The Public Oversight, Accounting and Auditing Standards Agency (KGK), established in accordance with the Statutory Decree published in the Official Gazette dated November 2, 2011, among its other powers and duties, for the purpose of ensuring that the financial statements of those obliged to keep accounts in accordance with the laws they are subject to meet the needs, are transparent, reliable, comprehensible, comparable and consistent; is authorized to create and publish Turkish Accounting Standards (TASs) which are compliant with international standards; to make secondary regulations regarding the implementation of the Turkish Accounting Standards, to make necessary decisions and to grant approval on the regulations made by the institutions and organizations authorized to make regulations within their domain.

Pursuant to the Decree of the Assembly Regarding the Determination of the Scope of Implementation of Turkish Accounting Standards" dated January 13, 2011 and numbered 6102; institutions concerning public interest stated in the Public Service Commission numbered 660 shall be subject to independent audit within the framework of Article 397 of the Code 6102, based on the decree of Board of Directors and entities mentioned in Paragraph 2 of Article 1534 of the same Code shall apply TAS in the preparation of their separate and consolidated financial statements.

Entities established in order to execute at least one of the fields of activity projected in the Banking Law dated October 19, 2005 and numbered 5411, set an example to the financial statements to be prepared by companies obliged to apply TAS; except for development and investment banks and financial holding companies as well as financial institutions established to engage in insurance, individual retirement and capital market within the frame of the Capital Market Law dated December 6, 2012 and numbered 6362, Insurance Law dated June 3, 2007 and numbered 5684, Individual Saving and Investment System Law dated March 28, 2011 and numbered 4632 and regulations pertaining to their own clauses.

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on November 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury.Therefore, as of December 31, 2014, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of December 31, 2014 is presented in comparison with its balance sheet as of December 31, 2013; income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – December 31, 2014are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – December 31, 2013.

c. Technical Reserves

Unearned Premium Reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") issued in Official Gazette No: 26606 dated August 7, 2007, unearned premium reserve and the reinsurers' share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months (Note 20).

Deferred commission expense and income

Within the framework of the Circular numbered 2007/25 and dated December 28, 2007 published by Treasury, 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 income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement.

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios.Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

The Company has calculated and accounted for net unexpired risk reserve amounting to TL 10.218.793 at December 31, 2014 (December 31, 2013: TL 9.189.638) (Note 20).

Claims provision

The Company accounts for outstanding claims 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 salvage, subrogation and similar gains are not deducted.

The Company accounts for additional provision for claims incurred but not reported which is calculated as the difference between the outstanding claims provision and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on "Actuarial Chain Ladder Method" numbered 2010/12 and dated September 20, 2010 effective from September 30, 2010 and other related regulations.

In accordance with the Communiqué which is effective from September 30, 2010, the insurance companies has to make the calculations on each branch based on actuarial chain ladder method ("ACLM") with using 5 methods which are mentioned in the Communiqué which are all based on incurred loss (total of outstanding and paid claims).

The right of choosing one of the methods is given to the insurance companies which will determine the method for each branch as at December 31, 2010 by evaluating the best adequate method for the portfolio company and will not change the method for 3 years. The peak claims which are mentioned as big claims are eliminated in a individual file by using prescribed statistical methods in the Communiqué in order to make the ACLM calculations with a more homogeneous data set. Additionally, the ACLM calculations are performed on gross basis and the net amounts are determined according to in force reinsurance treaties of the Company.

In accordance with the circular dated December 26, 2011 and numbered 2011/23 "Explanations Related Calculation of Incurred But Not Reported Claims Provision (IBNR)" (the "Circular numbered 2011/23"), unlike the previous year, accrued claim recovery, salvage income is taken into account in ACLM calculations as of December 31, 2014 and December 31, 2013. In addition, according to the Circular numbered 2011/23, negative results in the ACLM calculations are fully included in IBNR calculation.

In this respect, the Company has taken 100% (December 31, 2013: 100%) of the provision for claims incurred but not reported into account and has accounted for a net additional outstanding claim provision amounting to TL 82.448.162 as at December 31, 2014 (December 31, 2013: TL 45.359.046)

In scope of December 26, 2011 dated and 2011/23 numbered "Notice about the Calculation of Incurred But Not Reported Compensation Reserve (IBNR)" ("2011/23 numbered Notice), the Insurance Companies, for the first time as of December 31, 2011, can calculate a recover ratio over the case amounts regarding to the cases against the Company by branch andaccording to realizations of the last five years by taking into account completion dates of the cases, and can make a deduction using this recover rate over the current outstanding compensation reserve amount. As of December 31, 2014, the Company has calculated recover ratios by dividing the lawsuit amount finalized in the favour of the Company to the all lawsuit cases finalized by using claim files all stages of the judicial in the last three years for motor own damage and compulsory traffic branches and in the two years for the other branches.The principal amounts have been taken into consideration and interest and other charges have been excluded from recover ratio calculations. In accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal follow-up has been made using the ratio 25% for the branches with recover ratios over 25%. The Company has made the calculation from the information in gross basis and has determined reinsurance share of the discounted amount based on the average reinsurance share of legal claim files in branch basis.

The net deduction amount from outstanding claim files using the winning ratios calculated on a sub-branch basis is TL 14.778.013 as of December 31, 2014 (December 31, 2013: TL 11.893.970). Besides, in accordance with the Communiqué numbered 2011/23, claim amounts are taken into consideration without any deduction for all calculations performed to determine incurred but not reported claim provision.

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

The winning ratios calculated on a sub-branch basis as of December 31, 2014 and December 31, 2013,areexplained below:

Sub-branch	December 31, 2014	December 31, 2013
Third Party Liability	%25,0	%25,0
Electronic Device	%21,6	%1,1
Commodity	%25,0	%25,0
Personal Accident	%21,8	%25,0
Theft	%25,0	%25,0
Glass Breakage	%25,0	%25,0
Employer Financial Liability	%18,0	%23,6
Obligatory Liability Insurance for Motor Cars	%25,0	%25,0
LPG Compulsory Liability Insurance	%0,0	%0,0
Construction	%25,0	%25,0
Employment	%25,0	%25,0
Motor Crafts Liability	%25,0	%25,0
Machinery Breakdown	%25,0	%25,0
Professional Indemnity Insurance	%25,0	%25,0
Bus Compulsory Personal Accident	%25,0	%25,0
Health	%25,0	%25,0
Water Craft	%13,8	%14,4
Compulsory Traffic	%11,1	%16,2
Fire	%25,0	%25,0
Compulsory Highway Transportation Liability	%10,5	%15,3

In accordance with the Communique, Company has selected the most appropriate method based the structure of the company portfolio and in accordance with the decision the Actuary of the Company as of December 31, 2010, has used these methods selected during the calculations performed as of December 31, 2014 and December 31, 2013. The gross and net reserve amounts on branch basis calculated by using ACLM and as a result of these calculations to be allocate as additional or to be deducted from reserves in the event of negative results of the calculated, as of December 31, 2014 and December 31, 2013 are explained below:

		December 31, 2014 (**)		December 31, 2013 (*)	
Branch	Applied Method	Gross Additional Reserve (100%)	Net Additional Reserve (100%)	Gross Additional Reserve (100%)	Net Additional Reserve (100%)
Motor Vehicles Liability	Standard Chain	74.021.824	73.281.607	55.307.921	54.247.114
General Liability	Standard Chain	79.760.536	31.493.244	50.198.413	17.118.046
Financial Losses	Standard Chain	1.193.455	1.097.755	1.914.397	1.823.775
Legal Protection	Standard Chain	199.021	199.021	991.700	991.700
Fire and Natural Disaster	Standard Chain	(1.551.964)	(636.936)	(587.807)	(189.672)
Air Vehicles Liability	Standard Chain	2.176.698	60	(302.945)	(107)
Credit	Standard Chain	361.580	16.551	553.581	18.493
Water vehicles	Standard Chain	1.122.221	199.127	437.093	346.907
Air Vehicles	Standard Chain	(1.328)	-	(3.702)	-
Accident	Standard Chain	764.452	566.322	231.931	177.499
Health	Standard Chain	(2.299.809)	(2.296.993)	(1.775.203)	(1.771.175)
Breach of Trust	Standard Chain	7.605	1.149	(553.474)	(152.547)
Transportation	Standard Chain	(169.396)	(53.204)	(482.468)	(179.077)
General Losses	Standard Chain	(4.376.781)	(254.705)	574.814	21.953
Motor Own Damage	Standard Chain	(21.378.636)	(21.164.837)	(27.646.840)	(27.093.903)
Total		**129.829.478**	**82.448.161**	**78.857.411**	**45.359.006**

(*) In the Sector Communique dated 5 April 2013 and No: 2013/8, it is stated that companies can change the methods they use in ACLM calculations and these changes may start as of the first quarter of the year 2013 and that Treasury has to be notified of these changes. In this regard, in its letter dated 10 July 2013 and numbered 2/27, the Company requested approval from the Treasury to use the Standard Chain Method instead of the Munich Chain Method used in many branches and the Treasury approved this request through its letter dated 17 July 2013 and numbered 38681552. Had the Company not applied any method change as of December 31, 2013 and kept using the methods of December 31, 2012, the ACLM calculation (without coefficient interference and box plot elimination in Fire and Natural Disaster branch) would have turned out TL 8.035.200 lower (Net: TL 11.220.370).
(**) The Company applied to the Undersecretariat of Treasury through the letter dated January 21, 2015. The Company has interfered in the development coefficient in the ACLM calculation in the Compulsory Traffic, and General Liability. As of December 31, 2014, as a result of the interference in the development coefficient in Compulsory Traffic branch, the gross IBNR amount was decreased by TL 11.244.238 (Net IBNR: TL 11.131.794). As a result of the interference in the development coefficient in General Liability branch, the gross IBNR amount was decreased by TL 20.387.058 (Net IBNR: TL 8.049.799). Besides, through the said letter, in line with the actuarial opinion in the Fire and Natural Disaster branch and general loses, the gross IBNR amount was increased by TL 22.689.160 (Net IBNR: TL 9.311.770) and TL 37.844.012 (Net IBNR: TL2.202.321), respectively.

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

The Company eliminated the peak claims which are mentioned as big claims by using prescribed statistical methods in the Communique in order to perform the ACLM calculations with a homogeneous data. The big claim limits which are used for the elimination in branch basis are as follows:

Branch	December 31, 2014	December 31, 2013
Compulsory Traffic	103.065	93.387

In accordance with the Communiqué numbered 2011/18, since the Company does not have any liabilities for the medical care coverage for the policies in "Compulsory Transportation Liability", "Compulsory Traffic", "Compulsory Motor Personal Accident", the medical care claims are excluded from the incurred but not reported claims reserve calculation performed with ACLM and the test IBNR method.

The provision calculated by ACLM are performed in gross basis; and is net off based on the reinsurance agreements in force. The Company has used the reinsurance share of outstanding claims to net off the provision by considering its reinsurance agreements in force. In this context, the Company has taken into consideration reinsurance ratio of total outstanding claim reserves, as the method of netting, as of December 31, 2014 and December 31, 2013.

Equalization Reserve

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalisation reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalise the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums.

It is possible to deduct the equalisation reserve for earthquake compensations from equalisation reserve for outstanding compensation reserve, but not current year's equalisation reserve, upon supplying evidence such as compensation payments for the earthquake, expert reports or the documentation that can be gathered from official institutions. In this extent, the Company has not deducted any claim amount from equalisation reserve.

The Company has calculated TL 38.577.088 (December 31, 2013: TL 30.723.954) of equalisation reserve as of December 31, 2014 (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserves and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of the reserves specified in the contract's technical terms and calculated using statistical and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year, and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad (Note 20).

d. Subrogation and salvage income

Within the framework of the "Circular on Salvage and Subrogation Income" numbered 2010/13 and dated September 20, 2010 issued by the Treasury, the Company recognizes receivables from salvage and subrogation under the account "Receivables from main operations" on an accrual basis as of December 31, 2014 up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquittance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim.

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

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of Decemeber31, 2014are TL 27.862.549 (December 31, 2013: TL 20.693.466) and TL 4.740.915 (December 31, 2013: TL 5.644.886) respectively (Note 12.1)

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables as at December 31, 2014 and December 31, 2013 for the claims paid by the Company are as follows:

	December 31, 2014					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.364.204	(499.430)	864.774	406.360	(74.937)	331.423
Transportation	2.161.427	(552.298)	1.609.129	155.148	-	155.148
Accident	95.018	-	95.018	14.500	-	14.500
Motor Own Damage	168.588.883	(1.688.629)	166.900.254	21.868.014	(217.848)	21.650.166
Water Crafts	78.500	(58.875)	19.625	-	-	-
General Losses	339.231	(242.190)	97.041	2.265	(1.106)	1.159
Motor Crafts Liability	4.163.299	(36.770)	4.126.529	973.263	(9.733)	963.530
Breach of Trust	1.118	(847)	271	-	-	-
General Liability	151.955	(31)	151.924	5.708	-	5.708
Financial Losses	1.951	(1.450)	501	-	-	-
Legal Protection	8.936	-	8.936	-	-	-
Total	**176.954.522**	**(3.080.520)**	**173.874.002**	**23.425.258**	**(303.624)**	**23.121.634**

	December 31, 2013					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Fire and Natural Disaster	1.355.886	(385.599)	970.287	1.283.239	(212.340)	1.070.899
Transportation	1.393.970	(620.511)	773.459	110.841	(14.062)	96.779
Accident	39.577	-	39.577	12.692	-	12.692
Motor Own Damage	140.980.184	(2.839.153)	138.141.031	11.379.508	205.900	11.585.408
Water Crafts	152.837	(127.855)	24.982	-	-	-
General Losses	142.612	(104.648)	37.964	12.463	(8.469)	3.994
Motor Crafts Liability	4.234.542	(93.087)	4.141.455	2.120.381	(42.408)	2.077.973
Breach of Trust	29.592	(21.102)	8.490	-	-	-
General Liability	251.533	(103.525)	148.008	125.670	(31)	125.639
Credit	-	-	-	313.000	(297.350)	15.650
Financial Losses	1.110	(999)	111	835	(418)	417
Legal Protection	-	-	-	26.923	-	26.923
Health	6.300	-	6.300	32.206	-	32.206
Total	**148.588.143**	**(4.296.479)**	**144.291.664**	**15.417.758**	**(369.178)**	**15.048.580**

e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid and outstanding loss provisions are off-set against these reserves.

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323 and TAS 39 Impairement Principles, the Company provided provision for doubtfull receivables by taking the nature and the value of the receivable into account. As of December 31, 2014, the Company has provided provision for the doubtfull receivables under legal and management follow up in the account of "Provision for doubtful receivables from insurance operations" amounting to TL 25.266.142. (December 31, 2013: TL 17.691.138), provision for the overdue receivables which are not under legal follow up in the account of "Provision for doubtful receivables from main operations" amounting to TL 2.135.354(December 31, 2013: TL 1.866.354). Furthermore, provision is accounted for the retention of claim recovery transcations under legal follow up amounting to TL 35.000.756 (December 31, 2013: TL 33.032.447) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

g. Earnings per Share

Earnings per share presented in the statement of income is calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year.

Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior periods' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

h. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events (Note 46).

i. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23.2).

j. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

k. Corporate Taxation and Deferred Tax

Income tax expense represents the sum of the current tax payable and deferred tax expense.

Corporate Tax

Corporation tax is payable at a rate of 20% on the total income of the Company and its Subsidiaries registered in Turkey in 2014 (2013: 20%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability.

The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

The affiliate shares stocked for minimum 2 years and the 75% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as prestated in Corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (Wholesale Price Index increase rate). Since these conditions in question were not fulfilled in 2014 and 2013, no inflation adjustments were performed (Note 35).

Deferred income tax

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 realised or the deferred income tax liability is settled.

Except the conditions that the Company can control its temporary differences removal and when the possibility of that removal is very low, Deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised (Note 35).

Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003 by the end of July 22, 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

2.1.3 Functional currency

The Company's financial statements are expressed in TL, which is the functional and presentation currency of the Company.

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL).

2.1.5 Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 The new standards, amendments and interpretations

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the financial statements of the Company.

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the financial statements of the Company.

TAS 39 Financial Instruments: Recognition and Measurement (Amended)- Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the financial statements of the Company.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Company.

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Company do not expect that these amendments will have significant impact on the financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 is effective for reporting periods beginning on or after 1 January 2017, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation witho ut otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

• At cost
• In accordance with IFRS 9 (or IAS 39),

Or

• Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate

IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after
1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the financial statements of the Company.

Resolutions promulgated by the Public Oversight Authority

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. "The financial statement examples and user guide" became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after December 31, 2012.
2013-1 Financial Statement Examples and User Guide

The POA promulgated "financial statement examples and user guide" on May 20, 2012 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, private pensions or capital market. This amendment did not have any impact on the financial position or performance of the Company.
2013-2 Accounting of Combinations under Common Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. This resolution did not have any impact on the financial statements of the Company.

2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. This resolution did not have any impact on the financial statements of the Company.

2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of an entity holds shares of the entity then this is defined as cross shareholding investment. Accounting of this cross investment is assessed based on the type of the investment and different recognition principles adopted accordingly. With this resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.

i) the subsidiary holding the equity based financial instruments of the parent,
ii) the associates or joint ventures holding the equity based financial instruments of the parent,
iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 38 and TFRS 9 by the parent.

This resolution did not have any impact on the financial statements of the Company.

2.2 Consolidation

The Company disposed of AvivaSA Emeklilik ve Hayat A.Ş., its joint venture, on January 14, 2010 by means of a partial spin-off and has no subsidiaries or joint ventures that fall within the scope of consolidation as per "TFRS 10– Consolidated and SeperateFinancial Statements" as of December31, 2014 (December 31, 2013: None).

2.3 Segment Reporting

Reporting segments are determined to conform to the reporting made to the Company's chief operating decision maker. The chief operating decision maker is responsible for making decisions about resources to be allocated to the segment and assess its performance. Details related to the segment reporting are disclosed in the Note 5.

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of December 31, 2014 and December 31, 2013.

2.5 Foreign Currency Translation

The Company's funtional currency is Turkish Lira ("TL"). In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised 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.

2.6 Property, Plant and Equipment

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

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

Depreciation periods for plant, property and equipment are presented in the table below:

	Useful Life
Buildings	50 years
Vehicles	5 years
Fixtures	10 years
Leasehold Improvements	5 - 10 years

2.7 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is nil for land, and 50 years for buildings.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only, when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy applied to "Property, Plant and Equipment" up to the date of change in use.

Real estates held under finance lease are classified as investment properties.

2.8 Intangible Assets

Intangible assets acquired

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economical benefit are amortized over their estimated useful lives (not exceeding 3 years).

2.9 Financial Assets

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "available-for-sale' (AFS) financial assets, "financial assets at fair value through profit and loss" and "loans and receivables". As of December 31, 2014, the Company has no financial assets at fair value through profit and loss (December 31, 2013: None).

Effective interest method

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

Available-for-sale financial assets

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as available-for-sale financial assets.

Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period. Changes in the fair value of such these assets are recognized in the equity. When the related asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Financial Assets at Insured's Risk

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insurees are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Associates

An associate is an entity that retains at the shares of voting rights or has significant power over another entity. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value.

2.10 Impairment of Assets

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).Non-financial assets other than goodwill that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.11 Derivative Financial Instruments

The Company uses foreign currency swap contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. During the period between January 1 – December 31, 2014, total income resulting from short-term swap contracts' market valuation has been accounted under " Income from derivates" in the income statement. As of September 30, 2014, the Company has no derivative instruments (December 31, 2013: None).

2.12 Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement the liability take place simultaneously.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments, which have maturities with three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note14).

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

2.14 Share Capital

As of December 31, 2014, the Company's nominal capital is TL 306.000.000 (December 31, 2013: TL 306.000.000). Share capital is represented by 30.600.000.000 of equity shares having a nominal amount of TL 0,01 each. The share capital structure of the Company is as follows:

	December 31, 2014		December 31, 2013	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	36,00	110.160.000	36,00	110.160.000
Ageas Insurance International NV	36,00	110.160.000	36,00	110.160.000
Other	28,00	85.680.000	28,00	85.680.000
	100,00	**306.000.000**	**100,00**	**306.000.000**

Agreement about the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belong to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding' s portfolio have been transferred to Ageas Insurance International N.V. with the sale price (exculuding the corrections) of USD 220.029.000.

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of December 30, 2014, Company has TL 500.000.000 registered share capital ceiling. (December 31, 2013: TL 500.000.000).

In accordance with the Article 5 of the Corporate Tax Law 5520, the amount of TL 4.464.527 arising from 75% of the gain on sale of associates and fixed assets which has been recognized in the "Non-Distributable Profit for the Period" account item under equity has been reclassified under "Profit on sale to be transferred to capital" account item under equity as of December31, 2014(December 31, 2013: TL 86.694.419).

Other informations about Company's share capital is explained in Note 15.

2.15 Insurance and Investment Contracts

Insurance Contracts:

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insuree) when any uncertain case affects the insuree. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

Insurance and reinsurance contracts of the Company are included in classification of Insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred, and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts:

The accumulation component present in some life insurance contracts is measured by the Company on a separate basis; On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

Reinsurance agreements

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

The Company has excess of loss and quota share treaty agreements in related branches. In the context of excess of loss agreements, the ceded premiums are accounted for on accrual basis over the related period. The ceded premiums and claims of other agreements are accounted on the basis of the income and loss from related insurance contracts.

The Company has surplus reinsurance aggregement in fire,marine,engineering and other accident branches.Besides, The Company has excess of loss agreements in fire,marine and engineering branches.The Company continues to be exposed to the insurance risk under the insurance contracts whereas the liability of the reinsurer ceases by the end of the agreement period. Company has annual proportional quota-share reinsurance agreement for third person liability, electronic equipment, personnal accident, health, professional liabilitiy, machinery breakdown and bus compulsory chair branches. Mentioned reinsurance aggrements,the reinsurer's liability continues even after experation of the agreement in the run-off agreements.

Catastrophic excess of loss re-insurance agreement, natural disasters such as flood and earthquake is also protected in these branches.

In addition, the Company has facultative reinsurance agreements signed separately for certain risks based on certain policies.

Premiums Transferred to Social Security Institution

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of "The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees" (the "Law") numbered 6111 and dated February 25, 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ("SSI") regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated September 15, 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 (the "Communiqué numbered 2011/18"), the regulation (the "Communique numbered 2012/3") making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated March 16, 2012 and numbered 2012/3 and the communique about changes related "the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated April 30, 2012 and numbered 2012/6 (Note 2.24) (the "Communique numbered 2012/6").Within this framework, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of February 25, 2011 the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - December 31, 2014 accounting period as TL 19.616.808(January 1 – December 31, 2013: TL 24.718.602) and an unearned premium reserve amounting to TL 10.980.587(December 31, 2013: 13.536.498) as of December 31, 2014; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of of Unearned Premiums Reserve", respectively (Note 19).

In the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated September 22, 2011 and numbered 18, it was decided to appeal Council of State for the "suspense of execution" and "cancellation" of the Regulation and the Communiqué numbered 2011/17; and the cancellation of related provisions of the Law as being contradictory to the Constitution. The legal procedures are in progress as of the date of the preparation of the financial statements.

2.16 Insurance and Investment Contracts With Discretionary Participation Features

None (December 31, 2013: None).

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2013: None).

2.18 Borrowings

None (December 31, 2013: None).

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 (Note 22).

2.20 Provisions

Provisions are recognised 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. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. 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 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 shall be recognised as an asset if and only it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities 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 entity are classified as contingent liabilities and not included in the non-consolidated financial statements (Note 23).

2.21 Accounting for revenues

Written Premium and Commission

Written premiums represent premiums on policies written during the year, net of cancellations. Premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement.

The part of paid amounts to the assistance services which hit the following periods are deferred in accordance with the Technical Provisions Regulation numbered 27655 and dated July 28, 2010.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.22 Finance Lease – the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Operational lease

Payment for the operational leases booked under the income statement withstraight-line method in leasing period Receipt for the operational leases booked under the income statement with straight-line method in leasing period.

The Company has paid in advance in amounting to TL 6.048.629 arising from operational leases amount of TL 4.270.309in short term and amount of TL 1.778.320in long term. (December 31, 2013: None).

2.23 Profit Share Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the Company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

2.24 Hedge Accounting

All foreign currency payments, collections and investments result in a foreign exchange position. The foreign currency cash flow transaction has faced the risk of exchange rate fluctuations effect the Company's financial position positively or negatively. In order to forecast the transaction made via foreign currencies that have a high possibility of realization and minimize the effect of exchange rate fluctuations on the Company's financial position, hedge accounting has been applied. Changes in the value of the hedge instrument arising from exchange rate changes has been reclassified under equity, changes except for exchange rate has been reclassified under current period income statement. The gains or losses recognized under equity has been transferred to related profit/ loss accounts when the transaction is completed or the profit for the period is affected by the expected result of the transaction. In the case of expectation of estimated transaction's end, accumulated gain or loss recognized under equity has been accounted as current period's profit or loss in the financial statements. Effectiveness of hedge transaction has been measured and evaluated in each reporting period. As of December 31, 2014 the Company has booked the hedging transaction under "Special funds" account item under equity (Note 34.5)

2.25 Related parties

Parties are considered related to the Company if;

a) A person or a close member of that person's family is related to a reporting entity if that person:

i) Has control or joint control over the reporting entity;
ii) Has significant influence over the reporting entity; or
iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii) Both entities are joint ventures of the same third party.
iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

v) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
vi) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vii) The entity is controlled or jointly controlled by a person identified in (a).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

In the financial statements and related notes dated December 31, 2014 and 2013, the Company management, groups associated to H.Ö. Sabancı Holding and Ageas Insurance International N.V. are defined as related parties.

2.26 Foreign currency transactions

Transactions are recorded in TL, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TL at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gains or losses.

Foreign currency assets and liabilities are converted by using period end exchange rates of Central Bank of the Republic of Turkey's bid rates. For the conversion of liabilities the exchange rate stated at the contract is used.

The Central Bank of the Republic of Turkey exchange rates used in the conversion is as follows:

	December 31, 2014		December 31, 2013	
	US Dollar/ TL	Euro / TL	Us Dollar / TL	Euro / TL
Bid rates	2,3189	2,8207	2,1343	2,9365
Ask rates	2,3265	2,8300	2,1413	2,9462

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. Insurance and Financial Risk Management

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance);

4.1.2.1 Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with facultative participation under its reinsurance programme.

Reinsurance Company	Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating
Allianz Risk Transfer	AA-	Korean Re	A
Amlin Re	A	Malaysian Re	Not rated
Arab Re	Not rated	Mapfre Re	A
ARIG	Not rated	Milli Re	tr AA+
Asia Capital	A-	MS Frontier	A+
Catlin Re	A	Odyssey Re	A-
China Re	Not rated	Scor	A+
Covea	A	Sompo Japan	A+
Everest Re	A+	Toa Re	A+
GIC	Not rated	Trust Re	A-
Hannover Re	AA-	VIG	A+

Reinsurance Company	Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating
Allianz Risk Transfer	A-	Korean Re	A-
Amlin Re	A	Malaysian Re	Not rated
Arab Re	Not rated	Mapfre Re	BBB+
ARIG	Not rated	Milli Re	tr AA+
Asia Capital	A-	MS Frontier	A+
Catlin Re	A	Odyssey Re	A-
China Re	Not rated	Scor	A+
Covea	Not rated	Sompo Japan	A+
Everest Re	A+	Toa Re	Not rated
GIC	Not rated	Trust Re	Not rated
Hannover Re	AA-	VIG	A+

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

4.1.2.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	December 31, 2014			December 31, 2013		
Total Claims Liability (*)	**Gross Total Claims Liability**	**Reinsurance Share of Total Claims Liability**	**Net Total Claims Liability**	**Gross Total Claims Liability**	**Reinsurance Share of Total Claims Liability**	**Net Total Claims Liability**
Fire and Natural Disaster	43.265.040	(25.489.043)	17.775.997	35.834.118	(24.248.563)	11.585.555
Transportation	11.472.082	(7.868.869)	3.603.213	6.334.093	(3.983.020)	2.351.073
Accident	2.449.642	(609.116)	1.840.526	1.539.617	(361.108)	1.178.509
Motor Own Damage	37.042.070	(370.444)	36.671.626	24.288.512	(485.770)	23.802.742
Air Vehicles	46.461	(46.460)	1	(3.700)	3.702	2
Water Vehicles	3.035.112	(2.495.834)	539.278	528.483	(108.862)	419.621
General Losses	63.256.558	(58.090.702)	5.165.856	87.037.263	(81.798.607)	5.238.656
Motor Vehicles Liability	157.376.989	(1.835.327)	155.541.662	123.440.292	(4.321.443)	119.118.849
Air Vehicles Liability	3.088.695	(3.088.609)	86	2.608.021	(2.607.103)	918
General Liability	121.560.785	(73.688.451)	47.872.334	72.448.420	(49.129.280)	23.319.140
Financial Losses	6.687.558	(542.459)	6.145.099	5.639.476	(267.639)	5.371.837
Legal Protection	305.234	-	305.234	1.054.022	-	1.054.022
Credit	4.466.852	(4.262.391)	204.461	1.747.275	(1.688.906)	58.369
Health	23.979.802	(30.093)	23.949.709	16.809.429	(38.146)	16.771.283
Breach of Trust	1.821.097	(1.545.760)	275.337	477.876	(346.165)	131.711
Life	3.900.783	-	3.900.783	3.944.612	(47)	3.944.565
Total	**483.754.760**	**(179.963.558)**	**303.791.202**	**383.727.809**	**(169.380.957)**	**214.346.852**

(*) Total claim liability includes all outstanding claims reserves as of the balance sheet date and incurred but not reported claims as the actuarial chain ladder method and additional reserves from outstanding claims reserve adequacy calculation.

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

4.1.2.3 Comparison of incurred claims with past estimations (claims development process)

Outstanding Claim and Compensation Provision:

	December 31, 2014 31, 2014				December 31, 2013		
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(52.392.240)	350.017.763	(132.582.242)	217.435.521	300.925.827	(135.882.546)	165.043.281
Claim Provisions (*)	(37.089.156)	129.829.478	(47.381.316)	82.448.162	78.857.441	(33.498.405)	45.359.006
Clean-cut Effect (**)	1.355.476	-	-	-	-	-	-
Non-life Total	(88.125.920)	479.847.241	(179.963.558)	299.883.683	379.783.238	(169.380.951)	210.402.287
Life	43.827	3.907.519	-	3.907.519	3.951.393	(47)	3.951.346
Grand Total	**(88.082.093)**	**483.754.760**	**(179.963.558)**	**303.791.202**	**383.727.850**	**(169.380.998)**	**214.346.852**

	December 31, 2013				December 31, 2012		
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	4.662.379	300.925.827	(135.882.546)	165.043.281	348.643.696	(178.938.036)	169.705.660
Claim Provisions (*)	(30.477.835)	78.857.370	(33.498.364)	45.359.006	39.150.961	(24.269.790)	14.881.171
Clean-cut Effect (**)	7.048.798	-	-	-	-	-	-
Non-life Total	(18.766.658)	379.783.197	(169.380.910)	210.402.287	387.794.657	(203.207.826)	184.586.831
Life	(31.500)	3.944.612	(47)	3.944.565	3.915.287	(2.222)	3.913.065
Grand Total	**(18.798.158)**	**383.727.809**	**(169.380.957)**	**214.346.852**	**391.709.944**	**(203.210.048)**	**188.499.896**

(*) Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date.
(**) Company has clean-cut agreement in auto-accident branch and as per these agreements, the Company has realized 2013 preimum and claims protfolio outputs by December 31, 2013. As per the same agreement, portfolio inputs are also made in 2014. Effect of 2014portfolio input has influenced fiscal year Ceded Reinsurance Share of Outstanding Claims Provision and Ceded Reinsurance Share of Unearned Premiums Provision.

	December 31, 2014			December 31, 2013		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Beginning of Period - January 1	300.925.827	(135.882.546)	165.043.281	348.643.696	(178.938.036)	169.705.660
Opened in the Period	933.575.370	(105.913.047)	827.662.323	720.223.950	(82.380.706)	637.843.244
Paid from Current Period (-)	(707.586.747)	87.370.681	(620.216.066)	(546.513.231)	89.267.883	(457.245.348)
Paid from Previous Period (-)	(176.896.687)	21.842.670	(155.054.017)	(221.428.588)	36.168.313	(185.260.275)
Period End Reported Claims	350.017.763	(132.582.242)	217.435.521	300.925.827	(135.882.546)	165.043.281
Life	3.907.519	-	3.907.519	3.944.612	(47)	3.944.565
IBNR	129.829.478	(47.381.317)	82.448.161	78.857.411	(33.498.405)	45.359.006
Total	**483.754.760**	**(179.963.559)**	**303.791.201**	**383.727.850**	**(169.380.998)**	**214.346.852**

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

Claims development tables prepared in accordance with the Technical Provision Regulations which are used in the ACLM calculation are explained below:

Gross claim development table prepared on the priciples of incurred claims byDecember31, 2014:

Accident period	January 1, 2008-December 31, 2008	January 1, 2009-December 31, 2009	January 1, 2010-December 31, 2010	January 1, 2011-December 30, 2011	January 1, 2012-December 31, 2012	January 1, 2013-December 31, 2013	October 1, 2014-December 31, 2014	Gross Claim
Claim realized in the accident period	1.021.931.642	127.515.897	69.813.405	62.695.845	35.581.199	30.019.816	18.672.781	1.366.230.585
1 year later	1.167.903.603	162.403.343	90.599.230	48.439.022	36.383.361	28.154.984	-	1.533.883.543
2 years later	1.114.464.710	123.552.356	64.493.301	45.136.977	25.690.352	-	-	1.373.337.696
3 years later	1.274.038.325	110.975.867	61.854.194	29.098.424	-	-	-	1.475.966.810
4 years later	1.817.051.616	246.835.582	92.836.704	-	-	-	-	2.156.723.902
5 years later	1.322.530.429	119.542.086	-	-	-	-	-	1.442.072.515
6 years later	1.372.358.063	-	-	-	-	-	-	1.372.358.063
Total Gross Claims	**9.090.278.388**	**890.825.131**	**379.596.834**	**185.370.268**	**97.654.912**	**58.174.800**	**18.672.781**	**10.720.573.114**

Gross claim development table prepared on the priciples of incurred claims by December 31, 2013:

Accident period	January 1, 2007-December 30, 2007	January 1, 2008-December 31, 2008	January 1, 2009-December 31, 2009	January 1, 2010-December 31, 2010	January 1, 2011-December 30, 2011	January 1, 2012-December 31, 2012	January 1, 2013-December 31, 2013	Gross Claim
Claim realized in the accident period	826.036.581	105.993.624	55.169.870	51.348.014	43.276.159	28.194.497	12.825.310	1.122.844.055
1 year later	1.021.268.077	127.004.681	69.631.711	62.603.977	35.969.571	19.412.574	-	1.335.890.591
2 years later	1.168.132.827	162.465.227	91.242.060	49.147.038	25.567.897	-	-	1.496.555.049
3 years later	1.114.114.214	123.387.977	64.352.084	24.962.847	-	-	-	1.326.817.122
4 years later	1.290.845.424	302.431.170	88.142.034	-	-	-	-	1.681.418.628
5 years later	1.818.853.715	199.423.586	-	-	-	-	-	2.018.277.301
6 years later	1.081.928.781	-	-	-	-	-	-	1.081.928.781
Total Gross Claims	**8.321.179.619**	**1.020.706.265**	**368.537.759**	**188.061.876**	**104.813.627**	**47.607.071**	**12.825.310**	**10.063.731.527**

4.1.2.4 Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of December 31, 2013. In accordance with these agreements, portfolio additions are also recognized in 2014. The reinsurance share of outstanding claim reserve and unearned premium reserve have been affected from these portfolio additions in 2014.

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its going concern status as an income yielding company and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on January 19, 2008. As of June 31, 2014, the Company's required capital is TL 380.681.096 (December 31, 2013: TL 328.159.883). As of June 30, 2014, the Company's capital is TL 149.720.333 higher than required capital amount. (December 31, 2013: TL 235.252.563)

4.2.2 Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

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

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of December 31, 2014 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	December 31, 2014		December 31, 2013	
	USD Effect	**EUR Effect**	**USD Effect**	**EUR Effect**
Profit / Loss Increase	6.741.596	1.076.443	8.854.172	1.305.116
Profit / Loss (Decrease)	(6.741.596)	(1.076.443)	(8.854.172)	(1.305.116)

Interest rate risk

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature.

	December 31, 2014	December 31, 2013
Total		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+%1	(2.543.897)	(3.141.322)
-%1	2.711.985	3.319.461
Financial assets available for sale		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+%1	(2.543.897)	(3.141.322)
-%1	2.711.985	3.319.461

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of December31, 2014.

	December 31, 2014	December 31, 2013
Total		Effect on Financial assets available for sale
Price increase / (decrease)		TL
+%10	27.170.363	16.140.988
-%10	(27.170.363)	(16.140.988)

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

Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of December 31, 2014, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

Liquidity risk table

December 31, 2014	Up to 1 month	1 - 3 month	3 months- 1 year	1 -5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	244.207.214	505.796.200	68.597.569	-	-	1.156.486	819.757.469
Financial Assets Available for Sale	-	4.083.265	20.050.893	90.372.668	84.632.019	72.564.782	271.703.627
Investments with Risks on Policy Holders	-	-	4.723.103	2.572.892	-	-	7.295.995
Receivables From Main Operations	84.937.004	108.972.715	130.897.181	-	-	-	324.806.900
Due from Related Parties	-	-	71.723	-	-	-	71.723
Other Receivables	-	7.880.125	-	-	-	-	7.880.125
Prepaid Expenses and Income Accruals	17.974.724	30.602.907	84.586.514	-	-	-	133.164.145
Other Current Assets	225.891	-	6.284.761	-	-	-	6.510.652
Financial Assets	-	-	-	-	-	7.961.251	7.961.251
Tangible Fixed Assets	-	-	-	-	-	25.369.620	25.369.620
Intangible Fixed Assets	-	-	-	-	-	25.850.207	25.850.207
Long Term Prepaid Expenses and Income Accruals	-	-	-	1.784.100	-	-	1.784.100
Other Non-current Assets	-	-	-	-	-	9.024.367	9.024.367
Total Assets	**347.344.833**	**657.335.212**	**315.211.744**	**94.729.660**	**84.632.019**	**141.926.713**	**1.641.180.181**
Payables From Main Operations	-	-	108.035.614	-	-	-	108.035.614
Due to Related Parties	343.591	-	1.145	-	-	-	344.736
Other Payables	-	39.282.651	-	-	-	-	39.282.651
Insurance Technical Reserves	192.470.025	287.351.543	400.342.784	-	-	-	880.164.352
Taxes and Other Liabilities and Provisions	-	14.507.838	-	-	-	-	14.507.838
Provisions for Costs	-	-	17.924.032	-	-	-	17.924.032
Accruals	4.151.370	7.067.924	18.358.173	-	-		29.577.467
Long Term Insurance Technical Reserves	-	-	-	1.972.202	38.577.088	-	40.549.290
Provisions for Other Risks	-	-	-	-	-	2.813.302	2.813.302
Shareholders' Equity	-	-	-	-	-	507.980.899	507.980.899
Total Liabilities and Shareholders' Equity	**196.964.986**	**348.209.956**	**544.661.748**	**1.972.202**	**38.577.088**	**510.794.201**	**1.641.180.181**
Liquidity Surplus / (Deficit)	**150.379.847**	**309.125.256**	**(229.450.004)**	**92.757.458**	**46.054.931**	**(368.867.488)**	**-**

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

Liquidity risk table

December 31, 2013	Up to 1 month	1 - 3 month	3 months- 1 year	1 -5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	131.378.448	672.756.564	91.724.119	-	-	5.913.267	901.772.398
Financial Assets Available for Sale	-	7.323.443	24.788.495	101.274.744	3.803.072	24.220.129	161.409.883
Investments with Risks on Policy Holders	-	-	6.538.689	-	-	-	6.538.689
Receivables From Main Operations	77.268.758	99.134.486	119.079.577	-	-	-	295.482.821
Due from Related Parties	-	-	67.314	-	-	-	67.314
Other Receivables	-	5.792.454	-	-	-	-	5.792.454
Prepaid Expenses and Income Accruals	17.184.500	29.257.510	77.711.705	-	-	-	124.153.715
Other Current Assets	22	-	2.189.877	-	-	-	2.189.899
Financial Assets	-	-	-	-	-	7.961.251	7.961.251
Tangible Fixed Assets	-	-	-	-	-	11.374.660	11.374.660
Intangible Fixed Assets	-	-	-	-	-	19.986.929	19.986.929
Other Non-current Assets	-	-	-	-	-	10.534.419	10.534.419
Total Assets	**225.831.728**	**814.264.457**	**322.099.776**	**101.274.744**	**3.803.072**	**79.990.655**	**1.547.264.432**
Payables From Main Operations	-	-	104.789.191	-	-	-	104.789.191
Due to Related Parties	527.168	-	-	-	-	-	527.168
Other Payables	-	43.075.754	-	1.867.930	-	-	44.943.684
Insurance Technical Reserves	156.574.775	237.026.518	369.482.090	-	-	-	763.083.383
Taxes and Other Liabilities and Provisions	-	19.841.340	-	-	-	-	19.841.340
Provisions for Costs	-	-	17.530.429	-	-	-	17.530.429
Accruals	4.031.708	6.864.194	17.829.008	-	-		28.724.910
Long Term Insurance Technical Reserves	-	-	-	2.167.174	30.723.954	-	32.891.128
Provisions for Other Risks	-	-	-	-	-	2.244.706	2.244.706
Shareholders' Equity	-	-	-	-	-	532.688.493	532.688.493
Total Liabilities and Shareholders' Equity	**161.133.651**	**306.807.806**	**509.630.718**	**4.035.104**	**30.723.954**	**534.933.199**	**1.547.264.432**
Liquidity Surplus / (Deficit)	**64.698.077**	**507.456.651**	**(187.530.942)**	**97.239.640**	**(26.920.882)**	**(454.942.544)**	**-**

Categories of Financial Assets:

	December 31, 2014		December 31, 2013	
Current Financial Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets Available for Sale	271.703.627	271.703.627	161.409.883	161.409.883
Financial Investments with Risks on Policy Holders	7.295.995	7.295.995	6.538.689	6.538.689
Non-Current Financial Assets				
Affiliates	30.116.653	30.116.653	30.116.653	30.116.653
Impairment Provision for Affiliates	(22.155.402)	(22.155.402)	(22.155.402)	(22.155.402)
Total Financial Assets	**286.960.873**	**286.960.873**	**175.909.823**	**175.909.823**

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

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

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

	31 December 2014	Category 1	Category 2	Category 3
Financial Assets Available for sale	271.703.627	271.703.627	-	-
Unlisted Equity Shares	211.320	211.320	-	-
Government Bonds & Treasury Bills	199.138.845	199.138.845	-	-
Investment Funds	72.353.462	72.353.462	-	-
Financial Investments with Risks on Policy Holders	7.295.995	7.295.995	-	-
Affiliates, net (*)	7.961.251	-	-	7.961.251
Total	**286.960.873**	**278.999.622**	**-**	**7.961.251**

	31 December 2013	Category 1	Category 2	Category 3
Financial Assets Available for sale	161.409.883	161.409.883	-	-
Unlisted Equity Shares	220.125	220.125	-	-
Government Bonds & Treasury Bills	161.189.758	161.189.758	-	-
Financial Investments with Risks on Policy Holders	6.538.689	6.538.689	-	-
Affiliates, net (*)	7.961.251	-	-	7.961.251
Total	**175.909.823**	**167.948.572**	**-**	**7.961.251**

(*) The Company has booked the impairment provision for Merter BV, one of the affiliates, amounting to TL 22.155.402 in its financial statements as of December 31, 2014 (December 31, 2013: TL 22.155.402).

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

Financial assets:

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short term nature and having insignificant potential losses. Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

Financial liabilities:

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short term nature.

5. Segment information

5.1 Operating segments

Information related to the operational reporting made by the Company to the chief operating decision-maker in the accordance with the "TFRS 8 - Operating Segments" is disclosed in this part.

Numerical limits in "TFRS 8 - Operating Segments" is also considered as the reporting to the chief operating decision-maker in the determination of segments and segments those constitute premium production and net technical income are determined as a separate operating segment.

The Company operates in Turkey. Since the results of operating activities abroad have very low effect on financial statements, the information about geographical has not been given.

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

Segment results for the periond ended at December 31, 2014:

Segment results for the year ended December 31, 2014

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	**138.953.867**	**16.643.323**	**507.053.980**	**245.639.960**	**122.130.113**	**16.385.959**	**27.404.776**	**203.964.920**	**136.229**	**-**	**1.278.313.127**
1- Earned Premiums (Net off Reinsurer Share)	122.441.444	14.522.734	468.691.610	241.632.068	108.252.913	14.806.356	26.469.984	193.190.194	17.711	-	1.190.025.014
1.1 - Premiums (Net of Reinsurer Share)	127.657.490	14.909.752	502.452.126	218.657.530	110.170.963	17.005.440	27.364.537	199.744.059	17.722	-	1.217.979.619
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(5.216.046)	(387.018)	(33.760.516)	27.882.975	(5.797.330)	(2.199.084)	(894.553)	(6.553.865)	(11)	-	(26.925.448)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	-	-	(4.908.437)	3.879.280	-	-	-	-	-	(1.029.157)
2- Other Technical Income (Net of Reinsurance Share)	16.512.423	2.120.589	38.362.370	4.007.892	13.877.200	1.579.603	934.792	10.774.726	118.518	-	88.288.113
TECHNICAL EXPENSES	**(110.422.900)**	**(8.440.864)**	**(465.935.748)**	**(322.245.067)**	**(84.902.830)**	**(9.896.856)**	**(32.417.405)**	**(201.726.944)**	**(698.323)**	**-**	**(1.236.686.937)**
1- Total Claims (Net of Reinsurer Share)	(55.171.165)	(4.454.159)	(333.148.996)	(258.987.947)	(43.618.925)	(7.562.229)	(20.981.323)	(138.973.214)	(454.219)	-	(863.352.177)
1.1- Claims Paid (Net of Reinsurer Share)	(48.980.722)	(3.082.364)	(321.030.738)	(219.825.303)	(21.334.838)	(7.253.926)	(21.469.405)	(131.794.787)	(498.001)	-	(775.270.084)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(6.190.443)	(1.371.795)	(12.118.258)	(39.162.644)	(22.284.087)	(308.303)	488.082	(7.178.427)	43.782	-	(88.082.093)
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(6.271.928)	(46)	(1.383.923)	-	(101.563)	(95.673)	-	-	207.831	-	(7.645.302)
3- Operating Expenses	(44.170.376)	(3.913.861)	(104.116.344)	(60.679.049)	(40.253.637)	(1.920.376)	(11.346.631)	(58.306.809)	(451.935)	-	(325.159.018)
4- Other Technical Expenses (Net of Reinsurer Share) (-)	(4.809.431)	(72.798)	(27.286.485)	(2.578.071)	(928.705)	(318.578)	(89.451)	(4.446.921)	-		(40.530.440)
	28.530.967	**8.202.459**	**41.118.232**	**(76.605.107)**	**37.227.283**	**6.489.103**	**(5.012.629)**	**2.237.976**	**(562.094)**	**-**	**41.626.190**
Investment income	-	-	-	-	-	-	-	-	-	128.169.257	128.169.257
Depreciation expense	-	-	-	-	-	-	-	-	-	(4.670.677)	(4.670.677)
Provisions account	-	-	-	-	-	-	-	-	-	(15.698.586)	(15.698.586)
Tax expenses	-	-	-	-	-	-	-	-	-	(7.541.703)	(7.541.703)
Financial expenses	-	-	-	-	-	-	-	-	-	(110.770.584)	(110.770.584)
Other	-	-	-	-	-	-	-	-	-	(506.415)	(506.415)
Net Profit / (Loss)	**28.530.967**	**8.202.459**	**41.118.232**	**(76.605.107)**	**37.227.283**	**6.489.103**	**(5.012.629)**	**2.237.976**	**(562.094)**	**(11.018.708)**	**30.607.482**

AKSİGORTA A.Ş.
CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Segment results for the periond ended at December 31, 2013:

Segment results for the year ended December 31, 2013

	Fire and Natural Disaster	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	**104.811.686**	**12.343.233**	**443.160.239**	**227.160.744**	**89.736.576**	**15.982.501**	**20.773.954**	**180.806.583**	**861.800**	**-**	**1.095.637.316**
1- Earned Premiums (Net off Reinsurer Share)	94.562.060	11.312.764	422.827.328	215.296.317	81.687.707	14.560.787	20.340.080	174.862.333	27.695	-	1.035.477.071
1.1 - Premiums (Net of Reinsurer Share)	111.361.576	11.484.165	434.085.794	239.041.113	95.896.137	17.262.369	21.104.055	183.267.704	27.110	-	1.113.530.023
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(16.799.516)	(243.291)	(11.258.466)	(33.692.992)	(5.019.579)	(2.701.582)	(763.975)	(8.405.371)	585	-	(78.884.187)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)	-	71.890	-	9.948.196	(9.188.851)	-	-	-	-	-	831.235
2- Other Technical Income (Net of Reinsurance Share)	10.249.626	1.030.469	20.332.911	11.864.427	8.048.869	1.421.714	433.874	5.944.250	834.105	-	60.160.245
TECHNICAL EXPENSES	**(75.473.394)**	**(7.492.661)**	**(382.566.608)**	**(229.315.485)**	**(81.562.538)**	**(10.842.622)**	**(24.417.492)**	**(181.825.971)**	**(843.745)**	**-**	**(994.340.516)**
1- Total Claims (Net of Reinsurer Share)	(27.511.557)	(4.547.749)	(267.218.755)	(168.769.513)	(40.477.752)	(5.257.191)	(19.027.139)	(127.624.705)	(869.420)	-	(661.303.781)
1.1- Claims Paid (Net of Reinsurer Share)	(28.098.912)	(2.982.012)	(278.761.659)	(162.401.367)	(19.987.277)	(6.105.944)	(16.907.427)	(126.423.105)	(837.920)	-	(642.505.623)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	587.355	(1.565.737)	11.542.904	(6.368.146)	(20.490.475)	848.753	(2.119.712)	(1.201.600)	(31.500)	-	(18.798.158)
2- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(5.487.072)	(3.244)	(2.879.084)	-	(20.418)	(134.438)	-	-	429.321	-	(8.094.935)
3- Operating Expenses	(39.397.334)	(2.927.049)	(90.170.769)	(51.876.791)	(42.372.344)	(4.874.722)	(5.351.462)	(50.042.711)	(403.646)	-	(287.416.828)
4- Other Technical Expenses (Net of Reinsurer Share) (-)	(3.077.431)	(14.619)	(22.298.000)	(8.669.181)	1.307.976	(576.271)	(38.891)	(4.158.555)	-		(37.524.972)
	29.338.292	**4.850.572**	**60.593.631**	**(2.154.741)**	**8.174.038**	**5.139.879**	**(3.643.538)**	**(1.019.388)**	**18.055**	**-**	**101.296.800**
Investment income	-	-	-	-	-	-	-	-	-	97.747.600	97.747.600
Depreciation expense	-	-	-	-	-	-	-	-	-	(3.882.335)	(3.882.335)
Provisions account	-	-	-	-	-	-	-	-	-	(41.292.793)	(41.292.793)
Tax expense	-	-	-	-	-	-	-	-	-	(25.734.660)	(25.734.660)
Financial expenses	-	-	-	-	-	-	-	-	-	(80.853.109)	(80.853.109)
Other	-	-	-	-	-	-	-	-	-	112.493.536	112.493.536
Net Profit / (Loss)	**29.338.292**	**4.850.572**	**60.593.631**	**(2.154.741)**	**8.174.038**	**5.139.879**	**(3.643.538)**	**(1.019.388)**	**18.055**	**58.478.239**	**159.775.039**

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

6. Property, plant and equipment

December 31, 2014

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets	Total
January 1	8.270.093	-	21.715.931	1.122.357	-	31.108.381
Additions	-	-	1.211.514	1.390.572	18.772.557	21.374.644
Disposals	(5.804.745)	-	(11.016.842)	(27.151)	-	(16.848.739)
Transfer			2.917.122	15.826.931	(18.744.053)	-
December 31	2.465.348	-	14.827.725	18.312.709	28.504	35.634.286
Accumulated Depreciation						
January 1	(1.754.216)	-	(17.725.622)	(1.007.201)	-	(20.487.039)
Charge for the Period	(155.435)	-	(1.190.944)	(418.667)	-	(1.765.046)
Disposals	1.276.323	-	10.192.501	26.045	-	11.494.869
Decemeber 31	(633.328)	-	(8.724.065)	(1.399.823)	-	(10.757.216)
Net Book Value as of December 31	**1.832.020**	**-**	**6.103.660**	**16.912.886**	**28.504**	**24.877.069**

December 31, 2013

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets	Total
January 1	38.837.294	32.050	21.545.184	2.447.156	-	62.861.684
Additions	-	-	607.400	-	-	607.400
Disposals	(30.567.201)	(32.050)	(436.653)	(1.324.799)	-	(32.360.703)
Decemeber 31	8.270.093	-	21.715.931	1.122.357	-	31.108.381
Accumulated Depreciation						
January 1	(12.082.503)	(32.050)	(16.951.006)	(2.256.932)	-	(31.322.491)
Charge for the Period	(163.598)	-	(1.178.282)	(18.227)	-	(1.360.107)
Disposals	10.491.885	-	403.379	1.267.958	-	12.163.222
Decemeber 31	(1.754.216)	(32.050)	(17.725.909)	(1.007.201)	-	(20.519.376)
Net Book Value as of December 31	**6.515.877**	**(32.050)**	**3.990.022**	**115.156**	**-**	**10.589.005**

The Company has no impairment loss recognized for tangible fixed assets in the current period.

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

7. Investment Properties

December 31, 2014

Cost Value	Land	Buildings	Total
January 1	286.578	557.574	844.152
Additions	-	1.782	1.782
Disposals (*)	(250.000)	(54.812)	(304.812)
December 31	36.578	504.543	541.121
Accumulated Depreciation			
January 1	-	(58.497)	(58.497)
Charge for the Period	-	(886)	(886)
Disposals	-	10.812	10.812
December 31	-	(48.571)	(48.571)
Net Book Value as of December 31	**36.578**	**455.973**	**492.551**

December 31, 2013

Cost Value	Land	Buildings	Total
January 1	286.578	567.611	854.189
Disposals	-	(10.037)	(10.037)
December 31	286.578	557.574	844.152
Accumulated Depreciation			
January 1	-	(113.602)	(113.602)
Charge for the Period	-	(17.084)	(17.084)
Disposals	-	72.189	72.189
December 31	-	(58.497)	(58.497)
Net Book Value as of December 31	**286.578**	**499.077**	**785.655**

The fair value of investment properties was determined by an independent valuation company as of December 31, 2014 and 2013. Since it has not been detected any impairment, the fair values of investment properties have not been disclosed in financial statements.

In the period of January 1- December 31, 2014, the Company has obtained rental income from investment properties amounting to TL155.949(January 1 – December 31, 2013: TL297.399).

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

8. Intangible Fixed Assets

December 31, 2014

Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	14.144.327	18.183.940	32.328.267
Additions	8.200.593	567.429	8.768.023
Disposals	-	-	-
Transfer	(10.127.897)	10.127.897	-
December 31	**12.217.024**	**28.879.266**	**41.096.290**
Accumulated Amortization			
1 January	-	(12.341.338)	(12.341.338)
Charge for the Period	-	(2.904.745)	(2.904.745)
Disposals	-	-	-
December 31	-	(15.246.083)	(15.246.083)
Net Book Value as of December 31	**12.217.024**	**13.633.183**	**25.850.207**

December 31, 2013

Cost Value	Advances for Intangible Assets (*)	Rights	Total
1 January	4.709.039	17.310.744	22.019.783
Additions	9.435.288	1.352.029	10.787.317
Disposals	-	(478.833)	(478.833)
December 31	**14.144.327**	**18.183.940**	**32.328.267**
Accumulated Amortization			
1 January	-	(10.006.232)	(10.006.232)
Charge for the Period	-	(2.505.144)	(2.505.144)
Disposals	-	170.038	170.038
December 31	-	(12.341.338)	(12.341.338)
Net Book Value as of December 31	**14.144.327**	**5.842.602**	**19.986.929**

(*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economical benefits no amortization calculated over those.

As of December 31, 2014, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2013: None).

The Company has no goodwill amount in its financial statements.

9.Investments in Affiliates

An affiliate is an entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. As of December31, 2014, the Company has an affiliate as Merter BV amounting to TL 30.116.653 (December 31, 2013: TL 30.116.653) with a 25% of participation. Since the Company do not have any effect on management of this affiliate the conclusive participation rate is 12,5% for each companies which own a shopping mall and an office building.

Fair value of the investments in affiliates have identified by an independent real estate appraisal company and, TL 22.155.402(December 31, 2013: TL 22.155.402)impairment has been detected and disclosed in financial statement as at December 31, 2014 (Note: 11.4).

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

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11.Financial Assets

11.1 Subcategories of Financial Assets

	December 31, 2014	December 31, 2013
Financial Assets Available for Sale	271.703.627	161.409.883
Financial Investments with Risks on Policy Holders	7.295.995	6.538.689
Total	**278.999.622**	**167.948.572**

Financial Assets Available for Sale

	December 31, 2014			December 31, 2013		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Debt Securities	45.977.771	44.224.473	44.224.473	9.235.694	3.122.516	3.122.516
Private sector bond	100.866.757	102.909.210	102.909.210	132.633.243	134.067.238	134.067.238
Investment fund	67.885.811	72.353.462	72.353.462	24.000.000	24.000.004	24.000.004
Eurobonds	52.273.063	52.005.162	52.005.162	-	-	-
Equity Shares (Unlisted)	211.320	-	211.320	220.125	-	220.125
Total	**267.214.722**	**271.492.307**	**271.703.627**	**166.089.062**	**161.189.758**	**161.409.883**

Financial Investments with Risks on Policy Holders

	December 31, 2014			December 31, 2013		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
	TL	TL	TL	TL	TL	TL
Government Bonds	6.916.542	7.295.995	7.295.995	6.333.933	6.538.689	6.538.689

Equity shares under financial assets available-for-sale is as below:

December 31, 2014

Equity Shares	Participation Rate	Cost Value	Fair Value	Book Value
	%	TL	TL	TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	211.320	-	211.320
Unlisted		211.320	-	211.320
Total		**211.320**	**-**	**211.320**

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

December 31, 2013

Equity Shares	Participation Rate	Cost Value	Fair Value	Book Value
	%	TL	TL	TL
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4,35	220.125	-	220.125
Unlisted		220.125	-	220.125
Total		**220.125**	**-**	**220.125**

The Company do not have assets held for trading as of December 31, 2014 and December 31, 2013.

As of December 31, 2014 and December 31, 2013, the blockage on financial assets in favour of Undersecretariat of Treasury has been disclosed in Note 17.1.

11.2 Securities other than equity shares issued in the current period:

None (December 31, 2013: None).

11.3 Securities issued representing the amortized borrowing in the current period:

None (December 31, 2013: None).

11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

		December 31, 2014			December 31, 2013	
	Participation Rate			Participation Rate	Cost Value	Book Value
	%			%	TL	TL
Merter BV	25	30.116.653	30.116.653	25	30.116.653	30.116.653
Impairment (-)		-	(22.155.402)		-	(22.155.402)
Affiliates, (Net)		**30.116.653**	**7.961.251**		**30.116.653**	**7.961.251**

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the Company classified under marketable securities and associates and their issuers:

None (December 31, 2013: None).

11.6 Value increases of financial assets in the last three years

Type of Financial Asset

	December 31, 2014	December 31, 2013	December 31, 2012
Financial Assets Available for Sale	(838.117)	(5.312.432)	183.320

Value increases and decreases (net off deferred taxe) reflect the difference between the book value and cost value of the financial assets at period end.

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

11.7 Financial Instruments

i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.

ii) Information on the book value of the financial assets is disclosed in Note 11.1.

iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.

iv) Financial assets overdue or impaired are presented in Note 11.1.

11.8. Finansal Instruments

Information related to hedge accounting has been disclosed in Note 34.5.

11.9 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

12. Receivables and Payables

12.1 Details of the Company's receivables

	December 31, 2014	December 31, 2013
Receivables from insurance operations		
Receivables from agencies	204.445.375	183.910.286
Bank Guaranteed Credit Card Receivables More than Three Months	80.433.726	81.420.070
Receivables from reinsurance and insurance companies	19.781.691	18.142.690
Receivables for salvage and claim recovery - net (Note 2.1.1)	23.121.634	15.048.580
Receivables from insurance operations	**327.782.426**	**298.521.626**
Other receivables	60.878	75.793
Cash deposited for insurance and reinsurance companies	30.954	30.954
Receivables from insurance and reinsurance companies	**91.832**	**106.747**
Claim recovery receivables under legal follow-up	35.000.756	33.032.447
Doubtful receivables from main operations	29.075.053	22.056.826
Receivables from main operations	**391.950.067**	**353.717.646**
Provision for due from insurance operations (-) (*)	(6.876.269)	(7.511.240)
Provision for doubtful receivables from main operations (-) (**)	(25.266.142)	(17.691.138)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(35.000.756)	(33.032.447)
Total provision amount for doubtful receivables	**(67.143.167)**	**(58.234.825)**
Receivables from main operations – net	**324.806.900**	**295.482.821**

(*) In balance sheet disclosed under provision for receiveables from insurance operations.
(**) In balance sheet disclosed under provision for receiveables from main operations.

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

Aging of receivables from insurance operations is as follows:

	December 31, 2014	December 31, 2013
0-60 days	2.356.713	6.533.852
61-90 days	1.519.694	1.418.385
90+	2.982.514	3.793.890
Not due receivables	321.015.336	286.882.246
Total	**327.874.258**	**298.628.373**

The details of guarantees for the Company's receivables are presented below:

	December 31, 2014		December 31, 2013	
Type of Guarantee	**Receivables**	**Doubtful Receivables**	**Receivables**	**Doubtful Receivables**
Letters of Guarantee	33.450.078	21.000	30.503.113	5.000
Real Estate Pledges	69.410.917	5.116.497	67.089.321	5.340.947
Government Bonds and Equity Shares	89.747	-	436.925	-
Other	454.359	-	171.664	-
Total	**103.405.101**	**5.137.497**	**98.201.023**	**5.345.947**

The Company books provision for 100% of doubtful receivables discluding guarantess. The movement table of provision for doubful receivables under legal follow-up is presented below:

	2014	2013
Opening Balance, 1 January	(50.723.585)	(45.025.162)
Charge for the Period	(22.167.522)	(23.352.219)
Collections	12.624.209	17.653.796
Closing Balance, December 31	**(60.266.898)**	**(50.723.585)**

Aging of receivables from insurance operations is as follows:

	December 31, 2014	December 31, 2013
90+	64.075.809	55.089.273
Total	**64.075.809**	**55.089.273**

12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company

Due to shareholders in balance sheet includes dividends which have paid previous years but not collected by shareholders. as of December 31, 2014, the Company has liabilities amounting to TL 1.145 to shareholders. (December 31, 2013: None)

12.3 Total of pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 103.405.101 as at December 31, 2014 (December 31, 2013: TL 103.546.970).

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

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

December 31, 2014

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	6.334.148	2,3189	14.688.256
EUR	3.609.429	2,8207	10.181.116
GBP	188	3,5961	676
Total			**24.870.048**

Prepaid Expenses	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	2.768.885	2,3189	6.420.767
Total			**6.420.767**

Marketable Securities	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	22.542.181	2,3189	52.273.063
Total			**52.273.063**

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	27.606.553	2,3189	64.016.836
EUR	6.680.703	2,8207	18.844.259
GBP	80.253	3,5961	288.598
CHF	22.061	2,3397	51.616
Other			215
Total			**83.201.524**

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(4.020.728)	2,3230	(9.340.151)
EUR	(986.640)	2,8258	(2.788.047)
Other			(46.374)
Total			**(12.174.572)**

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(26.158.652)	2,3189	(60.659.298)
EUR	(5.487.266)	2,8207	(15.477.931)
Other			(710.988)
Total			**(76.848.217)**

Net Foreign Currency Position	**77.742.613**

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

December 31, 2013

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	40.320.235	2,1343	86.055.478
EUR	3.478.836	2,9365	10.215.602
GBP	110.799	3,5114	389.060
CHF	32.361	2,3899	77.340
Other			4.995
Total			**96.742.475**

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	20.031.933	2,1343	42.754.155
EUR	5.206.617	2,9365	15.289.231
GBP	56.644	3,5114	198.900
CHF	24.449	2,3899	58.431
Other			409
Total			**58.301.126**

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(2.064.461)	2,1381	(4.414.024)
EUR	(567.107)	2,9418	(1.668.315)
Other			(591)
Total			**(6.082.930)**

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(16.802.576)	2,1343	(35.861.738)
EUR	(3.673.886)	2,9365	(10.788.366)
Other			(472.294)
Total			**(47.122.398)**

Net Foreign Currency Position	**101.838.273**

13. Derivative Financial Instruments

As of December 31, 2014, the Company has no derivative financial instruments(December 31, 2013: None).During the period between January 1 – December 31, 2014, total income resulting from short-term swap contracts' market valuation has booked TL 9.663.974 under the income statement as an income from derivatives(January 1 – December 31, 2013: None).

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

14. Cash and Cash Equilavents

	December 31, 2014	December 31, 2013
Cash at Banks	623.405.482	732.774.746
Time Deposit	622.248.996	726.861.479
Demand Deposit	1.156.486	5.913.267
Bank Guaranteed Credit Card Receivables with Maturities less than three months	196.351.987	168.997.652
Total	**819.757.469**	**901.772.398**
Interest Accrual on Cash and Cash Equivalents (-)	(3.551.136)	(1.989.207)
Cash Flow Based Grand Total	**816.206.333**	**899.783.191**
Blocked Deposits (*)	**131.314.451**	**109.499.385**

(*) The blockage on cash and cash equivalents has been disclosed in Note 17.1.

As of December 31, 2014 and December 31, 2013, interest rate of time deposits are as follows:

	December 31, 2014	December 31, 2013
	Annual Interest Rate (%)	Annual Interest Rate (%)
TL	8,25 - 11,50	5,85 - 9,80
USD	0,50 - 2,00	1,00 - 3,55
EUR	0,75	2,85

As of December 31, 2014 maturity of TL deposits are changed between January 2, 2015 to June 23, 2015, foreign exchange maturity are changed betweenJanuary2, 2014 to January23, 2014.

As of December 31, 2013 maturity of TL deposits are changed between January 2, 2014 to September 26, 2014, foreign exchange maturity are changed between January 3, 2014 to February 7, 2014.

15. Share Capital

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure as of December 31, 2014 and December 31, 2013 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

Presented in the statement of changes in equity.

15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company's issued capital share is composed of 30.600.000.000 shares having a nominal amount of TL 0,01 each. These shares are presented by Class 10 shares (December 31, 2013: 30.600.000.000 shares with a nominal amount of TL 0,01each).

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

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

None (December 31, 2013: None).

15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TL 0,01 per share (December 31, 2013: TL 0,01 per share).

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	December 31, 2014	December 31, 2013
Beginning of the Period, January 1	30.600.000.000	30.600.000.000
Issued in the Current Period	-	-
End of the Period	**30.600.000.000**	**30.600.000.000**

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (December 31, 2013: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as staded within the "Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law" (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

15.3.6 Equity shares held by the Company, its affiliates or its subsidiaries

None (December 31, 2013: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (December 31, 2013: None).

15.4 Share based payments

None (December 31, 2013: None).

15.5 Subsequent events

Disclosed in note 46.

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

16. Other Provisions and Capital Component of Discretionary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders'equity in the current period in accordance with other standards and interprations

	December 31, 2014	
	December 31, 2014	December 31, 2013
Valuation difference of financial assets available for sale	(1.047.646)	(6.640.540)
Deferred tax effect	209.529	1.328.108
Total	**(838.117)**	**(5.312.432)**

In accordance with changes regarding "TAS 19 – Employee Benefits" effective as of January 1, 2013, actuarial loss amounting to TL 1.200.112 (Deferred tax effect: TL 240.022) resulting from retirement pay liability calculation has been accounted to extraordinary reserves under equity.

As of December 31, 2014, effect of hedge accounting amount ofTL (1.672.568) (Deferred tax effect: TL 334.513) has been recognized "Special Funds (Reserves)" account item under equity.

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2013: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2013: None).

16.4 Hedging against financial risks

Information related to hedge accounting has been disclosed in Note: 34.5(December 31, 2014: None).

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the currennt period and amounts recognizedin the current profit or loss taken from shareholders' equity

	December 31, 2014	December 31, 2013
	Increase / (Decrease)	Increase / (Decrease)
Beginning of the Period, January 1	(5.312.432)	183.320
Increase / decrease in value recognized under the shareholders' equity in the current period	4.474.315	(5.495.752)
End of the Period, December 31	**(838.117)**	**5.312.432**

16.6 Income and loss related to affiliates recognized directly in equity in the current period

Disclosed in note 34.5 (December 31, 2013: None).

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2013: None).

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (December 31, 2013: None).

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

17. Insurance Liabilities and Reinsurance Assets

17.1 Guarantees to be providedfor life and non-life insurance branches and guarantees provided for life and non-lifeinsurances based on assets

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

	December 31, 2014		December 31, 2013	
	Amount to be Provided	Current Blockage	Amount to be Provided	Current Blockage
Branch	TL	TL	TL	TL
Life	6.663.986	7.014.153	6.120.261	9.346.970
Government Bonds		6.822.532		6.538.418
Demand Deposit		191.621		2.808.552
Non-Life	110.924.551	131.122.830	101.498.161	106.690.833
Time Deposit		131.122.830		106.690.833
Total	**117.588.537**	**138.136.983**	**107.618.422**	**116.037.803**

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurees and their mathematical reserves

		2014		2013
		Mathematical Reserves		Mathematical Reserves
	Unit	TL	Unit	TL
Beginning of the Period, January 1	432	2.167.174	490	2.597.676
Participations in the Current Period		81.468	-	71.074
Leavings in the Current Period	(30)	(276.440)	(58)	(501.576)
End of Period, December 31	**402**	**1.972.202**	**432**	**2.167.174**

Mathematical reserves amounting to TL 1.765.452 (December 31, 2013: TL 1.924.105) and Reserves for the policies, investment risk of which belongs to life insurance polich holders amounting to TL 206.750(December 31, 2013: TL 243.069) and cancelled polich numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Ready For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of December 31, 2014, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2013: None).

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

17.3 Insurance guarantees given to non life insurances based on insurance branches

Branch	December 31, 2014	December 31, 2013
Motor Vehicles Liability	2.749.912.022.379	2.928.484.514.020
Fire and Natural Disaster	401.507.218.558	346.803.096.110
Breach of Trust	286.605.330.906	404.286.660
General Losses	149.923.190.369	132.937.032.433
Transportation	47.635.716.522	36.946.440.146
Accident	35.208.773.175	30.701.620.815
Financial Losses	34.747.991.402	27.399.434.619
Motor Own Damage	29.260.438.332	20.448.800.280
General Losses	24.897.311.537	25.309.532.406
Air Crafts Liability	15.752.119.800	22.863.679.840
Health	8.275.341.500	6.969.471.500
Legal Protection	7.006.920.272	6.633.820.376
Air Crafts	2.132.858.236	5.228.068.240
Credit	1.143.233.376	2.009.379.900
Water Crafts	477.441.619	378.524.179
Life	2.860.202	3.735.219
Total	**3.794.488.768.185**	**3.593.521.436.743**

17.4 Pension investment funds established by the Company and their unit prices

None (December 31, 2013: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2013: None).

17.6 Number of portfolio amounts of addidtions, disposals, reversals, and current individual and group pension participants

None (January 1 - December 31, 2013: None).

17.7 Valuation methods used inprofit share calculation for life insurances with profit shares

None (December 31, 2013: None).

17.8 Number of the additions and their group or individual grossand net share participations in the current period

None (January 1 - December 31, 2013: None).

17.9 Number of additions from the other companies and their group or individual gross and net shareparticipations in the current period

None (January 1 - December 31, 2013: None).

17.10 Number of transfers from the Company's life portfolio to individualpension portfolio and their group or individual gross and net share participations

None (January 1 - December 31, 2013: None).

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

17.11 Number of transfers fromthe Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (January 1 - December 31, 2013: None).

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves

None (January 1 - December 31, 2013: None).

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2.

17.14 Profit share distribution rate of life insurees in the current period

In the current period, profit share distribution rate of life insurees are calculated as below:

	January 1- December 31, 2014	January 1- December 31, 2013
	Profit Share Distribution Rate (%)	Profit Share Distribution Rate (%)
TL (Life Insurance)	9,48	9,00

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2013: None).

17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

Reinsurance Assets

	December 31, 2014	December 31, 2013
Receivables from Insurance and Reinsurance Companies	19.781.691	18.142.690
Cash Deposited For Insurance & Reinsurance Companies	30.954	30.954
Reinsurance Share of Unearned Premiums Reserve	264.326.090	201.635.515
Reinsurance Share of Outstanding Claims Reserve	179.963.599	169.380.958
Reinsurance Share of Unexpired Risks Reserve	8.955.838	21.717.571
Total	**473.058.132**	**410.907.688**

Reinsurance Liabilities

	December 31, 2014	December 31, 2013
Payables to Insurance and Reinsurance Companies	84.547.691	88.171.883
Payables to Agencies	23.487.923	16.617.308
Deferred Commissions Income	29.577.467	28.724.910
Total	**137.613.081**	**133.514.101**

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

Income / Expense on Reinsurance Agreements

	January 1-December 31, 2014	January 1-December 31, 2013
Premiums Ceded to Reinsurers (-)	(495.635.867)	(412.607.962)
Commissions Received	63.416.172	53.577.851
Reinsurance Share of Unearned Premiums Reserve	42.454.109	50.788.265
Reinsurance Share of Unexpired Risks Reserve	(12.761.734)	19.513.525
Reinsurance Share of Outstanding Claims Reserve	11.980.269	(26.780.293)
Reinsurance Share of Claims Paid	109.213.351	125.436.196
Total	**(281.333.700)**	**(190.072.418)**

	December 31, 2014			December 31, 2013		
Branch	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(224.406.938)	13.247.961	37.247.695	(192.547.193)	3.270.069	21.219.787
General Losses	(151.575.728)	10.537.089	41.530.201	(103.144.752)	(33.055.807)	82.682.678
General Liability	(27.069.339)	21.286.230	10.153.619	(22.873.706)	48.383.737	5.649.378
Financial Losses	(24.927.164)	956.945	439.627	(21.260.413)	1.784.047	187.979
Motor Vehicles Liability	(21.998.619)	(5.687.478)	2.244.254	(30.811.289)	8.733.537	3.499.703
Transportation	(13.687.893)	3.929.612	4.194.603	(9.955.502)	2.806.188	2.521.942
Air Crafts Liability	(6.442.769)	(10.386.720)	4.654.111	(6.054.351)	12.549.286	470.235
Motor Own Damage	(5.449.917)	571.207	3.240.811	(7.614.172)	(2.150.407)	5.801.743
Air Crafts	(4.472.666)	(118.996)	215.563	(3.163.715)	1.174.563	46.315
Accident	(3.855.818)	440.533	740.067	(3.206.995)	(807.492)	1.597.416
Credit	(3.234.289)	3.391.421	4.003.853	(3.809.296)	1.860.879	562.722
Breach of Trust	(3.084.554)	1.215.605	175.183	(2.958.332)	344.641	653.812
Support	(2.571.535)	(350.379)	-	(3.135.416)	(328.392)	-
Health	(1.601.342)	255.368	3.103	(1.069.550)	(135.705)	221.538
Water Crafts	(1.253.482)	2.385.166	370.661	(994.359)	(900.208)	320.948
Life	(3.814)	(745)	-	(8.921)	(4.051)	-
Legal Protection	-	(1)	-	-	(3)	-
Total	**(495.635.867)**	**41.672.818**	**109.213.351**	**(412.607.962)**	**43.524.882**	**125.436.196**

The Company, as a ceding company, defers its commission income obtained from reinsurance agreements.

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in note 4.1.2.4.

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

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2014	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	133.514.101	410.907.688
Net Change for the Year	4.098.980	62.150.484
End of the Period, Decemeber 31	**137.613.081**	**473.058.172**

	2013	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	97.261.747	383.474.340
Net Change for the Year	36.252.354	27.433.348
End of the Period, Decemeber 31	**133.514.101**	**410.907.688**

18. Investment Contract Liabilities

Disclosed in Note 17.3.

19. Trade and Other Payables, Deferred Income

19.1 Sub-classifications of presented items in line with the Company's operations

	December 31, 2014	December 31, 2013
Payables to agencies	23.487.923	16.617.308
Payables to insurance and reinsurance companies	84.547.691	88.171.883
Payables from Insurance Operations	**108.035.614**	**104.789.191**
Payables to contracted enterprises	11.527.206	10.648.998
Payables to Turkish Catastrophe Insurance Pool	13.491.799	11.359.601
Payables to suppliers	2.535.941	4.399.758
Turkish Catastrophe Insurance Pool Payables to agencies	525.595	505.882
Other	679.152	539.145
Other Payables	**28.759.693**	**27.453.384**
Deposits and Guarantees Received	**-**	**-**
Payables to SSI regarding medical expenses (*)	**10.522.958**	**15.622.370**
Deferred commission income	29.577.467	28.724.910
Expense accruals	17.924.032	17.530.429
Deferred Income and Expense Accruals	**47.501.499**	**46.255.339**
Total Short Term Liabilities	**194.819.764**	**194.120.284**
Payables to SSI regarding medical expenses (*)	-	1.867.930
Total Long Term Liabilities	**-**	**1.867.930**
Total Trade and Other Payables, Deferred Income	**194.819.764**	**195.988.214**

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

Beginning of the period; January 1, 2013	**21.296.266**
Premiums ceded to SSI [(4)]	24.718.602
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 [(5)]	1.082.977
The difference between notified liabilities for the year 2011 amount and the amount calculated [(6)]	5.497.269
Premium payments to SSI	(35.104.814)
End of the period - December 31, 2013	**17.490.300**

Beginning of the period; January 1, 2014	**17.490.300**
Premiums ceded to SSI [(4)]	19.616.808
Correction notified in 2012 related to premium ceded to SSI between 25 February 2011 - 26 August 2011 [(5)]	1.082.977
The difference between notified liabilities for the year 2011 amount and the amount calculated [(6)]	14.246
Premium payments to SSI	(27.681.373)
End of the period - December 31, 2014	**10.522.958**

[(*)] The amount includes the advanced received by the Company for the sale of the building thatAnkara Region Headquarters is located.
[(**)] Movement of the payable to SSI related to medical expenses is presented below:

[(1)] As disclosed in Note 2.15, in accordance with the Communiqué numbered 2011/18, the Company has closed outstanding claim files regarding the claims related to treatment expenses dated before the enforcement of the Law and "incurred but not reported claims to be closed" calculated with respect to the related treatment expenses and classified the respective amounts to the "Paid claims" account. In accordance with the Communiqué numbered 2011/18, the Company has performed the ACLM provision calculations both including and excluding data related to treatment expenses as of March 31, 2011 and the difference between these calculations is determined as "incurred but not reported claims to be closed". Accordingly, the Company transferred the closed claim files regarding the claims related to treatment expenses dated before the enforcement of the Law amounting to TL 3.783.062 and "incurred but not reported claims to be closed" calculated in accordance with the Communiqué numbered 2011/18 amounting to TL 816.183 totally amounting to TL 4.599.245 to the account "Paid Claims" and classified the total amount to the account "Payables to SSI regarding medical expenses-long term". In accordance with the Communiqué numbered 2011/18, the difference between the respective liability amount notified by Treasury to the companies and the amount calculated as a result of the abovementioned calculations with respect to the related period is accounted for under "Payables to SSI regarding medical expenses- short term", "Payables to SSI regarding medical expenses- long term" and charged to other technical income or expense account. In this context, the Company has deducted TL 1.533.082 from short term payables, TL 3.066.163 from long term payables from the related liability accounts and recognized a corresponding amount of income in the current period income statement.
[(2)] As disclosed in Note 2.15, regarding the treatment expenses resulting from traffic accidents happening after the date of the promulgation of the Code, the Company has to transfer the premiums determined within the scope of the Circular numbered 2011/17 regarding the policies in the related branches issued after February 25, 2011 to SSI (Social Security Institution). Within the frame of the above mentioned principles, the Company has recorded the amount of TL 11.113.969 as premiums transferred to SSI and calculated a reinsurance share for provisions for unearned premiums on daily basis amounting to TL 6.303.656 over the said amount. In accordance with the principles stated in the Circulars numbered 2011/17 and 2011/18, as of December 31, 2011, the part of the premiums transferred to SSI within the period amounting to TL 4.494.840 was recorded under "Payables to SSI regarding Treatment Expenses – Short Term" account and the payments made until December 31, 2011 were deducted from this account. The part of the premiums transferred to SSI within the period amounting to TL 6.619.129 was recognized under the "Payables to SSI regarding Treatment Expenses – Long Term" account.
[(3)] Within the frame of the provisions of the Communiqué numbered 2011/17, in the event that a difference occurs between the liabilities communicated to the companies by the Treasury and one third of the amounts found after the mentioned calculation, corresponding to the related period, this difference is reflected under the "Payables to SSI regarding treatment expenses" account in the balance sheet and under other technical income or expense account in the income statement. Regarding to this methodology, The Company has excluded amount to TL 2.001.016 in accounts in order to account as other technical incomes for year of 2011 within notified liabilities.
[(4)] As disclosed in Note 2.15, in certain branches, regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law, the Company is required to cede a certain amount of premiums written within the period of January 1 - December 31, 2014 to SSI to be determined in accordance with the Communiqué numbered 2011/17 and 2012/6 numbered Sector Notice. Based on the aforementioned regulations, the Company has recorded the amount of the premiums to be ceded to SSI as TL 19.616.808as of January 1 - December 31, 2014 (January 1 - December 31, 2013: TL 24.718.602) and calculated an reinsurance share of unearned premium reserve amounting to TL 10.980.588 as of Decemberr 31, 2014 (December31, 2013: TL 16.536.498). The amount of ceded premiums to SSI is classified under the account "Payables to SSI regarding treatment expenses - short term" and the payments made till December 31, 2014 are excluded from that account.
[(5)] In accordance with the 2012/3 numbered Communique, the Company has recalculated the certain amount of premiums to be ceded to SSI in relation with the policies issued after February 25, 2011 till the effective date of the regulation August 26, 2011 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches according to the fixed prices designated in accordance with the vehicle types in 2012/3 numbered Communique. Based on the aforementioned regulations, the Company has recorded the additional amount of the premiums to be ceded to SSI as TL 1.364.930 as of January 1 – December 31, 2014.
[(6)] In accordance with the Communiqué numbered 2011/17 and 2012/4, the difference between the respective liability amount notified by Treasury to the companies and the amount calculated as a result of the abovementioned calculations with respect to the related period is accounted for under "Payables to SSI regarding medical expenses" in balance sheet and charged to other technical income or expense account in income statement. In this context, the Company has added TL 502.274 to the related liability account by considering the January 1 –December 31, 2014 liability and recognized a corresponding amount of income in the current period "Other Technical Income". The provision calculated in accordance with the abovementioned principles with respect to the claims related to treatment expenses dated before the enforcement of the Law for the charges to be received in the subsequent years will be determined in accordance with the liability notifications by Treasury in 2013 and 2014 and the difference between the calculated provision and finalised liability will be accounted for under the income statements of related periods.

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

19.2 Related Parties

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

20. Payables

Insurance Technical Reserves	December 31, 2014	December 31, 2013
Unearned Premiums Reserve- Net (*)	566.154.357	539.546.893
Unexpired Risks Reserve- Net	10.218.793	9.189.638
Outstanding Claims Reserve-Net (**)	303.791.202	214.346.852
Mathematical Reserves-Net	1.972.202	2.167.174
Equalization Reserve-Net	38.577.088	30.723.954
Total	**920.713.642**	**795.974.511**

(*) While calculating the income statement effect of the provisions for unearned premiums, TL4.793.020, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2013: TL 3.414.886).

As disclosed in note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2014 which is TL 10.980.588 (December 31, 2013: TL 16.536.498).

(**) Company owns clean cut agreement in motor own damage branch, according to the agrrement the premium and claim disposals for 2013 has taken part on December 31, 2013. According to the same agreements the portfolio additions have been made within the year 2014. The effect of portfolio additions TL 1.355.476 in 2014 netted – off from outstanding claims (note 4.1.2.3) (December 31, 2013: TL 7.048.798).

Unearned Premium Reserve:

		December 31, 2014	
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	761.101.163	(221.554.270)	539.546.893
Net Change	69.379.108	(42.771.644)	26.607.464
End of the Period	**830.480.271**	**(264.325.914)**	**566.154.357**

		December 31, 2013	
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	631.424.993	(183.310.985)	448.114.008
Net Change	129.676.169	(38.243.284)	91.432.885
End of the Period	**761.101.163**	**(221.554.269)**	**539.546.893**

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

Unexpired Risk Reserve:

	December 31, 2014		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	30.907.209	(21.717.572)	9.189.638
Net Change	(11.732.578)	12.761.734	1.029.155
End of the Period	**19.174.631**	**(8.955.838)**	**10.218.793**

	December 31, 2013		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	12.224.918	(2.204.046)	10.020.873
Net Change	18.682.291	(19.513.526)	(831.235)
End of the Period	**30.907.209**	**(21.717.572)**	**9.189.638**

Equalization Reserve:

	December 31, 2014		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	30.723.954	-	30.723.954
Net Change	7.853.134	-	7.853.134
End of the Period	**38.577.088**	**-**	**38.577.088**

	December 31, 2013		
	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	22.199.697	-	22.199.697
Net Change	8.524.256	-	8.524.256
End of the Period	**30.723.954**	**-**	**30.723.954**

Outstanding Claims Reserve:

The movement of Outstanding Claims Reserve are presented in Note 4.1.2.3.

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement and Welfare Liabilities

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on November 2, 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on March 22, 2007 as effective from the date of publishment in the Official Gazette no: 26479 on March 31, 2007.

On the other hand, the Act No: 5754 "Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements" published in the Official Gazette No: 26870 on May 8, 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement Pay Provisions:

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and August 25, 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of May 23, 2002.

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2014 and December 31, 2013, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 6% and a discount rate of 7,7%, resulting in a real interest rate of approximately 2%. The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account.

As the maximum liability is updated semi annually, as of December 31, 2014, the maximum amount of TL 3.541,37 effective from January 1, 2014 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2013 : TL 3.254,44).

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

Movement of employee termination benefits provisions are presented in the statement below:

	December 31, 2014	December 31, 2013
Beginning of the Period, January 1	2.244.706	2.290.103
Charge for the Period	287.135	701.041
Actuarial Gain/Loss	1.200.112	640.558
Retirement Payments (-)	(918.651)	(1.386.996)
End of the Period	**2.813.302**	**2.244.706**

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	December 31, 2014		December 31, 2013	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the Period, January 1	1.516.928	1.347.006	1.625.430	99.887
Movements in the Current Period	(156.621)	(19.443)	(108.502)	1.247.119
End of the Period, December 31	**1.360.307**	**1.327.563**	**1.516.928**	**1.347.006**

23.2 Contingent Liabilities

Company' s statement of pledges and commitments as of December 31, 2014 and December 31, 2013 are presented below:

	December 31, 2014		December 31, 2013	
Collaterals, Pledges and Mortgages Given by the Company (CPM)	Amount in Original Currency	Amount(TL)	Amount in Original Currency	Amount(TL)
A. Total amount of CPMs given on behalf of the Company' legal entity	-	-	-	-
B. Total amount of CPMs given in favor of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPMs given as the guarantee of the third parties' debts for the maintenance purpose of the ordinary activities		36.630		74.222
TL	23.000	23.000	61.700	61.700
USD	5.878	13.630	5.867	12.522
D. Total amount of other CPMs given		563.918		11.156.609
i. Total amount of CPMs given in favor of the parent company			-	-
ii. Total amount of CPMs given in favor of other group companies not included in clauses B and C			-	-
iii. Total amount of CPMs given in favor of third parties not included in clause C		563.918		11.156.609
TL	563.918	563.918	11.156.609	11.156.609
Total		**600.548**		**11.230.831**

There is no ratio of CPMs given by the Company to the equity (December 31, 2013 : None).

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	December 31, 2014	December 31, 2013
Outstanding Claims under Litigation (*)	122.813.636	83.510.317
Total	**122.813.636**	**83.510.317**

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

	December 31, 2014	December 31, 2013
Subrogation Receivable Litigations, Gross	50.090.760	40.289.610
Trade Receivable Litigations and Executions	12.883.105	10.883.230
Total	**62.973.865**	**51.172.840**

(*) As disclosed in note 2.1.1, as of December 31, 2014 net amount of discount was made over outstanding claim amount is TL 11.515.516 (December 31, 2013: 11.893.970 TL).
(**) Following the tax inspection performed by the Ministry of Finance Tax Inspection Board, since salvage transactions are not subject to banking and insurance transaction tax, the Company was imposed a tax levy amounting to TL 1,8 million and a tax penalty amounting to TL 2,8 million for the year 2009, a tax levy amounting to 2 million and a tax penalty amounting to TL 3 million for the year 2010, a tax levy amounting to 3 million and a tax penalty amounting to TL 4,6 million for the year 2011 and a tax levy amounting to TL 4.3 million and a tax penalty amounting to TL 6 million for the year 2012 for which the Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations.
(***) The Company was subject to tax investigation in the year 2012 regarding corporate tax calculation for the year 2010 and additional tax amounting to TL 60,9 million and related penalty amounting to TL 91,4 million were charged to the Company on February 4, 2013. The tax investigation was related to the spin off transaction which was subject to tax investigation in 2010. The tax charged to the Company as a result of the first investigation in 2010 amounting to TL 101,5 million and the tax penalty amounting to TL 152,3 million were reconciled with the Ministry of Finance, where the tax penalty amounting to TL 152,3 million was waived, the total tax burden of TL 101,5 million was decreased to TL 8,5 million and paid in the year 2011. The Company appealed for a reconciliation settlement process on March 4, 2013. No reconciliation was provided in the meeting held between the Company and the Ministry of Finance Central Reconciliation Commission on October 10, 2013 and the Company filed a lawsuit by the Tax Court as of October 24, 2013. As a result of the judgment made by the 6th Tax Court of Istanbul, the court decided with its judgement dated June 19, 2014 that the tax assessment with penalty levied to the plaintiff was unlawful and cancelled the respective tax assessment.

23.4 Provision for Expense Accruals

	December 31, 2014	December 31, 2013
Commission provision	9.312.517	6.939.180
Performance premium provision	2.286.276	4.341.964
Expense provision	1.065.946	1.362.226
Unused vacation provision	1.360.307	1.516.928
Guarantee fund provision	2.005.064	2.420.461
Other	1.893.922	949.670
Total	**17.924.032**	**17.530.429**

(*) Since the Company has paid TL 3.500.000 as donation to Hacı Ömer Sabancı Vakfı, there has not been booked any provision as of December 31, 2014 as disclosed in Note 45.

24. Net Insurance Premium Revenue

Non-life Branches	January 1- December 31, 2014	July 1- December 31, 2013
Motor Own Damage	502.452.125	434.085.794
Motor Vehicles Liability	218.657.530	239.041.113
Health	199.744.059	183.267.704
Fire and Natural Disaster	127.657.490	111.361.576
General Losses	81.994.812	60.706.470
Financial Losses	30.930.531	36.127.797
Accident	19.710.308	17.339.963
General Liability	17.031.151	16.025.146
Transportation	13.802.868	10.646.825
Legal Protection	4.023.171	3.370.636
Water Crafts	1.106.885	837.340
Breach of Trust	494.101	329.955
Support	218.863	221.893
Credit	160.453	139.941
Air Crafts	574	478
Air Crafts Liability	(23.024)	282
Total Non-life Branches	**1.217.961.897**	**1.113.502.913**
Life	**17.722**	**27.110**
Total	**1.217.979.619**	**1.113.530.023**

25. Fee Income

None (December 31, 2013:None).

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

26. Investment Income/(Expense)

	January 1- December 31, 2014	July 1- December 31, 2013
Interest Income	74.533.314	50.934.151
Rent Income	155.949	297.399
Total	**74.689.263**	**51.231.550**

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	January 1- December 31, 2014	July 1- December 31, 2013
Valuation differences recognized		
under shareholders' equity	4.474.315	(5.495.752)
Total	**4.474.315**	**(5.495.752)**

28. Assets Held At Fair Value through Profit and Loss

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TL 17.197.583 as of December 31, 2014 (January 1 - December 31, 2013: TL 9.684.675)

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	January 1- December 31, 2014	July 1- December 31, 2013
Legal Protection	748.789	(1.335.935)
General Losses	72.804	(930.125)
Air Crafts Liability	832	(918)
Water Crafts	(119.657)	37.046
Breach of Trust	(143.625)	(39.204)
Credit	(146.092)	(38.788)
Accident	(662.017)	838.539
Financial Losses	(773.263)	498.517
Transportation	(1.252.139)	(1.602.783)
Fire and Natural Disaster	(6.190.443)	587.358
Health	(7.178.427)	(1.201.600)
Motor Own Damage	(12.118.258)	11.542.904
General Liability	(21.201.734)	(17.679.576)
Motor Vehicles Liability	(39.162.645)	(9.442.092)
Total Non-life	**(88.125.875)**	**(18.766.657)**
Life	**43.782**	**(31.501)**
Total (*)	**(88.082.093)**	**(18.798.158)**

(*) For current previous period comparison please refer to note 4.1.2.4.

30. Investment Agreement Rights

None (December 31, 2013:None).

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

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Types

	January 1- December 31, 2014	July 1- December 31, 2013
Production Commissions (-)	(283.640.038)	(244.356.483)
Employee Wages and Expenses (-) (*)	(61.927.502)	(56.236.328)
Information Technology Expenses (-)	(10.753.212)	(8.412.821)
Rent Expenses (-)	(6.462.528)	(2.985.681)
Transportation Expenses (-)	(4.266.192)	(4.271.695)
Meeting and Training Expenses (-)	(4.245.122)	(7.484.798)
Social Relief Expenses (-)	(3.298.592)	(2.901.676)
Repair and Maintenance Expenses (-)	(3.206.339)	(2.509.326)
Outsourcing Service Expenses (-)	(2.181.190)	(1.972.021)
Advertisement Expenses (-)	(2.032.222)	(1.920.792)
Communication Expenses (-)	(1.444.291)	(1.255.894)
Reinsurance Commissions (+)	63.416.172	53.577.851
Other (-)	(5.117.965)	(6.687.164)
Total	**(325.159.021)**	**(287.416.828)**

(*) The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfill conditions and this amount is presented in employees wages and expenses.

33. Employee Benefit Expenses

	January 1- December 31, 2014	July 1- December 31, 2013
Salary and Bonus Payments	(58.753.562)	(52.587.074)
Insurance Payments	(793.279)	(661.583)
Other Payments	(2.380.661)	(2.987.671)
Total (Note 32)	**(61.927.502)**	**(56.236.328)**

34. Financing Costs

34.1 Financial Expenses:

None (January 1 - December 31, 2013: None).

34.2 Current period' s financial expenses related to shareholders, affiliates and subsidiaries

None (January 1 – December 31, 2013: None).

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None(January 1 – December 31, 2013: None).

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

34.4 Interest, rent and similar balanceswith shareholders, affiliates and subsidiaries:

None (January 1 – December 31, 2013: None).

34.5 Hedge accounting principle

In accordance with the accounting policy disclosed in Note 2.25, the Company recognized changes in valuation of hedge instrument arising from change in the exchange rate under equity. In this respect, as of December 31, 2014 effect of hedge accounting amount of TL (1.138.054) has been recognized in the "Special Funds (Reserves)" account item under equity.

Deposit amount	Currency type	Exchange rate at the beginning of the period	Exchange rate at the end of the period	Hedging cash flow
19.746.971	USD	2,2342	2,3189	(1.672.568)

Type risk and principle of the cash flow hedge

The Company aims to prevent the future foreign exchange risk resulting from the operational leases by hedging USD 19.746.971Eurobond.

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None (January 1 - December 31, 2013: None).

35. Income Tax

	31 December 2014	31 December 2013
Current Tax Liability		
Corporate Tax Liability Provision on Period Profit	**7.541.703**	**25.734.660**
Prepaid Taxes and Other Liabilities on Period Profit (-)	**(5.860.722)**	**(18.278.602)**
	1.680.981	**7.456.058**

	January 1- December 31, 2014	July 1- December 31, 2013
Tax (Expense) / Income is Formed by the Items Below:		
Current Tax Income / (Expense)	**(7.541.703)**	**(25.734.660)**
Deferred Tax Income / (Expense) due to Temporary Differences	**(168.869)**	**4.480.546**
Total Tax Income / (Expense)	**(7.710.572)**	**(21.254.114)**

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

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

Deferred Tax	2014	2013
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	209.529	1.328.108
Cash flow hedging	(334.514)	-
Actuarial loss	240.022	128.112
	115.037	1.456.220

Deferred Tax Assets / (Liabilities)	December 31, 2014	December 31, 2013
Impairment Provision for Affiliates	4.431.080	4.431.080
Technical reserves	2.897.939	2.415.323
Marketable securities valuation difference	209.529	1.328.109
Performance bonus provision	457.255	868.393
Expense Provision	11.357	277.260
Doubtful receivable provisions	427.000	373.271
Retirement pay provision	562.660	448.942
Unused vacation provision	272.061	303.386
Useful life differences of tangible and intangible assets	90.000	88.655
Cash flow hedge	(334.514)	-
Deferred Tax Assets / (Liabilities), Net	9.024.367	10.534.419

Movements of Deferred Tax Assets / (Liabilities):	January 1- December 31, 2014	January 1- December 31, 2013
Beginning of the Period, January 1	10.534.419	4.551.823
Deferred Tax Income Recognized in the Income Statement	(168.869)	4.480.546
Deferred Tax Income Recognized in the Shareholders' Equity	(1.341.183)	1.502.050
End of the Period, December 31	9.024.367	10.534.419

	January 1- December 31, 2014	January 1- December 31, 2013
Income Before Tax	38.318.054	181.029.153
Tax Calculated: 20%	(7.663.611)	(36.205.831)
Effect of Additions	(10.935.005)	(12.714.987)
Effect of Allowances, net	11.056.913	23.186.158
Current Tax Income / (Expense)	(7.541.703)	(25.734.660)

36. Net Foreign Exchange Gain/Loss

	January 1- December 31, 2014	July 1- December 31, 2013
Recognized in Profit / Loss:		
Foreign Exchange Income	43.807.663	46.515.202
Foreign Exchange Expense	(37.383.268)	(29.511.004)
	6.424.395	17.004.198

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

37. Earnings per Share

	2014	2013
Number of Equity Shares Outstanding	30.600.000.000	30.600.000.000
Beginning Period, 1 January	30.600.000.000	30.600.000.000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding	30.600.000.000	30.600.000.000
End of Period, December 31	30.600.000.000	30.600.000.000
Weighted Average Number of Outstanding Shares		
(Unit of 1; 0,01 TL)	30.600.000.000	30.600.000.000
Net Profit for the Period / (Loss) (TL)	30.607.482	159.775.039
Earnings / (Loss) per Share (TL)	**0,100**	**0,522**

The Company has decided to submit the distribution of TL 23.959.800 to the General Assembly for approval; excluding the gain on fixed assets amounting to TL 4.221.995 from the net profit for the period as of February 13, 2015.

38. Dividends per share

Pursuant to the decision taken in the Company's Ordinary General Meeting held on March 28, 2014, all of the net profit consisted in financial statements which represents 2013 operating results have been distributed to shareholders after legal reserves are calculated over. The amount that distributed starting from April 1, 2014 is TL 60.679.800 and profit per share is TL 0,20.

39. Cash Generated from the Operations

Cash flow statement has presented with the financial statements of the Company.

40. Equity Share Convertible Bonds

None (December 31, 2013:None).

41. Cash Convertible Privilleged Equity Shares

None (December 31, 2013:None).

42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

43. Commitments

Total amount of off balance sheet commitments are presented in Note 23.2.

44. Business Combinations

None (December 31, 2013:None).

45. Related Parties

The details of transactions between the Company and other related parties are disclosed below:

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

Related Party Receivables / (Payables)

	January 1- December 31, 2014	January 1- December 31, 2013
Share Holders	10.239	42.019
Related Parties	18.790.344	13.939.975
Total	**18.800.583**	**13.981.994**

(*) Amount TL 71.160 (December 31, 2013: TL 67.314) of related party receiveable balance is presented under "Other Related Party Receivable" line of financial statements. Rest of the balance is presented under "Receiveable from Insurance Operations" line of financial statements.

Premium production

	January 1- December 31, 2014	January 1- December 31, 2013
Share Holders	2.421.349	1.063.424
Related Parties	133.906.453	110.767.233
Total	**136.327.802**	**111.830.657**

	January 1- December 31, 2014	January 1- December 31, 2013
Share Holders	1.741.614	16.018
Related Parties	33.407.815	51.345.134
Total	**35.149.429**	**51.361.152**

Related party financial assets

Bank Deposit

	December 31, 2014	December 31, 2013
Related Parties	535.553.520	277.661.529
Total	**535.553.520**	**277.661.529**

Private Sector Debt Securities

	December 31, 2014	December 31, 2013
Related Parties	29.935.210	16.782.390
Total	**29.935.210**	**16.782.390**

Investment Funds

	December 31, 2014	December 31, 2013
Related Parties	72.353.462	24.000.004
Total	**72.353.462**	**24.000.004**

The detail of dividend income received from related parties is presented in Note 26.

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

Interest Income Received from Related Parties

Interest Income Received from Related Parties

	January 1- December 31, 2014	January 1- December 31, 2013
Related Parties	32.158.565	18.420.568
Total	**32.158.565**	**18.420.568**

46. Subsequent Events

None.

47. Other

Details of "Other" items in the balance sheet which exceed 20% of its respective account group of 5% of total assets:

(*) There is no balance since all prepaid excess of loss premiums have been expensed as of December 31, 2014.
(**) The Company has paid in advance in amounting to TL 6.882.846.arising from operational leases amount of TL 4.270.309 in short term and amount of TL 1.784.100 in long term. (December 31, 2013: None).

Other receivables	December 31, 2014	December 31, 2013
Receivables from Tarım Sigortaları A.Ş.	1.849.582	2.852.394
Turkish Catastrophe Insurance Pool premiums receivables from agencies	1.513.756	2.815.831
Receivables from H.Ö. Sabancı Vakfı	1.600.000	-
Other receivables	2.749.761	18.055
Total	**7.713.099**	**5.686.280**

Other short term payables	December 31, 2014	December 31, 2013
Payables to contracted enterprises	13.491.799	11.359.603
Payables to Turkish Catastrophe Insurance Pool	11.527.206	10.648.998
Payables to suppliers	2.535.941	4.399.758
Turkish Catastrophe Insurance Pool payables to agencies	525.595	505.882
Other	679.152	539.143
Total	**28.759.693**	**27.453.384**

Short term other prepaid expenses	December 31, 2014	December 31, 2013
Prepaid Rent Expenses	4.426.799	-
Other	671.947	1.718.462
Total	**5.098.746**	**1.718.462**

Long term other prepaid expenses	December 31, 2014	December 31, 2013
Prepaid Expenses (*)	1.784.100	-
Total	**1.784.100**	**-**

(*)The amount of TL 4.270.309 in short term prepaid expenses and amount of TL 1.778.320 in long term prepaid expenses has arised from operational leases of the Company.

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

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	**January 1- December 31, 2014**	**July 1- December 31, 2013**
Provisions Account (+/-)	(15.698.586)	(41.292.793)
Provision for impairment of affiliates	-	(22.155.402)
Provisions for doubtful receivable	(6.967.112)	(5.763.877)
Retirement pay provision	(927.692)	(701.041)
Donation Expense	(1.900.000)	(9.500.000)
Portfolio Management	(903.037)	-
Unused vacation Provision	156.621	108.502
Provisions for other expenses	(5.157.366)	(3.280.975)
Compulsory earthquake insurance account (+/-)	483.204	267.461
Deferred tax asset account (+/-)	(168.869)	4.480.546
Other income and profit	6.707.228	116.241.189
Gain on property sale (*)	5.629.327	114.925.418
Other	1.077.901	1.315.771
Other expenses and losses (-)	(7.527.980)	(8.495.660)
Disallowable expence	(3.244.924)	-
Bank Expenses	(3.574.966)	(4.015.928)
Property sales expense	(242.531)	(3.245.054)
Other	(465.559)	(1.234.678)
Total	**(16.205.003)**	**71.200.743**

(*)The Company, According to the declarations dated November 20, 2008, numbered 27060 and issued as serial number 3th of Turkish Corporate Tax General Communique, exluded amount of TL 4.221.995 at the rate of %75 of TL 5.952.701 profit is booked under the equity as a special fund account booked from the sale of Headquarters Office is classified in balance Sheet for the year of 2015.

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

AKSİGORTA ANONİM ŞİRKETİ

Profit Distribution Statement

	Note	Audited Current Period (01/01/2014 - 31/12/2014)	Audited Prior Period (01/01/2013 - 31/12/2013)
I. Distribution of profit for the period		**-**	**-**
1.1. Profit for the period		38.318.054	181.029.153
1.2. Taxes payable and legal liabilities		(7.710.572)	(21.254.114)
1.2.1. Corporation tax (Income tax)		(7.541.703)	(25.734.660)
1.2.2. Income tax deduction		-	-
1.2.3. Other taxes and legal liabilities		(168.869)	4.480.546
A. Net profit for the period (1.1 - 1.2)		**30.607.482**	**159.775.039**
1.3. Previous years' losses (-)		-	125.912
1.4. First legal reserve		(1.530.374)	(7.988.752)
1.5.Legal reserves kept in the company (-)		-	-
1.6.Gain on sales to be transfered		(4.221.995)	(86.694.419)
B. Net distributable Profit for the period [(a - (1.3 + 1.4 + 1.5)]		**24.855.113**	**65.091.868**
1.6.First dividend to shareholders (-)		15.300.000	15.300.000
1.6.1. To common shareholders		15.300.000	15.300.000
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 board of directors (-)		-	-
1.10. Second dividends to shareholders (-)		8.659.800	45.253.888
1.10.1. To common shareholders		8.659.800	45.253.888
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 (-)		(868.647)	(4.537.980)
1.12. Statutory reserves (-)		-	-
1.13. Extraordinary reserves		26.666	-
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 employees (-)		-	-
2.5.Dividends to board of directors (-)		-	-
III. Profit per share		**-**	**-**
3.1.To common shareholders		0,0783	0,1983
3.2.To common shareholders (%)		-	-
3.3.To preferred shareholders		-	-
3.4.To preferred shareholders (%)		-	-
IV. Dividends per share		**-**	**-**
4.1.To common shareholders		23.959.800	60.679.800
4.2.To common shareholders (%)		-	-
4.3. To preferred shareholders		-	-
4.4.To preferred shareholders (%)		-	-

The amount of TL 4.221.995 arising from 75% of the gain on sale of associates and fixed assets which has been set aside to be recognized in the "Non-Distributable Profit for the Period" account item under equity has not been taken into account in the profit for the year 2014 pursuant to Article 5 of the Corporate Tax Law 5520. General Assembly is the responsible body for profit distribution and General Assembly was not held as of the preparation date of the financial statements.

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